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The Path of European Football. A Level Playing Field for only 90 Minutes

*Katharina Barsch**

Abstract: »Der Pfad des europäischen Fußballs. Ein gerechtes Spiel für lediglich 90 Minuten«. Football in Europe has an apparent trend towards unfairness. This contribution takes a coherent theoretical approach to explain this trend. On that account, it creates a framework on the special characteristics of sport and, in that light, evaluates interventions by European institutions concerning the governance of European football. In a next step, reproductive mechanisms inherent to path dependent processes will be specified within a multi-layered analytical framework. It will be shown that these mechanisms are interspersed throughout the system of European football and foster the trend of unfairness in regard to the relationships between success, money, and power. Empirically statistical evidence will show that football clubs within leagues, on an international level, as well as leagues in comparison to each other are drifting apart in terms of success. Furthermore, an additional qualitative approach will shed light on the mechanisms concerning power and how these influence the rules of the game on an organizational level. All in all it, will be demonstrated that path dependence is inherent to European football and that the European Union has interfered unguidedly in the system of football triggering consequences contrary to its vision of sport.

Keywords: Football, path dependence, reproductive mechanisms, European Union, Champions League, fairness, success.

1. Institutionalized Winning Streaks?¹

The beauty of Cup football is that Jack always has a chance of beating Goliath.
Terry Butcher

Despite Butcher's lack of biblical knowledge, it can be questioned if his comment's validity exceeds the scope of a single match. Even though the rules on the field are the same for all contestants, it is apparent that European club football is

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dominated by a relatively small number of elite clubs. In that light, this contribution investigates path-dependent mechanisms in European football responsible for a growing gap of success between clubs and leagues on the continent.

The empirical puzzle at hand is thus quite simple: Why do some clubs have the capability to play constantly on a higher level than others? This puzzle is far from being new and has been addressed by many scientists. However, sport economists who investigated the matter using abstract economic models² have failed to include political structures or real mechanisms; and wherever social scientists have entered the field,³ their deliberations are missing theoretical approaches that could generate explanatory power.

As will be shown in this contribution, European football has intrinsic market features governed by national and international institutions. Especially in Europe, though, these features are also subject to the European Union (EU). Therefore, theories and methods of political science are the perfect tools to tackle the matter at hand starting briefly on a normative level to then consider the European regulative status quo. Both aspects frequently raise questions or demands towards political actors to find a regulative approach to guarantee fairness in this socially relevant domain.

Following those market features, the intuitive answer to the puzzle is as simple as the question: The more money you have, the more successful you will be. For several reasons, though, this common-sense argument is in need of further investigation. Firstly, as Duncan Watts makes the case, “everything is obvious once you know the answer” (2011); and secondly, on a similar point, Coleman argues that an “explanation is satisfactory if it is useful for the particular kinds of intervention for which it is intended” (1994, 5). The latter draws the line back to the argument outlined above that demands for intervention in the system of football are ubiquitous.

The relationship between money and success, however, works in both ways: through a mediator, then the increase of a variable leads to an increase of the same variable. Concerning success, the key element of path dependence thus is met (see Ackermann 1999, 13).

The central thesis of this contribution therefore is: Path-dependent mechanisms in European football lead to an ever growing gap of success between European clubs. The main objective thereby is to specify those mechanisms in

² Examples are models concerning competitive balance (Szymanski 2007; Vrooman 2007) or the liberalization of markets (Késenne 2007). A more recent approach was taken by Haan, Koning and van Witteloostuijn (2012), who analyze the effects of the changes in the system on the transfer market. Again, though, this is a study based on abstract models with unrealistic assumptions.

³ One of the most recent attempts was made by Niemann, García and Grant (2012). Even though they are thorough in detail, their elaborations are merely descriptive. However, they do give valid reason for the quest at hand as shown, for example, by Hill (2012) in the same edition.

detail and, at the same time, map out angles which show possibilities to tackle those mechanisms.

On that account, I will first provide a brief overview of the particularities of sports and embed it in the political sphere of the EU. It will become clear that the EU has interfered so far rather unguidedly into European football, changing the rules of the game without clear objectives and blindly concerning its decisions' consequences on a broader scale. This section will illustrate why it is important to map out "unfair" mechanisms in European football. Political decision-makers are to be equipped with the knowledge of football governance to be able to effectively formulate rules, ensuring the achievement of policy goals for the whole system without unwanted side effects.

In the second step, the theoretical foundation will be laid. In that endeavor, the path-dependence approach will be narrowed down and specified. Afterwards, path dependence will be applied to the matter at hand, mapping out where path-dependent mechanisms are at work in European football.

I will then present statistical evidence in favor of my hypotheses. I will use the German 1. Bundesliga (BL) as an example for national leagues, and data on the Champions League (CL)⁴ will be analyzed as well. It will become clear that there are at least no contradictory findings lending theory and application credence.

A qualitative approach will constitute the chapter before the conclusion. I will analyze a case in respect to power and politics in European football to get a more detailed view on one of the mechanism in European football.

2. The Idea of Fairness and Why Sport is Special

Some people think football is a matter of life and death. I assure you, it's much more serious than that.

Bill Shankly

The word "fairness" is used frequently in everyday life and synonymously holds as a criterion by which institutional arrangements in society are evaluated. Connected to sports, however, it unfolds a far greater semantic scope leading from intrinsic moral properties and educational benefits to solving collective action problems. I will thus give a brief overview over the arguments along this path leading up to aspects of actors unique to sports.

The intrinsic moral properties of sports are derived from John Rawls's theory of justice (1971). The guiding principle in sports thus has to be pure procedural justice, meaning that "[t]he idea of fairness is to design a system which

⁴ Due to the scope of this paper, other European competition will not be taken into account. However, those competitions are subject to the same system and share the same mechanism. Since the Champions League is the most prestigious tournament and generates the highest revenues, it is feasible to concentrate on this particular competition.

insures, as nearly as possible, that the outcome of the game is just whatever it happens to be” (Keenan 1975, 116). In general, this is guaranteed by an impartial referee who enforces rules to which all contestants must equally oblige. However, justice and thus fairness has also to be rooted in external rules following the notion that “[t]he development, regulation, administration, and enforcement of a system of rules designed to establish and maintain justice for the institution of sport is essential to fairness” (Keenan 1975, 116). To achieve actual fairness, it is thus a necessity that not only the immediate rules on the field are impartial, but that also the organizational circumstances follow principles of justice.

These principles of fairness are actually what the founding fathers of football associations had in mind for their sports. The Union of European Football Associations (UEFA) clearly states that the goals of organized football in Europe are to “ensure that sporting values always prevail over commercial interests” and to “redistribute revenue generated by football in accordance with the principle of solidarity” (UEFA Statutes, Article 2f, g).

In any case, there is no reason to exempt sports and European football from the societal values of fairness in general regarding equal opportunities and impartiality. This boils down to the notion that “fairness in sports does not refer to the moral behavior of the contestants but rather to structurally given conditions that govern the realm of competitive sports” (Pawlenka 2012, 57).

The idea of fairness in sports as well as in society connects the dots between moral properties and educational efforts. Sport, more often than other aspects of life, gives people the opportunity to exercise noble behavior. In the development of a moral character, sports is valuable “in so far as such admired human qualities as loyalty, courage and resolution are cultivated and directed to uphold what is fair and just and in the interest of all” (Arnold 1997, 50). The coherence between fairness in society and fairness in sports thus can foster the development of constructive citizenship, and gives another reason why the structural surroundings in the system of sport – and especially football in Europe as the most popular sport – should be guided by fairness. On top of this, most democratic societies can agree on a common denominator in regard to the concept of equal opportunity. As will be shown in this contribution, this principle is violated when it comes to the governance of European football.

Lastly, one can make an argument for fair governing institutions in sports by looking at the collective action problem that lies beneath it. European football in essence resembles a market with a common product – the leagues – which is only marketable through cooperation (Symanski 2007, 367). From an economic point of view, clubs are interested in a league being as equalized as possible since it generates more revenues by an uncertainty of outcome (Vrooman 2009, 2). In other words:

The firms in a perfectly competitive industry [...] have a common interest in a higher price for the industry’s product. Since a uniform price must prevail in such a market, a firm cannot expect a higher price for itself unless all of the

other firms in the industry also have this higher price. But a firm in a competitive market also has an interest in selling as much as it can, until the cost of producing another unit exceeds the price of that unit (Olson 1971, 9).

Clubs, like firms, are interested in a leveled competition as they still want to win as many matches as possible. But since clubs are win-maximizers and not profit-maximizers,⁵ the cost of a win cannot exceed its benefits because revenues and success in football are incommensurable, making an economic equilibrium impossible, and calling for some kind of governance.

The collective action problem arises when it comes to revenues generated by the league. In contrast to the classical problem where those who do not participate in producing a collective good cannot be detained from using it (Olson 1971, 14 et seq.), in football, not all of those who participate in producing the collective good – the league – can profit from it in the same manner. In this sense, the issue is a mirrored collective action problem. At the end of the day, this means also for football: “Creating conditions favorable to collective action is a principal issue in political life” (Pierson 2000, 258), and in this context to channel the diverse interests between clubs themselves and between clubs and the sporting body of the league.

3. The “EUropean Case” of Interfering Institutions

Please don't call me arrogant, but I'm European champion and I think I'm a special one.
José Mourinho

This chapter elaborates on the special role of sports and how they are reflected in the political behavior of the EU. It will demonstrate how the lack of coherent political dimensions has caused a rift between political ambitions and judicial practice in European football.

The regulatory involvement of the EU when it comes to the matter of sports – and in this case specifically football – can be divided in two categories: measures to formulate policy goals and distinguish competences in treaties and soft law on the one hand, and judicial decisions on the other. I will give an over-

⁵ Rodney Fort, in reference to Sloane (1971 quoted in Cairns, Jennett and Sloane 1985), summarizes that “[w]ith few notable exceptions, there is nothing more pervasive in the literature on European sports than the idea that teams do not pursue profit” (2000, 439). Concerning European football, this argument is developed further by recognizing vertical competitive structures and empirical evidence in the form that “analysts of team accounting statements report that there are no profits to be found” (2000, 440). This assessment is shared by many other authors. Késenne, for example, states that a “certain profit rate can be necessary to satisfy owners or the shareholders of the club, or to invest in a new stadium,” but it is certainly not the primary preference (2006, 417 et seq.).

view of relevant or exemplary cases for European football⁶ in those categories to then extrapolate issues of sports governance concerning football.

Sport, in general, has not been on the EU's agenda for a long time. The first careful introduction of sports into the European treaty framework was the declaration on sport in the treaty of Amsterdam,⁷ which generally refers to the special role of sport for society, and the fact that sporting rules may have to be evaluated by different standards than other fields of societal interaction. This was followed by the "Nice declaration" which, amongst other things, recognized that "[s]porting federations have a key role to play in ensuring the necessary solidarity between the various levels of sporting practice, from recreational to top-level sport" (European Commission 2000). The declaration also specifically caught up with decisions of the European Court of Justice (ECJ) in regards to European football concerning, for example, the Bosman verdict, which will be discussed later in this chapter, stating:

As far as the system of transfers is concerned, in particular in football, the European Council strongly supports the dialogue between the sporting movement, the organizations representing professional sportsmen and sportswomen, the Community and the Member States. This dialogue concerns the development of the transfer system, especially in football, in order to take account of, among other things, the principle of freedom of movement for workers. The current system of transfers in professional football is being carefully examined by the Commission in the light of the rules on both competition and freedom of movement.

What should be kept in mind about this declaration is its emphasis on values like solidarity while at the same time connecting sporting regulations to European laws on competition or the freedom of movement of workers.

The next milestone on the role of sport for and in the EU is the Commission's White Paper on Sport in 2007, in which specific goals are formulated concerning sport in Europe. Again the Commission pays special attention to football being the most popular and economically strongest field of sport in Europe (European Commission 2007, 17). Here again, values like solidarity are specifically promoted:

The Commission recommends to sport organizations to pay due attention to the creation and maintenance of solidarity mechanisms. In the area of sports media rights, such mechanisms can take the form of a system of collective selling of media rights or, alternatively, of a system of individual selling by clubs, in both cases linked to a robust solidarity mechanism.

⁶ For a detailed overview on EU interference in sport, see Budzinski (2012).

⁷ "The Conference emphasizes the social significance of sport, in particular its role in forging identity and bringing people together. The Conference therefore calls on the bodies of the European Union to listen to sports associations when important questions affecting sport are at issue. In this connection, special consideration should be given to the particular characteristics of amateur sport."

In this line, the Commission accepted the special characteristics of sports on four dimensions: The dependence of sporting actors of each other, the need for competitive balance⁸ including the “sufficient sporting and economic viability of the competitors,” “the freedom of internal organization of sport associations,” and “the ‘principle of solidarity’ [... as] a somewhat non-economic community objective” (Budzinski 2012, 47 et seq.). This reflects the normative arguments as well as the collective action problem made at the beginning of this chapter.

The most important development so far, though, was the Lisbon Treaty in 2009. It ended the long-lasting struggle by sport associations for full organizational autonomy outside of European law by placing sport specifically inside the realm of European treaties (Weatherhill 2011, 10). This concluded a period in which “the institutions of the EU have offered periodically inconsistent explanations of how and why sport is special” leading to a “framework for future debate, policy articulation and litigation” relating to the special characteristic of sport as stated above. However, the treaty is far from specifying bulletproof rules and division of competences between sport associations and the EU, or even between different EU institutions (Weatherhill 2011, 12 et seq.).

After this overview on the policy space in Europe, I will now turn to judicial decisions and their ramifications in relation to the European view on sport. As mentioned earlier, quite a number of the formulations in the treaties or by other institutions do not set the arena for sports but merely catch up on decisions already made by the ECJ, an aspect worthy of special consideration.

The so-called Bosman Verdict by the ECJ is considered as the most shaking external influence on European football in modern times (see Hinzpeter 2000, 76). The verdict had a deep impact on nationality clauses within national leagues, as well as on the rules for the transfer market for players. Nationality clauses initially were within national leagues’ realm of competence but were also steadily discussed on the European level (see Thomé 2003, 157 et seq.). Then in 1992, the 3+2-rule⁹ constituted a uniform regulation for European leagues. Up until that point, the rules for the transfer market – especially transfer fees – had been rooted in English football traditions and were incorporated into the European system quite early (Dinkelmeier 1999, 20 et seq.).

The whole controversy was joined by European institutions during the 1970s. Even though the EC Commission took part in the discussions, it was the ECJ that generally placed professional sports within the jurisdiction of European treaties (Lee 1995, 1288).

⁸ Competitive balance as a term defines the spread of success in a competition. A high balance means that results are close due to relatively equal opponents.

⁹ The rule constitutes that a maximum of three foreign players shall be involved in a club’s game. In addition two more foreign players could be on the field if those fulfilled special criteria (Grodde 2007, 47).

In 1990, Jean-Marc Bosman made his way through judicial institution mainly because of his dissatisfaction with the fact that, even after a contract had ended, clubs could still demand transfer fees from potential future employers (Dinkelmeier 1999, 21). The Belgian player wanted to transfer to the French club Dunkerque after his contract with RC Liège had ended. The latter, however, demanded a transfer fee of 300,000 Euros (Thomé 2003, 159). However, since there were doubts about the financial stability of Dunkerque, the already negotiated contract failed and Bosman started his journey through judicial institutions on the basis of a violation of the freedom of movement for workers (Mittag 2007, 207).

The verdict by the ECJ was rendered on the 15th of December 1995 and led to the abolition of previously established rules. The judges made clear that neither transfer fees nor nationality clauses are in line with the freedom of movement for workers, and thus violate European treaties. Since no periods of transition were granted, the rules on the transfer market changed immediately and players were now able to find new employment independently after their contracts ended (Mittag 2007, 208). The 3+2 rule needed a year longer, but was cancelled without substitution by the UEFA in 1996.

The verdict however left European football with a rather unique attribute: Using a market analogy, the market for production goods was now fully liberalized and integrated in Europe, while the market for the product was not. In other words, clubs could now employ as many foreign players without major restrictions as they wished, but each club was still bound to its national league.

The comments about the transfer system of European football in the Nice declaration are based on the Bosman Verdict. But more importantly, the verdict is a major contributor to inequality between national leagues and thus between clubs in the CL, as will be shown later in this contribution. It is thus a contradiction to the general moral view the EU took on football and sports. This contradiction is mainly rooted in the different applications of EU law. Since the political sphere became active far after the ECJ judicial decisions were made under competition law or European pillars like the freedom of movement of workers. These regulations, however, took no consideration of the special characteristics of football. The consequences of their impact are thus undirected and can undermine the overall vision the EU has for sport nowadays, like it is the case with the Bosman Verdict.

Another important issue that has frequently led to interaction between football associations and EU institutions is the selling of broadcasting rights. The Commission even goes as far as stating that “[c]ompetition in the markets for the sale of TV rights of football events is one of the Commission’s priorities” (European Commission 2003, 47). For football associations, this matter is traditionally very sensitive since the central marketing of rights to a whole competition brings obvious monopolistic advantages when it comes to prices, which in turn football associations see as a right in terms of their sporting au-

tonomy. The Commission, however, declared the joint selling of broadcasting rights for sporting events as a violation of article 101 of The Treaty on European Union. The UEFA addressed the commission with the argument that joint selling is necessary to redistribute revenues according to the principle of solidarity between the clubs opting for an exception. The Commission, however, did not follow this argument. Instead, the European institution and the football authority on the continent entered into negotiations. In a new approach, the UEFA proposed a slightly changed system in terms of more diversity of purchasing opportunities. That proposal basically left the central selling marketing untouched, but changed the method of joint selling which was for the Commission a good enough compromise at that point (Holtz-Bacha 2006, 84 et seq.), which is due to the fact that in general the Commission did not see itself as a “sports competition policy regulator” (Brand and Niemann 2011, 8).

A similar case occurred shortly after in 2003, this time concerning central marketing and joint selling in the German Bundesliga. The responsible sporting body – the Deutsche Fußball Liga (DFL) – reacted very much the same way as the UEFA so that in 2005 the case was closed with the DFL making similar concessions as the UEFA did just two years earlier. Borussia Dortmund’s managing director at the time Dr. Christian Hockenjös summarized the outcome as follows: “The new model [...] is] ‘essentially a centralized system of marketing broadcasting rights with some decentralized elements on the fringes’” (Brand and Niemann 2011, 10).

In both cases the joint selling methods underwent changes. The central marketing aspect, however, somewhat faded out of the negotiations. The Commission’s report on the UEFA case for example does not even mention this aspect but concentrates on the positive consequences for competition made by the adjusted joint selling methods (see European Commission 2003). This leaves central marketing in a political vacuum especially concerning the ambiguity of interests between clubs and leagues in reference to the collective action problem. Since the Commission based its arguments not on the special characteristics of sports – namely the principle of solidarity – but on competition law it is questionable if the agreements would withstand a challenge before the ECJ, rendering the issues to a certain degree of uncertainty.

In summary the EU has developed a rather clear idea of the role of sport and the values it is supposed to promote. However, when it comes to specific issues, like the transfer market in European football for example, also an attempt to incorporate previous ECJ rulings was being made even though the consequences of those rulings might contradict the recently before formed vision on sport. In addition, some of the soft laws or the Lisbon treaty still leave the policy field in some sort of “fuzziness” since the practice on the application of either the special characteristics of sport or “conventional” European law is still rather indistinct. I will demonstrate in the process of this contribution that the Bosman-Verdict as well as the decisions – or non-decisions – regarding the central marketing

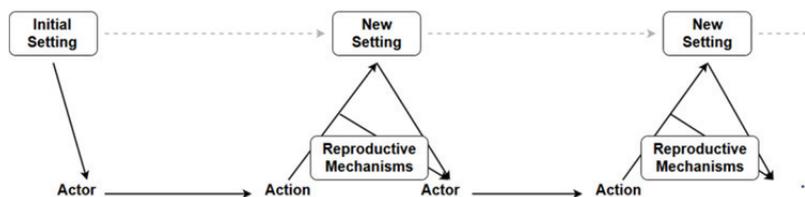
strengthen path dependent mechanisms on the road to unfairness. If the EU is serious about its vision on sport, a solution to football's independent problems of unfairness and to problems in relation to existing EU interventions has to be found within the EU context since football is deeply integrated on the European continent and already affected by EU decisions. This contribution thus contributes to that solution by putting the most important sport in Europe and its development into an analytical framework mapping out the mechanisms which lead to a state in contradiction to the European vision on sport.

4. Analytical Framework

Football is like chess, only without the dice.
Lukas Podolski

The baseline for the theoretical approach is an empty explanatory macro-micro model based on Coleman's Boat (1994, 8) allowing for the idea of reproductive mechanism. This model looks as follows:

Figure 1: Coleman's Boat on a Path



The main actors for the quest at hand are European football clubs. They are the driving force behind all developments within the system of football. This also accounts for various football institutions since inevitably they are constituted, even if through several levels, of clubs.

As for preferences within the approach of path dependence, there is a lively debate between various hyphen-institutionalists of whether preferences precede or follow institutions. This question has obvious implication for any theory building. I, however, will follow Kathleen Thelen, making the point “that the move from general propositions about what political actors are seeking to maximize inevitably brings the theorist face to face with the question of what it means to, say, maximize power within a given context” (1999, 376). As elaborated earlier, the main objective of clubs is simply to win.

It is the first arrow from the macro to the micro level that accounts for the “given context” stated by Thelen. Or, in other words, it “mirrors[s ...] all those elements that establish the conditions for [an actor]” (Coleman 1994, 11).

This then leads to the elements of choice for which again Coleman gives a simple enough concept: “The elements are actors and things over which they have control and in which they have some interest. I will call these things resources [...]. The relations between actors and resources are, as just implied, control and interest” (1994, 28). Thus, the main theoretical question is how clubs gain resources and how they allocate them to maximize their utilities meaning winning as much as possible.

When it comes to creating revenues a number of other actors are involved. These are summarized in the following table:

Table 1: Actors and Roles

Actor	Type	Role
Institutions as collective entity of clubs	Collective	Redistributing collective revenues and setting the meta-rules of the game
Direct investors	Individual	Companies financing clubs through advertisement
Indirect investors	Individual	Fans supporting clubs

5. Path Dependence

When you are 4-0 up you should never lose 7-1.
Lawrie McMenemy

Path dependence in general describes the stability of an economic or institutional process.¹⁰ The formation of a path thereby consists of a mechanism of production and a mechanism of reproduction (Schwartz 2004, 1). The mechanism of production explaining the occurrence of a certain setting and the mechanism of reproduction explaining the consistency in the direction that setting progress (Schwartz 2004, 11). However, the mechanism of production should hardly be called a mechanism within the theoretical approach. Hedström’s and Ylikoski’s example of a roulette table is quite good to exemplify this point. In their illustration, they point out that the mechanism of the roulette wheel remains the same, even if the outcomes differ within their characteristics (2010, 50). In this sense, the mechanism of reproduction – for now strictly seen as just any mechanism – would be resembled by the roulette wheel. The setting would be the roulette table as such. The mechanism of production hence would be the explanation of how the table came to be in its specific state. This might as well be explainable by a mechanism, but the approach of path dependency does not provide general-

¹⁰ Another approach also under the label of path dependence is the idea of “reactive sequences” (Mahoney 2000, 509). However it postulates a sequence of causally linked events in absence of distinct mechanisms which is irreconcilable with the basic arguments of path dependence.

izable theoretical arguments for settings. Therefore, a mechanism of production is to be neglected as an explanatory part of the theoretical superstructure concerning path stability. Rather, the setting is to be considered as “all those elements that establish the conditions for a player’s action,” as Coleman defines the context of a game or his first step concerning his boat (1994, 11). To stay in the analogy of roulette, this means that the distribution of numbers and colors and their payoffs influence where a player puts his money though it does not change the mechanism by which the number – spinning the wheel – is determined.¹¹

The key element of path dependence thus is the mechanism of reproduction. Paul A. David (1986) and Brian W. Arthur (1994) have laid the groundwork for these mechanisms. However, there is good reason why so far it is called the path dependence “approach.” A coherent theory is still to be developed.

The first appearance of path dependence was given by David in the context of him explaining the success of the QWERTY keyboard.¹² David shows that, contrary to neo-classical theory, an inefficient product can dominate the market. He argues that three aspects are responsible for that phenomenon of stable path to success: technical interrelatedness, economies of scale, and quasi-irreversibility (1986, 41). Brian W. Arthur then introduced the term of “self-reinforcement” that further develops David’s economies-of-scale argument (Beyer 2005, 8). In that sense, Arthur provides more detailed aspects that lead to stable paths: Large set up or fixed costs, learning effects, coordination effects and self-reinforcing expectations.

Within the literature of political or economic science, the term “increasing returns” is usually used to summarize Arthur’s criteria (see Pierson 2000, 254; Beyer 2005, 7) regarding path dependency. At times, “positive feedback” is also used as a synonym (see Pierson 2000, 263; Ebbinghaus 2005, 15). However, for path-dependent processes, David’s arguments are also important and the lack of clear distinctions calls for precise definitions. Table 2 gives those clear definitions.¹³ The pure meanings thereby are borrowed from Scott Page’s mathematical approach towards path dependence (2006, 88). In addition to that, I matched David’s and Arthur’s aspects with those definitions showing how different actors’ costs (c) and utilities (u) are influenced.

¹¹ Ebbinghaus (2005) gives a detailed description of the mechanism of production but fails to address the analytical problems within the path dependence approach.

¹² “QWERTY” refers to the arrangement of letters on conventionally used keyboards.

¹³ This becomes particularly clear by looking at the work of Mahoney, for example, who found several more mechanisms (2000, 517), or Beyer (2005, 18) which turned out to be new labels in different contexts for the mechanisms expressed by Arthur and David.

Table 2: Mechanisms of Path Dependence

Mechanism	Definition	Meso-Level (collective actors)	Micro-Level (individual actors)
Increasing Returns	"the more a choice is made or an action is taken, the greater its benefits."	Large set up or fixed costs (c_{\downarrow})	
Self-Reinforcement	"making a choice or taking an action puts in place a set of forces or complementary institutions that encourage that choice to be sustained."	Learning effects (c_{\downarrow}), Coordination effects (u_{\uparrow})	Intra-personal externalities: Technical interrelatedness (u_{\uparrow}), Quasi-irreversibility ($c=0$)
Positive Feedback	"an action or choice creates positive externalities when that same choice is made by other people."		Interpersonal externalities (u_{\uparrow}), Self-reinforcing expectations (u_{\uparrow})

Economically speaking, ‘increasing returns’ means that, with a higher number of units, the costs of production decrease (Beyer 2005, 7). So, the more individuals take a particular path, the more beneficial it becomes for the collective actor. A collective actor in this case could be a company but also an institution (Pierson 2000, 254).

Self-reinforcement occurs on the meso- and on the micro-level. Learning effects relate to the improvement of a product or institution or to the development of more efficient operating cycles (Arthur 1994, 112). Coordination effects emerge when different economic or institutional actors take choices that benefit the respectively other actor’s choice or action (Beyer 2005, 7). On the level of individual actors – in the original sense, these would be customers – self-reinforcement is fostered by intra-personal externalities (Page 2006, 110). These cover David’s arguments of technical interrelatedness and quasi-irreversibility: The first meaning, that individual components of a system are compatible and, if used together, increase the value of each part (David 1986, 41 et seq.). This can either happen independently or through the coordination effect on a higher level. Quasi-irreversibility arises when switching to a choice or action previously not taken is connected to high costs (David 1986, 45).

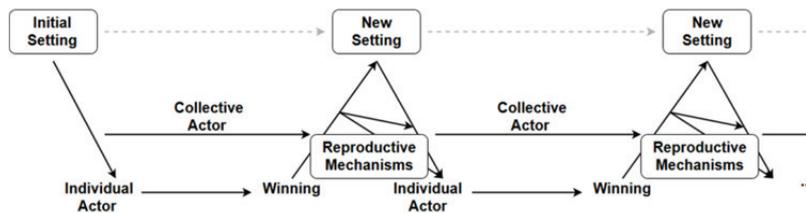
Positive feedback is, on the one hand, described by “little bonuses given to people who already made [a] choice or who will make that choice in the future” (Page 2006, 88). Self-reinforcing expectations are closely related to those interpersonal externalities in the sense that “increased prevalence on the market enhances beliefs of further prevalence” (Arthur 1994, 112), therefore shaping incentives to make a particular choice or action.

For path-dependent mechanisms on the individual level, it is important that the actor himself does not consider the systemic implication of his action. If

that was the case, one could argue that the individual actor is trying to steer fate. If a large enough amount of actors consciously try to affect a systemic factor, any outcome would not be path dependent but changed by the actual will for it.

Translating this into the original empty model incorporating path dependence transforms the model as depicted in the next figure.

Figure 2: Coleman's Boat on a Path 2.0



First of all, the meso-level was put in. This accounts for different levels of actors. It is important, however, that the collective actor is not necessarily the accumulation of individual actors in the same model. Instead in reference to the origin of the theory the individual actor would be the customers while the collective actor would be a company. In a political context, though, the individual could be a citizen and the collective actor an organization. As for the model both levels are influenced by the same setting and both their actions are relevant for producing a new setting.

The new setting is the aggregation of all actions. Coleman gives various ways of how actions can aggregate in- or interdependently (1994, 29 et seq.). However, in the case of path dependence, this is where reproductive mechanisms enter the field. The actions aggregate into a new setting in which the condition for the same actions are even more favorable or cost-effective due to reproductive mechanisms than they were for the previous choice. So, actors will make the same choice, again elevating path dependence even further. This is basically analogous to Coleman's description of the second transition (here called aggregation): "The second transition is mirrored by the consequences of the player's action [...] creating a new context within the next action takes place" (1994, 12). The difference though being, that, through reproductive mechanisms, not any new setting will arise, but one that is another step on a stable path.

Theoretically, this could go on indefinitely; however, it is hard to imagine any context where there is no threshold value. In terms of football, for example, that threshold would be one club always winning everything, or in economic terms, an absolute monopoly on the market.

Once a path is stabilized by reproductive mechanisms, only exogenous shocks can interrupt its heading (Beyer 2005, 7). Basically, the setting has to be changed by an outside factor changing one or more elements of choice.

6. The Path of European Football

Mind you, I've been here during the bad times too – one year we came second.

Bob Paisley

In the following, I will first make a few comments about the applicability of path dependence in European football. I will then map out where mechanisms of reproduction are to be found in football. Indeed, it will become clear that any aspect of the sport is susceptible to path dependence in terms of successful clubs becoming more successful. Thus, there are no internal counter mechanisms that could change the system from within, making a political intervention all so more necessary.

The main aspects that generate money in football are selling game tickets, hospitality in stadiums, the club as its own brand including merchandise, advertisements, and media rights, as well as revenues from transferring players (Friedrichsen and Löhle 2007, 255 et seq.). All these aspects are purely economical and therefore path dependence is applicable.

Slightly different is the market of success. A league is indeed a market of success. Within a league, clubs as win-maximizers try to maximize their share in the market of success. The differences to a conventional market are three-fold. First of all, clubs cannot produce success. However, they try to ensemble the best production means to generate success (Késenne 2006, 417). Secondly, market shares strictly within the league without exogenous variables are not dependent on consumers. However, as consumers have criteria to choose between different products – consciously or subconsciously –, the market of success has objective criteria by which the better product is determined. Essentially, this makes it even easier to grasp market dynamics analytically. And thirdly, also the overall volume of the market is not determined by customers; the market is pre-structured, setting a certain set of “purchasing decisions.”

The collective-action argument outlined above demonstrated why institutions are necessary. At the end of the day, “[t]here would [...] be no point in forming an organization simply to play solitaire” (Olson 1971, 7).

In conclusion, this shows that, in football, one must explore three factors all vulnerable to path dependent mechanism: conventional economic markets, the league as market, and institutions. Or, in other words: money, success, and power.

On these premises, reproductive mechanisms can be evaluated. Thus, to transfer path dependence to European football, relevant actors and their behavior within the different markets or institutions have to be examined. Therefore, three levels will be included: the “customer” or fan, other economic actors, and the clubs. The latter then again has to be divided into two categories: clubs within the league and clubs as institutional players.

Football fans, especially those who do not support a local team, are prone to intra-personal externalities. Once a club, is chosen it is likely that a fan will stick to it. So, they will invest their resources in their favored team. Also, as will be shown later, if money indeed leads to success, the “little bonuses” occur for every old or new fan, which implicates positive feedback.

This has implications for other economic actors. Increasing returns for economic actors are due to the international appearance of clubs. Advertising companies develop new markets in line with the large set up costs-argument. Also, self-reinforcement can be created through coordination effects between a club and a company or brand. Thus, intra-personal externalities also exist for advertising partners. For smaller, more local advertisers, again positive feedback occurs, as with more success come more advertisers, which leads to more money, which in turn brings more success. Important here, however, is that those local partners are not in direct competition with each other.

This means, for clubs as economic actors, that success should lead to more money by advertisers or fans spending money on merchandise, tickets, and the like. This money is then used by clubs to invest in their infrastructure. The first consideration here goes in the direction of economic infrastructure like stadiums. However, even though also these investments can be conquered by reproductive mechanisms, they can be neglected at this point. This is for the simple reason that they have rather obvious threshold values which are pretty much the same for all clubs and therefore have no impact on the main theses.

Investments of clubs have to be seen in the light of actually acquiring the elements or resources for potential success. As earlier explained, a club’s main goal is winning, and the resource they have control of is money to gather the best team possible. Since the number of football players decreases with the increase of their talent, clubs are in a competitive market with each other to aggregate the most talent on the field.¹⁴ So, the more money a club has at hand as resources, the better their team will be relative to other teams with fewer resources.

Besides their individual investment, clubs are also institutional actors. This is especially relevant, because in the CL and in most national leagues, the money generated by television rights is distributed by the responsible football institutions. Power within those institutions therefore translates into influencing the allocation formula of this money. However, football institutions are generally democratic. But since there is no natural obligation to be a member of these

¹⁴ Working with young talent is slightly different, but also represents an investment on aggregated talent and therefore follows the same line of argument. Also, the mere aggregation of talent might not be enough. But when it comes to coaches and support staff, clubs are again in a competitive market, which again boils down to an investment-argument of finding the best “production good” to organize the talent. In any case, the “raw material” has to be good.

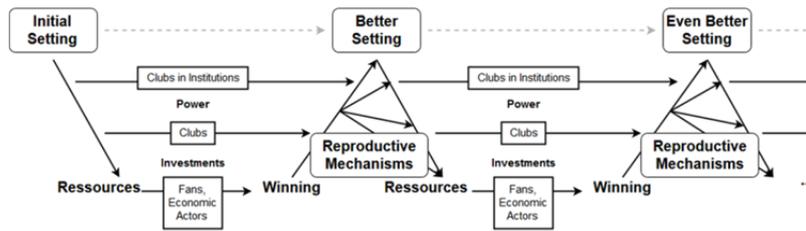
institutions, one can find some sort of hypothetical competition of institutions. Football clubs have a potential exit option if they find other clubs who would be willing to part from the original institution. This would take revenues out of the existing institution, giving clubs bargaining power within the institution. This power increases with the economic importance of clubs. So the more successful a club is, the more it contributes to the collective good, and the higher its bargaining power becomes within the system. On top of this “break-away league” would represent competition for the existing institutions which would effectively dissolve their monopoly raising also economic disadvantages. Therefore, power within the institutional arena of European football is marked by increasing returns.

A last aspect in the institutional context is the modus in which a competition is played or – in case of the CL – also the modus of qualification. Here, the same argument as above is valid in terms of power. Therefore, powerful clubs have the bargaining power to modify a competition in their favor.

When it comes to the political arena, clubs might find another potential ally in European institutions. As shown in the first paragraph of this contribution, the EU’s stand especially in regard to its judicial practice on sport is still rather ambiguous. Nevertheless, the EU has laid claim to the regulation of sport. The lack of coherent and consequent regulations, however, can give clubs the opportunity to pursue certain goals outside the sporting associations, circumventing those by addressing issues with European political authorities or the ECJ. Especially when it comes to aspects of solidarity like e.g. the redistribution of broadcasting revenues, successful clubs might choose to bypass the responsible association by referring to competition law on the EU-level. So far, as demonstrated earlier, the special characteristics of sport are rarely taken into account. First of all, because they are still a rather recent phenomenon, and secondly, because the ECJ has already created accomplished facts that undermine the EU’s new-found vision, but as a matter of law are being taken into account. In this sense, the EU level at the moment, even though not deliberately, can be seen as biased towards successful clubs since the features of a “normal” industry as basis of competition law favor the interests of successful clubs. It remains to be seen whether the EU develops into a credible counter mechanism. Right now, it enhances the bargaining power of successful clubs by presenting an issues-specific exit option.

In conclusion, a club’s preference is to win. Therefore, they will use their resources – money and power – to make conditions according to that goal as favorable as possible up to the threshold of a non-functional system of football in terms of collective action. Success, money, and power are thereby related through path-dependent mechanisms. On top of which reproductive mechanisms on the levels of fans and other economic actors further the overall path dependence of success even more. Hence, the model for a successful club would look as follows:

Figure 3: Coleman's Boat in European Football



This cycle can only be broken by external shocks. As mentioned before, they change the elements of choice. In football, this is most likely to be the aspect or resources since rich investors can infuse money, accelerating a club onto a winning streak like one could see with Chelsea or Hoffenheim.¹⁵

7. A Model of Reinforcement on Multiple Levels

Milan or Madrid – the most important thing is it's Italy.
Andi Möller

Four criteria are important to contextualize reproductive mechanisms within the European system of football. Those are: revenue potential in national leagues, accessibility of production goods, qualifying for the CL, and the interdependence of reproductive mechanisms between the national and the international level.

First of all, just looking at the national level, all the above-stated reproductive mechanisms are in place. Therefore the first hypothesis is:

Hypothesis I: Successful clubs in a national league become more successful over time.

The same accounts for the CL. Even though it is played in a different modus, all mechanisms apply. Therefore the second hypothesis is:

Hypothesis II: Successful clubs in the CL become more successful over time.

However, not all leagues have the same size. In other words: “If a country like Belgium wants to reach the same number of inhabitant per top division team as England, it has to reduce the number of its teams to four or five, or to increase its birth rate dramatically” (Késenne 2007, 397). Neither aspects are real options. This would not have a big impact if the market for production goods was not liberalized. In European football, the product is bound to its own national

¹⁵ Analysing external shocks would be an endeavour for another paper. The cases so far are few, which is why this aspect will not be considered further in this contribution.

market. In contrast, the market for production goods is open throughout the whole world (Késenne 2007, 395). This was cemented by the Bosman Verdict.

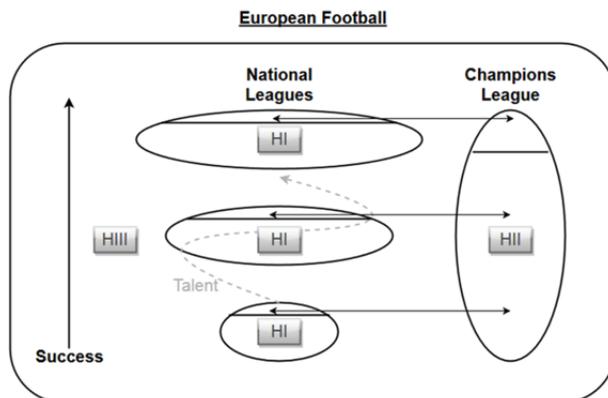
In consequence, European football developed talent-importing and talent-exporting leagues (Thomé 2003, 161). Mainly because, due to higher chances of creating revenues also on an individual level, players have the incentive to transfer into bigger leagues. This has two implications for path dependence. First, aggregating talent in a league makes the league more attractive, and therefore reinforces economic reproductive mechanisms. Secondly, even though buying out other leagues might not give a relative advantage within the own league, it certainly does so when playing internationally against teams from smaller leagues, thus creating increasing returns. Qualifying for the CL is effected by reproductive mechanisms in terms of power. Powerful clubs or leagues can shape the qualifying rules in a way that participation becomes more likely for them, hence promoting a system where bigger leagues are structurally advantaged.

All those mechanisms are interdependently strengthening and reinforcing one another through the levels. This results in the third hypothesis:

Hypothesis III: European football is subject to an ever growing gap between its national leagues in terms of success.

The following figure illustrates how the hypotheses interact:

Figure 4: European Football



Within the leagues and competitions, successful clubs become more successful (HI and HII). Looking at European football combined, all mechanisms further the fact that a few successful clubs in big leagues will dominate the sport on the continent (HIII).

8. Statistical Evidence

The chances are currently 50:50 or even 60:60.

Reiner Calmund

In the following chapter, I will present descriptive statistical evidence to support the validity of the hypotheses.¹⁶ As an example for a national league I will use data on the German 1. Bundesliga.

The data was collected from the websites of the responsible football associations, namely the DFL and the UEFA. The data on the BL contains all results since its foundation in 1963 to 2014. The data on the CL contains all data from the European Cup, which is the predecessor of the CL, since 1955 (also date of foundation), and the UEFA Champions League until 2014.

The important variable in both cases is “success.” Success in the BL is measured as the percentage of points gained in a season by a club of the potential maximum of points that could have been acquired. Since in the league every team plays against every other team twice, the gained points relative to the maximum show how much a team dominates the league or, on the other side, how poorly a team played. The measure is more accurate than simply looking at the rankings since it takes into account how much better or worse a club was in relation to all the other clubs.

The CL, in big parts, works differently in comparison to a league. In the K. O. system, clubs play against each other and the winner moves on to the next level of the competition while losers leave the competition for the season completely. On top of this, the shape of the tournament changed significantly over time concerning the number of participants, the number of rounds, the organization of the rounds, and starting spots for clubs. It is thus necessary to measure success independent of all those factors. Success in the CL is therefore measured by the number of clubs that a club left behind itself in the competition when it reached its highest level in the CL¹⁷ divided by the number of clubs involved in a particular season. That means if a club for example reaches the quarter finals and then leaves the competition, it is hypothetically better than every club but those on the same stage and those that move on to the semi-final. In this case success, would be two divided by the number of participating clubs (excluding the particular club). This measure allows for comparability taking into account all aspects mentioned above also including those aspects in the measure to draw a clear picture of the development of success over time within the changing competition.

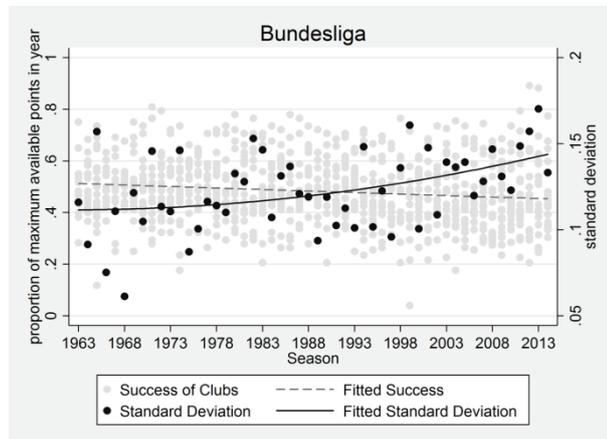
¹⁶ Models to test the hypotheses on an analytical level would require more data on all European leagues and sub-leagues. This endeavour, however, would exceed the scope of this paper.

¹⁷ In detail, it is the number of clubs a club left behind itself plus itself. This creates an index that ranges between 0 (no participation) and 1 (Champion).

Graph 1 depicts the success of clubs in the German Bundesliga for each season. The fitted success is an indication that there is a slight development that clubs concentrate more on the bottom of the possible realm of success which is a small indicator that it is harder for less successful clubs to keep the connection to the top of the league.

The standard deviation is used as a crude measure of competitive balance. The spread of success is an indicator of how close clubs are together in the league in terms of success. In a perfectly balanced league, all clubs would only play draws and the standard deviation would be zero. The further the clubs drift apart from each other the higher the standard deviation. Due to the 3-point system in the BL, where a win brings three points and a draw only one, the mean differs depending on how many draws are played in a season. With varying means, it usually would make sense to use the coefficient of variation. However, since draws and therefore also the means are a result of the competitive balance, they are theoretically embedded in the standard deviation, making the simple standard deviation as coefficient even more expressive.

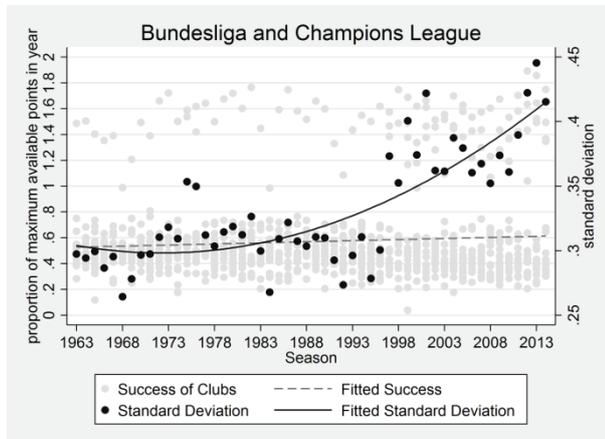
Graph 1: Success in the German Bundesliga



The fitted line for the standard deviation is of a quadratic form. This accounts for the fact that the mechanisms were probably not at work in the beginning of the competition since commercialization and organization, aspects that are necessary for path dependent mechanisms, only developed during the first years of the competition.

The standard deviation has a trend toward a more unequal league, which supports the hypotheses that within a national league, indeed there is a development of "unfairness" (Hypothesis 1). However, since it is not apparent yet if it is actually the same clubs that are being successful, for the moment this has to be viewed critically.

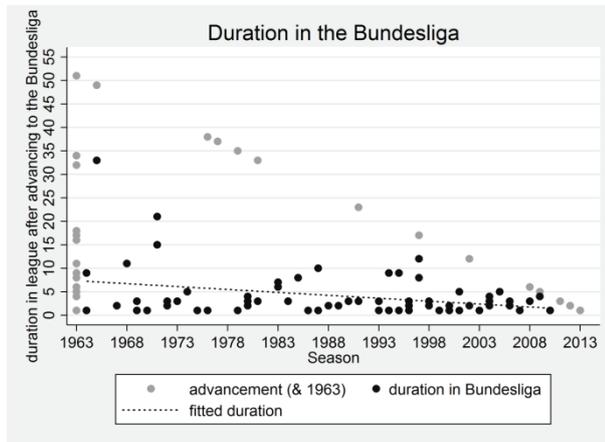
Graph 2: Aggregated Success in the Bundesliga and Champions League



In any case, if one adds the success of German clubs in the CL (Graph 2), the picture becomes even clearer. The trend regarding success disappears, which is mainly due to the fact that, after 1995, always more than one German club took part in the CL, creating more “outliers” to the end of the time series. Looking at the standard deviation, however, again as a measure of competitive balance, demonstrates that the development is stronger taking the international level into account. This is in line with the argument that the mechanisms reinforce themselves over different levels of competitions.

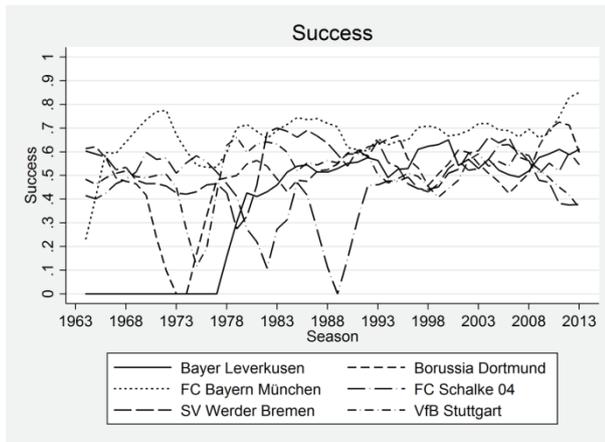
Graph 3 depicts the duration a club has spent in the BL after its advancement to the top league before exiting the league due to a lack of success. The grey dots show those clubs that are still in the Bundesliga and those who entered in 1963 being the first season of the BL. Again, there is an overall trend that the duration of staying in the league after advancement becomes smaller. In terms of sociology, this means that lasting social advancement to a higher class becomes more difficult. This is evidence for path dependence as lied out in theoretical part concerning even getting into the top league and staying there to be able to take part in international competition. Overall, the Bundesliga becomes more elite, shutting new participants out. Especially since 1995, when the impacts of the Bosman Verdict implemented themselves, almost no new clubs manage to stay in league for more than five years.

Graph 3: Advancement and Duration in the German Bundesliga

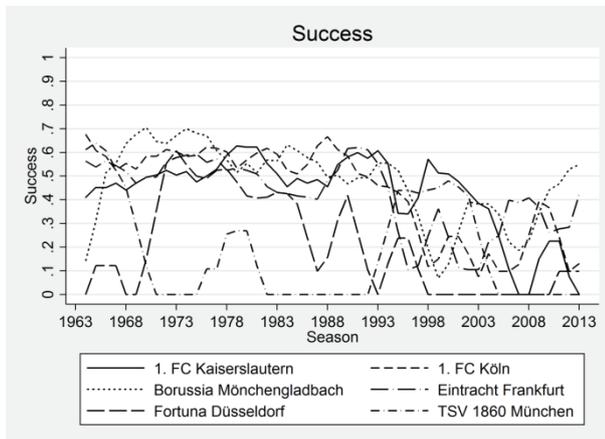


Lastly, as for the Bundesliga, Graphs 4 and 5 show successful clubs to evaluate if the trend is random regarding particular clubs, or if indeed the same clubs always win. Graph 4 shows clubs that exceed the benchmark of 60% of points at least once after 1995 (Bosman Verdict); Graph 5 depicts the clubs that exceeded the benchmark at least once before Bosman, measured by a three-year moving average to even out possible lucky punches. The benchmark was chosen empirically since it seems to be the point where the elite of the league cuts itself off from the rest of the field. In Graph 4, one can see that, especially after 1995, successful clubs established themselves on a constantly high level of success. Graph 5, on the contrary, is evidence that being successful before Bosman had no real long lasting effect. And as mentioned before, after 1995, more than one club took part in the CL, which decreased the impact of the advantage relative to other successful clubs within the nation league. Overall, though, one can say that the same clubs are being successful. In combination with the decreasing competitive balance, this is a strong indicator for the validity of Hypothesis 1 and the interaction of the hypotheses.

Graph 4: Top Clubs after 1995

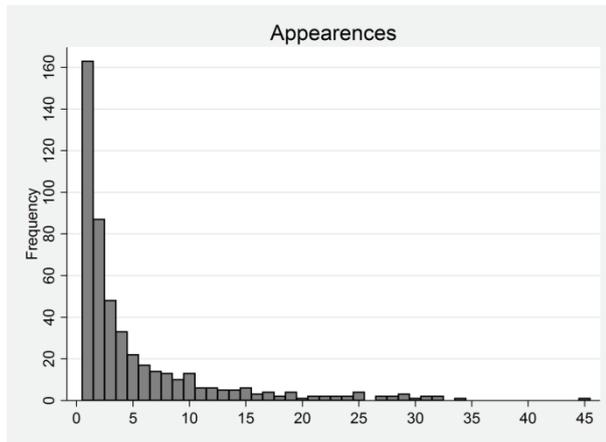


Graph 5: Top Clubs before 1995



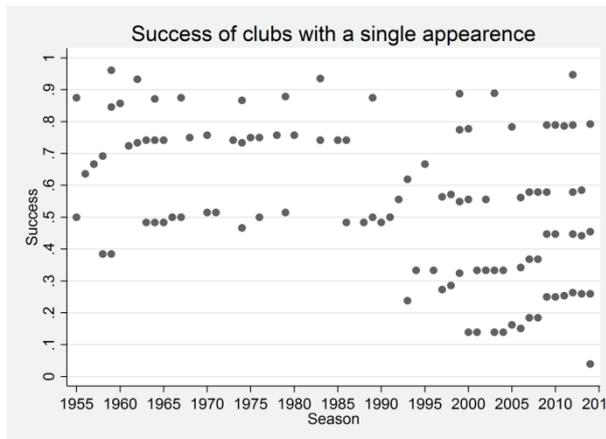
Turning to the Champions League, Graph 6 shows the number of clubs over their number of appearances in the CL over the whole time of the competition. More than 30% of the clubs that ever played in the CL only appeared once on the international level. Relatively only a few clubs play in Europe's top leagues quite often. The distribution is an indicator that some clubs established themselves on the international level, while the great majority only gets to play every once in a while.

Graph 6: Frequency of Champions League Appearances

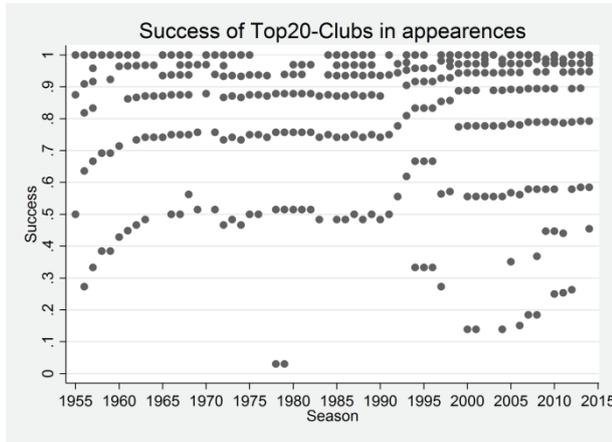


Graph 7 shows the success of all those clubs that appeared only once, while Graph 8 depicts the success of the top twenty clubs in regard to appearance. The latter do not only appear more often – they are also very much more successful when they play. Those aspects in combination support Hypothesis 2. If frequently clubs would win that only attend the international level with the smallest frequency of appearances, then Hypothesis 2 loses credibility, but indeed none of those clubs ever won. Compared to the top twenty in attendance, their success rate is rather low.

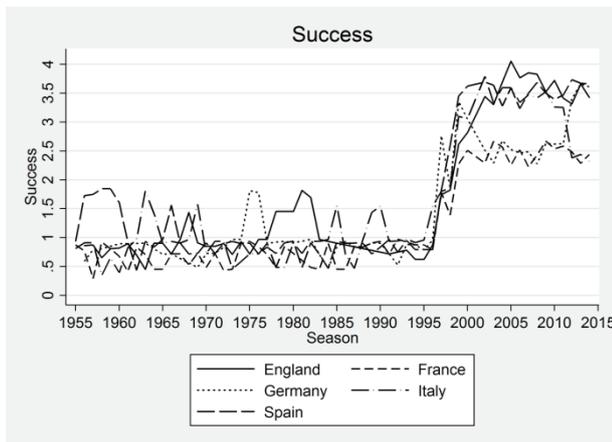
Graph 7: Success in the Champions League with a Single Appearance



Graph 8: Success in the Champions League with Recurring Appearances



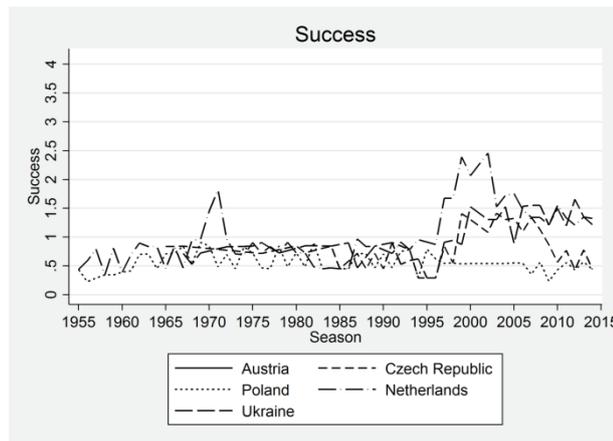
Graph 9: Aggregated Success in the Champions League of Top 5 National Leagues



Lastly, to evaluate the credibility of Hypothesis 3, the success of national leagues is considered. Graph 9 shows the aggregated success of teams of the same nationality of the six most successful leagues. Looking at the results, the first noticeable aspect is that the range of aggregated success by nations increases drastically. This can be explained by changes in the system of the tournament. After 1995, more than one club per league (up to four) could participate in the tournament. This produced very clear winning nations. Those are the biggest and strongest leagues in Europe. It is thus less surprising that those

leagues are continuously successful on a much higher level than other leagues. Graph 10 depicts six leagues which are exemplary for the remaining leagues on the continent that did not profit from any changes. This supports Hypothesis 3 that also leagues in Europe are drifting apart concerning success.

Graph 10: Aggregated Success in the Champions League of Examples for other National Leagues



To conclude this chapter, all the statistical evidence is in support of the hypotheses. More importantly there are no results in contradiction lending them credence.

9. Qualitative Approach

We didn't underestimate them. They were just a lot better than we thought.
Bobby Robson

The statistical evidence supports the hypotheses' validity. However, to get a better insight into the mechanisms, a qualitative approach is necessary. I will thus use process tracing heuristically to do precisely this. The method will be used as a heuristic device only because the mechanisms do not necessarily present themselves as processes. So at this point the main argument of theory-testing process-tracing to evaluate "whether the hypothesized mechanism was present in the case" (Beach and Pedersen 2003, 14) is the baseline for the empirical procedure. I will thus map out the selected issue and present evidence for the theoretical aspects concerning the relevant mechanism.

9.1 Case Selection

As for the case selection, a crucial case is to be selected. Even though the here-proposed methodology is not entirely in line with Lieberman's model of a mixed-method strategy, his argument concerning case selection also holds for this design: "[T]he primary goal is to assess the strength of a particular model. As such, there is little value to the pursuit of cases that are not well predicted by the model" (2005, 444).

Additional to this the case should be concerning the aspects of path dependence regarding power, since this mechanism is hard to grasp through mere data analysis. Another important aspect is the fact that the study does not strictly fit the criteria of a "case." The term here is rather in regard to an important singular event series that allows to elaborating on path dependence in terms of power testing the implication of mechanisms in a specific setting.

The case I will investigate is the restructuring of distribution of broadcasting revenues in the German Bundesliga. This case is especially interesting because it touches upon nearly all theoretical arguments. As the DFL argued against the Commission, it is supposed to be the main element of solidarity in the BL reflecting the collective action problem and referring to the European vision on the special role of sports and especially football. Furthermore, as the Commission was already involved in regulating the field, it is a case where the political sphere on EU level is relevant.

Looking at the BL as a national case is not a problem concerning the thesis that European football is subject to path dependence. This is true for two reasons: on the one hand, the theoretical part showed that the mechanisms are analogues throughout all levels. Even though a generalization is methodologically not possible, the case represents, as mentioned, all the important aspects from clubs' incentives to different types of bargaining power. On the other hand, this article's contribution is in regard to the EU's vision of sports. As the mechanisms interact from a national to the European level, solving the fairness issues on national levels would certainly translate at least to some degree into fairness on the international level.

9.2 Broadcasting Revenues in the German Bundesliga

Before 2001, revenues generated through the collective selling of broadcasting rights were distributed evenly between the members of the DFL. In 2001, the allocation formula was changed. I will first give an overview of the relevant venue responsible for the change, namely the Deutsche Fußball-Bund (DFB) and the DFL. I will demonstrate that, within the structure of those organizations, there is no constitutional bias towards powerful clubs. Since this is the case, other mechanisms have to be responsible for the change. After elaborating on the change itself, I will thus recapitulate the theoretical implications of path dependence concerning power and present evidence for that particular case.

The DFB was founded in 1900 and survived both World Wars before it created the Bundesliga in 1963. At first, the DFB was mainly a coordinating organization, but with the increasing professionalization and economization, it developed into the major – and for a long time only – governance body of German football. The main objective of the DFB, according to its statutes, is to organize gaming operations in a sustainable manner and to secure the integrity of competition by undertaking all necessary measure towards fair competition (Satzung des DFB, §§4, 5). Members of the DFB are the various *Landes-* and *Regionalverbände* (football associations on the state and regional level) as well as the DFL. The DFB works on the basis of rather conventional democratic criteria (see Satzung des DFB, §26). Since votes are not cast by individual clubs but by sub-associations, which are by themselves diverse, single clubs have no special structural leverage within the DFB.

The DFL has only been in the picture since 2001. Contrary to the state or regional associations, its membership is not bound by geographical criteria. The DFL represents the clubs of the first and second German Bundesliga, which are the two highest leagues in German football. The foundation of the DFL reflects another sign for power mechanisms since it was promoted by the powerful clubs in Germany to gain independence from the interests of amateur clubs (Kruse and Quitzau 2003, 13). However, since the broadcasting revenues distribution in essence affects only clubs who are members of DFL, this is just an interesting side note. In any case, as a member of the DFB, the DFL is bound by the above-mentioned DFB statutes. But also the DFL statutes postulate fairness. The DFL aims to stabilize competitive capacity of its members and financial fair play (DFL Politik und Zielsetzung, 1 et seq.). However, the DFL is a limited liability company and is thus only accountable to its own rules of procedure. The DFL markets the Bundesliga broadcasting rights and, together with its corporate parent Die Liga (The League), which functions similar to the DFL (see Ligastatut), decides on the distribution formula.

This distribution formula changed drastically in 2001. Until then, revenues were redistributed almost evenly between clubs of the DFL. This reflected the principle of solidarity. However, looking at the drafting system in most US sports, one could claim that an inversely proportionate distribution would be fair. In most US leagues, the worst team has the first choice when it comes to new players. An inversely proportionate distribution would be the analogy in European football.

The new distribution, however, goes in the direct opposite direction and is now according to the so called spray criteria of 2:1. This means that success is now a major criterion, but the maximum share and the minimum share must not exceed the ratio of 2:1. Nowadays this translates into 5.8% of revenues for the champion and 2.9% for the worst club. It shall be noted that the DFL still frames this as complying with the principle of solidarity (DFL press release 2012).

The reproductive mechanism concerning changing the rules of the game on an operational level is increasing returns based on bargaining power regarding hypothetical exit options on football institutions or on particular issues on the EU level. Both were given when it comes to the changes in 2001.

In 2000, fourteen European football clubs, among them Bayern München and Borussia Dortmund, two German clubs (shortly after Bayer Leverkusen followed), founded the G14. The G14 was essentially a “lobby group on behalf of the mainly commercial (common) interests of leading European clubs” (Brand and Niemann 2011, 13). It was the first time that European clubs formed an independent organization on a European level generating credibility on the threat of a European break-away league of Europe’s top clubs. They demonstrated that clubs can organize themselves without existing associations. The hypothetical exit option with all its consequences thus became very apparent to the old-established associations posing a real threat to the existing system, and giving powerful clubs leverage on all levels.

The G14 even opened an office in Brussels bringing the EU level into the picture. As shown above, the EU had intervened in joint and collective selling in reference to competition law. The principle of solidarity was not a valid argument in the eyes of the Commission. This led Uli Hoeneß, one of the persons in authority at Bayern München (Germany’s most powerful club), to say that if the smaller teams should consider an agreement, ignoring the interests of the big clubs, where the distribution formula remains based on equal shares they would go before the ECJ to sue for the decentralized marketing of broadcasting rights (cited in Ballasch 2009, 19). Considering the Commission’s previous stands on the issue disregarding the principle of solidarity in this particular matter and previous ECJ decisions, there was a real perspective of success again strengthening the leverage of big clubs. This is also because there are European leagues that already have decentralized systems like England, Spain, or Italy, which in itself undermines solidarity because successful clubs generate more revenues when marketing is decentralized (Brand and Niemann 2011, 11).

To summarize: There are no structural advantages for clubs within the DFL to influence decisions. Smaller clubs, which pose the majority in the DFL, had no interest in changing the distribution formula to their disadvantage. But, due to the organization of G14 and an open promising channel through EU institutions, the big clubs had enough leverage to change the system anyway by threatening to make it worse for smaller clubs either through a new European league or by introducing decentralized marketing in reference to European law. In conclusion, the aspects that foster increasing returns are very much present in this particular case.

10. Conclusion

The ball is round and the game lasts 90 minutes.

Sepp Herberger

Football is the single most popular sport for Europeans. The central theses of this contribution is that path-dependent mechanisms on all levels render the sport to a development in which success causes success through success itself, and through money and power.

The processes are not independent from the European political arena. On the contrary, the EU, and especially the ECJ and the Commission, have interfered in the system frequently. This happened rather unguided and on the basis of laws that did not take into account the special characteristics of sport. In the grand scheme of things, the EU has only recently developed a clear vision of sport. However the field is still rather ambiguous. This and former decisions by the Commission and the ECJ have lead European football on a path contrary to the EU's ideas in regard to its social purpose.

I have developed path dependence towards a more analytical approach to grasp that path. Reproductive mechanisms are the main causes for an increasing stability of "unfairness" in the system of European football.

Furthermore, I have shown that these mechanisms exist all throughout European football. So far, there are no aspects in the sport that would counter its reproductive mechanism.

The statistical evidence I have presented supports the theses and the theory with its hypotheses. Indeed, successful clubs become more successful and Europe concerning football is drifting apart in terms of success. The qualitative approach has shown that in the case of the distribution formula on broadcasting revenues the hypothesized mechanism was present.

However, the empirical evidence presented in this contribution only takes a glimpse at a full analysis of reproductive mechanisms. Future research should include a bigger data set including all of Europe's first and second leagues, as well as the Champions League and the UEFA Europa League. Another angle would be more qualitative research to get further insight into the mechanisms of reproduction especially when it comes to power. Expanding the theoretical approach towards other types of sport especially in regard to EU interventions could be beneficial.

Lastly, to build the bridge back to the EU, it became apparent that the EU-interventions are contradictory to its newly formed vision on sport. If the European Union is serious about its vision, it has to implement the special characteristics of sport into a coherent policy approach that not only intervenes in football's reproductive mechanism but also corrects former decisions that have led to uncertainty for almost all actors involved. At times, as was shown this even strengthens the development of "unfairness."

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