

NARRATOR: Roth IRAs, CDs, stocks, insurance, your 401K – what are the right choices for your financial future? “[Your Money: Your Choices](#)” will clear up the confusion surrounding these concepts with clear and concise information. You’ll get tips and tools that you can put into action right now to help save your hard-earned income in ways that will protect your future. Whether you’re a single mom or a father of five, “[Your Money: Your Choices](#)” will put your money back in your control where it belongs!

Now here’s your host, Hank Coleman.

HANK COLEMAN: From Main Street America, this is the “[Your Money: Your Choices](#)” podcast. I’m Hank Coleman. Thanks for joining us today. You can find me on my website, [MoneyQandA.com](#) discussing all things personal finance. That’s also where you’ll find the show notes for today’s show. Be sure to email me, [Hank@MoneyQandA.com](mailto:Hank@MoneyQandA.com) with any comments or questions that you have from today’s show.

I’m bummed out, once again, thanks to my beloved Atlanta Braves. For those of you who don’t know or don’t remember, I’m from the South and have been a diehard Atlanta Braves fan and a fan of baseball since I was just a little kid. I’ve loved the Atlanta Braves in the ‘80s even when they stunk. I’ve loved and followed them in the ‘90s when, I like to say, they were good, just good enough to give you hope, until they found a way in the end to just dash all hope away, like a lot of teams in the Southeast. And, after all those years in the ‘90s have been such a great baseball team, they could only close the deal and win the World Series once.

So I was devastated a few weeks ago, when the Atlanta Braves lost several good players throughout the year, but then the real “nail in the coffin” was when they decided not to renew the lease on their current stadium, Turner Field in Atlanta, which has only been open in about 16 years now, after the Olympics were in Atlanta in 1996. They’re talking about building a brand new stadium in the suburbs of Atlanta, not even in Atlanta proper to the tune of over \$650 million. I’m constantly blown away by what seems like a rise in new stadium construction around America. It seems like every professional sports team is trying to build a new stadium. As a fan, I’m not very enthused; I can only see higher ticket prices and higher taxes in our future, thanks to these enormous new stadiums and their subsequent tax subsidies.

You might not realize it, but this affects all of us, both the sports fans and taxpayers alike. Even if this isn’t happening in your hometown yet, yet phrase just might be yet, as more and more cities around the country start to look at trying to bring in new stadiums, new teams – teams move from one town to another – and those tax subsidies, footed mainly by the taxpayers and the businesses in the town, I mean in the area where these new stadiums are built, are really footing the bill.

So a few weeks ago, I was reading the Atlanta Journal Constitution, which is the daily newspaper there in Atlanta. And, right after the announcement of the Braves were moving stadiums, they had a great article about the stadium move. And, I saw a quote from a guy who’s written the book on just how crummy some of these new baseball stadium deals can be, and football stadium deals, and any stadium, any arena, Neil has written about it. So I ran out immediately and bought his book. It’s a fascinating read, and I’m

incredibly pleased to have Neil deMause on the show today to talk about his book. The book is called, “[\*Field of Schemes: How The Great Stadium Swindle Turns Public Money Into Private Profit\*](#)”.

So I’m very pleased to welcome Neil on the show. It’s an exciting topic that I’m really looking forward to picking his brain about. And, whether you’re a baseball fan or not, this is definitely something that could impact your wallet. So I think it’s going to be an interesting conversation about sports, sports stadiums, and how new stadiums are costing all of us money through ticket prices, tax increases and the like. So I’m really pleased to have Neil on the show today to talk about his book.

HANK COLEMAN:

Well, I’m really excited to talk to you today Neil. Like I said, like I mentioned before, [\*Money O&A\*](#) is the podcast and a website, a blog dedicated to personal finance, but I wanted to pick your brain about your book; about new stadiums, new baseball stadiums, NFL stadiums and arenas, because it really affects all of us in some way or another, either as a fan or as a taxpayer, right?

NEIL DEMAUSE:

Yeah. I mean, my co-author and I went into researching this book many, many years ago now, thinking “Wow! The New York Yankees are looking for public money for a new stadium at the same time that New York City’s cutting library budgets, and at the time, this was back into the ‘90s when the New Cleveland Browns were looking to get a new stadium, and Cleveland was cutting school budgets. It’s like, “Wow! Two different cities.” And, so the same thing’s happening in both places, but you know, as we’ve found out since, I mean it’s going on almost everywhere. And, even if it isn’t going on your city, it’s probably affecting you as well because there’s taxes and bonds and other sort of things that

wound up coming out of the Federal budget that go to subsidize these stadiums.

HANK COLEMAN:

Right. And, you know, it seems like more and more stadiums or more cities are building new stadiums. I mean Atlanta, I guess my second hometown, it's really my wife's hometown. But, so I kind of – being from the South and, because the TBS, Atlanta's like the next biggest thing for a South Carolinian sports wise. But, Atlanta is building NFL new stadium to replace the Georgia Dome for the Falcons. And, now, the Atlanta Braves just announced that they're not going to renew their lease on Turner Field in Atlanta, and they're going to build a stadium outside of... just outside the Beltway in Atlanta; it's not technically even in Atlanta. So I think that's kind of what got some people all riled up. But, it seems like more and more of these new stadiums are cropping up, is this business as usual, or is there an uptrend in new stadiums?

NEIL DEMAUSE:

I'm not sure if it's more, necessarily right now, I mean the trend really started late 80s, early 90s, when both you had the realization that a new stadium could really, at least for a few years, the beginning of things, draw in a whole bunch of new people who are otherwise wouldn't have come, just to come and see the new place. When you sat in a place like a Camden Yards in Baltimore, or Jacobs Field in Cleveland, or Skydome before that in Toronto that had huge uptakes in attendance in the first few years. And, on top of that, you had a lot of realization among sports team owners, “Oh, there's money out there,” you know, we can go to cities and present these as not just “We want a new stadium or we're going to leave,” but “This is economic development and this is really for jobs,” and that that sales pitch could work. It's been going pretty steadily ever since then. I met a

Harvard researcher who’s really tracked this very well. And, the main changes have been that first of all, it got more expensive, not just because the cost of building things has gone up because of inflation, but also because teams demand, get more and more grandiose. So you have the Atlanta Falcons, instead of 20 years ago saying, “Well, we need a building with a roof,” now it’s, “Now, we need a building with a roof that can open and close and be just like Iris design, and something that will be something that no one has ever seen before.

HANK COLEMAN:

Sure. That seems to be a big thing to kind of outdo the, “We’re keeping up with the Joneses,” and then outdoing the Joneses. And, now that the Cowboys stadium has got a huge jumbotron that can fill so many seats, it seems like everybody is trying to keep up with the Jones, everybody wants to outdo their competitors.

NEIL DEMAUSE:

Yeah. I mean, the football is literally keeping up with the Joneses in the case of the Cowboys, right? And, the thing that has stopped team owners from demanding new stadiums all the time has been, “Well it’s ridiculous to spend on a new one when you’ve just torn down the old one.”

But, if you can get somebody else to put up most of the money, then it’s a different story. And, I think what changed from 20 years ago is, 20 years ago, it would’ve been far less likely for a team like the Falcons to say, “Oh, our building’s 20 years old and we need a new one.” You know, people would have laughed at them then. Whereas now, they sort of inched things over to the point where, instead of 30 or 40 years old seeming old, that they can claim, “Well, 20 years old, it’s practically decrepit.

HANK COLEMAN: Right. And, that’s the same way with Turner Field, the baseball stadium for the Atlanta Braves. I mean, it’s about 16, 17 years old; it was built for the Olympics, and when the old Fulton County Stadium was destroyed after the Olympics, the Braves moved into Turner Field. So I mean, it came as quite a shock for me personally, when the Atlanta Braves decided they weren’t going to renew their lease in the next 3 years, when their 20-year lease is up, and they’re moving out to Cobb County in Atlanta. So I mean Turner Field is just not that old; I can’t believe that it needed, or their excuse, or one of their excuses what they needed hundreds of millions of dollars worth of renovations. And, it’s just amazing to me that that’s the case.

NEIL DEMAUSE: Yeah. I mean, I think it goes to show that when they claim that the old place is outmoded or needs all these upgrades, it’s not so much that it’s... that doesn’t mean it’s falling down; that doesn’t mean it needs hundreds of millions of dollars in repair work, it means in order to make it as modern as we would like it, we would have to spend hundreds of millions of dollars on it because it’s not as shiny as the thing that the kids down the street have.

HANK COLEMAN: Atlanta Journal Constitution, the newspaper there in Atlanta says the deal for the new Braves stadium is going to be about \$650 million, so that’s the current estimate, and of course, by the time they finish in three years, it’s probably going to even be way more than that. But, the Braves said it promised to fork over about \$200 million, and then the county, Cobb County, has agreed to finance about \$450 million worth of the project. And, you know, I find it interesting in your book, [\*Field of Schemes: How The Great Stadium Swindle Turns Public Money Into Private Profit\*](#) politicians and sports franchise owners how would have much

fans believe that new stadiums, the new arenas are a good thing. But, is that always the case? I mean, it seems... I can't... to me, it seems like there's two things in the future for Braves fans and residents of Cobb County. It's going to be higher ticket prices and higher taxes for those poor souls in Cobb County. I mean am I on track? Am I missing something?

NEIL DEMAUSE:

Yeah. You absolutely, generally wind up paying twice for new stadiums, once at tax day and once at the ticket office. Ticket prices invariably go up at new stadiums because that's the whole point of them, is to sell more expensive tickets and in particular, you know, this is part of the trend of building smaller stadiums that you see in baseball, right? It's not that they want a new place because the old... you know, traditionally in baseball especially, but in any sport, the idea was, “Oh, we've gotten really popular, we can't fit people in our stadium anymore. We want more seats.” That's not what this latest round of stadiums is about. It has been about where, say we have too many seats, and it's too easy to get tickets. What we want is to make it a scarcer commodity so that we can charge through the nose for them and have people lining up, you know in January, to buy tickets when they go on sale, rather than thinking, “Oh, okay, you know, the place holds 50,000 people, I can wait until actually the week of the game and see whether the team is any good.”

HANK COLEMAN:

I haven't thought of it that way, as a supply and demand function of seats.

NEIL DEMAUSE:

No. Everybody's learned from the Red Sox. You know, the Red Sox went years and years and years selling out every game in January, and other teams [inaudible 00:12:30] said, “We want a

piece of that.”

HANK COLEMAN: So the way to do that is to simply lower the number of seats available. It’s one way.

NEIL DEMAUSE: Absolutely. You’re starting to see that now in other sports as well. I mean, football is really looking around saying, “Oh, you know a lot of people would rather just stay at home and watch on a big screen TV.” Fine, forget about them. But, lower the number of seats, raise the prices, and have it be more like a luxury experience; a sort of premium experience to actually go to the game.

HANK COLEMAN: Right. Before I talked to you and reading the book, I thought Skyboxes and the luxury suites are kind of death old stadiums. I mean, isn’t that kind of... or is that what started the push in the ‘80s and the early 90s, we need more Skyboxes and luxury suites to kind of get that return on investment? Is that still a driving force or is it shifted?

NEIL DEMAUSE: It was definitely one piece of it. I think it’s less so first of all, since pretty much every stadium at this point has some luxury suites. Well, they may not be as luxurious as the other ones, right? But, also just because they’ve realized that there’s only a certain number of people or companies that are willing to buy those sort of suites, and there are a lot of stadiums and arenas that have started ripping out some of those suites and replacing them with club seats and, you know, other things, sort of trying to find things who they can sell to. But, on top of that, I think one of the big drivers which continues is not just luxury seating, but ability to sell other stuff. You know, they want the steakhouses, they want

the giant souvenir areas, they want the restaurant facilities, they want the food courts, they want the Ferris Wheels like the Detroit Tigers have. They want other things, they realized that people come to a game, and that they're going out, and traditionally spending money at the bar across the street and then going into the game. And, they're like, “We want to find a way to capture that money.” So that's why, again, the price of building these things is going up. The footprint of these facilities is much, much larger because you have to fit all the stuff, additional stuff, into the stadium. And, that's why the Braves thing is interesting because they're sort of trying to expand the footprint beyond the stadium itself, and sort of take control of the rest of the entertainment development project that would go around the thing in Cobb County.

HANK COLEMAN:

Right. That's definitely a unique aspect to the Braves plan, where they're doing that entire area around it. And, I guess part of it is to kind of keep a close hold on what is building up around the stadiums, so they almost don't run into the same issues that are happening at Turner Field where it's not the best area around Turner Field. So if they can buy up more of the land in Cobb County for the new stadium, they could have a tighter control over what's built around the stadium.

NEIL DEMAUSE:

That's definitely part of it, but I also think... again, you're seeing this trend of the Red Sox have that, you know, taken over Yawkey Way, the Cubs are looking to expand out into the area around Wrigley Field. There really is an idea of... there's only so much that you can do to sell things to people in the stadium itself, but if you expand out and sort of take control over an entire ball park district, then you're not just running a baseball team, you're

running an entertainment company, and there’s a lot more to be made in that.

HANK COLEMAN: We’re talking today with Neil deMause, who’s the author of [\*\*\*“Field of Schemes: How the Great Stadium Swindle Turns Public Money into Private Profit.”\*\*\*](#)

What about jobs? Politicians and sports franchise owners tell... you know, the PR talking point is to tell us that new stadiums bring new local jobs. But, if you’re building a new stadium from one side of town to the other, aren’t we just shifting jobs around? And, those aren’t exactly the greatest jobs that we’re shifting around either. I mean, you can imagine us really getting excited about creating a hot dog vender job.

NEIL DEMAUSE: Yeah. Absolutely. Ask any economist in the country. And, believe me, I’ve asked everyone I can find, and you will find hardly any that will think that there is more than a tiny, tiny, tiny increase in either economic activity or job creation or anything like that, when you build a new stadium. Even if you bring in a new team from elsewhere, in large part in your metropolitan area, it’s the same people spending the same money. They might be spending it on baseball or basketball or sports instead of movies or something like that. You know, my favorite quote about that was from the ’94 baseball strike, when somebody up in Toronto went to one of the local comedy clubs and said, “How is the baseball strike affecting your business?” And, they said, “Oh man, it’s great. We want hockey to go on strike too.”

HANK COLEMAN: My Mom has still not forgiven Major League Baseball for going on strike. Like me, she was a die-hard Braves fan, but as soon as

the strike went, she was done with it. It's just relatively very rich people complaining about not getting paid even more in her eyes. I mean, some of them is true, some of them is not true. But, I'm a romanticist, and so I'm always devastated when new stadiums are... you know, old stadiums are destroyed, and new stadiums are constructed. My wife holds it over my head as she saw a game in the old Yankee stadium, the real house that Ruth built. And, last year I had to suffer and go to the new Yankee Stadium, the house that Jeter built. A little part of me inside cried when they destroyed Fulton County because I'm a huge Hank Aaron fan, and that's where Hank Aaron broke Babe Ruth's record. But, I guess what I want to ask you, I mean, is this just inevitable? I mean, is this just something, I guess now we're just going to have to deal with the destruction of all these historic ballparks? I mean, is Fenway next on the list? Is Wrigley next on the list?

NEIL DEMAUSE:

There's two sides to that: One, obviously this trend has been going on for a while, and team owners are going to keep trying to get new stadiums. So I would never say Fenway and Wrigley are 100% safe. On the other hand, no it's not inevitable at all, and the Red Sox, the previous owners of the Red Sox, did try to tear down Fenway in the late 90s and replace it with a new... like Fenway on steroids, you know – that was still going to have a Green Monster, but was going to have some giant Green Monster.

HANK COLEMAN:

A super Green Monster.

NEIL DEMAUSE:

Yeah.

HANK COLEMAN:

Green Monster with a jumbotron in the middle of it.

NEIL DEMAUSE: And, they were stopped, you know? They were stopped because the state legislature has resisted to giving them money. They were stopped because there was an awful lot of organizing, both on preservationists and Red Sox fans that try and stop them. And, they were eventually stopped because Harrington sold the team and John Henry bought it. And, he liked Fenway Park and had ideas for how to renovate it and use that to make more money. A lot of those ideas honestly came from the Save Fenway Park folks. They had these architectural experts where they brought in architects from all over the country and say, “What can we do to improve Fenway Park instead of tear it down?” And, a lot of those ideas got picked up by the Red Sox. You know, the Monster seats came from there. A whole lot of the other ideas, I can’t remember which ones they were, I think possibly there was even the right field roof as well. So it’s definitely not inevitable, in the sense that the only thing that... it would be very easy to stop this huge stadium boom and you know, tearing them down every 20 years. Just have all the elected officials in the country say, “No, we’re not going to give you any more money for that.” “Okay, we’re done. Sorry, store closed.”

HANK COLEMAN: Right.

NEIL DEMAUSE: And, the number of...

[cross talk]

NEIL DEMAUSE: It would go from several per year to, maybe, one every other couple of years.

HANK COLEMAN: Right. I mean...

NEIL DEMAUSE: Most of them are being built, not because the teams need the new stadiums; most of them are being built because they want the access to the subsidy, which is exactly why the Braves are moving to Cobb County. It’s not because they can’t stand Turner Field. It’s not because they are dying to get to Cobb County; although those may be factors.

HANK COLEMAN: Sure.

NEIL DEMAUSE: It’s mostly because, “Hey look, you got a million dollars.”

HANK COLEMAN: Is there an end in sight to these subsidies?

NEIL DEMAUSE: Not in sight, No.

[cross talk]

NEIL DEMAUSE: I mean, there’s certainly ways to doing it. I mean, there was a guy named David Minge who was a Minnesota state legislator, sorry Minnesota Congressman who years ago, introduced the bill in Congress to try and outlaw these things very simply by saying, “Okay, we’re going to have an excise tax on all corporate subsidies.” If you get money for your project, then the IRS is going to come and tax you on it, and that if you have a hundred percent tax, then it eliminates the subsidy entirely. If you have a 50% or 25% tax, it reduces the incentive. And, that got nowhere. But, there are plenty of ways of doing this, there are plenty of people who are trying to promote stopping this, but it’s part of the bigger problem, you know? And, really, the business of local governments right now is seen as, “How do you promote local

business, and certainly, how do you get jobs by throwing money at them?” And, it’s not a very effective way of doing things and there are plenty of people who are fighting against that, but it’s really ingrained in the political culture right now and it’s ingrained in the way... and who ends up having the money at finance campaigns and who are the lobbyists that they’re having lunch with every week.

HANK COLEMAN: So it’s a...

NEIL DEMAUSE: I mean, these people... let me just to finish the thought...

HANK COLEMAN: Sure, sure.

NEIL DEMAUSE: For a while, you know, I started saying when people say what could we do about this, I would say, “You know, campaign finance reform.” It’s not a sexy answer, but it really would be the catalyst that would enable people to start to change this, because it’s really hard to get entrenched political interests to go against the interests of their friends and the people who are funding their campaign.

HANK COLEMAN: So it’s a more of a symptom of society, or just a mirror society to a small degree, and it’s just one of the, I guess, second and third order effect, so to speak.

NEIL DEMAUSE: Yeah. I mean I think it’s a particularly big reason, particularly apparent one just because first of all, sports is really in the public eye, unlike when a car company or something gets a big block of money to locate a plant in town and then closes it again five years later. But, also because the sports industry really has come to live

off of these subsidies; you know, sports business really is based on, you know... the business model is based on getting large amounts of public subsidies, as much as defense industry is. And, it's something that really is going to take a concerted effort to change. And, like I said, I think there are plenty of people out there who are pushing forward at both local level and the national level, but this is a decades-long battle, apparently, you know? I mean, if you asked me 20 years ago, “Is this something that's going to continue?” “You know, it probably will take another 10 or 20 years.” Now, it's probably going to take a little bit longer than that, given that we're already 20 years in.

HANK COLEMAN: Right. I forgot about car manufacturers... Like I said, I'm from South Carolina, so the BMW plant in upstate South Carolina received a huge tax subsidy to come down to, come to South Carolina. So I forgot that, and this is just another industry where several industries that has the subsidy issues.

NEIL DEMAUSE: Absolutely.

HANK COLEMAN: Can I lay the blame on players' salary? Is that a second or third order effect that a driving force...

NEIL DEMAUSE: No. Not at all, in fact. I mean, you know I... well, I don't know if I want to say not at all. I did some research...

HANK COLEMAN: Hardly at all.

NEIL DEMAUSE: I did a research on this for baseball book a few years ago, and really the big jump in players' salaries came after free agency was introduced, and so salaries shot up in the late 70s and early 80s.

And, the impact on demands for new stadiums, on ticket prices, on all that stuff was nothing. It's not like owners are sitting around and making money, and then as soon as they have to pay their players more, they think, “Oh well, I'm having to shell out \$20 million a year for Jacoby Ellsbury, I got to make it up somewhere.” You know, players are making more money because there's more money in the game. So the fact that teams are getting more subsidies and teams are getting new stadiums and all of that, is definitely helping to drive players' salaries up because owners are awash in cash and they have more to spend. But, you know...

HANK COLEMAN: There might be a correlation, but not a pitch, for one causing the other then, I guess.

NEIL DEMAUSE: Causality goes the other way, basically. Because, think about it this way, owners, to say that players' salaries are what's driving the demand for owners to make more money it to think that if players' salaries were still in pre-free agent, you know, pay everybody \$50,000 bucks a year stages, that the Steinbrenners and John Malone, and whoever else you want to think of as owners, will be content to sit back and think, “You know what, we're still making enough money, we don't need subsidies; we don't need to raise ticket prices. We've got plenty of cash on hand.” That's not the way they think.

HANK COLEMAN: Right. Sure. That's a good way to look at it. We got time for just one more question, and I wanted to ask you, I guess, from the guy-in-the-cheap-seats perspective... I mean, what should I do to influence any of this. I mean, other than read your book, I guess, and being forewarned, is that all I can do? Or, I mean, I just need to go out and see as many as I can before they are destroyed and

torn down? I mean, what does the guy in the cheap seats need to do?

NEIL DEMAUSE:

Yeah. I mean, I think educating yourself is really the first thing, but there are plenty of ways to affect things. First of all, if you see your local newspapers and TV stations reporting this story as, “Hey, isn’t this great? We’re going to get a new stadium. It’s going to be perfect to the economy,” which is often the way they report these things, write a letter to the editor, call the news desk and say, “You know what, are you nuts?” “What do economists say about this? How come you haven’t talked to any?” And, they will respond, you know? If they get push back on that, they will actually respond, and you know, they don’t want to look like shills for these things, you know? Call your state legislators. Call your city council. Find out what groups in your area are organizing around these things. I think that the public opposition to these projects is usually pretty high, but the sports owners generally figure, “You know what, we can either go through some legislative effort that doesn’t require a public vote. So even if the public hates it, we can get away with this.” Or, you know we can, like run ad campaigns and get to the point where people will say, “Oh sure, whatever,” you know, “I’ll vote for it. I’ll okay it. I don’t really understand it, so I’m not going to oppose it.” So I think getting involved in at least, I don’t want to say that stadiums should never be built because sometimes there are projects that probably could be okay if the financing will work out the right way. So at least organizing better and keeping your politicians and keeping your media honest get it to the point where these deals are getting negotiated from a point of, “We don’t want to give away the store,” instead of how high do you want it to jump.

***“Your Money: Your Choices” December 23<sup>rd</sup>, 2013” - Why New Stadiums Are Ruining Baseball***

---

HANK COLEMAN: As a fan and a taxpayer, it’s coming to a neighborhood close to us, whether we like it or not; or sooner rather than later, it seems like.

NEIL DEMAUSE: Absolutely, you know. I mean, if it’s not happening in your city right now, it probably will be, soon.

HANK COLEMAN: Right. Or you know, and it’s happening to the team that you love and the history of the games. So Neil, we’ll leave it there. I really appreciate it. We’ve been talking to Neil deMause who’s the author of “[\*Field of Schemes: How The Great Stadium Swindle Turns Public Money Into Private Profit\*](#)”. Thanks Neil for being on the show. I appreciate it.

NEIL DEMAUSE: Sure thing. Glad to be here.

HANK COLEMAN: Be sure to check out [MoneyQandA.com](#) for links to Neil’s book, as well as the transcript for today’s show. If you have any questions like always email me [Hank@MoneyQandA.com](#). Be sure to check me out on Twitter and Facebook, and until next time, I’ll talk to you later.

NARRATOR: Want to connect with Hank online? You can find him at: [Facebook.com/MoneyQandA](#). On Twitter: [@MoneyQandA](#) or on his website [MoneyQandA.com](#). Thanks for listening this week and don’t forget to recommend this program to anyone you know who’s thinking about their financial future.

***[End of transcript 00:30:23]***