

Football clubs are becoming increasingly conscious of the reputational damage they risk by paying such high wages in an age of austerity

In an era of financial turmoil, the perceived excesses which characterise English football seem likely to attract ever greater criticism. Yet Wyn Grant argues that despite what many claim, the Premiership bubble has not burst. In fact clubs are becoming increasingly conscious of the reputational damage they risk.



From time to time predictions are made that the Premier League bubble is about to burst. It has not done so yet; indeed revenues from the latest broadcasting deal have increased substantially. They are likely to increase even more once the overseas television deal is concluded, something that reflects the globalisation of football.

Nevertheless, the Barclays Premier League does face a number of challenges. The performance of English clubs in the Champions League has been less impressive this season. Only Arsenal and Manchester United survived to the lucrative knockout stage, with champions Manchester City having the worst record of any English club in the competition so far and not even securing the consolation prize of a place in the Europa League.

The domestic television deal saw another increase in the amount received, reflecting the competition between BskyB and newcomer BT Vision for viewers, although many analysts think that BT's strategy represents a big commercial risk. The amount raised was 70 per cent more than the present deal, £3.018bn over three years, an increase of £1.25bn on the current package. It gave the Premier League £1 billion a year in television income, even before the overseas rights are factored in.

University of Michigan football economics specialist Stefan Szymanski thinks that the Premier League could soon earn as much from overseas television rights as it does from the domestic market. The Premier League confirmed its increasing value in global television markets by more than trebling its income from the United States following a \$250 million dollar deal for English and Spanish language rights with NBC Universal.

However, although growing, the US market is a relatively small one compared with that in Asia and even there the vast potential of the Chinese market has yet to be fully tapped. Live games are closely associated with gambling in Asia with the matches being trusted as not being fixed. In the longer run, the African market offers considerable potential as household incomes increase.

Despite their growing riches, Premier League clubs are concerned about all the money disappearing into the pockets of players and agents who earned £77m from Premier League clubs last season. They are also concerned about reputational damage resulting from very high wages paid to players at a time of austerity. That is why they have been discussing some form of collective restraint on wages, for example limiting the percentage of turnover that can be spent in that way. However, the devil is very much in the detail as different ways of implementing such a scheme would help some clubs more than others.

Another factor is Uefa's financial fair play scheme which clubs like Arsenal hope will reward their relevant prudence and curb the free spending ways of Chelsea and Manchester City. However, various forms of expenditure can be taken into account before any penalties are applied and much depends on how it is enforced. It is also potentially subject to a legal challenge.

Envied by many, despised by others, the Premier League has developed a very successful commercial formula creating one of England's most successful businesses but one whose excesses have attracted

increasing criticism.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

About the author

Wyn Grant is Professor of Politics and International Studies at the University of Warwick. He joined the department in 1971 and was chair of department from 1990 to 1997. In 2010 he was presented with the Diamond Jubilee Lifetime Achievement award of the Political Studies Association of the UK at their Awards Ceremony. He was elected an Academician of the Academy of Social Sciences in 2011.

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