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**Abstract**

This paper uses soccer as a lens to look at governance structures and how they affect labor markets and economic outcomes in major European countries. It looks at three different models of soccer governance: "coordinated," "liberal," and "neutral," found in the five major European soccer leagues (England, Germany, Spain, Italy, and France) and suggests that coordinated structures may have a comparative advantage over liberal structures.

**Keywords**
Soccer, Labor Markets, Capitalist Models, Neoliberalism, Social Democracy

### Changes in the Game's Core Territories

The signs held by the African immigrants in Paris read, "sans papiers sans droits ecrases par la loi" or "the undocumented without rights, crushed by the law" (Deutsche Welle, 2008). This protest was one of thousands held on the European continent since the 2008 economic collapse ended much of the good will created during the immigration and economic booms of the late 90s and early 2000s. The nationalist citizens of European states wanted the new "leeches of the welfare state" to leave, while the immigrants wanted their rights as residents strengthened. The tensions revealed by the numerous protests on the continent reflected both the current state of ethnic relations in Europe as a region and the dramatic effect of lowering national borders in the era of European neoliberalism[1], free trade, and globalization.

These changes and their impacts have been highly variable; however, Europe as a whole has lowered its barriers, but there have been vastly different institutional responses to the newly neoliberal regions depending on the state. All large European countries had their immigration levels drop significantly during the recession, but the levels of naturalization varied markedly. Nearly 25% of Germany's new residents were naturalized, while only 5% of Spain's immigrants became Spanish citizens (Eurostat). What causes these differences? This chapter contends that the orientation of the state towards social welfare has had massive effects on the immigrant population and hypothesizes that the soccer leagues, which subscribe more to "coordinated market" and "stakeholder" ideologies and bolster their middle classes, will have had more success with foreign players and find a larger foothold in foreign markets than those that subscribe to a more liberal market (market fundamentalist) ideology in which the rich get richer and the poor get poorer (Hall & Soskice, 2001).

The differences between the coordinated market and liberal market systems of political economy are largely the product of two rival ideologies on the purpose and effectiveness of government in an economy. The coordinated market system holds that government intervention, state controlled holdings, and high taxes are "ok" if they benefit the population as a whole and provide services, where private firms might intrinsically be handicapped. By contrast, the liberal market system (for example, that advocated by the Chicago School of Economics) views government intervention in the economy as toxic to the system, generating elevated purchase prices to the consumer because of the lack of natural competition. These systems pervade our daily lives, in the coffee shop, the classroom, and the home. They influence our values, thoughts, and actions in marked ways. Today, the liberal market system, specifically neoliberalism, is the principal mode through which state economies operate, with governments falling prey to the fear that social spending on a widespread level provides "work-disincentives" and creates a less productive society (Pontusson, 2005). Even countries once seen as paragons of social democracy in the Western world (e.g., Sweden) have had to retrench their welfare states under political pressure and there has been a rapid global deceleration in per capita spending since the late 1970s (Pontusson, 2005). But is the coordinated market system of providing for entities that could not compete without assistance really inefficient?

This paper contends that the particular economic models used as the financial backbone in various European soccer leagues will result in: divergent levels of integration within world markets, different relationships between the best and worst teams, and ultimately, a more or less successful league. Espousers of free market ideologies, and specifically neolib-

1 Operational definition for neoliberalism: David Harvey – "Neoliberalism espouses human improvement through free markets, free trade, and private property" (Harvey, 2007).

eralism, may argue that those soccer leagues that embrace competition minimize the soccer equivalent of welfare (revenue sharing) and align themselves with a liberal market system ideology (e.g., Italy and Spain) would have the highest level of integration with foreign markets and the most success. Yet, this may not be the case. I contend that the leagues that most closely align themselves with the coordinated market systems of Europe and distribute revenue more equitably across clubs (e.g., England and Germany) have actually found themselves more integrated within world markets as a consequence of that system.

Interestingly enough, a country's soccer organizations will often differ from a country's macro level political economy. The English Premier League (EPL) has the greatest parity of wealth between the best and worst teams of the top five leagues in Europe, despite the country being the model of neoliberalism on the continent ("Premier league finances," 2011). Spain is much less economically neoliberal than England, but the worst teams in La Liga receive a paltry sum of the league's broadcasting rights (a huge portion of a soccer team's revenue) in comparison to the top clubs. Ironically in the United States, Major League Soccer (MLS) is banking on the success of a "socialist" structure common to all major league sports in the US, where the worst teams receive the best talent and a salary cap makes the teams more equal and improves the status of the league in the eyes of the world. Alexi Lalas, former American International and soccer analyst, describes this situation by saying, "MLS is the most competitive league in the world -- not the biggest or always the best quality -- but Chelsea know they will win 70 percent of their games," and, "that kind of super club dominance does not live in MLS, which makes it a purer form of the game over here" (Bennett, 2013).

The purpose of this chapter is to demonstrate that market integration, the predominant force affecting the composition of soccer, is not equally applicable among soccer leagues. I contend that different legal systems and ideological models have created league structures that diverge in revenue sharing, youth development, and club debt and this differentiation has in turn led to varying levels of a league's integration with world markets and commercial success. I hypothesize that leagues more aligned with a coordinated market system (i.e., those with greater levels of revenue sharing and greater league intervention) will have a larger foreign population and more financial success because of enforced parity and greater levels of economic regulation. This argument may be significant in explaining why in some European industries, free market systems of organization are counterproductive to maximizing competition and revenue. It would also provide a roadmap towards a more successful formula for internationalization of soccer leagues.

In the United States sports system, "social welfare" is given to the worst teams to give them a chance to be more competitive. European leagues do not operate this way and I test the importance of league design among the five major leagues by dividing their capitalist models into three subsections: "liberal market" (those that are the least equitable, e.g., Spain and Italy), "coordinated market" (those that are the most equitable, e.g., England and Germany), and "neutral market" (the "inbetweeners," e.g., France) and then conducting a covariance analysis to see how the leagues' distinct models affect their financial success and their ability to recruit and retain foreign players.

## The Coordinated Market Cases: England and Germany

### *Case I: England*

The method by which the English Football Association (or "The FA") distributes revenue among English Premier League clubs is rather simple. The governing body pools the television rights, sells them to the highest bidders (foreign and domestic), doles out 50% of the proceeds in an equal amount to every club (£13.8 million in 2011), and then provides the other 50% in unequal amounts in the form of "facility fees" and "merit payments," which are based on national television appearances and final league position respectively[2]. The best and most televised teams earn the most, while the worst teams and least televised earn the least. The richest league is set to get richer as the FA just recently signed a new broadcasting arrangement for the Premier League with Sky and BT (BT is the new owner of ESPN UK). Scheduled to begin in the 2013-14 season, the new deal promises £3 billion over a three-year period. This sum represents a 71% increase over the previous total and should give each team roughly £14 million more for operating expense (Gibson, 2012).

The EPL has the highest percentage of foreign players of any major soccer league, but also has the most stringent work permit laws. Non-European Union (EU) players are required, with one exemption to the rule, to earn 70% of the caps for their national team over a two-year period[3] to gain entry or earn citizenship in another EU country. The exemption is that certain players can be granted "exceptional talent" work permits if they have "exceptional ability and potential to contribute to English football" (Chapman, 2012).

Club debt had long gone unregulated in England, with the idea that if it became unsustainable a club would have to enter into the "administration" system, where a bank arbiter controls club finances. This system was accompanied by punishments (nine points and lessened competitiveness) in order to deter clubs from willfully entering into it. As of February 2013, however, new rules have been put in place that prevent clubs from losing £105m over a three-year period[4]. Clubs that break these regulations would be forced to deal with punishments similar to those in administration, despite ostensibly suffering from the opposite problem (having too much money and pouring it in, vs. having too little and pouring it in).

The academy system in England, which takes young players and has them train at professional clubs, was long thought of as a way to bring players into the first team, not as a tool for economic equality. As a result of this ideology, the FA had laws in place that players could only train at clubs less than 90 minutes away from home and used a tribunal system for player valuation, intending to give clubs top prices for talented youth. These laws were changed in 2011, presumably to improve Premier League academies. The new rules mandate, "a selling club is paid £3,000 per year for every year of a player's development between the ages of 9 and 11. The fee per year from 12 to 16 will range between £12,500 and £40,000" (James, 2011). In addition, clubs are now allowed to induct youth from anywhere in the country.

Despite being designed to disproportionately benefit the country's soccer plutarchy at the dawn of the premier league in the early 1990s, England's revenue sharing system is the most equitable of Europe's top five leagues. This comparative monetary parity was evidenced in the 2010-2011 season when the top club, Manchester United, earned £60m and the bot-

2 In 2011, Manchester United drew the largest Facility and Merit revenue at a total of £28.6 million, while Blackpool received the smallest amount at £7.3 million.

3 That national team has to be in the top 70 of the Fédération Internationale de Football Association (FIFA) World Rankings (http://www.fifa.com/worldranking/rankingtable/index.html), a non-trivial detail which enabled Emmanuel Mayuka's transfer to Southampton after Zambia's AFCON victory last year. In the rankings current state players from Honduras, Cameroon, Senegal, China, and Morocco are unable to earn work permits.

4 These regulations allow clubs to deduct money spent on youth development and infrastructure from the three year total.

tom club, Blackpool, earned £39m. This paltry 1.54 ratio of top-to-bottom club revenue was roughly a tenth of the 12.5 to one disparity in Spain. The enforced parity of this revenue sharing model has allowed poor clubs to increase their scouting networks domestically and abroad in order to gain a competitive edge[5]. Today, England is far and away the most international league in terms of ownership, players, and fans, but it was not always this way. The redesign of their league's model has allowed all clubs to bring in top foreign talent. At the start of the Premier League era (1992-1995) and before the media bubble of the late 1990s/early 2000s (which has somehow not yet popped, media deals continue to escalate), there was, on average, a 30% foreign player composition. By 1999, this composition had grown to 50% and in 2003 the league had reached its greatest total yet at 63%. This mark was finally eclipsed in the 2012-2013 season, when the league became 65.8% foreign (Transfermarkt, 2013). Over the course of this time span, the average English club began to have much greater access to funds than an equivalent club in the other top leagues. Thus clubs were able to gain much greater access to foreign markets, suggesting one reason why the countries of origin of players within the League are so diverse. In the Premier League, no single nationality represents more than 10% of the league's total foreign population (Transfermarkt, 2013).

The work permit system in England has had interesting effects on its soccer league and on labor flows into the country. Many of the players who would otherwise fail to receive work permits first immigrate into "feeder countries," where the (usually young) players can gain EU citizenship and first-team experience before moving to England. The "exceptional talent" work permit system is rarely used because the legal wording is obtuse and the process is expensive. Arsenal is one of the few clubs that has attempted to use these permits and had to ship out both Ryo Miyaichi and Joel Campbell so they could earn work permits on the basis of their merits in Europe. Ryo was granted an "exceptional ability" permit within six months, but Joel still has not earned a work permit despite the fact he has repeatedly been sent out on loan (most recently to Betis) as he looks to gain international experience and been successful for those clubs. England's restricted access to young global talent has been one explanation for the relative lack of success of the league's academy systems (Aston Villa, West Ham, and the top clubs are known for developing players, but the teams here are not producing quality youth players akin to those in Spain and Germany). Clubs are not able to scout youth from around the globe and prefer to scour the lower leagues for English talent. The repeal of the FA laws on locality and player development look to change this paradigm and make the top clubs in England more self-supporting like Bayern, Dortmund, Barcelona, and the other clubs with great youth teams.

Club debt is the biggest challenge to the sport in the country. During the 2010-2011 season, The *Guardian* filed a report on the financial state of Premier League clubs and the results were bleak. Only three clubs turned a profit and Arsenal is the only one of the three still in the league (The Guardian, 2011). The new regulations, however, portend a promising future where long-term commitment to success will be the path forward for clubs instead of the unsustainable growth exemplified by Roman Abramovich's Chelsea and Sheikh Mansour's Manchester City. Both are oil tycoons who came to the Premier League and immediately invested huge sums of money into their clubs. This change is also promising for parity in the league, with the league's chief executive Richard Scudamore commenting, "the Premier League claimed the rules would allow smaller and newly promoted clubs to invest

5 Wigan, the worst club that survived relegation last season, has used this scouting system to build a team that is 88% foreign, has a Spanish manager, and has managed to stay in the top division since first getting promoted.

sufficiently to challenge for [European club competitions], while also promoting greater sustainability and controlling wage inflation" (Gibson, 2013).

### *Case II: Germany*

In December of 2012, the German League Association unanimously approved to uphold its existing revenue sharing system. This mechanism limits the largest portion of the broadcast revenues that a team can earn in the Bundesliga, Germany's top league, to 5.8% of the total amount and the smallest portion to 2.9%. The 2:1 ratio splits up a far lower sum than the Premier League, with the new deal amounting to around €710m per year (Aabakken, 2013). This deal moves the league's broadcast revenue above Ligue 1 (France's top league) and La Liga (Spain's top league), but below Serie A (Italy's top league). Aabakken (2013) describes the complicated mechanism for revenue sharing:

> "In Germany a points system is applied, giving 40% weight to the running season (at the moment 2012/13), with its league position for each matchday, for each club, added together. 30% weight is given to the preceding season (2011/12), 20% to the season before that (2010/11), and 10% to the one 3 years ago (2009/10)."

The league position of each team in a season is assigned a point total and the three seasons are added together with the proportion of media revenue being distributed in order of points in descending order from 5.8% to 2.9%.

The Bundesliga's success has been built on the global/local model of international clubs with local popular support. Three separate movements have enabled the local model of the league: the 50% + 1 ownership system (which has been the law for a while), government assistance in stadium development (which is relatively new), and heavy investment in the academy system. Stadia were built or expanded as a public project for cities and their teams by the German government before the 2006 World Cup[6] and this has revolutionized the nature of support in Bundesliga cities. The smallest stadium now holds 24,000, the largest such number of any league in the world (England's is 18,360 and Spain's is 14,400). The Bundesliga has the soccer world's largest average attendance at 45,116 supporters a match (Sporting Intelligence, 2013). The communal nature of these environments has helped increase the scope of local support, which was already being fostered by the collective ownership system. The supporters' club ownership system is based on annual fees and each club having an elected board of directors. Private parties can only own 49.9% of a club, meaning that the majority share will always be with the fans. Other sports teams in the world, Barcelona and the Green Bay Packers for example, have used community ownership, but the Bundesliga is the only league in the world where it is standard. After the failure of the German national team in the 1998 World Cup and Euro 2000, the German FA decided to make a change and forced heavy investments into youth football education. "All across the country, 121 national talent centers would be built to help 10- to 17-year-olds with technical practice. Each center would employ two full-time coaches at a cost of $15.6 million over five years. The second key point was a new requirement for all 36 professional clubs in Bundesliga and Bundesliga 2 to build youth academies." This change was designed to produce more domestic players, cultivate local club cultures, and provide more stability to the league with regards to imports

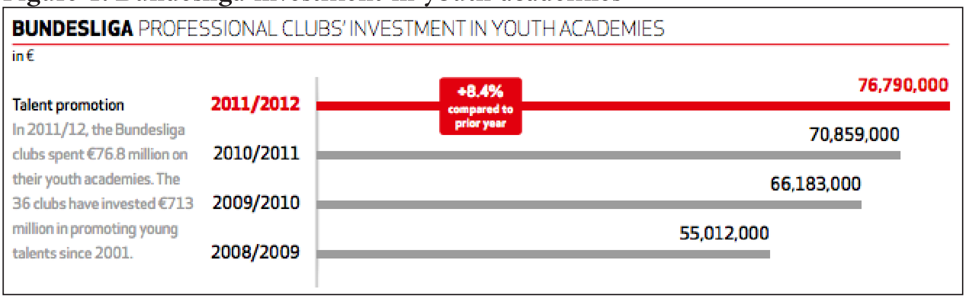
6 Stadiums are typically privately financed and owned by clubs, such as the Emirates stadium in England.

and exports (Honigstein, 2010).

To regulate club debt the league issues licenses to every club in Bundesliga 1 and 2 on the basis of a number of requirements, one of which is that the club has to submit a budget with projected revenue and expected expenditures to prove that it is on sound financial footing (Skinner, 2010). If clubs break their budgets and go into debt, they are liable to face additional penalties from the German FA. With the supporters as the main stakeholders, it is critical to the league that the teams are solvent and stable.

The effect of the German model on its integration is interesting. The financial parity enforced by revenue sharing has led to a comparatively large foreign population, but this demographic growth has been counterbalanced by the supporter-based club ownership system and the highly developed academy systems that focus on producing strong local players. The league is now 48.9% foreign and has specifically capitalized on its proximity to Eastern Europe relative to the other major leagues. Nearly a third (31.8%) of the league's foreign players originates from East of Germany in Europe and Austria is the most represented European country with 17 players.

**Figure 1: Bundesliga investment in youth academies**




Source: Bundesliga (2013)

On the other side of things, the academy systems have made the Bundesliga by far the youngest league in Europe. On average, players are 25 years old and two years younger than the typical EPL player (Mao, 2013). Most of the transfer dealings are made within Germany, with foreign players now being inducted at an early age and staying in the youth system. Before the massive investments in youth policy, the league was as much as 60% foreign (Honigstein, 2010), but the youth movement has balanced the league. Last season, there were 150 transfers by clubs within Germany to the Bundesliga (either internally or from a lower division), while the next largest market transferring to Germany was La Liga which shipped only 10 players to the league (Transfermarkt, 2013).

**Table 1: Bundesliga profits after taxes**

| | 2008/2009 | 2009/2010 | 2010/2011 | **2011/2012** |
|---|---|---|---|---|
| **Bundesliga** | 30,953 | -77,864 | 52,528 | **55,076** |

Source: Bundesliga (2013)
*Notes*. Profit numbers in €'000

The strict debt regulation allowed the Bundesliga as a whole to turn a profit last season and the league looks set for a strong financial future, with huge attendance and commercial revenue. Many on the continent, including England, have looked at the German model of debt regulation in order to develop their own systems of intervening with rogue and unsustainable clubs that harm the parity of a league.

## The Liberal Market Cases: Spain and Italy

### *Case III: Spain*

La Liga operates under extremely neoliberal ideas. There is next to no intervention by the league and revenue sharing is only encouraged as is necessary to maintain the existence of clubs facing bankruptcy. The model for government regulation is relatively barebones and clubs are expected to regulate themselves outside of sensitive issues like contract disputes and racial or ethnic slur controversies. The Spanish league allows all its teams to negotiate their media deals individually. The typical disparity between the broadcast revenue of the top and bottom clubs has recently been around €130m, but it could be higher or lower depending on the season. To put this information in the context of the English case, Barcelona and Real Madrid received almost twice as much as Manchester United (€60m) at €118m last season, but the bottom club Racing Santander received only €10m, €29m less than Blackpool in 2011.

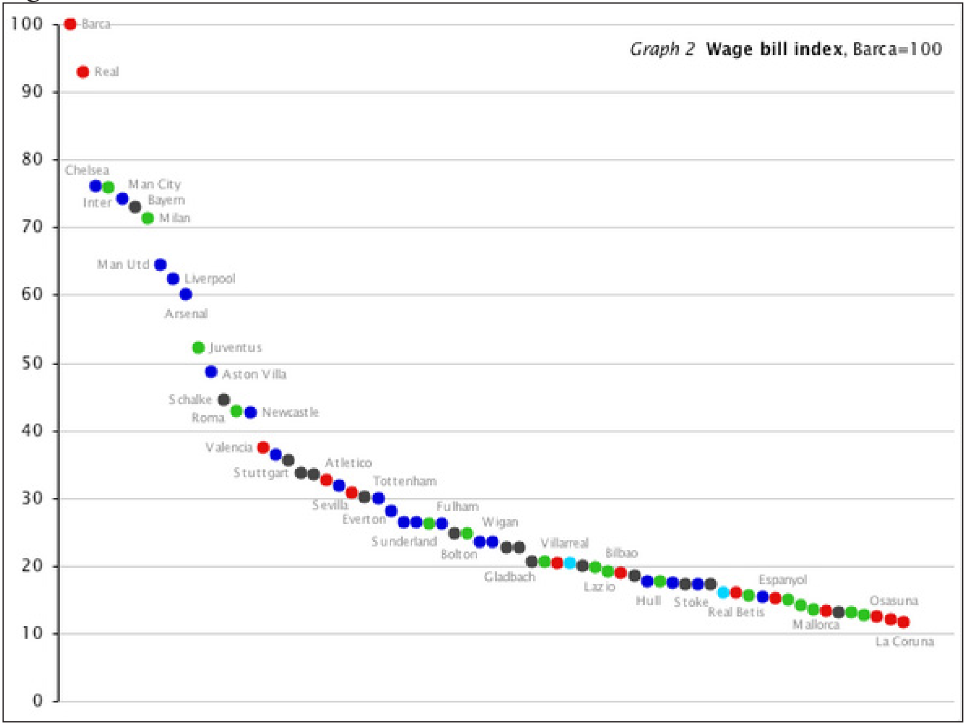
The league contends that it attempted to encourage a higher rate of home grown players with the implementation of a policy called the "fidelity strategy." "The fidelity strategy works in two ways. It provides coaching and the opportunity to play for clubs. The other aspect is to have teachers who help the young players prepare for life outside of football. This is important for the parents" (Wilson, 2010). However, this statement provides no concrete or measurable information on either its effects or implementation and seems like a way to provide the league with plaudits for individual clubs' success. There is no preventative system in place to combat club debt by the league, but the Spanish bankruptcy law, "La Ley Concursal," proscribes that Spanish clubs in debt can halve their responsibility by entering into Bankruptcy protection and remain in operation.

A rift has opened between the top two clubs in Spain, Real Madrid and Barcelona, and the rest of the league over the loss of talent, money, and dissatisfaction with the revenue sharing system. During the past few seasons many of the clubs have threatened to go on strike until there is some model of parity put in place. Before the 2012 season, 13 of La Liga's 20 clubs protested the arrangement and cited foreign models as preferential alternatives to ensuring their future success. Jorge Valdano, a former Real Madrid general manager, summarized the economic disparities:

> "There are two teams whose market is the whole world and the rest whose market is just their [regional] community. We are in a moment of transformation, which depends on what happens in Spain and in other leagues. The problem is that the Premier League works, Germany works: there is a lot of money there and a lot of passion for [domestic] football. They do not seem especially enthusiastic about leaving their leagues" (Lowe, 2010).

Spain's third best team in 2011, Valencia could only afford a wage bill roughly equivalent to Portsmouth, who were relegated from the Premier League that season.

**Figure 2**




Source: Behnisch (2011).

*Notes*. Mid-bottom table Spanish clubs have restrictive wage bills. The more horizontal that a country's dots are, the more similar the average wages are between the top and bottom teams in that country.

Spain has become extremely segmented from world soccer markets as a result, except as an exporter of talent. The league is only 37.5% foreign and 58.2% of those players come from Spanish-or-Portuguese speaking countries, meaning that only 15% of the league is linguistically removed from the Iberian Peninsula. Of the current clubs, only six have been financially liquid enough to field a squad that costs more the €20m. In the EPL, only one club, Reading, has a squad that costs less than €20m (Transfermarkt, 2013). The clubs have recently relied on exporting Spanish talent to countries like England and Germany in order to balance their debt-riddled budget, a process that is evidenced by more players leaving the country than entering it in every season since 2009-2010 (Transfermarkt, 2013).

The success of Spain's domestic football and its teams' academies might actually be unintended consequences of this financial policy. Because the clubs outside of the top two do not have enough money to import players at a level compared to that of the countries with revenue sharing, they need to undertake import substitutive measures by producing and educating their own players[7]. This is a sharp irony as the Spanish system is distinctly neoliberal in ideology, but in practice the system may have produced results antithetical to the stated goals of the neoliberal worldview.

7 This does not apply to Athletic Bilbao, Barcelona, and Real Sociedad, which have all heavily or exclusively relied on players from their region in recent history because of cultural reasons.

Debt in Spain has spiraled to absurd levels. A 2012 *Daily Mail* article released a Spanish government estimate that "the clubs in the top two divisions owe €752m in unpaid taxes" and that "the top division alone holds a combined debt of €3.53bn" (Ridge, 2012). The consequent fire sale has already begun, with world-class domestic players like Juan Mata, David Silva, and Santi Cazorla having recently made moves to England. The only clubs not affected by the La Liga debt crisis are, again, Real Madrid and Barcelona as their record setting levels of revenue (Bosshardt et al., 2013) have enabled them to retain their best players and recruit even more. Yet, this top level success may be pyrrhic for the long term success of the league. The duopoly of Madrid and Barcelona are the only clubs in Deloitte's top 20 revenue teams and Valencia is the only Spanish addition when expanded to the top 30. Six of the teams in the Spanish top division had to enter into bankruptcy protection after the 2011 season.

### *Case IV: Italy*

Italy has always had an interesting relationship with broadcasting that goes back to the beginning of the globalized game and Berlusconi's soccer media empire. Today, the league has the second most valuable TV deal at €829m a season and has shifted from using a liberal market system to a more neutral one. This nascent neutrality was enabled by the introduction of the Melandri law in 2008, which meant that the Italian deal (like that of France, England, and Germany) was now pooled between the clubs and that majority approval of a deal would be needed (Soccerex, 2012). After the law was put into place the distribution of rights was mildly changed from its 10:1 peak, but now the ratio of highest broadcast revenue to lowest broadcast revenue stands at 4:1 with Juventus receiving the greatest sum, ~€100m, and the Serie B champions, Pescara, the lowest, €24m (Cutler, 2012) at the start of the 2012/2013 season. Because of the volatility of the broadcasting agreement, the mechanism by which the revenues are divided is subject to change and in its current state divides: 40% of the money equally, 5% by the population of the team's city, 25% based on the number of official club supporters, 5% based on the previous season's results, 15% based on the past 5 years, and 10% based on results from 1946 to six years prior to the current season. This mechanism obviously disproportionately benefits the best clubs, but is still a massive improvement in parity from an individually negotiated rights system.

The Serie A does not have a work-permit system, but it's non-EU rules similarly aim to keep the league largely isolated to players established in Europe. The rules stipulate that Italian clubs are allowed to sign only two non-EU players a season, but they can sign other Italian clubs non-EU players and gain a non-EU spot by transferring one of their existing non-EU players out of the league[8]. The non-EU policy, if designed to prevent foreign players unproven on the continent from entering the league, may be marginally successful. Yet, currently the three largest foreign populations are drawn from non-EU countries (Brazil, Argentina, and Uruguay) and they constitute 36.0% of the foreign players in the league.

The €2.6bn deficit in Serie A should indicate that there is little to no preventative regulation with regards to club debt, but the consequences of overextension are unclear. In the past, banks were able to run a team with no punitive measures until a new owner came in, but the literature on the actual regulations is thin. The effects of debt on the league are equally as opaque as its regulation. League teams seem to have been largely unaffected by

8 In the Summer of 2012, Juventus was desperately flogging Milos Krasic to any club outside of the country for this reason.

their debt totals and other than AC Milan selling some of its best players to balance its budget and wage bill, there have been few signs of financial hardship.

The Italian case provides us with evidence of the longitudinal effect of increased parity on a soccer league's level of integration with foreign labor markets. In 2008, when the Melandri law (pooling broadcasting rights) was first codified, the league was only 36.7% foreign. Of those foreigners, 40% were South American, and only 8 nationalities had more than 5 players in the league. By 2010, the soccer immigrant population had escalated to 46.3% and 13 nationalities with more than 5 players were represented. As of 2013, the league is 53.6% foreign and 16 nationalities are represented. Serie A has moved away from the liberal market model and the country's small football teams have used their additional revenues to scout world markets and become much more competitive with the top teams.

## The Neutral Market

### *Case V: France*

As the title of this case suggests, France's league takes an intermediate approach. Its top club receives 3.51 times more broadcast revenue than its worst. The €620m total revenue figure that was floated by Aabakken (2013) is now the lowest in world football, but because of the money distribution conventions of the league, the worst French teams still receive more than the worst *do* in Spain and *did* in Italy. The mechanism behind broadcast revenue sharing is as follows:

- ~50% of the global rights is distributed among all the teams
- ~25% is distributed proportionately based on teams' rankings in the most recent season
- ~5% is distributed for aggregate ranking in the last 5 seasons
- ~20% are distributed based on the aggregate TV live broadcasting in the last 5 seasons and the current season (English Professional Football Leagues, 2010)

This system simultaneously ensures that both the most popular and the most successful teams are rewarded. This aggregate broadcasting clause might also be a good way to reward attractive "fan friendly" soccer in a league that has had so many media darlings like small-club champion, Montpellier, last season.

Beyond the basics, France is an interesting case because of the league's technocratic approach to handling club accounts and the country's relationship with Africa. Ligue 1 accounts are handled by the DCNG, a firm tasked solely with making Ligue 1 clubs manage club debt responsibly. DCNG can levy penalties, such as disallowing expenditures, assigning point deductions, and even possibly forcing relegation, if a team fails to operate within its means (Chadwick, 2012). This technique is even more successful because of the French Football Federation's support of academies like the Clairefontaine Academy, which has produced some of France's most talented soccer players. Private clubs in other countries typically run these academies, but in France the governing body of the league takes responsibility for developing players from age 13 until they turn professional and looks to maximize the ability, rather than the transfer fees, of their trainees. The long-standing colonial and linguistic connection that France maintains with the African world has been responsible for much of the league's player integration. One explanation of the presence of African players from countries like Cameroon, Senegal, the Ivory Coast, Mali, Morocco, Togo, Burkina Faso, and Algeria is that they all have huge numbers of French speakers and have historically had the greatest connection with French football in Europe. According to Arsene Aka, the League has also "put in place an easy assimilation environment for incoming [African] players" and understands that if it helps acculturate and develop African players to European standards there is a lot of exposure to be gained (Kobo, 2011).

The effect of the French model on the league's level of integration with other markets is interesting. The concentration on youth and early scouting in the African world has led the clubs with less money to focus on developing young players and selling them to bigger clubs in order to be financially viable. This focus has led to Ligue 1 becoming the second youngest league with an average player age of 25.4 years old. All but five of the clubs have turned a profit over the past five years, meaning that the teams stay relatively young despite selling off many of their best young players. The linguistic and cultural advantage that the French have with Africa has led to France being the preferred destination of many young African players and has allowed Ligue 1 clubs to monopolize young African talent and sell the players at a premium price to the rest of the soccer world. In fact, 56% of the league's foreign players hail from the continent and there has been little reliance on European players. Serbia has the largest European contingent in the country with only five players.

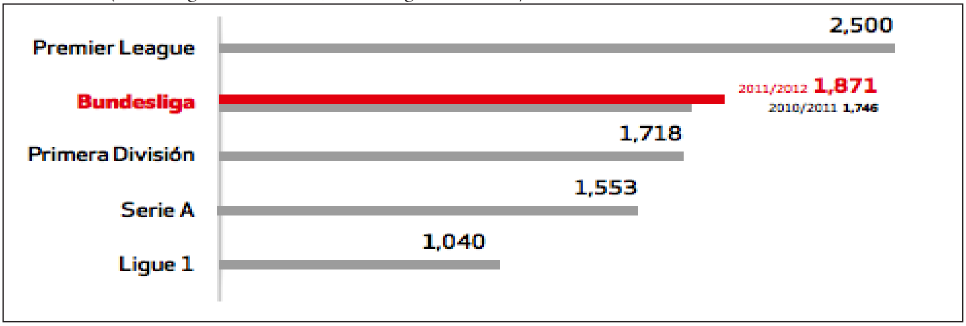
The DCNG regulatory body has helped French clubs to become a standard of stability in Europe (along with Germany). Significant portions of clubs' resources are allocated towards development and young player acquisition, so that players' value appreciates rather than depreciates over time. One concern, however, is that the French league is having its talent poached by other countries that have less stringent regulations of debt. With the exception of Paris St. Germain, Marseille, and Lyon, every club in France has become a seller to the rest of Europe, and clubs have struggled to retain their best players. This is one consequence of having the smallest media deal on the continent, which makes teams unable to match the level of wages in other leagues.

## Conclusions

In the world of football, corporate socialism works. My hypothesis that the countries that provide more money to their bottom clubs and regulate their clubs more would, in fact, have higher levels of integration with foreign markets and be more financially stable was supported by these cases. Figure 3 shows that the social market leagues, England and Germany, have been able to parlay this success into international revenue streams, which is promising for the success of this model. Consumers in international markets are more likely to choose matches based on the quality of a league, rather than on a domestic affiliation.

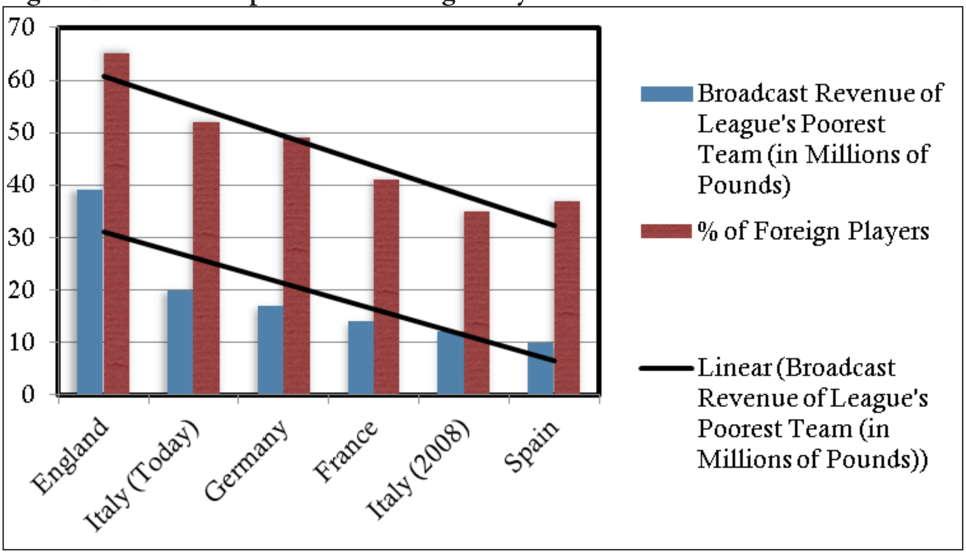
This finding is significant because it demonstrates how the free market, which much of the world espouses today ("we are all neoliberals now" – George Monbiot), does not, in fact, lead to the integration of world markets (as it would in the neoliberal ideal) in at least one sector of European domestic business. Negotiating television rights individually is certainly an attractive proposition to the super clubs of the world (rumors of a breakaway league for Europe's top clubs has been long rumored), but the problem is that the other clubs are far too marginalized in a free market system where the revenue for top clubs is already so much greater because of branding, media deals, and sponsorships. The monopolization of private enterprises by large corporations in world industries has long been an economic concern of neoliberal critics. The Bundesliga and the Premier League are the two leagues in Europe that constantly get rave reviews from neutral spectators around the world and this is largely because teams from the top to the bottom of the table can create a spectacle and beat any other team in the league, something that cannot be said of the Spanish league.

**Figure 3. International Revenues of the Top 5 Leagues (excluding transfers)**
in million € (Bundesliga also 2011/12, other leagues 2010/11)




Source: Bundesliga Report (2013).
*Notes.* The Social Market case's commitment to parity has made their leagues most attractive to international investors. Competition is diluted in liberal markets.

**Figure 4. Relationship between Foreign Players and Broadcast Revenue**




This conclusion will not please market fundamentalists, who suggest (among other things) that removing anti-trust legislation and economic regulation help ensure the success of the market. Milton Friedman once said, "one of the great mistakes is to judge policies and programs by their intentions rather than their results" (Heffner, 1975). The results are in for European football and they suggest that liberal economic models, which let the market trample businesses that do not have the means to succeed because of the system's structure and not the businesses' merits, have failed all of the clubs outside of the instantiated elite and the nouveau riche. The gap between the rich and the poor in world football is widening and the coordinated model is the only sustainable alternative market-based path (on display in a major European league) that maintains both the integration of markets and the maintenance of competition.

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9 Transfermarkt is a crowd-sourced tool that compiles statistics on soccer, many of them economic, that are not readily available from other sources