

Case study for the 2023 EEB National competitions

MORAL COST OF ENJOYING THE SPORT

Hosting a major international sporting event, particularly the Olympics and the World Cups, puts the country in the global spotlight, provides a cash injection for tourism, and offers a city or country the opportunity to rebuild or develop its infrastructure. However, it also involves an immense financial commitment and major risks. The 2014 FIFA World Cup in Brazil, for example, came at a huge cost. It amounted to US\$15 billion, including a cost overrun of at least 75%, and was the most expensive World Cup in FIFA's history. As of mid-2014, Brazil was experiencing its worst recession in 25 years, with severe cuts in health and education funds, partly due to high expenses of organising for the 2014 FIFA World Cup.

Large investments for major sporting events are increasingly difficult to justify. In recent years, Boston, Budapest, Davos, Hamburg, Krakow, Munich, Rome, and Stockholm have withdrawn their bids. Due to lack of applicants, the 2022 Winter Olympics were awarded to Beijing - a city not known as a winter sports centre.

Qatar, host of the 2022 FIFA World Cup, did not have to consider the same economic reasons as Brasil in its bid. For Qatar, this sporting event was an investment in its global position. The cost overruns and apparent losses are the price the country was willing to pay to host the event. These included also the bribes paid to FIFA's Executive Committee to win the bid. Qatar is the first Arab country to host a FIFA World Cup. One of the most criticized aspects of the tournament was FIFA's decision to award hosting rights to a country that does not recognize basic civil rights for all its citizens. This World Cup is widely considered one of the most controversial FIFA World Cups in history.

Qatar, however, is not the first World Cup to be fraught with moral concerns, and it most likely will not be the last. Like Qatar, Russia used the last FIFA World Cup to sportswash¹ its reputation. In 1978, dictatorial Argentina hosted the World Cup, resulting in mass deaths. The second ever World Cup was hosted by Italian dictator Benito Mussolini.

The World Cup is by far the most popular single sporting event in the world. It curbs individualism and connects people into community, uniting them as a nation. There is no doubt that this event brings people together, it is a dream for the players, a highlight for the fans, and for many the ultimate source of entertainment and pride.

But how can we watch international sporting events knowing that huge sums of money are being spent on building the infrastructure and organising the event, while at the same time cuts are being made in other important areas, such as health and education services, or even thousands of people may die to build the infrastructure needed for the event, while working long hours in oppressive heat for a tiny wage?

Please, address these dilemmas:

- Where do we draw the line and with whom does moral responsibility lie for these cases?
- Do individuals have a moral responsibility towards such controversial sporting events? Should we watch, cheer, and ignore the obvious violations or abstain and protest the organisation of the event?

¹ Sportswashing is the practice of individuals, groups, corporations, or governments using sports to enhance their reputations damaged by misconduct, and has become a common tool of soft power.

Case study for the 2023 EEB Semi-final round A

SHOULD THE FINANCIAL IMBALANCES BETWEEN FOOTBALL CLUBS BE REGULATED AND IF SO, HOW? (Fictional case)

The transfer of Brazilian footballer Neymar from Barcelona to Paris Saint-Germain (PSG) is still the record for the highest transfer. PSG paid Barcelona a transfer fee of €222 million for Neymar, which is €42 million more than the previous record set by Kylian Mbappé (2017). Cristiano Ronaldo will receive an annual salary of €200 million after being signed by Saudi Arabian football club Al Nassr this year.

The example of these transfer fees and salaries shows how prices for football players have changed in recent years. The question arises whether the amount of the salaries and transfer fees paid out is still in proportion to the actual performance of a player. In practical terms, the rapidly increasing transfer fees and salaries of top players mean that only a few clubs can afford to sign top players. The consequence could be an oligopolisation of the top performance segment in football, limited to a few clubs in a few leagues. The consequence of this is that, for example, in European competitions such as the Champions League, the same clubs are always successful and, through the associated income from advertising and television money, the gap in their financial leeway compared to other clubs grows ever wider.

Especially in Europe, this development has progressed strongly in recent years, so that it can be observed that football stars mainly play in leagues in England, Spain or France, while clubs from Italy or Germany increasingly have problems keeping up in international competition. This is not least due to the fact that national legal regulations on the financing of sports clubs are more restrictive there.

UEFA (Union des associations européennes de football) now fears that monopolisation will reduce the attractiveness of its competitions in countries that no longer have football clubs that have a chance of winning or even participating in European competitions, which is why it is seeking financial regulation in this area. The AFC (Asian Football Confederation) and CONMEBOL (Confederación Sudamericana de Fútbol) have already signalled that they are not available for a reform, which is why a corresponding regulation will only apply to the European football leagues.

There are two possible measures under discussion that should lead to a more homogeneous distribution of the financial potential between the European football clubs. In future, investors should only be allowed to take a maximum of 49% of the shares in the shareholder or capital company of a football club, leaving the majority of decisions in the hands of the members.

Furthermore, it is being considered to regulate the salary structure within the active players of a team in such a way that the highest paid player may receive a maximum of three times the annual salary of the lowest-paid player of a team.

The decision on whether to take action, and if so which of the two or both together, is to be made at the next general meeting.

Please, address these dilemmas:

Imagine that you are a member of the UEFA management board. Would you interfere and impose a financial regulation? Is it ethical that only one league imposes such regulations? Should fans demand that all regional football associations impose the same regulation?

Case study for the 2023 EEB Semi-final round B

EXCLUSION OF ATHLETES FROM INTERNATIONAL COMPETITIONS FOR NON-SPORTING REASONS

The issue of excluding athletes from international competitions for non-sporting reasons is complex and controversial. Many examples can be found in sports history or in current events.

For example, in December 2020, the Court of Arbitration for Sport (CAS) in Lausanne, the "supreme court" of world sport, excluded Russia from major international competitions for two years for violating anti-doping rules, while Russian athletes who had never been punished for doping were allowed to compete under a neutral flag. This decision was judged by the World Anti-Doping Agency (WADA) to be too lenient in terms of its recommendations. In a damning report on Russian athletics, WADA stated that the doping cases "could not have existed" without the government's approval. On the contrary, CAS arbitrators say they "took into account issues of proportionality" in their sanctions, "and in particular, the need to promote a change of culture and encourage the next generation of Russian athletes to participate in clean international sport" to justify their leniency.

Should athletes be sanctioned even if they fail to comply with the rules of a competition's host country? In January 2022, Novak Djokovic admitted that he had not been vaccinated when he arrived in Australia, even though the country required it for entry. The player was eventually expelled from the country by the Australian Federal Court on the eve of the opening of the Grand Slam tournament.

Russia's invasion of Ukraine has led to Russian and Belarusian athletes being banned from many international sporting competitions. However, it is worth noting that the international community, both political and sporting, is very inconsistent in its decisions. For example, how can it be explained that a Russian athlete is allowed to participate in the ATP and WTA tennis competitions but not in the World Cup? Even within the same sport, we have sometimes seen contradictory decisions or those that have provoked strong reactions. For example, the Wimbledon tournament unilaterally decided not to admit Russian and Belarusian players to the 2022 event. However, the same players were allowed to take part in the other Grand Slam tournaments. The ATP reacted to Wimbledon's unilateral decision in a very strong statement, calling the exclusion of players based on their nationality "discriminatory" and "unfair".

The question of Russian or Belarusian athletes participating in the Paris 2024 Olympic Games is once again controversial: at the end of January 2023, the International Olympic Committee outlined a roadmap for the international federations to bring Russia and Belarus back into the Olympic fold. According to the IOC, "no athlete should be excluded from competitions solely on the basis of their passport". However, in June 2023, the Council of Europe voted to exclude these athletes. The institution decided that the participation of these athletes was "unthinkable" and "would certainly be used as a propaganda tool".

Some argue that sport should be separated from politics and that athletes should not be punished for their country's political decisions. Others believe that sport and politics are closely linked and that the exclusion of athletes can be a way of putting pressure on governments to respect human rights or other values.

Please, address these dilemmas:

Invasion of another country, not respecting the rules of a hosting country, state sponsored doping... Are these valid reasons to ban athletes from competing? How much should government actions affect the playing field?

Case study for the 2023 EEB Final 4 round

SPONSORSHIP IN SPORTS

Introduction

Sportswashing² has become a well-known phenomenon. An expression describing sponsorship deals with the aim of diverting public attention from unethical behaviour. The intended effect is to enhance the company's reputation by using the immense popularity of sport to 'wash away' bad publicity. Nations, as well as companies have spent millions sponsoring popular sports clubs and athletes to polish their image and increase their popularity.

UEFA and German Bundesliga club Schalke 04, for example, have partnered with Gazprom³ and received millions of dollars to display their logo on T-shirts and banners at sporting events. The majority state-owned energy cooperation has benefited from this publicity: it has increased name recognition and familiarity, and has been associated with trusted players and clubs. While these partnerships have always been questioned by the media, they only officially ended in 2022 in connection with Russia's invasion of Ukraine.

Other examples of questionable sponsorship have existed for decades in Formula 1, a sport that relies heavily on sponsors with deep pockets, including the tobacco industry, crypto platforms, individuals with ties to sanctioned governments, and more. Only with heavy regulations imposed by local governments on certain circuits that some industries have been excluded from sponsorship.

As we watch top athletes perform, we see the banners of many companies, including unregulated fintechs, gaming platforms as well as oil and gas companies. These are all examples of industries that are not banned as such, but appear in an increasing number of exclusions lists of public institutions⁴. Decision-makers in sport are faced with the dilemma of providing their clubs with the necessary financial support and choosing the right partners to do so. While well-known clubs in football and Formula 1 have no difficulty in receiving offers from a wide range of sponsors, smaller clubs have difficulty in surviving economically. They have to attract top athletes and at the same time pay for salaries, training organisation, equipment and infrastructure. So where does economic interest end and social responsibility begin?

Please, address this dilemma:

For the debate, put yourselves in the shoes of the management board of an upper Silesian, Polish regional volleyball club. Their top team has had one of their best seasons so far and has prospects of reaching the national league if they continue to do well. The whole club is excited and has gained a lot of media attention by regional newspapers. The next step would be to invest in a more professional training program, increasing salaries, purchasing top equipment, and maybe even start recruiting internationally. You have been discussing finances for a while and it has not been easy to juggle expenses. As always, fundraising has been a struggle this year even though you've put in all your efforts.

Last week you received an offer by a local coal mining company. The offer would not only enable you to bring your team to the next level but even finance a brand-new, state of the art gymnasium for the whole city. The company is well established and has provided fair employment to many generations in the region.

² Sportswashing is a term used to describe the practice of individuals, groups, corporations, or governments using sports to improve reputations tarnished by wrongdoing.

³ https://www.sportspromedia.com/news/schalke_04_extend_partnership_with_gazprom/

⁴ <https://www.eib.org/en/publications/eib-eligibility-excluded-activities-and-excluded-sectors-list>

Case study for the 2023 EEB Final round

SPORTS BETTING: A NEW ECONOMY BUILT ON VICE

In January 2018, the National Basketball Association (NBA) proposed a new legislative package for nationwide legalised betting on basketball games. As a partner in gambling, the NBA would earn one per cent on every bet placed on games. This raised an ethical dilemma because of the question of how widespread gambling could affect players' performance or their ability to influence games.

Today, sports betting is an integral part of the sports industry, with millions of people betting on their favourite teams and players every day. The European sports betting market is expected to grow during the forecast period from 2023 to 2030. The market is growing at a CAGR of 9.3% during the forecast period from 2023 to 2030 and is expected to reach USD 89,918.29 million by 2030, up from USD 44,483.13 million in 2022. Horse racing, football and cricket are the three most popular sports bets in Europe, while American football, basketball and golf are the most popular in the US.

The regulations and legal requirements for sports betting vary from country to country and even within individual states. The European gambling market comprises many countries, all of which have different attitudes and laws towards gambling. Some countries are more open to gambling than others and have correspondingly lucrative gambling markets. This becomes clear when looking at the gross gaming revenues (GGR) of European countries. The nation with the highest revenues is the United Kingdom, followed by Italy, Germany, France and Spain. The total revenue of the European gambling market reached 81.1 billion euros in 2020, a figure that is expected to rise to 126.3 billion euros by 2026.

One of the key elements currently driving the expansion of the market in Europe is the increasing desire for online gambling to guarantee authenticity and eliminate fraudulent operations. In addition, the expansion of hardware and software development in the online gambling sector by a number of key companies is ensuring a healthy market picture in the region. Casino and sports betting are also becoming increasingly popular with the public. The market in Europe is therefore growing with the increasing use of smartphones, cutting-edge internet features and rapid digitalisation. In addition, the growing popularity of online gambling offers profitable expansion opportunities for business investors, as it is a more cost-effective option than traditional gambling due to fewer betting restrictions. The business is positively influenced by the abundance of different online gambling websites that offer a wide range of games with more options. A number of advantages offered by internet gambling such as profits, worldwide accessibility and little to no pressure are fuelling the expansion of the market in this sector. Last but not least, the rapid adoption of blockchain, virtual reality (VR) and mobile platforms in online gaming is fuelling the growth of the industry in Europe.

One of the key benefits of legalised sports betting is undoubtedly the economic boost it brings. With the legalisation of sports betting, the revenues of sports leagues have increased and new jobs have been created in the industry. However, there are also concerns about the negative effects of widespread sports betting. One major concern is gambling addiction, as the accessibility of online platforms can make it easier for people to develop unhealthy gambling habits. Another concern is the potential for match-fixing, which threatens the integrity of sports competitions.

Many ethical concerns arise from the exploitation of sport, athletes and fans for financial gain. The pursuit of profit can overshadow the well-being of these people and potentially lead to harmful consequences for their physical and mental health.

Please, address these dilemmas:

- Talking about gambling in this way quickly becomes a classic argument pitting paternalism against freedom. If we do no harm to others, shouldn't we be free to dispose of our money as we see fit?
- Can the sports industry thrive without betting?
- Should sports betting be completely legalized or banned altogether? What distinguishes sports betting from other casino games?
- What about gambling addiction, which raises other ethical questions that go beyond the world of sport?