

European professional sporting leagues: institutions at the service of a sporting logic?

The European system, open and liberal [Scelles and Brocard, 2019], is put at the service of a sporting logic and was based, at the end of the 19th century, on a 'Coubertinian' conception demonising the commercial dimension of sport. This is in direct contrast to the North American system, which is closed and mutualist and at the end of the 19th century became profit-oriented. The system was regulated during the 1950s, to restore the clubs' profitability following a serious financial crisis within the main leagues.

Is there a European sporting model?

In Europe, professional sport is based on certain common principles: a pyramidal model of access to competition (sporting merit); the organisation of competition (promotion/relegation); partial cartelisation of leagues (collective negotiation and sale of TV rights); the objective function of clubs (maximisation of sporting gains under budgetary constraints); the legal regime (EU law); the management control of clubs (financial fair play); the intrinsic link with amateur sport (organic); the link with a territory (strong) and the functioning of a production factors market (liberal, tough economic competition). [Bourg and Gouguet, 2012]

The economic model of sport is characterised by the sporting balance or imbalance of the competition, the economic balance or imbalance between its clubs in terms of revenues, the structure of its financing and costs, and by its financial results, deficit or surplus [Andreff, 2017].

In practice, there are real distortions of competition between the national leagues of the various team sports in Europe. These distortions relate to the public or private legal status of clubs, the size of the local market, the volume and structure of turnover, the burden of tax and social security contributions, the ownership of facilities, the ownership of TV rights, the method of selling and distributing TV rights, and the balance or imbalance in national and European competitions.

The weakening of the European sports model

For example, empirical observation and economic analysis of European professional football lead to a model of imbalance in open leagues [Andreff, 2012]. The interdependence of leagues and their lack of homogeneity, within each of them, and with each other, unbalances both national and European competitions, locks in their hierarchy and complicates any desire for regulation [Bourg, 2004].

An indicator of the concentration of victories in the five main leagues (Germany, England, Spain, France, Italy), reflecting the average gap in the standings between the top four and the other clubs, has never been as wide since the creation of the Champions League in 1993 (see *the blog Money Time ecosport.blog.lemonde.fr* by Jean-Pascal Gayant, 2018). The Champions League, meanwhile, is seemingly reserved from the semi-finals onwards for a few teams that accumulate titles and notoriety: Real Madrid, FC Barcelona, Bayern Munich, Liverpool, Manchester City, Juventus Turin, and Paris Saint Germain.

An oligopoly structure, a modern form of imperfect competition, reveals the domination of the European football market by some 15 clubs, which always qualify for the top competition (the Champions League). Annual sporting performance can indeed fluctuate and have a slight impact on their revenues. However, the majority of these clubs' turnover is made up of revenues, which depend directly on the clubs' reputation, their regular presence in the most prestigious competitions and their media and digital exposure (TV rights, sponsorship, and merchandising). Thus, globally and over time, the economic oligopoly coincides with the sports oligopoly [Andreff, 2017].

The dual-level of competition (national/European) gives a considerable economic advantage to the clubs involved in both levels compared to those who play only in the national leagues. The revenues earned by the big clubs from the European cups make the national competitions imbalanced due to their amount. As a result, these clubs have a greater capacity to invest in talent than others do, which allows them to maintain their supremacy.

Towards the creation of a closed European football super league?

All national or supranational leagues, which make the access of clubs to their competitions conditional on criteria other than sporting criteria or without taking into account the sporting results of national competitions, are considered closed leagues. As it stands, European Union law is not intended to protect the traditional model of sport in Europe. Consequently, UEFA is not justified in imposing a sanction on players who have participated in competitions not organised under its aegis. Therefore, the private non-sporting organisation is entitled to create a supranational closed league in Europe.

A microeconomic analysis, with game theory in a non-cooperative game, shows the reasons and consequences of a possible split between the existing federal sporting movement and a private Su-

per League [Rocaboy, 2017]. The superposition of national and continental competitions underlies two, a priori, contradictory objectives for the leagues: to privilege the competitive balance of the national championship by adopting an egalitarian distribution of TV rights or, on the contrary, to adopt an unequal sharing to the benefit of the best national league teams in order for them to perform in the Champions League.

Furthermore, the growing financial and sporting dominance of one of the five major leagues (the Premier League) is encouraging the emergence of a Super League, as the dominated leagues no longer wish to suffer this imbalance within the current Champions League set-up and wish to reformat the European competition to gain access to greater and more stable revenues.

The European Club Association (ECA) has devised a Super League project to put pressure on UEFA to increase the redistribution of TV rights by the owner of the Champions League. The argument of this lobby is as follows. The world's TV stations pay 3.6 billion euros a year for English football's Premier League and 7 to 8 billion euros a year for the American football championship. So how much would they be willing to pay - including web and digital platforms, Western GAFAMs and Chinese BATXs - for the broadcasting of matches in a globalised Super League of the twenty best European teams? [Arndel and Duhautois, 2018].

To avoid the constant threat of splitting up the main clubs, UEFA regularly modifies the terms of access to the Champions League in their favour (more direct qualifying places for the four best nations in the UEFA index, i.e., England, Spain, Germany, Italy), as well as the criteria for the distribution of TV rights: increase in the share reserved for clubs belonging to the major markets, i.e., the same as above (a new reform based on this idea will be implemented from 2024).

It is true that even without the Super League; the big clubs have established their economic dominance sustainably while complying with UEFA's qualification rules. However, they are in favour of creating a closed league that would institutionally lock in their advantages once and for all. It is also true that these European clubs, which are increasingly owned by owners and investment funds motivated by maximising financial gains, are primarily interested in increasing and securing their profits.

However, with a closed league, it is possible to set up several regulatory instruments (salary cap, rookie draft, luxury tax) which allow the containment of the salary costs and ensure capture of the income by the clubs to the detriment of the players who appropriated it in the post-Bosman era. Moreover, this proposal for a closed league would have several disadvantages: the disappearance of the "glorious uncertainty of sport"; a total alignment of the organisa-

tion of this competition with the values of the market; a loss of attractiveness and sporting and economic impoverishment of the national championships; a break in the pyramidal and unitary organisation of amateur and professional team sport; the weakening of the academy system based on the opening up of competitions and internalising training and the retention of these teams' best talents for the national league games.

The European sports system is weakened by the heterogeneity of its economic models and by the actual or potential development of closed leagues: basketball, ice hockey, swimming, speed skating, football, etc. [Anglade and Bastien, 2019]. However, the transposition of the North American closed league model to Europe would challenge the history and culture of European sport by considering sport as a mere means to the service of profit maximisation, with sport being considered simply as a market. Moreover, the North American experience shows that the arguments traditionally put forward by the supporters of closed leagues (sports equity, financial stability, attractiveness of the competition) are not confirmed [Lavoie, 2004].

All these reasons explain the failure of the new private and closed Super League project, composed of 20 pre-selected European clubs without qualifying stages and owners and shareholders of the competition supported by the American bank JP Morgan. The pressure of the fans (final consumers of the 'product') hostile to the disappearance of the founding principles of continental sport (qualification and uncertainty of the outcome) led the promoters of this initiative to withdraw it two days after its announcement in April 2021.

Further information:

Wladimir ANDREFF, « Le modèle économique du football européen », *Pôle Sud, Revue de science politique de l'Europe méridionale*, n°47 (2), 2017.

Wladimir ANDREFF, *Mondialisation économique du sport*, De Boeck, Bruxelles, 2012.

Marie ANGLADE et Jérémie BASTIEN, « Liges fermées en Europe : menace ou opportunité ? », *Jurisport*, n° 201, octobre 2019.

Luc ARRONDEL et Richard DUHAUTOIS, *L'Argent du football*, CEPREMAP, Paris, 2018.

Jean-François BOURG, « Les sports collectifs professionnels en Europe : quel modèle économique ? », dans Jean-Jacques Gouguet (dir), *Le sport professionnel après l'arrêt Bosman : une analyse économique internationale*, PULIM, AIES-IASE, Limoges, 2004.

Jean-François BOURG et Jean-Jacques GOUGUET, *Economie du sport*, Repères, 3^{ème} édition, La Découverte, Paris, 2012.

Marc LAVOIE, « Faut-il transposer à l'Europe les instruments de régulation du sport professionnel nord-américain ? », dans Jean-Jacques Gougnet (dir), *Le sport professionnel après l'arrêt Bosman : une analyse économique internationale*, PULIM, AIES-IASE, Limoges, 2004.

Yvon ROCABOY, "Competition Among National Football Leagues. Does it Exist? Should we Regulate?" *Scottish Journal of Political Economy*, vol 64, issue 1, 2017.

Nicolas SCELLES and Jean-François BROCARD, "European Sports Leagues: Origins and Features", in Paul Downward, Bend Frick, Brad R. Humphreys, Tim Pawlowski, Jane E. Ruseski and Brian P. Soebbing (eds), *The SAGE Handbook of Sports Economics*, Sage, London, 2019.

Related articles: Bosman ruling, club deficit, competitive balance, financial fair play, North American professional sports leagues, luxury tax, regulation, rookie draft, salary cap.