**SPORT IN EUROPE’S ERA OF AUSTERITY: CRISIS OR ADAPTATION?**

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**Abstract**

This paper explains how and why sport is one of Europe’s leisure industries that has been faring well during the post-2008 years of austerity. Top sport is booming. Grassroots participation is continuing to shift from competitive sports into individualised forms of physically active recreation, and state funding is being replaced by payment by players. Overall levels of participation have remained static but simultaneously more money is being spent on sport participation (broadly defined). This paper explains how sport has been able to benefit from broader, long-term economic, social and demographic trends – wider income inequalities, ageing populations, and economic growth becoming strongest in emerging market economies –without dividing Europe’s own populations into included and excluded (from sport) groups.

**Keywords:** austerity, gyms, lifestyle sports, recession, spectator sports, sport participation

**Introduction**

According to the March 2014 edition of the European Union’s *Employment and Social Situation Quarterly Review*, the recent and currently fragile economic recovery had not been able to create new jobs and the social situation was showing little sign of improvement. Poverty and social exclusion continued to rise in 2011 and 2012 and the data (when available) were expected to show a further rise in 2013.

This paper considers how sport in Europe is faring during this era of austerity. We shall see that the answer depends on which part of Europe’s now diverse sports scene we examine. Sport has always been a changing entity. Throughout history people have played games that we recognise as sports, though not the same sports that are played today. The late-19th century was a period of revolutionary change in the character of sports, and these changes were associated with broader historical trends, namely, industrialisation and urbanisation. Since then change has been evolutionary, less dramatic, but constant. The changes that are underway in the present era of austerity are mainly continuing and sometimes accelerating changes that began before 2008 (the year of the banking crisis). Sport facilities and services that have depended mainly on state funding have typically experienced an intensification of what were already tough times, but we shall see that this has not been the post-2008 experience across the whole of sport in Europe.

We proceed by setting Europe’s era of austerity in a global context. We then note how austerity has varied in intensity between countries and between regions within counties, then between social classes and life stage groups, and how trends in spending time and money have differed between types of leisure before moving on to and setting sport in its wider context.

**Austerity: Europe’s choice**

The 2008-09 banking crisis threatened to undermine the entire global economy. The shock waves did indeed ripple throughout the world. However, the prolonged austerity which has followed in Europe has not been global. It is (West) Europe specific. It has been a political choice by Europe which has slowed recovery elsewhere.

Bank loans which went bad (mainly, to begin with, sub-prime USA mortgages) had been bundled with good loans into one of the many kinds of derivatives in which banks were trading. All bundles became suspect and therefore untradeable, almost value-less. This left bank balance sheets showing liabilities exceeding assets. Their stock market value plunged. The banks faced having to cease trading, in which case their doors would have closed as would ATMs. One major USA bank, Lehman Brothers, did go bust (see Sorkin, 2009). The seeds of this crisis had been laid in the 1970s and 1980s when governments removed restrictions on international capital flows and largely deregulated financial services. Regulation was said to be best left to markets (see Calhoun and Derluguian, 2011). In 2009, Gordon Brown, then the UK prime minister, is said to have ‘saved the world’ by persuading other world leaders that governments had to recapitalise failing banks. This was contrary to prevailing economic orthodoxy which insisted that lame businesses had to be allowed to sink. Governments removing the risk from banking was deemed a moral hazard.

Global financial meltdown was thus avoided, but by then banks had become cautious, more reluctant to lend, anxious to build-up their reserves, and businesses and consumers alike had become more debt-averse, reluctant to borrow. This led to downturns in economic activity and rising unemployment which led to dips in government tax revenues and rises in welfare spending (on unemployment benefits). This created or enlarged deficits in public sector (government) current accounts (annual income and spending).

European Union governments decided (collectively for those in the Eurozone) that their priority should be to eliminate sovereign current account deficits and haul any national (government) debts down to manageable levels. This ‘austerity pact’ was signed in 2011. The UK (outside the Eurozone) chose to follow the same policy. This has meant raising taxes and cutting government spending which, in countries where such actions have been necessary, has deepened and prolonged the recession. This is how and why, in some southern European countries, general unemployment has risen above 20 percent and youth (16-24 year olds) unemployment rates have exceeded 50 percent. These are astonishing levels in modern societies in a post-Keynes age, and the austerity policies are set to continue for many more years (see Lapavitsas, 2011; Patomaki, 2012).

Meanwhile, the emerging market economies (the BRICs) have continued to grow, though their growth rates have been slowed by the stagnation of demand in EU markets. The USA’s Obama administration tried to spend its way out of recession but it too has been baulked by slack demand in a major export market – Europe. Most of the EU’s new (post-2004) member states have ridden through the 2008-09 crisis with little damage since their financial sectors were and still are relatively tiny, and they had already (to qualify for EU membership) put their public sector accounts in order. Their economies have continued to grow since 2009, but rather than a powerhouse the old EU has become a millstone. Economic growth in the Eurozone has been feeble. Income growth has been mainly at the top. Employment growth has been mainly in various kinds of precarious jobs (see Standing, 2011).

Austerity has not spread evenly throughout the old (pre-2004) EU. In general, the north has suffered less than the south. Since 2008, monetary and increasingly fiscal integration have not led to equalisation but have consolidated, and indeed widened, existing inter-country differences. Within all countries there are some places (usually capitals and other major cities) that have fared better than others. Thereafter, a general trans-Europe tendency has been for living standards and leisure spending at the top to be maintained or even improved upon, and for austerity to bear most harshly on the less-educated, less skilled, already lowest paid sections of the workforces. The recession began with redundant bankers exiting employment with their personal belongings packed in cardboard boxes, but before long it was the weakest who were being hit hardest. By 2012 investment bankers were once more receiving €million bonuses on top of €million salaries. Meanwhile, in Britain, food banks were being opened in poorer districts throughout the country.

The impact of austerity has also varied between life stage groups. Senior citizens have been protected by inflation-proof pensions, and those recently retired and currently retiring are from the baby-boomer cohorts and include individuals with final salary-linked pensions. The number of *woopies* (well-off older people) is rising and will continue to rise for several decades (Higgs et al, 2009). Young adults have also been relatively protected despite their above-average unemployment rates. The largest group of 16-24 year olds is now in education. Young people facing serious job deficits have been able to lengthen their life stage transitions by staying longer in education, living with their parents for longer, and in any case continuing to draw upon ‘the bank of mum and dad’. Precarious employment proves acceptable for young people who have not embarked on new household and family formation. It is the living standards and leisure spending of child-rearing families that have been squeezed most harshly (see Roberts, forthcoming).

Cutbacks have been spread unevenly across different kinds of leisure spending. In Britain most of the cutting back has been on ‘going out’, so pubs and restaurants have suffered a loss of custom, and fewer Britons have been taking overseas holidays. However, inward tourism to Britain has risen to record levels, and more Britons have been spending their vacations within their own country. So Britain’s tourism-related businesses have maintained or increased their trade. Spending on media (old and new) has also risen. What about sport?

With governments struggling to restrain their spending while facing ageing populations and rising health-care costs, spending on sport and other public leisure services has typically been a casualty. A preference for ‘investing’ in leisure projects that will raise revenue (hosting big events, and attracting tourists) has been strengthened. Certain branches of sport have been among the casualties, but overall sport in Europe is not in crisis. It is evolving, adapting to a changing environment, as it has throughout the last one-and-a-half centuries.

**Spectator sport**

Europe’s top sport is thriving. It tops the world league. It has entered an age of plenty rather than austerity. European sport is watched by more people and generates more revenue with every passing year. The enlarged audiences are reached by live broadcasting. From the late-1980s multi-channel television broadcast from satellite or transmitted by fibre optic cable permitted the creation of dedicated TV sports channels. From the late-1990s digital technologies have enabled the number of channels that viewers can access to be enlarged further. Up to then broadcasting was normally within national domains. Subsequently the creation of global television networks has enabled events to be broadcast live routinely (not just with special one-off arrangements) to every part of the world (Giulianotti and Robertson, 2009; Kennedy and Hills, 2009).

Live sport has proved to be television’s most compelling content. Fans just ‘have’ to be there, at the live event, or watching ‘as if live’ in front of a screen. The value of this television content is also quick to perish. A recording is worth far less to a fan than the live transmission. Sport is unlike films and concerts in this respect. These characteristics have made live sport the most powerful inducement for viewers to pay channel subscriptions. Hence the value of sport broadcasting rights to television broadcasters. Competition for these rights has sent their value soaring to record heights every year since the 1980s. In 2014 the global value of sports broadcasting rights rose to $27.82 billion, up 13 per cent on the 2013 figure, and this rate of increase is expected to continue indefinitely. There has been a similar escalation in the value of the rights to live broadcast sport mega-events. Broadcasting rights at the 1976 Montreal summer Olympics earned $50 million. At the London 2012 summer Olympics the figure was $2.6 billion. The broadcasting rights for the FIFA World Cup have a similar value and growth rate. This is why sport governing bodies are keen to invent new big events.

Cities and countries compete to host because the events attract large numbers of visitors, create publicity and opportunities for place-imaging, and can be used to leverage spending on infrastructure (transport networks, hotels and sports facilities). Governments protest that they cannot afford to spend any more on sport, then suddenly there is loads of money. Public spending on the 2012 London Olympics totalled 30 times the Sport England and Sport UK combined annual budgets for grassroots sport. Do the hosts obtain value for money? This is always controversial. There is always the same list of clear winners – construction companies, media organisations, sports competitors and associations. The benefits are focused while the costs are shared among all tax payers. Top sport is benefitting enormously. Relatively mature television markets in Europe, North America and Australasia can be further enlarged by making content available via a PC, a laptop, a tablet or smartphone (see Hutchins and Rowe, 2012). Then there is the rest of the world. The potential market looks infinite.

There is a global competition for shares of sport broadcasting revenues. The competition is between different sports, and different leagues and other competitions within the same sports (Millward, 2011). Football and Europe are winning. Forty-six percent of the global revenue for sport broadcasting rights goes to European football. Seventy-five percent of the total revenue goes to just 10 leagues – the five major national football leagues in Europe (in England, France, Germany, Italy and Spain), plus the Champions League, then the top leagues in the big four North American sports (baseball, ice hockey, basketball and the American version of football).

Most broadcasting revenue goes to the top teams in the top leagues in the top (most popular) sports, but there is some money for the lower divisions in the top sports, and for top competitions is less popular sports. There are dozens of dedicated television sports channels that need content for 24/7 schedules. So there is television money for women’s football, women’s rugby, and for cycling and all forms of motor racing (on cars and bikes). Indeed, there will be a television slot for any sport that offers ‘action’ that captivates viewers’ attention. It is their misfortune that archery, lawn bowls, sailing and curling are simply not telegenic.

The expanding stream of revenue for broadcasting rights has widened inequalities and created some glaring contrasts within sports between the riches at the top and impoverished grassroots. England’s Premier League earns more television revenue than any other league, some of which is distributed to the grassroots, but the total that is distributed each year would not cover a single day’s salary of one of the Premier League’s top players. Grassroots, amateur, outdoor 11-a-side football in England is played by diminishing numbers on playing fields that are often waterlogged in winter, by players who must use water-less changing rooms, and local authorities are increasing charges for these facilities (Hunter, 2014).

Increased revenues have led to increases in the market value of top clubs themselves. This is despite the clubs failing to make profits that can be distributed to their owners. The clubs need to spend all their revenue (mainly on players’ salaries) in order to attract and retain the top players who keep the clubs at the top. Owners may use their assets to publicise a ‘brand’ which may be a firm, a specific product, the individual owner, or even a country. Club ownership can be an exhilarating leisure activity for the super-wealthy who have € millions to spare. There is also the prospect of capital gains when a club is sold. The value of clubs is likely to continue to appreciate while revenues continue to rise (see Millward, 2013). However, at some point all trends end. There will come a time when the growth rate in the value of broadcasting rights slackens, then levels out, leading to a decline in the sell-on value of clubs. However, for the top European clubs, this point in time appears to lie somewhere in a very distant future.

Broader socio-economic and demographic trends favour the ‘embourgoisement’ of popular spectator sports. Economic growth is now strongest in the emerging market economies. It is in these markets that the number of television viewers who are able and willing to pay sports channel subscriptions will now rise most rapidly (Wilson, 2013). It makes sense for top spectator sports, wherever these sports are played, to target this audience. Wider income inequalities within countries are good for leisure spending. If the rich become richer, they spend more on luxuries (leisure goods and services of all kinds). If the poor are given more money, it is spent on necessities. Ageing populations mean an increase in the number of sports fans whose preferred way of following their team is from a seat (an expensive seat, in a prime location in a stadium) or, in more cases, from an armchair. Television-generated income is interacting with these social, economic and demographic trends to transform the market for spectator sports, and Europe’s spectator sports are riding these tides of history successfully.

**Participation**

Across Europe, the general picture is of participation in physically active recreation flatlining. The main trend is neither up nor down. Austerity is not depressing participation. The main trend is horizontal – out of competitive sports, especially competitive team sports, and into individualised forms of physically active recreation. This trend began long before and it has continued throughout the banking crisis of 2008 and the subsequent austerity. It is occurring in the context of the individualisation of biographies in education, the labour market, housing and family careers (see Green et al, 2005). It is also in the context of downward pressure on the public spending that has subsidised the playing fields and indoor facilities where amateur competitive sports have usually been played. The other relevant part of the context has been sketched above – social, economic and demographic changes that have enlarged the sections of the population that are able and willing to pay to play.

It is difficult, indeed impossible, to commercialise competitive amateur sports. There is a basic incompatibility. In competitive sports you are selected for a team and progress in a competition if you are good enough. This is no good for commerce. In commerce you play if you are able and willing to pay, and for over 20 years commerce has been successfully promoting three forms of individualised physically active recreation.

First, there has been continuous and continuing growth in the number of commercial fitness gyms. This is a highly competitive industry. Gyms compete on the basis of the equipment that they offer, coaching and advice, changing facilities, ambience, location and price. In 2002 UK gyms claimed six million members and eight million in 2014, a ‘penetration rate’ of 13.2 per cent. *Europeactive* (formerly the European Health and Fitness Association) now represents around 46,000 gyms which claim a total of around 46 million members and a penetration rate similar to the UK’s. *Europeactive* aims to raise this rate to over 20 per cent during the 2020s.

Fitness gyms are a successful business sector (see Maguire, 2008). Their success is remarkable not just in the businesses’ ability to grow their members through the banking crisis, then during the subsequent recession and austerity, but to do this in countries where overall levels of participation in physically active recreation are flatlining and levels of fitness are failing to improve and may even be declining. Also, the gyms are able to increase their memberships well beyond the levels that could be accommodated if all paid-up members made full use of their subscriptions. Maybe some feel that paying a subscription and thereby indicating good intentions has earned them better fitness. Many appear to join with intentions to exercise regularly that are never met. Even so, the gym industry continues to grow.

The second type of physically active recreation that can be made commercial comprises ‘lifestyle’ or ‘extreme’ sports (see Wheaton, 2004). Neither term is literally accurate, but these are the labels that are commonly used to refer to (usually non-competitive) activities such as scuba-diving, paragliding, surfing and white water rafting. Walking can also be considered a lifestyle activity/sport, and this can be made commercial by selling equipment that enables people to walk without leaving their homes or while in a gym. However, streets, parks and the countryside are free-to-use alternatives. Recreational swimming is another lifestyle sport which cannot be commercialised for a different reason: the cost of maintaining swimming pools makes them commercial no-go territory. Hotels may include small pools in the fitness facilities that are free to use by guests. Their availability is believed (by some hoteliers) to make their premises more attractive to leisure and even business travellers despite neither being likely to use the facilities. Commercial gyms rarely offer a pool (too expensive). Aquatic parks and the fun pools in the grounds of hotels at holiday resorts are different, but no-one counts these when aggregating the various forms of physically active recreation. The expanding lifestyle sports are those that can be made profitable and which are therefore promoted by commerce. Revenue and profits are from the sale of clothing, equipment, coaching and specialist holidays (see Land and Taylor, 2010).

The third way in which physically active recreation can be made commercial is the indoorisation of what were originally outdoor sports (see Bottenburg and Salome 2010; Rinehart and Syndor, 2003). The best-known and most widely practised among these sports is football, but this has now been joined by indoor versions of cricket, lawn bowls (using a carpet instead of a lawn), climbing and skiing. Ten-pin bowling alleys are a commercial, indoor version of skittles.

Nowadays the management of public sector sports centres and playing fields may be outsourced to private businesses. Even if a facility is still under direct public sector management, there are likely to be opportunities inside, for additional charges, to use a fitness gym, a climbing wall, an artificial ski slope, to enrol for yoga and various types of exercise classes, and opportunities to play bowls and cricket, all under separate, private sector management.

In the UK participation rates in physically active recreation have been stable throughout the years of recession and austerity, but spending on participant sport (broadly defined to include all forms of physically active recreation) rose by seven per cent in real terms between 2010 and 2013. People are paying more but are not doing any more. Spending on participation charges rose by 31 per cent between 2010 and 2013, by 27 per cent on sports footwear, by 21 per cent on club membership fees, and by 12 per cent on sports goods (Kokosalakis, 2014).

**Conclusions**

European sports fans (or consumers) are paying more and watching more top sport, mainly on TV, and also, increasingly, on new media. Top clubs’ revenues and the earnings of top players are rising even more steeply due to their access to a global market which is growing steadily and strongly. Amateur grassroots players are switching from competitive sports into individual forms of exercise, and participants are funding their own participation with less support than in the past from public sector budgets. Overall, there is more money in grassroots sport because spending by participants has risen. Revenues cannot rise as steeply as in spectator sports because participation can only be marketed locally (except when the players are tourists). This means that there is no general crisis in European sport either at the top or grassroots levels, but particular sports, facilities and clubs are struggling while others rise, as has happened throughout the history of sports.

Up to now the trends have not created strata who can be described as excluded from either watching or playing sport. Children are playing as much sport as ever in and out of school (Roberts, 2013). Out-of-school play may be entirely informal or in paid-for community-based or extra-curricular school-based activities. Middle class parents are usually keen to enrol their children in any activities that are available as part of their ‘concerted cultivation’ child-rearing strategies (see Lareau, 2011). Commercialisation is not dividing people into the included and excluded, but it is tiering spectators and participants. Some fans can afford season tickets at top clubs and the full menu of televised sport. Other fans are restricted to whatever TV sport is free-to-view and (at best) the occasional visit to a stadium. Amateur participants are tiered into those who use ‘basic’ publicly funded facilities up to a top tier of luxury clubs located in city business districts. There is the same kind of tiering in the holiday industry. In sport the tiering is increasingly by ability to pay rather than by sporting talent and enthusiasm.

In the medium-term, if all other things remain equal, nothing is likely to change. If recent and current trends continue, change will be incremental. Loyalties to sport usually develop and solidify during childhood. This applies to the sports and teams that fans support, and to individuals’ propensity to engage in physically active recreation. This propensity, a sporting habitus, is normally nurtured in sports-active families (Green et al, forthcoming). These families rear the children whose sporting careers are most likely to survive the teenage years and throughout the transition into adulthood.

All countries are already rearing cohorts for whom the media sport spectacle is the ‘real thing’. Spectator sports are currently experiencing the change that happened to popular music between the world wars. The first generation of radio entertainers and recording artists tried to reproduce the sounds that listeners first heard and enjoyed in theatres and dance halls. Then, after 1945 there was a generation who had first heard the ‘real thing’ on records or radio. Artists needed to reproduce this sound live, which many found difficult until the necessary technologies were perfected. Stadiums today need to engage fans with features of the media spectacle: action replays and close-ups on large screens. The live spectacle on the field is no longer sufficient. The bonus for attending is the expression of loyalty and the live atmosphere, and enthusiastic crowds are necessary to communicate excitement to the media audiences which are increasingly the larger part of the total audiences for top sports, and also where fans are created. This is just one way in which sport is currently adapting to a changing environment, as it has throughout its history.

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