
Yo, Brooklyn! Get Real About Politics and Sports

BY RAYMOND J. KEATING

Brooklyn, New York, needs a reality check on sports—whether it comes to the borough’s past with baseball’s Dodgers, or its possible future with basketball’s Nets.

Even though the Dodgers left for Los Angeles almost a half-century ago, for many that move still hangs like a dark cloud over Brooklyn. Some people trace the borough’s economic decline to the loss of the Dodgers.

When the L.A. Dodgers were put up for sale in early 1997, New York politicians even took time to pander to those still suffering from the absence of “Dem Bums.” Governor George Pataki, for example, declared: “The Dodgers belong in Brooklyn, just as the Yankees belong in the Bronx and the Mets belong in Queens. The Dodgers’ temporary stay on the West Coast should come to an end.”

Brooklyn’s demise, though, wasn’t the result of the Dodgers’ leaving town. Brooklyn, along with the rest of New York City, declined because of big-government leftism, which brought with it a costly, destructive welfare state, a lack of will to fight crime, and a perverse enthusiasm for raising taxes. When one considers that crime was on the rise and that politicians imposed city personal, corporate, and unincorporated business income taxes in the mid-1960s, the reason for New York City’s woes becomes pretty clear. Rudy Giuliani came along as mayor in the 1990s to deal with crime, but big government and onerous taxes remain. In fact, in recent years, Mayor Michael Bloomberg and the city council have hiked property, sales, income, tobacco, and cell-phone taxes.

It was announced in late January 2004 that developer Bruce Ratner was buying the New Jersey Nets for

\$300 million. The NBA approved the sale last August. Ratner has a dream of bringing the team to a new \$500-million arena that would be part of a \$2.5 billion commercial and residential project in downtown Brooklyn.

Naturally, Brooklyn Borough President Marty Markowitz brought up the Dodgers in his response to the local press when the deal was first announced: “It corrects the great mistake of 1957 . . . when the Brooklyn Dodgers moved to La-La Land.” He added: “This is redemption. This is Brooklyn getting its respect back.” Things don’t seem to have changed much in almost 50 years.

In fact, it sometimes amazes me how little things change in New York City. Today’s other hot sports-facility debate revolves around luring the NFL’s Jets and the 2012 Summer Olympics to the city with a new stadium in Manhattan. The location for that proposed stadium—over the railroad yards on the west side of Manhattan—is the same site proposed by Manhattan Borough President Hulan Jack in the 1950s when he was trying to keep the New York baseball Giants in town.

Meanwhile, the location of the proposed arena for the Nets happens to be the same spot where Walter O’Malley wanted to build a domed ballpark for his Dodgers. Like O’Malley, Ratner wants the government to condemn property for his project. Of course, the constitutional power of eminent domain was never meant for taking property from one private entity for

Contributing editor Raymond Keating (rjknewsday@aol.com) is a columnist for Newsday and chief economist for the Small Business & Entrepreneurship Council. He is writing a book on sports and politics for the Cato Institute.

the purpose of padding the profits of another private entity. But this is left-wing New York, so what the heck. Still, various Brooklynites who face losing their homes and businesses to government seizure for the benefit of the Nets' new owner are rallying to oppose any such land grab.

There is one big difference between O'Malley and Ratner, though. O'Malley wanted to build his ballpark with private money. Ratner seeks enormous government help for his arena, including related infrastructure costs, the donation of air rights to build over the Long Island Railroad yards in the borough, and special tax breaks to pay for the project. The breaks being discussed include so-called incremental tax revenues, sometimes known as tax increment financing, or TIFs. The basic idea is that the government floats bonds to pay for the project, and the bonds are paid off with the future property-tax revenues generated by the project. Gee, that would have come in handy when I built my home on a vacant lot a few years ago, but then again, most home and business owners are not among the select few favored by politicians.

Another possibility is that the Brooklyn project would be funded through incremental sales and income taxes generated from the development. That's also a dubious proposal when it comes to a sports arena. Practically every independent economic study relating to subsidizing sports teams makes it clear that teams and their facilities do not boost employment, income, or economic growth. They simply shift consumers' leisure dollars from one place to another.

KeySpan Park

Just consider the lesson from another sports facility that opened on Coney Island in Brooklyn in 2001. KeySpan Park is home to a minor league baseball team—the Brooklyn Cyclones. As I noted attending a game last September, it is a nice ballpark in a great location. It sits alongside a boardwalk and the beach, and offers stellar views of ships going by on the sea. However, it is evident that this stadium has done nothing for the local economy. The area has vacant storefronts, some boarded-up buildings, and an empty lot right across the street from the stadium. This lack of economic vitality contrasts sharply with the claims

made by local officials that the stadium would spark economic development in the area. People, for the most part, head to the ballpark for the game—and then go home.

For good measure, the cost of KeySpan Park, initially estimated at \$20 million, wound up costing \$39 million—all paid for by the taxpayers. Such cost overruns are anything but unusual when it comes to building stadiums and arenas, especially when taxpayer subsidies are involved.

The fact is, no political reasons exist to give special help to big-league sports, and Brooklyn's experience provides the clearest example. The Dodgers' move west has long been peddled as a huge tragedy for New York and has scared countless politicians across the nation into coughing up taxpayer subsidies to keep the home team in town or to attract a new team.

However, it is instructive to note who paid the political price for the Dodgers' move. In New York, Mayor Robert Wagner won re-election in 1957, right after both the Giants and the Dodgers announced that they were leaving for California. He was re-elected again in 1961. However, two key players in getting the Dodgers to move to Los Angeles—Mayor Norris Poulson and council member Rosalind Wyman—both attributed their subsequent failures at winning re-election to the controversies swirling around the deal to get the Dodgers, as was noted in Neil Sullivan's book *The Dodgers Move West*.

When it comes to a new arena for the Nets, there is no basis for using government's power of eminent domain, nor is there any reason for selective tax breaks. If Ratner wants to build this complex in Brooklyn, that's great. But he needs to buy the land on the open market and build the project with private dollars, without special political treatment.

But what if Ratner chooses not to bring the Nets to Brooklyn without government aid? So what? Brooklyn will have lost nothing in economic or political terms.

There obviously is economic value in professional sports, as testified to by the millions of us fans who attend games. However, such value and how resources are allocated should be left to private-sector entrepreneurs and consumers, rather than being subject to the whims and distortions of politicians.

