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The Economics of Football

The second edition of this popular book presents a detailed economic analysis of professional football at club level, with new material included to reflect the development of the economics of professional football over the past ten years. Using a combination of economic reasoning and statistical and econometric analysis, the authors build upon the successes and strengths of the first edition to guide readers through the economic complexities and peculiarities of English club football. The book uses a wide range of international comparisons to help emphasise both the broader relevance as well as the unique characteristics of the English experience. Topics covered include some of the most hotly debated issues currently surrounding professional football, including player salaries, the effects of management on team performance, betting on football, racial discrimination and the performance of football referees. This edition also includes new chapters on football applications of game theory, club football around the world, and the economics of the World Cup.

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The Economics of Football

Second edition

Stephen Dobson

and

John Goddard

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To: My daughters Imogen and Hannah

SD

To: My family and friends

JG

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Preface

Since the early 1990s, professional football in many countries has experienced an astonishing transformation. Player salaries have risen exponentially, television contracts yield revenues on a scale unimaginable only a few years ago, many football stadia have been completely rebuilt, and the importance of commercial sponsorship and merchandising has increased beyond measure. Commercial aspects of football feature regularly in the news headlines, and the media devote pages to coverage of football finances. Football's importance is not only economic, but also social and cultural. Several million people attend matches each season, and many millions more watch football on television and follow its fortunes through coverage in the media. At the grassroots level, football's popularity as a participant sport generates benefits for the health of the population. At the highest level, international footballing success generates intangible benefits in the form of prestige and goodwill.

Academic interest in the economic analysis of football has mirrored the growth in the sport's popularity. In the US, economists have written and published books and scholarly articles on major league sports since the mid-1950s. Consequently, the older academic literature on sports economics is dominated by studies of sports such as baseball, basketball and (American) football. These writings shed light on a wide range of issues, including the determinants of the compensation received by sports professionals, the nature of joint production in team sports, competitive balance, uncertainty of outcome and the distribution of playing talent in sports leagues, and the contribution of the coach or manager to team performance. The common thread linking research into all of these topics is the formulation and testing of economic hypotheses using sports as a laboratory. A major attraction of sports to empirical economists is that the availability of data permits investigation of economic propositions that would be difficult to test in other areas, owing to a lack of suitable data.

During the last decade of the old century and the first decade of the new, scholarly papers on the economics of football have been published with increasing regularity in academic journals. Undergraduate and postgraduate students in many universities study the economics of sports as part of their degree programmes. At

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the end of the 1990s, we felt that a monograph was needed to cover developments in the subject, and present a unifying overview of this relatively new area of academic research. We therefore decided to write the first edition of *The Economics of Football*, which was published by Cambridge University Press in September 2001. Since publication, we have been encouraged by the responses to the first edition we have received from scholars, students and other readers.

Since the appearance of the first edition, there has been a proliferation of scholarly work on the economics of football, in Europe and many other parts of the world. Several new academic journals have been launched, dedicated to the study of sports economics, finance and management. Football has received extensive coverage in these field journals, and in mainstream journals in economics, finance and management. Several books have been published, focusing on the economics and business aspects of football.

When Cambridge University Press suggested that we should consider preparing a new edition of *The Economics of Football*, we agreed that the time was right to revise and update the book. This second edition provides substantially revised and updated coverage of all of the key topics from the first edition. In addition, a broad range of new material reflects the growth in the scope and sophistication of the literature over the past decade. The second edition includes new chapters on football applications of game theory, football referees, football betting markets, the economics of club football around the world, and the World Cup. As before, our objective is to present a wide-ranging overview of the current state of theoretical and empirical research on the economics of football.

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