

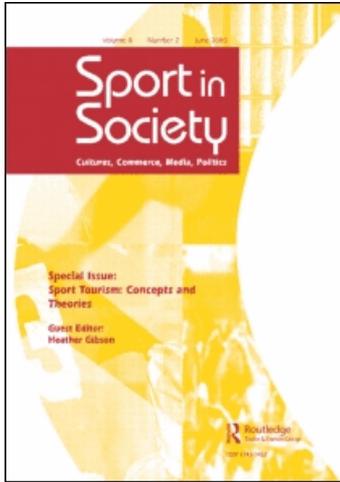
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Information theory and municipal policy in sport: empirical evidence from an Israeli case study

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Information theory and municipal policy in sport: empirical evidence from an Israeli case study

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Information theory¹ explains how leaders attain a net electoral advantage when adopting a policy that favours the interests of the knowledgeable minority at the expense of the uninformed minority, even though the consequent loss incurred by the public exceeds any advantage accrued by the interested minority. This study investigates the empirical implications of the theory through a case study in Israel. The study focuses on the disproportionately large subsidies granted by local authorities to privately owned professional sports teams (PSTs). These grants are made despite the preference of municipal residents and professional administrators for spending more on popular sports rather than professional sports. In the belief that such actions occurred due to an asymmetry in information that favoured the interested minority, we collected information about the subsidies for PSTs and made it publically available. We then documented the process by which the subsequent changes in the municipal policy developed.

Introduction

The majoritarian logic upon which the democratic system is based should lead political leaders to make decisions favourable to the majority of the public. Such actions should increase their own prospects of remaining in power, so much so that they even run the risk of imposing a tyranny of the majority. However, public choice theorists have pointed out a pathology that is observed consistently in democracies that, paradoxically, contradicts the power-in-numbers effect, namely, the political phenomenon of special interest politics. This feature of political life has two characteristics. First, leaders adopt a policy of redistributing resources by transferring resources from the majority (the general public) to a minority (special interest groups). Second, this redistribution of resources leads to a deadweight cost² and is therefore inefficient. In other words, political leaders have a political bias in their public policy that favours minorities with special interests at the majority's expense, thus producing an inefficient redistribution of resources. In turn, the losses incurred by the majority of the public are considerably greater than the profit reaped by the minority in whose favour the policy is biased.³

This political bias towards special interest groups is common in many democracies with diverse political systems, processes and institutions, as well as different political characteristics. This bias is also frequently found in systems where the role of donations to election campaigns is negligible due to the public funding of election campaigns, so it is

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by no means unique to countries where donors to election campaigns carry considerable weight.⁴

The difficulty modern democracies have in freeing themselves from special interest politics is astonishing, politically and economically. In a series of articles, Lohmann raises doubts as to the ability of the accepted economic and political explanations outlined in the scientific literature relating to public choice to account completely for the existence of the economic inefficiency at the core of special interest politics.⁵ She also maintains that these theories, in and of themselves, do not explain the fact that democracy, based on the principle of majority rule, could punish the majority by satisfying the minority's interests through a redistribution of resources for the benefit of special interest groups. Lohmann developed information theory as an alternate explanation of the phenomenon of special interest politics. Lohmann's theory describes how incumbents can accumulate political support if they divert public policy in favour of a minority with considerable knowledge, at the expense of the majority that has only a limited understanding of the issues at hand. Public officials can accrue many benefits from such a strategy even if the loss incurred by the general public exceeds any advantage that the special interest group may enjoy. This explanation is based on the asymmetry between the information available to the minority compared to the majority, an asymmetry that tends to favour the minority. This asymmetry stems from the problem of free riders, and together with the explanations about competitive elections and retrospective voting, provides a comprehensive explanation of the phenomenon, as will be outlined later.

The phenomenon of special interest politics and information theory is discussed in the relevant literature with reference to the work of the central government. This study focuses on the same phenomenon with respect to the workings of the municipal government, where substantial evidence is available about the ongoing existence of policies preferred by a small majority and special interest groups. To illustrate the role played by asymmetric information, we use a case study about subsidies granted by local governments in Israel to professional sports teams (PSTs). These grants are made despite the preference of municipal residents and professional administrators for spending more on popular sports rather than professional sports. From a local public policy standpoint, the justification for financial assistance from the local authority to privately owned PSTs that they provide a public service or a public good must be questioned. The findings in this work clearly show that despite the fact that the public, its elected officials and the professional administrators prefer a significant reduction in assistance to professional sports teams, professional clubs continue to receive generous subsidies. We argue that information theory may provide a reasonable explanation for this anomaly. Therefore, we hypothesize that balancing the asymmetry in information about the issue should lead to a rebalancing of the subsidy allocation from favouring the interested, knowledgeable minority to favouring the majority of the community's residents.

This hypothesis is based on information theory, which argues that local leaders will adopt a biased policy in favour of a knowledgeable minority of the residents at the expense of the majority who lack such knowledge. It follows that when all sectors of the local population have equal information on a given policy issue, the leaders will refrain from adopting an inefficient redistribution policy. Therefore, in this research relevant information that previously was available mainly to individuals with a special interest in the research subject was collected using personal interviews with the professionals working in the local authority, an opinion poll among the residents and a survey among involved young people living in the area. A side effect of these steps, originally designed to collect data, was the sharing of relevant information with the subjects under investigation

(professionals, the public and young adults, in this case). However, in keeping with the rationale upon which information theory is based, all of the information was distributed without charge among the decision-makers in the local authority and its importance in determining local policy was explained. Consequently, this information was disseminated freely to balance the asymmetry between those with a special interest in the subject and the general public. This step made it possible to follow and document the subsequent process of change that occurred in the decision-makers' viewpoints as well as in the municipal policy on the issue studied. The empirical findings provide opportunities for a discussion about the central role played by information theory in explaining the continued existence of an inefficient reallocation policy that favours an interested minority of the population. These results also demonstrate how research information can serve as a tool in reducing malfunctions in democracy in general, including those on a municipal level.

We further argue that the degree of importance that the majority of residents attach to a given policy issue influences the existence and continuation of the inefficient allocation of resources to special interests. The more trivial the issue, the more the asymmetry in the amount of knowledge available to the various groups influencing the decision-making process increases. When combined with large-scale public apathy towards the same issue, this broader asymmetry increases the risk of becoming ensnared in special interest politics. Consequently, greater apathy among the majority leads to a widening of the asymmetry in information, which results in a less efficient allocation of resources. However, given the significant variation in strategies used by local authorities in democracies worldwide about the policy issue in question here, we should be careful in generalizing from the specific Israeli case.

Lohmann's information theory

Information theory is quite simple and does not rely upon specific characteristics of the political process or institutions, except for free elections in which a majority of voters can remove an incumbent from office, a typical feature shared by all modern democracies. The theory is based on two premises commonly found throughout the relevant literature. First, the players are rational, so that even if they are ill-informed, they can comprehend the nature of the contest and cannot be fooled all of the time. The second premise relates to the aspirations of political incumbents to seek re-election.

Information theory maintains that in a complex society, there are many dimensions to public policy,⁶ and each one involves many different details. Different political issues are of varying importance and affect various sectors of the population in different ways. Therefore, citizens tend to concentrate on gathering information relating to those issues that have a greater effect on their lives, and are rather apathetic towards policies with only a marginal influence on their lives.

Citizens who attach importance to a given policy issue become individuals with a special interest in that particular issue. Special interests create minorities based on each one of the policy's dimensions. Consequently, an individual may have a special interest in several aspects of an issue while remaining part of the uninterested general public with regard to other aspects of the issue.⁷ Voters who want to promote a policy of importance to them will take political action to convince policymakers about the importance they attach to the issue and supply them with information in the hope of influencing their policy decisions. Policymakers tend to favour those interests that are more audibly expressed.⁸ Therefore, voters are strongly motivated to invest resources in gathering information about those aspects of a policy in which they have a vested interest.⁹ In this manner,

an asymmetry in knowledge emerges between the interested parties and the general public in a specific area of policy.

Small groups find it easier to organize themselves in order to apply pressure on decision-makers, and they have strong and well defined motives to help them overcome the problem of free riders.¹⁰ Therefore, their opinion is heard loud and clear, so their interests are attended to more frequently at the expense of the non-organized public. Large groups encounter difficulties when attempting to overcome the problem of free riders and consequently find it difficult to get organized. Thus, free riders disrupt political participation.¹¹ Decision-makers take resources from the general public and redistribute them to those specific aspects of a given policy championed most strongly by special interest groups. Thus, voters lose more in the areas where they are simply members of the general public than they gain in the areas in which they have a special interest. The outcome of special interest politics is that the redistribution of resources is managed inefficiently.

Lohmann argues that, logically, it would seem that a rational majority that realizes the price they have to pay for the special interests would surely oust the political leaders who accede to these groups' demands. Therefore, Olson's fundamental logic is based on the assumption that the voters have to be ignorant in such cases. Lohmann believes that the policy bias does not stem from the ignorance of rational voters.¹² She also disputes Downs' theory relating to the cost of gathering information.¹³ Where knowledge that can be acquired for free is concerned, the cost is not a determining factor. Some individuals have access to information about policies concerning their welfare, either thanks to routine practical, social and economic activities, or by comparing their current situation to their past. Additionally, free information regarding the economic situation and the quality of life is distributed via the media and opinion polls,¹⁴ as well as by interested groups and political rivals who provide the public with valuable information without charge in a manner that serves their own interests.¹⁵ However, most people are not interested in the overall existing body of information but focus rather on gathering information on those policy issues in which they have a special interest.

Lohmann's theory explains that, in practice, asymmetry in information leads to an additional asymmetry, which is called voters' retrospective voting. It is one of the established empirical findings in many democracies, along with the selection effect, according to which public representatives in office who demonstrate better economic achievements tend to get re-elected.¹⁶ According to Lohmann, the selection effect increases in tandem with the volume of information available to the public, and is capable of motivating the policymakers to impose an inefficient redistribution of resources. Incumbents understand that concerned voters, more so than the general public, believe that improvements in their situation are due to the ability of the incumbent to divert resources to them. Therefore, the incumbent stands to gain more from the minority than s/he stands to lose from the majority, resulting in a net increase in the incumbent's prospects for re-election. Consequently, a policy bias that favours individuals with special interests increases together with the asymmetry in knowledge between the broader public and the interested parties. If the public had greater knowledge than the minority, this theory would be consistent with the majoritarian bias.

Such logic is absent in the democratic reality, where an incumbent is drawn into a pattern of inefficient redistribution because of the voters' special interests. If s/he should fail to meet their expectations in the particular area they believe strongly affects their lives, the incumbent will be judged as less successful in terms of retrospective voting, thereby reducing his/her chances of re-election. The voters' expectations are, therefore, realized. Concerned voters are informed voters. In contrast, the general public usually knows very little about the details of the relevant policy and its economic significance for them. As a

result, citizens are not inclined to protest vehemently when a certain policy results in their having to pay large amounts of money for a product whose actual cost should really be much lower.

Thus, information theory explains why political competition does not allow the voters and their political leaders to ignore special interest groups. Without them, the voters have no effective control over the extent to which a candidate will keep his/her promises. Due to the existence of the retrospective voting mechanism, the asymmetry in information and the problem of free riders, the elected representative will quickly strive to satisfy the special interest groups with the aim of getting re-elected, just as his/her predecessor did.

The current study will examine a central empirical implication of Lohmann's information theory in the context of local politics. We theorized that in those cases where all the voters have approximately the same levels of knowledge about a given policy issue, policymakers would refrain from a redistribution policy that is not efficient. To test this hypothesis, we used a subsidy granted by the local authorities in an Israeli town to PSTs as a test case. After collecting information about this issue, we disseminated it for free to narrow the asymmetry between the minority interested in this subject and the general public. We also studied the changes in the policy that resulted.

The municipal subsidy policy of professional sports teams as a test case

PSTs are defined as those teams in which the players are paid for playing in various sports, such as football, basketball and similar games. In most instances these teams are privately owned. Their sources of income are varied and include the private capital of the teams' owners, gate receipts, transfer fees for players sold, advertising, sponsorship, and the sale of brand names and television broadcasting rights. In addition, the teams have access to public resources such as official gambling monies, tax exemption credits and similar funding. The local and regional governments are the main source for the public subsidy of sports organizations in democratic countries, either indirectly as the main bodies responsible for the building and maintenance of stadiums, sports installations and infrastructure, and providing exemptions from taxes and similar easements, or directly through the transfer of public funds. The extent of the support varies from one location to another, as does the number of different sports supported.

The amount of support granted by the local authorities to PSTs is significant. In the United States there are four different major leagues in four professional branches of sports, all privately owned by business tycoons. The major league in each branch controls the geographic mobility of the teams, which grants it a monopoly in choosing the location of the teams in the league. This control amplifies the power of the teams in negotiations with the local authorities and allows only the large cities to compete for support of the PSTs. Local subsidies granted to PSTs are rather indirect, and take the form of construction and maintenance of stadiums, fields and state-of-the art sports facilities for use by the team, free of charge. However, practically all of the profits resulting from these facilities go to the teams. Since the 1990s, the United States has witnessed an increase in the amount of money invested by local authorities for such expenses.¹⁷ Europe, on the other hand, has a variety of arrangements. Generally, large cities or metropolitan regional areas sponsor the leading professional teams.¹⁸ The majority of the teams are privately owned; only a minority are publicly owned by fans or the community of a specific region or locale. The regional government and the large local authorities that adopt the major professional teams are the main source of public financial assistance to sports organizations and underwrite the construction of sports facilities and the attendant infrastructure. Most of the money earned by

these sports teams goes to the local authorities, but there is a varied combination of direct and indirect support strategies provided by different states and localities.

For instance, in Britain, the large cities are identified with the leading sports teams.¹⁹ The local authorities are responsible for their monetary funding and the construction and maintenance of their sports facilities. The extent of assistance varies from one local authority to another.²⁰

In Germany, responsibility for promoting sports is ensured by the constitution and provided by the local and regional government.²¹ Assistance to PSTs is not limited to direct financial support, but also includes tax exemptions, the right to receive tax exempt contributions, infrastructure, and the providing of sports facilities free of charge or for a small fee. In order to obtain support, sports unions and associations negotiate independently with local, regional or national governments for financial assistance on an annual basis.²²

Israel is a unique case for exploring these questions, as Israel has never had an official government policy enforcing or encouraging local authorities to assist professional sports teams.²³ In Israel, although the municipal authorities have considerably reduced the size of their contribution to funding teams in recent years, they still constitute the principal source of income for the teams.²⁴ Local authorities must justify why the public should support privately-owned sports clubs, as the benefits to the local area population are not self-evident.

Many research projects have found a wide range of benefits that the public subsidy granted to PSTs might bring to the local council and its residents. However, the empirical evidence from all over the world clearly points to considerable difficulty in directly attributing these advantages to PSTs. No substantive findings support the contention that sports teams promote economic growth.²⁵ Sometimes this subsidy creates problems in the financial management of the local council,²⁶ due to the cost involved in funding the teams and building stadiums, as well as equipping and maintaining them. Subsidizing sports teams does not always result in a real increase in tourism.²⁷ Research does show that sports teams may be a potential factor in generating a change in the city's image among tourists.²⁸ Finally, it appears that the development of popular sports, rather than professional sports, provides a much better response to most of the needs in areas such as residents' education and welfare, a conclusion supported by the results of the current research as outlined in detail below.

Research efforts have been made to clarify the question as to why local authorities subsidize PSTs when these subsidies offer no real advantage to the authority and the majority of its population. In their study in the United States, Siegfried and Zimbalist argue that such subsidies should be regarded as a deception of the public, because their supporters create an illusion, making the unfounded claim that the city stands to gain economically from the sports clubs.²⁹ These researchers are of the opinion that the tangible advantage to be gained by a small group of residents, who constitute a vociferous minority of fans who watch the sports teams compete and have considerable interest in them, motivates that group to get involved in serious political activity in their attempt to raise support for the public subsidy of the team. The clubs' owners and the players constitute a well organized interest group and utilize their public exposure in the media to promote the granting of the said subsidies at a relatively low cost. On the other hand, the general public finds it difficult and complicated to grasp all of the hidden strands of the subsidy and to estimate its full scope. In addition, the subsidy's opponents are generally neither funded nor organized and sometimes even lack the essential information to take action on the matter.

The current research's findings show that the public has very little to gain from these teams, but they are not being deceived. The issue is indeed complex, especially when trying

to estimate the cost of indirect support and given the general public's lack of organization. However, what is most remarkable about the findings is the residents' apathy about this policy issue, a lack of interest that results in the absence of any motivation to make an effort to learn about the hidden aspects of the policy in what is deemed a trivial domain. In our survey, most of the inhabitants and those in the professional bureaucracy state a preference for strengthening popular sports at the expense of supporting professional sports. It is evident that the efforts made by a minority who support professional sports in the city are far more successful than their relative weight in the balance of power within the municipal decision-making process would suggest. It is even clearer that the city's residents and most of their elected representatives have no information about this policy issue or any interest in such information. As our findings show, they regard the matter as trivial and unimportant. This apathy may help the interested minority obtain a generous subsidy at the expense of the general public. Thus, the conceptual framework of special interest politics and information theory provide a logical basis for explaining the situation, which at first glance appears to be paradoxical.

Hypothesis

This work seeks an empirical basis from which to answer questions such as: why should a local authority provide financial support to a professional sports team; how can subsidies to PSTs be justified and explained; what do residents *know* about the authority's policy of assisting PSTs and the authority's role in this area; what do the policymakers and professional administrators know about it; and does more information about this policy make any difference. This work posits that both the majority of the residents and most of the policymakers know very little about the subsidy policy of their local authority with regard to PSTs. Hence, this policy is biased in favour of the knowledgeable minority who express strong support for the PSTs. We therefore argue that providing more information to policymakers and the general public may create a favourable political environment in which to rebalance this bias in allocation.

The Herzliya City Council, like many municipal authorities in Israel, has been supporting PSTs for many years, both directly and indirectly. Every year the intensive discussions about the allocation of the municipal grants budget are held in the subsidy committee and the final decisions are submitted for approval to the city council plenum, where their endorsement is normally a formality. The last financial year heralded a change when the chairperson of the subsidy committee raised objections to the amount of support given to PSTs (totalling six million shekels out of a total budget of 21 million shekels allocated to the sports department) compared to other subsidies (which usually did not exceed several hundred thousand shekels) for the next season that were submitted for approval to the plenum. The minutes of this meeting (May 2007) reveal the surprise expressed by the participants at the very idea of raising objections to a budget item that traditionally aroused no interest, and up to that point had been automatically approved. However, after a heated debate among the council members, the group agreed about the need for more information before making a decision. The council decided to set up a committee, which, with the assistance of independent research groups, would formulate operative recommendations for deciding policy in this area.

Method

To test the hypothesis stated above, we developed a three-staged study. During the initial stage, we evaluated and compared the policy about supporting professional sports in

Herzliya with that of nine other cities whose characteristics were similar to those of Herzliya. We also compared the views of the professionals in these cities on this topic. We conducted face-to-face interviews with the managers of the sports department in the 10 authorities involved, and asked them about the subsidies they awarded to PSTs and their professional opinions about what they believed the policy should be. In the second stage, a survey was carried out among a representative sample of Herzliya's adult population, in an attempt to clarify their views about the current policy. A similar survey evaluated the effectiveness of the activities of the professional teams among youngsters active in competitive sports in the local authority's area. These steps were supplemented by a theoretical review of the strategies for granting public support to PSTs by local authorities worldwide.

Nine other local authorities with characteristics similar to those of Herzliya were chosen for the first stage.³⁰ All of them are located in the Tel Aviv metropolitan area in the centre of the country. As of 2006 Herzliya had a population of 84,000 people; these nine other communities ranged in size from 31,000 to 222,000 people. The population of these cities has been rated as socio-economically good and very good,³¹ and all of them have a sports department and subsidize PSTs, at least football and basketball. The managers of the sports departments in the 10 authorities involved responded to the face-to-face interviews, which each lasted for an hour or two. The managers interviewed were men aged 42 to 62 and all, with one exception, had a university education. A core of 47 questions was pre-prepared, supplemented with occasional clarifying questions that were posed during the interview in response to the answers given by the interviewee. Some questions were closed-ended with a predetermined set of alternative answers, but most were open-ended questions, allowing interviewees to answer in their own words.

To assess what the public knew about the policy under investigation, and based on the results of the first stage, we conducted a quantitative survey of Herzliya residents. The survey was carried out in January 2008 by the Center for Opinion Polls at the University of Haifa and included 507 adults living in Herzliya. Most of the 33 questions on the survey were answered on a five-point Likert scale. The survey contained another 10 demographic questions. The people polled were chosen randomly; 54% of them were women and 46% men, all between 18 and 84 – the average age being 47.5 years.

The residents' replies to a telephone poll showed that professional sports elicited only minimal interest among most of the city's population. The level of response was low; many interviewees (623) refused to answer, while others claimed a lack of interest (51) or difficulty in responding (324 participants). Even among those who replied, very few demonstrated the knowledge required to answer the questions and many of the respondents made do with the answer 'I don't know' on many occasions. The pollsters sensed a clear message that the residents lacked a real interest in the subject being studied. However, when the research participants were asked questions concerning popular sports, they cooperated enthusiastically and showed extensive knowledge. The failure of many respondents to answer the poll's questions does essentially distort the poll sample, giving undue weight to that segment of the respondents who are interested in professional sports.

In the last stage of the study, we tried to determine if there was any justification to the claim that subsidies to PSTs are a public service to the city's young people. Hence, we focused only on teenagers who trained frequently and regularly at the youth clubs, which are associated with the branches of the city's adult teams. Of 317 young men and women, 196 replied to the questionnaire; 75% of them were young men and 25% young women, all between 13 and 20 years of age (the average was 16 years).

Findings

First stage

The average budget invested in the 10 sports departments for 2007 was 13.5 million shekels (compared to 21 million shekels in Herzliya). The subsidy for professional sports alone amounts on average to 4.719 million shekels (six million shekels in Herzliya). On average, 67% of this budget is directed to professional teams for adult men and women, whereas 29% is allocated to sports teams for youth. In the absence of transparency within the sports associations, and with no clear demand for it, we found that in most cases the department managers could not describe accurately how the funds allocated for supporting the associations themselves were divided up internally and actually utilized.

The managers of the sports department in the 10 authorities involved all favoured reducing support for PSTs. The majority claimed that the contribution of these professional teams to the city was insignificant. The departments' managers were unanimous in their opinion that it would be better to cut the level of direct support for the professional teams to a bare minimum, maintain indirect support for them at the current level and transfer the direct funding to what they considered more important activities such as encouraging sports for children and young adults, and popular sports for adults. Most managers cited as the major deficiency in their programmes the lack of high-quality sports installations that were convenient and challenging and had the potential to motivate the public to engage in some form of sport. Even those managers who backed support for the professional teams recommended that this support should be allocated in a smaller proportion than it was today, in favour of increased investment in popular sports. An absolute majority (eight) of the managers thought that professional sports should be funded by private sources, not by the taxpayers. Although on a declarative level most of them had difficulty arguing that the professional teams were unnecessary, they did express a clear priority in favour of other needs that were important and took precedence over support for these teams.

If those responsible for the area of sports support a reduction in the direct subsidy of PSTs, why has the situation remained unchanged? In only one case did we find an actual shift in the direction of such a policy, suggesting that there is a gap between the ideal and the possible. One possible conclusion is that the managerial ranks lack the necessary influence to effect the change, or that the considerations dictating the extent of support for professional sports are largely political and not necessarily professional. Consequently, additional explanations must be considered, such as the marginal nature of the issue that makes it difficult to convince the public's representatives that it could be politically beneficial to make the effort to grasp the complex details involved and thereby lend their support to changing policy in this area.

The issue became even more acute once we established that the general population agreed with the position of the professionals working in the local authorities.

Second stage

While there was limited verbalized agreement supporting the subsidizing of professional sports, there was a clear desire to transfer the budgets, either partially or in full, to sporting activities for children and young adults, both in school and outside of school. This finding held regardless of the formulae used or the demographic characteristics of the respondents and is also congruent with the findings in the research carried out among the professional ranks.

Responses to two similarly phrased questions established that only 18–23% of the people polled favoured continuing the budget for the professional teams. The remaining group (63% and 79% respectively) preferred to cut back the budget or eliminate it altogether in favour of popular sports activities, primarily activities for children and young adults, and the building of sports facilities open to the public. Although on the declarative level, 55% believed that professional sports do bring considerable prestige to the city, and 60% thought that cities with PSTs gain a great deal by having them, 67% admitted that they have no interest in the city's PSTs, 69% do not watch the matches of the city's teams at all, and 90% of the residents do not normally go to the stadiums to watch the teams' games. The gaps between the declarative and the behavioural level are clearly expressed in these findings.

In the other communities researched here, the policy on such support for sports was not checked specifically. However, in order to draft the master plan for sports in all of the local authorities, with one exception, a survey was conducted among the residents to assess the general needs of the population in the area of sports. In most of the communities the residents complained about the shortage of arenas, ball fields and parks with facilities open to the public that were convenient and accessible, and within easy reach of residential areas. In all of these surveys the need for greater investment in popular sports in general and for young adults in particular was expressed repeatedly. In addition, 71% of Herzliya's total population engages in some form of sports two to four times a week. The city's residents can clearly pinpoint the deficiencies in the sports services the city has to offer, which are particularly glaring in comparison to what is available in an adjoining city.

Third stage

Results from a survey of young adults echoed those described in the two previous sections of this research. As expected, professional sports were of considerable interest among the active young adults, much more so than for the general public living in Herzliya. The active youth in Herzliya saw the PSTs as providing role models or shaping their future aspirations. However, surprisingly enough, these sports aficionados also chose the development of new sports installations in the city as their top priority (53%), placing it far ahead of investing funds in professional adult teams (21%) or any other area presented. This priority held despite the fact that when asked about each factor separately, 93% of the teenagers replied that investing the Herzliya municipality's money in PSTs was important. These results are compatible with the results obtained from the two previous parts of the research and complement them. The professional ranks in the city's administration and outside it, together with the residents and the city's youngsters active in sports have unequivocally placed the need for developing popular sports in the local municipality at the top of their list of preferences, favouring it strongly over the development of professional sports.

A full report including the findings of the research and the theoretical information relating to support strategies for PSTs in various cities throughout the world was presented to the council members and the mayor. A special committee set up for this specific purpose, as directed by the mayor, held several meetings on this issue, and several discussions were held in the city council's plenum.³² The plenum decided to send out letters informing the PSTs about the expected changes in the amount of support to be made available for them in the coming season.³³ However, no active steps were taken before the election in the local government that took place on 11 November 2008. After election day,

on 3 March 2009 the city council's plenum decided to cut the professional sports groups' budget of 2010 by 18.4%, reducing it to 900,000 NIS and to invest this 900,000 NIS in sports activities for children and young adults, and for adult residents of the city. The local and national papers took an interest in this research and several articles were written about the research and its results.³⁴ The results of this research were presented at a conference held at the Wingate Institute, Israel's National Center for Physical Education and Sport, that was attended by many of the managers of the sports departments from all local governments nationwide. During the meeting they expressed the common feeling that they all had to cope with these problems on their own. However, raising the issue allowed them to see that most of them shared a common attitude toward the amount of support that should be given to PSTs. As sports department managers, each one of them felt awkward being the one raising the need to cut the subsidy to a sports-related project, particularly when there was no guarantee that the money would be allocated to other sports activities. The chair of the union of sports department managers in local governments expressed his interest in conducting future research along these lines in all of the municipalities in Israel. Thus, happily, fears about downsizing a long-standing funding project appear to have been unfounded.

How information can change the status quo

Political leaders tend to base their decisions on earlier beliefs concerning the general situation. In many cases the preliminary expectation is that the status quo reflects the wishes of the majority of the population. In the absence of any additional information, the leaders have no reason to change the policy.³⁵ According to the logic upon which information theory is based, political activity provides information and influences the political leaders to either change policy or leave the status quo unchanged. These functional relationships subsequently determine the motivation of individuals to take political action.

Here the decision-makers had a well-founded expectation that the historically based status quo of granting subsidies to PSTs was indeed acceptable to the public. In the absence of any information to the contrary, the status quo was maintained even when the public no longer desired it and it served only a minority group with a special interest. This interested party was radically pro-status quo, and so refrained from political activity in the hope of maintaining the existing situation. In contrast, the general and unorganized public regarded the issue as unimportant, and therefore did not show any interest in the accepted policy in this domain and made no demands to change the situation. The research findings established that the general public, the professionals and the majority of the elected representatives possessed very little information about various aspects of support for PSTs, their actual contribution to the city and their purpose. Thus, the asymmetry in the information between the minority of special interest groups (private sports teams, fans and supporters) and the general public was maintained. The former group did not engage in political action or arouse any interest in the issue, while the latter took no political action due to a lack of interest and relevant knowledge. However, once the precise and up-to-date empirical information that was collected in this study was revealed and distributed, then brought to the public's attention through a poll, and the decision-makers were informed about this information in the final report, the asymmetry in information was rectified and balanced.

Unlike most other countries, where professional sports associations operate on a local geographical or regional basis, in Israel the political parties founded their own sports

associations.³⁶ In reality, the sports teams played within a geographical municipal framework, so that the team's names bore the club name in addition to the name of the local authority in which the team played (Maccabi Tel Aviv, Hapoel Haifa, Beitar Jerusalem). The teams were part of the local scene, the players were local and the teams fostered communal interest, a sense of belonging, enjoyment and a sense of identity among the residents.³⁷

The political sports centres appointed members of their organization who managed the teams in a bureaucratic manner, and thereby caused the teams to incur large deficits.³⁸ In addition, in 1993, major changes forced the political bodies into privatizing the teams at a time when the privatization of large sections of the Israeli economy was at its peak.³⁹ This change was combined with other developments such as the integration of Israeli football into the European Champions League (1991–2)⁴⁰ and the opening up of the Premier League (then known as the National League) to foreign players in 1989, all of which made the players' market an international one. Finally, the media revolution brought about a multiplicity of channels with live broadcasts of football games (1993–4). In this transition of sports clubs to private management, the teams' names were preserved, and they continued to play at the same municipal home grounds. It was only natural that the local authority should regard public support of these teams as being in the public interest and a service to the population.

However, the economic reality, which ascribed less weight to social factors (fans, tradition, a sense of communal belonging)⁴¹ gradually drove supporters away from the teams. The standard of the game deteriorated and violence at the stadiums reduced attendance at the matches.⁴² The number of local players declined and they were replaced by foreign or temporary players who lacked the same sense of emotional commitment to the club. All these factors made it difficult for the fans to identify with their teams.⁴³

This process could provide a feasible explanation for the decision by the local authorities in Israel to adopt sports clubs as part of the services they offered the residents. However, once this process reached its logical conclusion, the local authorities should have changed the status quo and reduced support for the professional teams. This process has still to reach its final stage. The professional sports associations' vested interests in the continued policy of granting public subsidies for sports that are as substantial as possible and maintaining the status quo is patently evident. However, a clear majority of the leading players involved in this process – policymakers, professional administrators and the general public – has no interest in maintaining the current levels of support granted to professional sports.

The distribution of pertinent information just prior to the elections could provide the mayor with the empirical foundation for justifying a change in the status quo in this policy to one that favours the majority. The mayor must also guard against a situation in which the status quo might serve as ammunition for his political rivals, who may try to influence the retrospective voting by arguing that accountability for the inefficient management of the budget lies with the head of the local authority.

Actually, it appears that right after the election in Herzliya, in November 2008, steps were taken to change the situation in Herzliya, including a 18.4% (900,000 NIS) reduction in financial support for sports teams and a reallocation of funding to areas better suited to the needs of the municipal authority. The 900,000 shekels were invested in sports activities for children and youth, as well as for popular sports for adults.⁴⁴ A new committee was appointed in order to prioritize preferences for activities in which to invest the new budget that was given to the sports department.

Conclusion

This research proves that while political action alone does not convey information for the political leader to make a decision, the information gathered by independent, neutral and objective bodies plays a role in influencing the results of the policy. The research results show that this model of freely distributing information gathered by independent bodies can neutralize the effect of special interest groups that seek funding benefiting a small number of people at the expense of the general public.⁴⁵

Conducting an opinion poll not only gathers the necessary information, but also raises public awareness about the issue. The questionnaire conveys information to the public about topics such as the size of the subsidies and what proportion of the overall budget is allocated to supporting these subsidies, and suggests various alternatives, thereby making the public aware of the subject in general. A questionnaire that evaluates two different kinds of services simultaneously raises the possibility of a reduction in the budget for the undesired service and the diversion of those funds to an essential service. Furthermore, the research results provide significant information in their own right. Such information, when distributed to everyone, could stimulate political activity not just by the public, but also by the public's elected representatives, who would gain political capital by acting according to the desires of the majority rather than a vociferous, self-interested minority. This course of action could ultimately lead to increased efforts to ascertain the desires of the public, increased transparency, and more efficient distribution of public funds.

Information theory plays a decisive role, as it is the very lack of interest in professional sports that generates the lack of attention to the policy's details and the budgeting rates, leading to the continued support of a programme that the public no longer deems desirable. It is somewhat surprising that the public and its representatives, who have no hesitation about making their opinions heard on issues in which there is considerable public interest, tend to disregard the waste of public money in other areas in which the public has no interest even though the size of the budgets in these areas is not at all negligible. This situation provides fertile ground for interested parties to continue to receive substantial subsidies, thereby enabling elected representatives to gain the votes of this minority without adversely affecting their level of support among the majority.

A summary of the findings presented here leads to the conclusion that several processes that merged together caused the inefficient distribution of budgets associated with a policy biased in favour of a minority at the expense of the majority. First, the local authorities in Israel adopted the sports teams, an adoption that over time informally became part of the system. Second, this support was unchallenged because nationally sports are of marginal interest in Israel⁴⁶ witness the lack of funding for it on a national level (8.17% of the budget of the Ministry for Science, Culture and Sport- Ministry of Finance, 2008). The third factor was the transition from the considerable local interest in and emotional feelings about local teams to a growing lack of interest in them. Here, too, we must consider the clubs' organizational level and desire to receive public support. Finally, the absence of transparency in the local authority and the failure to include the public in decision-making perpetuated the continuation of funding for professional teams despite the preference of the majority for the subsidizing of other sports-related programmes.⁴⁷ It was the very lack of interest in the issue at hand that proved to be the source of power ensuring the continuation of the subsidy.

In practice, the publication of information showing the consensus among the professionals in the administration and the general public in the local authority rebalanced the asymmetry in information between people with special interests and the public at large.

This information exposed the inefficient allocation of public resources and weakened the extent to which it was worthwhile from the electoral point of view for the political leadership to continue to acquiesce to special interest groups in this area.

While the approach presented in the current work and the ideas suggested here seem valid within the context of this Israeli case study, further empirical research conducted in other places and under other circumstances is necessary before any generalizations of these findings can be made.

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Notes

- ¹ Lohmann, 'An Information Rationale', 811–12, 820.
- ² Lohmann, 'Representative Government', 299.
- ³ Lohmann, 'An Information Rationale', 820.
- ⁴ *Ibid.*, 811; Lohmann, 'Representative Government', 303–4.
- ⁵ Lohmann, 'Demoscclerosis', 119–30; Lohmann, 'An Information Rationale', 809; Lohmann, 'Representative Government', 301–3.
- ⁶ Converse, 'Nature of Belief Systems'; Enelow and Hinich, 'Theory of Predictive Mappings'.
- ⁷ Almond and Verba, *The Civic Culture*, 27–307; Campbell et al., *American Voter*; RePass, 'Issue Salience'.
- ⁸ Lohmann, 'Representative Government', 307.
- ⁹ Downs, *An Economic Theory of Democracy*; Enelow and Hinich, 'Theory of Predictive Mappings'; Lohmann, 'Representative Government', 314.
- ¹⁰ Lohmann, 'Representative Government', 302.
- ¹¹ Olson, *Logic of Collective Action*, 127–8.
- ¹² Lohmann, 'An Information Rationale', 810.
- ¹³ Downs, *An Economic Theory of Democracy*.
- ¹⁴ Bartels, *Presidential Primaries*; McKelvey and Ordeshook 'Elections with Limited Information', 57.
- ¹⁵ Lupia, 'Busy Voters'.
- ¹⁶ Fiorina, *Retrospective Voting*; Rogoff, 'Equilibrium Political Budget Cycles'.
- ¹⁷ Siegfried and Zimbalist, 'Economics of Sports Facilities', 95.
- ¹⁸ Dopson and Waddington, 'Sport and Welfare in Britain'.
- ¹⁹ Smith, 'Reimagining the City'.
- ²⁰ Dopson and Waddington, 'Sport and Welfare in Britain'.
- ²¹ Puig, 'Sport Policy in Spain'.
- ²² Heinemann, 'Sports Policy in Germany'.
- ²³ Galily, 'Israeli Sport'; Mizrahi, Bar-Eli and Galily, 'Sport Policy', 135.
- ²⁴ Ben Moshe and Zusman, 'Market of Football Players', 17; Dahan, 'Head of Foxes', 331.
- ²⁵ Baade, 'Professional Sport'; Siegfried and Zimbalist, 'Economics of Sports Facilities', 104.
- ²⁶ Walden, 'Don't Play Ball', 23.
- ²⁷ Chalip, Green and Hill, 'Effects of Sport Event Media'; Ritchie and Smith, 'Impact of a Mega Event'.
- ²⁸ Karp and Yoels, 'Sport and Urban Life'.
- ²⁹ Siegfried and Zimbalist, 'Economics of Sports Facilities', 110–11.
- ³⁰ Holon, Kfar Saba, Hod Hasharon, Ramat Hasharon, Ra'anana, Nes Ziona, Rehovot, Rishon LeZion and Ramat Gan.
- ³¹ Five authorities in the eighth cluster, four in the seventh and one in the ninth based on the division of 210 towns and cities in Israel by the Central Bureau of Statistics, 2004 into clusters based on a socio-economic scale in which the tenth cluster is the highest.

- ³² Minutes of the council plenum, May 2007.
- ³³ Council plenum, Decision no. 60, 12 June 2007.
- ³⁴ Economics sections of the daily newspaper *HaAretz*, *The Marker*, 2008, and *Yedioth Ahronoth – Calcalist*, 2008.
- ³⁵ Lohmann, 'Representative Government', 307.
- ³⁶ Ben-Porat, *From Game to Commodity*; Nevo, 'Sport Institutions'.
- ³⁷ Kaufman and Wertheim, 'It was Funny'.
- ³⁸ Robenian and Schwartzberg, *Opening of Football Players Market*, 15.
- ³⁹ Dahan, 'Head of Foxes', 331.
- ⁴⁰ *Ibid.*, 332.
- ⁴¹ Kaufman and Wertheim, 'It was Funny'.
- ⁴² Horesh, 'Gaydamak Effect'.
- ⁴³ Kaufman and Wertheim, 'It was Funny'.
- ⁴⁴ 26 April 2009, Decision no. 14226.
- ⁴⁵ Lohmann, 'A Signaling Model'; McKelvey and Ordeshok, 'Elections with Limited Information', 57.
- ⁴⁶ Mizrahi, Bar-Eli and Galily, 'Sport Policy', 142.
- ⁴⁷ Hason, 'Local Democratic Deficit', 20.

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