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Abstract

With European soccer clubs operating as profit-maximizing entities (and win) maximizers, clubs have incentives to invest in their team's quality. This article examines the impact of profit maximizers, versus fan-owned clubs, on the welfare of the league. We investigate consequences of Union of European Football Associations' (UEFA) "Financial Fair Play" regulations (FFP) for the league, aimed to preclude benefactor injections. Assuming (post-Bosman) a relatively large elasticity of talent supply to the league, FFP is a poor regulatory device, creating welfare losses for fans, owners, and players.



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Biographies

Paul Madden is currently Professor of Economic Theory in the University of Manchester. He has researched a number of different areas of macroeconomic theory (disequilibrium macroeconomics, imperfect competition and business cycles) and microeconomic theory (the economics of crime, imperfectly competitive labour markets, industrial organisation, welfare economics). During the last 3 years the economics of professional sports leagues has become his major research interest.

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