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Institutional Change in an Age of Internationalization: Globalization and the Soccer Club

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ABSTRACT

This dissertation contributes to the growing literature about globalization's impact on local institutions with a focus on the interaction between global and local forces. Specifically, the dissertation examines the two theories of glocalization and grobalization that offer contrasting explanations about the impact of globalization on local institutions. While the theory of glocalization stresses the interpenetration of the global and the local resulting in increasing hybridization, grobalization predicts that globalization overwhelms local institutions resulting in increasing homogeneity.

The research reveals that while both theories tested capture to some degree institutional dynamics, they ultimately overlook the enduring power of the local. Put differently, the study finds that globalization's effects are not pre-determined and impact local institutions differently based on the local-societal setting and the local institutional capacity to withstand unifying pressures. As a corrective, my study introduces a third conceptual frame for understanding the global-local relationship that I term 'localism anew', which holds that local entities can be the *driving force* in transforming globalization by leveraging the local in order to succeed globally – something which grobalization cannot conceive and which glocalization overlooks.

The dissertation reaches this conclusion by taking a unique case study approach that examines the globally ubiquitous and significant local institution of the football club. This distinct case study bridges a gap by bringing political science into a conversation with sociology, peace studies, anthropology, gender studies and economics that have all written extensively about the connections between sports teams and processes of globalization and localism.

The reason for choosing the football club as a core proxy for a local institution is because football globally constitutes more than simple entertainment. It not only moves most of the world emotionally but also provides millions globally with a strong sense of local, regional and national identity. Football clubs are important global socio-cultural, political and economic agents while also the source of intense local identity. Thus, they are firmly placed at the nexus of globalization and localism. This effort questions how these forces interact by measuring globalization's impact on football clubs through an in-depth heuristic case study of Liverpool Football Club in England.

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Chapter One

Introduction

“It has been said that arguing against globalization is like arguing against the laws of gravity.”

(Kofi Annan: United Nations Secretary-General)

“Globalization is a policy, not an act of God.”

(Jimmy Carter: U.S. President)

“Globalization could be the answer to many of the world’s seemingly intractable problems. But this requires strong democratic foundations based on a political will to ensure equity and justice.”

(Sharan Burrow: General Secretary of the International Trade Union Confederation)

Understanding the phenomenon of globalization is not only one of those rare puzzles that garner both sustained academic attention and simultaneous dedicated policy analysis, but it is one that intrigues enough to enter the public lexicon.¹ Globalization is one of the main buzzwords of our generation and many of us experience the effects of globalization on a daily basis. We experience globalization when we access the internet to read news about a conflict abroad, make a phone call to Europe, buy an ethnic dish in a Japanese restaurant, travel to Mexico on a discount airliner, buy a piece of clothing that was produced in China, have to submit to a regulation decided at the World Bank or the International Monetary Fund, watch a foreign film at the local movie theater, or drive a German car (outside of Germany).

In addition to the presumed existence of globalization,² we are told that globalization is of increasing importance in the world today.³ The phenomenon of globalization is related (or

¹ For example, see Richard Harknett (2003) who introduced the term lethal globalization.

² Globalization is a concept being addressed as a given in secondary schools. Students at various high schools, including Sycamore High School in Cincinnati, read *New York Times*’ columnist Thomas Friedman’s book *The World is Flat* (2005). In it, he argues that globalization has created a level playing field for entrepreneurs across the globe, which means geography has become less important in deciding who can achieve economic success.

³ During the summer of 2008 then-Senator Barack Obama argued that the combination of “globalization and technology and automation all weaken the position of workers.” (Chozick and Davis 2008) Then-Senator Hillary Clinton discussed globalization in a May 31, 2007 speech in Silicon Valley where she discussed the “benefits that spring from globalization.” (Ignatius 2007)

allegedly related in some instances) to a plethora of issues, including industrial innovation, the growing mobility of capital, the growing importance of non-state actors and sub-state actors such as multinational corporations (MNCs), regions and global cities, the proliferation of intergovernmental organizations (IGOs) and nongovernmental organizations (NGOs), inequality between nations (North-South divide) and within nations (growing disparity between rich and poor), democratization (political modernization following economic modernization), growing cultural homogenization, gender inequality, and so on. Notwithstanding the popularity of its usage, the term globalization is an ambiguous one and significant variance exists in how it is used (definitions), whether or not the phenomenon represents something new, and what the impact of globalization is on the state, its political system, and culture.

However, while the term is ubiquitous, it lacks analytical specificity. Although the globalization literature is sprawling, there is little agreement about whether globalization is a result of capitalism (Dreher, A, Gaston, N. and Martens, P. 2008), the increased power of MNCs (Reich 1992), interlinked economies (Ohmae 1990), *globaloney* (Veseth 2010), or the role of global financial markets (Castells 2003). Even more confusing, there is little agreement about how to define it. According to David Held, globalization is defined as

a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions –assessed in terms of their extensity, intensity, velocity, and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power. (Held et al. 2003: 68)

John Tomlinson defines globalization as “a complex, accelerating, integrating process of global connectivity.” (2007: 352) Roland Robertson defines globalization as “the compression of the world and the intensification of consciousness of the world as a whole.” (1992: 8)

While not aiming to answer conclusively all outstanding issues, this dissertation will add a significant contribution to the debate about globalization. Specifically, this dissertation will add to the growing literature about globalization and its effects on the nation-state, culture and identity by measuring the effects of globalization on institutions. While the initial literature about globalization aimed to establish definitional rigor in order to set the parameters within which the debate about globalization could take place, increasingly the debate has moved to assessing globalization's effect on nation-states and national as well as local cultures. In other words, a growing sub-literature has developed that aims to highlight the effects of globalization on institutions.

In much of this literature, globalization is assumed to involve the rejection or annihilation of national and local institutions (Ohmae 1995). Despite a somewhat misleading characterization, localism is not exclusively restricted to localities and cities as the term localism has been used alternately to describe sub-national as well as national entities. In other words, this means the term can include regions, provinces, and occasionally nations as well (Mazlish 2005). That said, for this dissertation, the local is clearly distinguished from the national⁴ for reasons that will become clear when introducing this dissertation's case study.⁵

At other times the global and the local are portrayed as mutually exclusive, oppositional terms as illustrated in Benjamin Barber's *Jihad versus McWorld* (1996). Recently, an interesting sub-literature has emerged that aims to transcend the binary opposition between the global and the local by focusing specifically on the relationship between them (Andrews and Ritzer 2007,

⁴ As a result, a lucid distinction exists between three levels of analysis, namely the local (sub-national), the national, and the global arena.

⁵ Since this dissertation's central aim is to measure the effect of globalization on soccer clubs as institutions the adopted framework implies that the findings can be extended to other institutions, a fact that would be complicated had local institutions been defined as a separate, sub-set of institutions writ large.

Giulianotti and Robertson 2007). This literature is captured by the terms *glocalization*,⁶ defined as “the interpenetration of the global and the local, resulting in unique outcomes in different geographical areas” (Robertson 1995: 30) and *grobalization*,⁷ defined as “the imperialistic ambitions of nations, organizations, and the like and their desire, indeed need, to impose themselves on various geographic areas.” (Ritzer 2007: 15)

Although these two terms can be slightly confusing, the central issue in this literature is to ascertain whether or not we are witnessing the emerging of a global culture, and if so, its impact on local culture and institutions. First, a number of authors portray globalization as overwhelming local communities and their respective cultures due to the range and impact of transnational flows of people, ideas, products, services and capital that change the fabric of everyday life and local communities. Often these arguments are captured by the heading of *McDonaldization*, *Americanization* or some version thereof (Ritzer 2000). Another view holds that there is no evidence to support that a global culture is overwhelming local cultures, and thus stresses the resilience and agency of local communities.

Finally, a third view argues against utilizing a dichotomous approach but rather emphasizes elements of cultural hybridization referring to the ways in which the global and the local interact. This last point is especially relevant in the context of this dissertation’s goal to assess globalization’s impact on local institution. At the heart of this discussion is the relationship between the global and the local and the question of whether the local has the agency and capabilities to withstand, reject, incorporate or adapt global forces. The debate about globalization and its impact on local culture will be extensively reviewed later in this chapter.

⁶ Glocalism derives from the word *dochakuka*, a Japanese word that translates as both global localization and localized globalization and became common spread in Japanese business circles in the late 1980s. It aimed to convey the importance of a “global outlook adapted to local conditions.” (Robertson 1995: 28)

⁷ The fact that these entities would like to see their power, influence and profits *grow* explains the term grobalization (Ritzer 2007:18).

The contribution I intend to bring to this core evaluative debate over the relationship between the global and the local will be through an innovative research case study. Although this dissertation will anchor its theoretical questions and hypotheses in the political science literatures on globalization and institutions, I will attempt to demonstrate the impact of globalization (the independent variable) on institutions (the dependent variable) through a heuristic, in-depth case study of an important type of institution, namely the football club.⁸ The reason to study football clubs is compelling as they are firmly placed at the nexus of globalization and localism. While pervasive globally, the football club is tribally organized and experienced (e.g., the focus of intensely loyal ‘local’ support). Moreover, despite the fact that football clubs have unique characteristics, they do not vary greatly in their role as institutions because all clubs function globally as important socio-cultural, political and economic entities. In summary, football clubs are important local institutions and studying how globalization has affected them will help shed light on institutional change in an age of internationalization. While the global importance of soccer – with the US the major exception⁹ – is widely acknowledged by academics (Giulianotti 1999, Semino and Masci 1996), politicians (Annan 2006) and economists (Walvin 2001) alike,¹⁰ until recently, the discipline of political science did

⁸ I will use the American term soccer interchangeably with the internationally more accepted term football.

⁹ While this dissertation will focus on globalization’s effects, it establishes a foundation for future research in the area of comparative politics. Understanding the socio-cultural, political and economic reasons for why soccer is treated so differently in the United States compared to the rest of the world is an intriguing question that might well be addressed beyond this dissertation. Given how much can be held constant about the game itself, operationalizing soccer as an institution will establish a basis for a research agenda building on literatures in comparative politics and some of the major debates about identity.

¹⁰ Richard Giulianotti contends that “football is one of the great cultural institutions, like education and the mass media, which shapes and cements national identities throughout the world.” (1999: 23) According to Elena Semino and Michela Masci (1996), Italian Prime Minister Silvio Berlusconi routinely invoked football metaphors during his rise to power by drawing on the positive connotations and national unity that is associated with these terms. Adopting football metaphors and slogans, they argue, proved an important political strategy in Italy, a country that has been characterized by regional tensions, especially between the North and the South (1996: 246-47). According to Kofi Annan football is more universal than the United Nations (UN) – FIFA, soccer’s global governing body has 208 members while the UN has 192 – and the FIFA World Cup, he contends, “brings profound national pride” and an opportunity for “the family of nations and peoples to celebrate our common humanity.” (Annan 2006) Football’s

not devote much academic attention to sports, in contrast to other academic disciplines. A number of examples will serve this point: sociologist Anthony King (2003) has written extensively on football and its function as a *Durkheimian* daily ritual needed to sustain communities; cultural geographer John Bale (1991) has written about the football stadium as an important source of *topophilia* (literally a ‘love of place’), in other words a prominent *sense of place* and source of identity rather than a mere physical setting; anthropologist Christian Bromberger (1993) has produced revealing ethnologies of football crowds in terms of social class, age and ethnicity; gender studies conducted by Donald Sabo and Joe Panepinto (1990) have focused on the exclusion of women in professional football and highlighted the role that masculinity rituals play in contributing to forms of gender socialization that perpetuate hegemonic models of masculinity; and economists like Thomas Hoehn and Stefan Szymanski (1999) have contrasted the *Keynesian* sports leagues in the United States (US) with the *neoliberal* football leagues in Europe, contrary to popular perception about European and American economic models.¹¹

According to Lincoln Allison, one principal reason why sport has not been carefully studied in the field of political science is because it is often perceived as merely *reflecting society* meaning it is not causal or important in and of itself (1998).¹² However, Richard Giulianotti and

economic strength is highlighted by the fact that by 2001 football’s turnover globally was estimated to be around £250 billion (Walvin 2001).

¹¹ Contrary to popular perception Keynesianist principles are very common in professional sports in North America. According to Thomas Hoehn and Stefan Szymanski (1999) there are two main differences between the structure and organization of sporting leagues in the US and Europe. First, the US leagues are *hermetic*; this means new teams are rarely admitted into the league while those present cannot be relegated to a lower division, which would deprive them of substantial revenue. Second, the authors contend that US league authorities actively intervene in the labor market and redistribute revenue (1999: 214) to ensure that no team achieves too much market power. As a result, Chris Gratton argues that US sports leagues act as a cartel with the explicit aim to restrict open competition (2000: 14). This construction is dissimilar in many European football leagues where no comprehensive revenue sharing agreements exist as a result of which the big clubs consistently outperform the smaller clubs. In Great Britain (GB), a comprehensive revenue agreement is in place that will be highlighted in chapter four.

¹² According to Allison, however, sports *can* be a major component of civil society as was the case in South Africa where sports institutions served an important role in undermining the legitimacy of the Apartheid regime, and in

Roland Robertson argue that “sport is an increasingly significant subject for global studies, in its dual role as a long-term motor and metric of transnational change.” (2007:1) With regard to football, they perceive it as “epicentral to contemporary globalization processes.” (2004: 561) Important actors in this environment, they argue, are the game’s major clubs, which they classify as “glocal transnational corporations.” (TNCs) (2004: 551) In short, football clubs are not merely dependent variables *affected* by change but can act as powerful actors that can *effect* change.

For example, Raffaele Poli (2007) notes that as a result of the increased migration of football players coupled with the increased broadcasting of international matches the historic ties between the state, local identity and territory are no longer axiomatic as fans increasingly tend to identify with teams from different countries and support players who are not traditional citizens. This leads to what he calls the *de-ethnicization of the nation*, which can have important implications for nationalism.¹³ At the same time, though, David Rowe has argued that sport will never be a prime mover of globalization because sport, especially during international matches that pit countries against each other, is *intrinsically* tied to the concept of the nation (2003).¹⁴

In conducting this study, this dissertation thus aims to do two things. While on the one hand it will measure the relationship between globalization and institutions, it will

advancing political change. Other works on this topic have focused on the social and political effects (using Putnam’s definition of social capital) of membership in voluntary sports organizations (e.g., Seippel 2006).

¹³ De-ethnicization of the nation refers to a disconnection between the geographical origin of sportsmen and the nation-states they represent. The former development is a result of expanding migratory movements, nationality changes of athletes as well as the global broadcasting of images and subsequent increased possibilities to identify with teams and sportsmen representing entities on different scales, even when thousands of miles away. An example is Norwegian football fans strongly identifying with English club teams at expense of support for the national team (Hognestad 2009). *Identity deterritorialization*, another central concept used by Poli refers to the “decrease in the importance of the ‘origin label’ in the identification process between fans, sportsmen, and teams.” (2007: 646)

¹⁴ In the article titled ‘Sport and the repudiation of the global’ David Rowe (2003) argues that sport is unsuited to be a globalizing force despite having distinct advantages for the project of globalization such as its standardized rules, its competitive ethos and its suitability to television. Sport’s reliance on what Rowe terms national differentiation and its subsequent “evocation of the nation as its anchor point and rallying cry” (2003: 287) makes it, in his view, an unlikely driver of globalization.

simultaneously establish an interdisciplinary approach to studying globalization by drawing on literature from the disciplines of sociology, economics, geography and gender studies and thus fill a lacuna by bringing the discipline of political science into a discussion with other disciplines about the interconnections between globalization, localism, and the role of sports in it, an area it has left largely unexplored. In short, this research will be guided by the following question: How does globalization affect soccer clubs as institutions?

Research Design

Since the research question addresses the impact of globalization on institutions, it is critical to establish an operationalized definition of globalization. First, as highlighted before, there is significant variance with regard to the question of how to define it. Following a brief review of the literature on globalization, I will establish an operationalized definition, and in order to measure whether globalization of football clubs (as examples of poignant local institutions) is occurring, I will examine data on:

- a. Foreign ownership of clubs
- b. Foreign players
- c. Foreign managers
- d. Foreign fans
- e. Global broadcast contracts
- f. Global tours, and

- g. The role of sponsorship income and television income, all indicators that relate to key characteristics associated with globalization

Following the establishment of an operationalized definition of globalization, I will delve into the subset literature review specific to my research question that will address how the local interacts with the global. The two main schools of thought are:

1. Local institutions interact with global forces, which leads to a hybridization between the two (i.e., glocalization)
2. Local institutions are diluted by globalization; in other words, the global overwhelms the local (i.e., grobalization)

Considering the dependent variable, I will adopt Samuel Huntington's definition of institutions. In his book *Political Order in Changing Societies* Huntington defines institutions as "stable, valued, recurring patterns of behavior." (1968: 12) Huntington, particularly, will prove useful in developing an operationalization of institutions in that his work lays out a thesis of both institutional formation and change. I will build off of Huntington's definition of institutionalization as "the process by which organizations and procedures acquire value and stability." (1968: 12) Moreover, Huntington proposes to measure the level of institutionalization for a particular organization "by its adaptability, complexity, autonomy, and coherence." (1965: 404-405) The following two tables will outline the proposed measurement indicators and questions that will be used to approximate to what extent Liverpool Football Club¹⁵ (LFC) – the

¹⁵ In addition to using the abbreviation LFC, I will alternately use Liverpool FC or plain Liverpool when unambiguously referring to the club rather than the city.

club that will be the focus of this dissertation, and which will be introduced in the next section – is institutionalized and to measure to what degree institutional change has taken place at LFC:

Huntington’s Measurement Indicators to Establish Institutionalization and Institutional Change:

Institutional Characteristic:	Measurement Indicators:
Adaptability	Chronological age Leadership successions Generational changes Functional changes
Complexity	The number and diversity of organizational subunits The number and diversity of functions performed by the organizations
Autonomy	The distinctiveness of the norms and values of the organization compared with those of other groups The personnel controls –in terms of cooptation, penetration and purging- existing between the organization and other groups The degree to which the organization controls its own material resources
Coherence	The ration of contested to total successions The cumulation or non-cumulation of cleavages among leaders and members The incidence of overt alienation and dissent within the organization Opinion surveys of the loyalties and preferences of organization members

Questions Asked of Liverpool Football Club Stakeholders to Measure Institutionalization and Institutional Change:

Institutionalization Indicators:	Questions
Adaptability	<p>How has the club evolved over time?</p> <p>How has the club adapted to the new era of the Premier League?</p> <p>How has Liverpool FC attempted to capitalize on its global popularity?</p> <p>Can a different approach be detected in the way Liverpool has been run following the sale of by David Moores?</p>
Complexity	<p>How is power shared within the club?</p> <p>Is one person in charge of major decisions like the purchase of players, sponsorship deals or is this responsibility shared among certain people?</p> <p>Is this different from previous eras at the club?</p> <p>How is continuity and club stability ensured at a time of rapid changes in the external environment?</p>
Autonomy	<p>How can Liverpool Football Club be described as a football club?</p> <p>Is it distinctive from most clubs? If so, how?</p> <p>How is 'the Liverpool Way' defined?</p> <p>Compared to best practices at other clubs, where is LFC currently lagging?</p> <p>Is this a new condition or a long-term structural issue?</p> <p>How well has the club managed the influx of foreign players, managers and ownership?</p> <p>How does the club try to assimilate these new personnel</p>
Coherence	<p>Is there a clear consensus about the mission of the club?</p> <p>How are disputes about the future direction of the club resolved?</p>

Huntington's definition of institutions as "stable, valued, recurring patterns of behavior" (1968: 12) and his indicators to measure degrees of institutionalization will allow me both to

capture institutional change and the ability to definitively ascertain whether globalization is the source of that change.

Case Study

In order to capture institutional change and develop a model for studying the relationship between globalization – localism, I will conduct a case study of Liverpool FC (as an example of a local institution), the focus of chapter four. The reasons to pick a football club as an example of a local institution – and Liverpool FC in particular – are multiple. First, the reason for focusing on football clubs is because they are both global and local. On the one hand football and football clubs are pervasive globally for a number of different reasons: football clubs have a global following (Sport + Markt 2010); football games are increasingly broadcast globally (Bevan and Stevenson 2008); football clubs have attracted significant global capital, mostly in the form of wealthy entrepreneurs taking control of English clubs (Lawless 2008); global football tournaments attract an audience of billions of people (Figueroa 2010); football is played along similar rules; and football is governed by a global body – called the Fédération Internationale de Football Association (FIFA) – and regional governing bodies – in Europe, the Union des Associations Européennes de Football (UEFA) - ensuring the sport's standardization. On the other hand, football clubs are an important source of local identity and local pride, which makes them an ideal venue to study the interconnections between globalization and localism. In Great Britain (GB), the period of urbanization and industrialization constituted the era when most football clubs were established. These clubs provided an important sense of belonging and identity for the newcomers to the city. According to Simon Kuper and Stefan Szymanski

football clubs served an “important social and cultural purpose” and offered a “sense of community that they had previously known in their villages.” (2009: 138) This strong tie between football clubs and their locality is witnessed in the fact that most team names include a reference to an urban locality. Most club names still underline this civic, associative dimension: teams either represent the ‘City’ (Stoke City, Birmingham City, etc.) or bring together its citizens (Manchester United, Newcastle United, etc.) (Giulianotti 1999: 33). The legacy of the Industrial Revolution and subsequent working class roots of most football clubs is also illustrated by the fact that in the English Premier League (PL), England’s top football competition, 40 percent of all football clubs come from the industrial Northwest (i.e., Greater Merseyside, Greater Manchester and Lancashire Counties), an area that is home to only around ten percent of the total English population (Kuper and Szymanski 2009: 138). Second, the reason why I will focus on a club in England is due to the fact that (modern) football was invented in England, is still the most popular sport in England, and by most accounts the English PL is the best soccer league in the world. Considered from a research data collection standpoint, there are well organized national archives and record-keeping at the Football Association (FA) headquartered in London, and at the LFC museum. Third, the reason to highlight Liverpool FC is because the club exists right on the nexus between soccer and globalization. It has a global fan-base numbering in the millions and yet it is intensely ‘local’ and consistently referred to as the most successful ‘English’ club. That said, despite its ‘englishness,’ in the past decade its 30-man roster has carried less than 10 British players on average, it is foreign owned (American owners since 2007) and has been foreign coached (French and then Spanish managers from 1998 until 2010). This club, thus, represents an interesting case study to measure the interface between globalization and the soccer club as poignant manifestation of a local institution in a global context.¹⁶ Chapter four will

¹⁶ In addition, this dissertation may very well establish a rich future research agenda outlining whether or not

illuminate the results of the case study and chapter five will contain the case study conclusions and suggestions for further research.

In summary, this dissertation is important in numerous ways. First, it will contribute to the current debate about the relationship between the local and the global by simultaneously highlighting an increasingly important – yet understudied – local institution, namely football clubs, while also potentially lending support to one of the aforementioned two schools of thought with regard to the relationship between the local and the global (e.g., glocalization and/or grobalization). Second, in addition to measuring globalization's impact on institutions, we may find some preliminary evidence that institutions (e.g., soccer clubs) can and do impact globalization (soccer clubs as independent variables). Third, this research has the potential to highlight institutional variance across cultures. Finally, it will bridge a gap by bringing the discipline of political science into a conversation with other disciplines about the various connections between sports teams and processes of globalization and localism. Following the dissertation, further research would involve conducting cross-cultural studies to measure whether national and local dynamics exist that differentiate the specific ways in which globalization impacts institutions.

Having outlined the structure of this dissertation, the following pages will provide an overview of the important debate about globalization. In recognizing the various levels at which this debate takes place, this dissertation will focus on the following: establishing a core definition (e.g., definitional rigor); identifying the causes of globalization; identifying the (current) effects

of globalization, centered around its effects on the nation-state; and specifying globalization's effects on local culture.¹⁷

Globalization: Ubiquitous yet Unclear

The notion that we live in a world that is more and more intertwined seems to be generally accepted these days. As a result of global economic integration, global technological inventions, global forms of governance, global cultural expressions and global social developments, the world seems to have become much smaller and more connected than it has ever been before. A number of examples will suffice: The global financial crisis that originated in the US with the collapse of Lehman Brothers in 2008 (CNN 2008) quickly spread around the world as a result of the close integration of the world economy. Similarly, in the summer of 2011, the mere prospect of a potential default by the US government (Telegraph 2011) if it failed to raise the country's debt ceiling caused global markets to panic.¹⁸ Technological developments like cell phones, Skype and Facebook have created online communities that connect millions of people worldwide (500 million in the case of Facebook alone). Furthermore, most countries nowadays are a party to numerous intergovernmental and supranational organizations with the United Nations (UN), the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO) and the European Union (EU) as the most well-known among them.

¹⁷ Since the focus of this dissertation is the impact of globalization on local institutions, and in light of the significant literature that exists on the issue of globalization, the bulk of the following pages will focus on globalization's impact on the state (as it constitutes today's most central institution), as well as globalization's impact on local culture and the manner in which local cultures can withstand, adapt, transform or alter emerging manifestations of a global culture. A benefit of this approach is that it may provide tentative clues as to how major institutions have dealt with the effects of globalization.

¹⁸ Not all global crises are initiated by events in the US. The earthquake and subsequent tsunami that hit Japan in the spring of 2011 negatively impacted many national economies, including those in Europe and the US. The 2011 Eurozone crisis serves as another example.

Finally, as a result of tourism, migration and student exchanges, people are increasingly in contact with different cultures, foods, religions, fashion styles, etc. All of the former factors, individually, or in combination with one another, are generally referred to as globalization. Moreover, this sense of connectivity has been magnified by the presence of global problems and challenges that are perceived to be beyond the reach of individual governments. Issues like climate change, terrorism, failed states, and economic governance spring to mind. Having said that, though, no universally agreed definition of globalization exists today. On the contrary, globalization means different things to different people based on their academic discipline and ideological conviction.

While the term globalization is relatively new, David Held and Anthony McGrew have shown that the concept of globalization dates back at least two centuries to the writings of intellectuals such as Saint-Simon and Karl Marx who both understood the manners in which “modernity was integrating the world.” (2003: 1) According to Amartya Sen (2002), however, globalization can be traced back a thousand years. Notwithstanding these early examples that highlighted forces responsible for a closer integration of the globe, it took until the 1960s before the term globalization became perceived as an accepted term. This development occurred as a response to the perceived inadequacies of orthodox approaches in politics, economics and culture, which presumed “a strict separation between internal and external affairs, the domestic and international arenas, and the local and the global.” (Held and McGrew 2003: 1) In the decades following, as a result of the rapid spread of the information revolution, the collapse of state socialism in many parts of the world, the growth and material reach of MNCs, increasing global migratory flows and the consolidation of capitalism as the dominant economic paradigm globally in the early 1990s, the term globalization has become ubiquitous and an important field

of study for many academic disciplines, including economics, sociology, feminism, anthropology and political science. While ubiquitous, they note that there is “no singular concept of globalization” (2003: 2) highlighting the heterogeneity and ambiguity surrounding the concept. Put differently, globalization has become an *essentially contested concept* (Robinson 2007). For example, globalization can simultaneously be conceived of as *internationalization* (e.g., the increases of interaction and interdependence between sovereign nation-states), *liberalization* (e.g., reduced global economic barriers between nation-states), *universalization* (e.g., the spread of people and cultural phenomena globally), and as *westernization* (e.g., the process of global homogenization) (Scholte 2000). Furthermore, globalization is sometimes portrayed as the *outcome* of some historical process (explanandum) while at other times as the *explanatory variable* (explanans) that explains the changing character of the modern world (Rosenberg 2003).

However, notwithstanding the different definitions of globalizations there are a number of commonalities in the globalization literature upon which most authors agree. Three in particular stand out, according to William Robinson (2007). The first relates to the belief that the speed of social change and global transformation has increased markedly in the second half of the twentieth century, a process that has affected many aspects of human life and culture. In addition, Robinson argues agreement exists about the notion that these social changes have come about as a result of increasing connectivity among peoples and countries worldwide (an objective dimension), coupled with an increased awareness globally of these interconnections (a subjective dimension). This second point echoes Robert Robertson’s widely used definition of globalization referenced earlier as “the compression of the world and the intensification of consciousness of the world as a whole.” (1992: 8) Finally, Robinson states that a consensus has

emerged that the “effects of globalization are ubiquitous”, and moreover that “the different dimensions of globalization are interrelated,” thus implying “the multidimensional nature of globalization.” (2007: 126-127)

Beyond this general consensus, Robinson contends fault lines emerge based on the manner in which different theoretical approaches address a set of basic assumptions – also referred to as *domain questions* – drawing attention to the impact of ontological assumptions and epistemological principles in the study of globalization. Some of the central domain questions involve when globalization began, what the causal determinant is in globalization, whether globalization refers to a process or a condition, and how globalization affects the nation-state. In short, each definition tends to stress a different emphasis based on the author’s academic discipline, his or her *ontological* and *epistemological* convictions – in basic terms, questions referring to the nature of the social world, and the means of generating knowledge about this world – and the perceived material and spatio-temporal aspects of globalization, thus seriously complicating the attempts to neatly classify the globalization literature in an organizing scheme. That said, a general scheme can be constructed based on Robinson’s framework.

In addition to working based on different ontological and epistemological convictions, authors’ central interests differ when studying globalization-related topics. For example, whereas some authors focus on the impact of globalization on the nation-state (Bull 2003, Delanty and Rumford 2007, Gilpin 2001, Mann 2003, Ohmae 1995, Strange 1996, Weiss 1998) and the crucial concept of sovereignty (Hirst and Thompson 1999), others concentrate on the cultural elements of globalization (Barber 1996, Ritzer 2000, Tomlinson 2007), the economic effects of globalization (Gilpin 2001, Swank 2003), the security and military impacts of globalization (Clark 2003), and future modes of governance in a globalized world (Beck 2007,

Halliday 2003, McGrew 2007). Since the term globalization can (and does) refer to multiple processes, some authors discuss *globalizations*, highlighting globalization as a multidimensional process (Pieterse 2009). Finally, the normative impacts of globalization are often discussed in a polarized environment as these discussions engender strong responses. To some, globalization represents a noble process that spreads technology and the opportunity for economic growth to all parts of the world (Dollar and Kraay 2003, Wolf 2004) whereas others perceive of it as a western project to exploit those parts of the world that are less strong economically and politically, and therefore unable to resist and regulate the power of MNCs (Pogge 2003, Stiglitz 2006). In short, although almost all scholars agree that globalizing technological, economic, political, and cultural processes are at play in today's environment, significant disagreement exists as to its causes and effects. The following table, although not claiming to be exhaustive, illustrates the major areas of agreement and disagreement in the literature:

Areas of Agreement	Areas of Disagreement
The pace of social change and transformation globally has increased significantly in the second half of the twentieth century	When did globalization begin?
These social changes contain an objective and subjective dimension	What is globalization's causal determinant?
The different dimensions of these social changes are interrelated	Is globalization a process or a condition?
The presence of globalizing technological, economic, political and cultural processes	What is the impact of globalization on the nation-state?
	What is the impact of globalization on national and local culture?

The one real commonality that one can derive from the previous section is that globalization truly is an essentially contested concept. That many authors define globalization early in their works is illustrative of the fact that it is diverse term meaning different things to different people depending on their academic discipline and ontological and epistemological position. The primary goal of this dissertation is to focus on a sub-set literature (globalization and local institutions) and not to resolve the overall definitional debate on globalization. Therefore, after extensive review of definitional treatments, I have determined that the dissertation's analysis can be anchored on David Held's definition of globalization. In this dissertation, therefore, globalization will be defined as the

process which embodies a transformation in the spatial organization of social relations and transactions –assessed in terms of their extensity, intensity, velocity, and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power.” (Held et al. 2003: 68)

Held's definition is more comprehensive than most and provides a framework for measuring globalization across temporal and spatial variables that will be included in the sub-set operationalizational that is needed for the study of local institutions in a global context. With this anchor in place, in order to provide a concise yet comprehensive overview of the literature surrounding globalization, the following pages will highlight respectively globalization's causes and its effects. This overview will flesh out some of the important institutional characteristics that determine the effect (or lack thereof) of globalization on institutions.

Globalization: Causes

Whilst neatly separating out globalization's effects from its causes is a complicated endeavor – e.g., was the end of the Cold War a cause of globalization by eliminating a closed economic system that prevented the subsequent rise and spread of global markets and technology, or did it constitute an important consequence of emerging global markets and concomitant information technology that proved the death knell for a closed economic system? – , the following pages will delineate an attempt to do just that. It will distinguish between the economic, political, and socio-cultural causes of globalization that are generally regarded as the most significant elements of globalization. This section will be followed by reviewing globalization's effects, specifically on nation-states and national and local culture because soccer clubs share many institutional characteristics with the nation-state, and because they constitute an important element of local culture.

One of the central causes of globalization found in the literature is the rise and growth of capitalism. Coupled with the subsequent technological advances (e.g., information technology) that have enabled global production mechanisms and global financial markets, this has resulted in the emergence of a truly global economy (Ohmae 1990, Reich 1992, Strange 1994). What unites these authors is their preoccupation with the economic aspects of globalization and the increased economic interconnectedness of countries, regions and localities, a process that is generally referred to as the deepening of economic ties across countries primarily as a result of cross-country trade and capital movement (Firebaugh and Goesling 2007). While international trade between localities and countries has been a constant for centuries, Glen Firebaugh and Brian Goesling claim a qualitative shift has occurred that has included the globalization of production processes, marketing strategies and financial markets that used to be predominantly concentrated nationally.

Axel Dreher, Noel Gaston and Pim Martens in their book *Measuring Globalization: Gauging Its Consequences* (2008) resolve this time-frame issue by distinguishing between capitalism as the *incubator* of contemporary globalization, and technological innovation as the *engine* of globalization. Capitalism, they reason, is based on the prescriptions of modern wage labor, capital investment and profit motive, which led to the establishment of global trading networks. In this vein, the emergence of colonialism and the creation of the world's first MNC (the Dutch East India Company) serve as poignant symbols of capitalism as the world's dominant economic system. If capitalism can be considered the first primary foundation of globalization, they argue technological innovations can be considered the second. Drawing on Richard Langhorne's classification scheme, the authors highlight three phases of technological innovation that marked the process of globalization: the application of the steam engine and the invention of the electronic telegraph as the first phase; rocket propulsion (during the Second World War) that accelerated the development of rocket and satellite technology and resulted in the establishment of a truly global communication system as the second phase; and the invention of the computer, most notably the micro chip (and subsequently the internet) that has significantly reduced distances in space and time as the third phase.

The role of technology is also emphasized by Manuel Castells (2003) who draws attention to the revolutionary role of information and communication technologies to distinguish a *world* economy from the current *global* economy. Castells defines a global economy as "an economy whose core components have the institutional, organizational, and technological capacity to work as a unit in real time, or in chosen time, on a planetary scale." (2003: 311) Central in Castell's analysis are the global financial markets that have contributed more than any other development in creating this new global economy. Financial integration in the form of the

internationalization of foreign direct investment (FDI) and production has grown in relative importance at the expense of international trade, historically the main link between national economies. Increased FDI, in turn, he contends is linked to the growing importance of MNCs who account for two-thirds of international trade.¹⁹

Castell's last point about the increased importance of MNCs is picked up on by Jessica Mathews (1997) who states that the end of the Cold War represented a power shift, which has seen the powers of MNCs, IGOs, NGOs and hybrid authorities grow at the expense of the power of national governments.²⁰ Put differently, Mathews notes that the "relative decline of nation-states" has occurred simultaneously with the "rise of non-state actors." (1997: 51) The main culprit according to Mathews is the computer and telecommunications revolution, whose social and political effects are often ignored. Technological changes, in Mathew's view, tend to strengthen networks, thus spreading power horizontally and in the process disrupting hierarchies. States, typically characterized by hierarchical, rigid power structures, are increasingly inept to deal with the new threats and resources that affect people's lives (often with no regard for political boundaries). As a result, she concludes that many of today's challenges are best dealt with by horizontal, decentralized networks (or functional entities) such as NGOs that have specialized expertise and can mobilize constituents globally in a way that eludes states.

¹⁹ Castells acknowledges that the vast majority of MNCs are based in those countries that are a member of the Organization for Economic Cooperation and Development (OECD). He argues that this, coupled with the fact that FDI levels move predominantly between OECD countries, while highlighting the larger picture that the global economy is witnessed by great asymmetry does not diminish its increasing global character.

²⁰ The end of the Cold War is seen as an important cause of globalization by Francis Fukuyama who argues in his well-known book *The End of History and the Last Man* (1992) that the end of the Cold War simultaneously meant an end to the ideological battles – between liberalism, communism and fascism – that had preoccupied most of the twentieth century. While Fukuyama acknowledges that the 'end of history' does not imply the end to all conflict, he foresees no significant challenge to the spread of both political and economic liberalism. Even in the wake of the attacks of 9/11 when many contended that Islamic terrorism constituted a serious threat (e.g., a return to history), Fukuyama defended his earlier thesis, arguing that the goal espoused by radical Muslims carries little appeal to non-Muslims as well as moderate Muslims.

While Castells and Mathews focus on global financial markets and the computer and telecommunication revolution respectively, Peter Dicken (2003, 2007) centers his analysis on the factor of production as a result of what he terms the globalization of production, which in his view has produced a *geo-economy*.²¹ Whereas until the 1950s production processes had been confined domestically, Dicken states that production has increasingly been organized internationally and across national boundaries, leading to a new global division of labor. What separates that era from the present is that current globalization processes are qualitatively different as today's global economy is marked by what he terms *deep* integration in contrast to the previous belle époque era that represented *shallow* integration. The drivers of deep integration are TNCs which Dicken defines as "firm[s] which have the power to co-ordinate and control operations in more than one country, even if it does not own them." (2007: 302)²²

The growing power of MNCs is also central to the argument of Robert Reich (1992) who writes that the changed nature of economic business and the growing transnational character of MNCs have undermined the concept of economic nationalism, which is the belief that the members of a nation succeed or fail together and subsequently share a responsibility for the well-being of the country.²³ In his words, the shift from *high volume* to *high value* production coupled with MNCs making economic decisions based on economic rationality rather than national sentiment, has rendered the notion of a national economy obsolete. Due to the ease of international trade, he concludes, national governments have found it increasingly difficult to

²¹ Dicken acknowledges that the term global economy is controversial and he does not dispute that global trade levels in quantitative terms were just as high, if not higher, in the years leading up to the First World War.

²² Notwithstanding the power of TNCs as "the primary shapers of the global economy," (2007: 303) Dicken notes that *place* and *geography* still matter tremendously to TNC behavior. For one, most production occurs for the local market and key components of a TNC, including the corporate headquarter and core Research and Development facilities, tend to remain in the home country. More importantly, Dicken believes that the growing power of TNCs does not imply the state has become unimportant, as many elements of the production chain still occur within countries and are subsequently subject to regulatory practices.

²³ Adam Smith's book was aptly called *An Inquiry into the Nature and Causes of the 'Wealth of Nations'* (1994).

regulate multinational firms and financial assets as a result of which the territorial state has lost control over its economic boundaries.

Reich's conclusion that states have diminished economic control is echoed by Kenichi Ohmae who argues in *The Borderless World* (1990) that markets are progressively driven by the needs, requests and desires of customers and that, as a result, global managers must adopt a global strategy rather than a national one.²⁴ While on the one hand Ohmae underlines the need for governments to limit their regulatory activity as it will distort the market, he also makes the point that governments have already lost, at least partially, the ability to manage the national economy altogether even if they intend to regulate capital or MNCs. When discussing foreign exchange values Ohmae argues: "In a fundamental sense, money supply has moved well beyond the control of any single government" (1990: 161) as a result of which national governments have become less important in the era of *interlinked economies*.

Finally, a similar argument, although somewhat qualified, is made by Susan Strange (1994) who contends that the changed nature of technology, the *transnationalization* of production processes, and the growing importance of financial globalization – particularly credit creation and credit allocation – have increased the power of market forces as well as non-state actors. More specifically, these actors have seen their powers increased at the expense of the nation-state whose ability to manage economic processes has been seriously circumscribed as a result. In her book *States and Markets* (1994) she argues that out of the four kinds of structural power nation-states possess – security, credit, knowledge, and production – states maintain primacy only in the realm of security. In summary, what unites these various authors is the belief that capitalism and technological advances constitute the main drivers of globalization.

²⁴ The same is true for governments and Ohmae urges them to resist the temptation to prop up inefficient domestic industries, a strategy that may have made sense during the Cold War for strategic reasons but no longer in the post-Cold War era.

Although technological innovations undoubtedly played a critical role in advancing globalization, the role of politics cannot be understated. Whether or not a country is receptive to the tenets of capitalism and technological innovations depends heavily on the nature of the government and its ideological convictions. Certain governments are much more prone to intervene in the economy by nationalizing industries, imposing external tariffs, and restricting certain financial transactions than are others. And while there are a few governments today that have extensive self-imposed restrictions on interactions with the rest of the world (e.g., North Korea), most governments have actively contributed to the process of globalization. In other words, globalization is also at heart a political process.

The relationship between governments and economic policy is generally described by the term political economy that refers to how governments affect economic performance.²⁵ In turn, it also highlights how economic performance affects a country's political process – this is sometimes referred to as the *performance problem*.²⁶ Notwithstanding the differing views that exist as to the exact relationship between a country's economic and political system, most scholars agree that an intimate connection exists between capitalism and democracy (Almond

²⁵ Governments can adopt more or less intrusive economic policies, ranging from strict regulation (i.e., Cuba) to more laissez-faire economic policies (i.e., the US).

²⁶ In addition to governments impacting the economy by virtue of their economic approach, economic performance inevitably affects a country's political process, and occasionally the democratic legitimacy of the government. In this light, the performance problem tends to apply to democratic countries that cannot provide economically for their citizens. In recent years it has been seized upon by those who argue that authoritarian governments are better suited to provide economic growth because of their ability to enact swift policy change without major popular opposition (they do not need to worry about demonstrations or union demands, for example). The spectacular (and consistent) economic growth by countries like China and Singapore (at a time of anemic growth in many middle-income and developed countries) has lent credence to this line of argument. A couple of examples of the interconnections between economic performance and democratic legitimacy will be provided. First, the large-scale global food riots in 2010 in the midst of the global financial crisis demonstrated that countries' inability to provide economic security often has grave political consequences (Cha 2011). Second, the dissatisfaction many ordinary Russians felt following the failed 'shock-therapy' policies of the Yeltsin government in the early 1990s – when large parts of the economy were privatized, prices were liberalized and subsidies lifted, which led to widespread poverty – proved one principal factor that contributed to ushering in the reign of autocratic president Vladimir Putin, currently the country's Prime Minister. The widespread economic deprivation led many Russians to question democracy since they equated it with economic collapse and corruption, which helped Putin offer economic security (bolstered by high commodity prices) at the expense of political freedom. For an extended analysis of shock therapy and Russia in the 1990s, see Andrew Jack's (2004) *Inside Putin's Russia: Can There Be Reform without Democracy?*

1991, Lipset 1993, Moore 1966). Put simply, although not all capitalist countries are democratic (e.g., China, Vietnam), all democracies are capitalist. The argument that capitalism supports democracy is based on the premise that the prerequisites of a successful capitalist system – including but not limited to the existence of private property rights, contract rights, the need for decentralized decision-making, wide use of information and a stable legal system – all support democracy (Almond 1991). Furthermore, modern capitalism and democracy grew in causal connection as witnessed for example by the eastern European governments which, liberated from the yoke of the Soviet Union, transitioned from centrally regulated economies to market economies at the same time that they opened up their political structures. Other countries and regions that experienced this *third wave* of democratization (Huntington 1991) – southern Europe (Portugal and Spain) in the 1970s, Latin America (Brazil, Chili) in the 1980s and (aforementioned) eastern Europe (Poland, Hungary, Slovakia, etc.) in the early 1990s – also adopted combined economic and political reform.

The capitalist-oriented, technology-driven state has also created a state system of rules and organizations that have enhanced these globalizing dynamics. The explosion of international organizations and international treaties are a case in point. Even though IGOs date back to the nineteenth century (e.g., the International Telecommunications Union was created in 1865) many influential international and supranational organizations were founded in the immediate aftermath of both World Wars, including the League of Nations in 1919, the Bretton Woods Agreement in 1944, and the UN in 1945. These early treaties, which focused heavily on economic and political governance matters, were followed in subsequent years by an explosion of international organizations, both governmental and non-governmental, that drew attention to numerous social, cultural and environmental issues, including human rights, gender equality and

climate change among many others. The UN Treaty Collection currently contains *158,000* treaties, most of which have been signed and ratified following the end of the Second World War.

A desire to assess how globalized countries are has led some researchers to devise indices that quantitatively analyze the extent to which countries are integrated on a number of economic, political, and social indicators. A well-know index is the one devised by the KOF institute (KOF 2010) in Switzerland that measures a country's level of globalization based on the following variables:²⁷

Economic Globalization	Social Globalization	Political Globalization
i) Actual Flows Trade (percent of GDP) Foreign Direct Investment, flows (percent of GDP) Foreign Direct Investment, stocks (percent of GDP) Portfolio Investment (percent of GDP) Income Payments to Foreign Nationals (percent of GDP) ii) Restrictions	i) Data on Personal Contact Telephone Traffic Transfers (percent of GDP) International Tourism Foreign Population (percent of total population) International letters (per capita) ii) Data on Information Flows Internet Users (per 1000 people)	Embassies in Country Membership in International Organizations Participation in U.N. Security Council Missions International Treaties

²⁷ Based on the published measures, the 2010 report concludes that Belgium, Austria and the Netherlands rank as the top three globalized countries.

Hidden Import Barriers	Television (per 1000 people)	
Mean Tariff Rate		
Taxes on International Trade (percent of current revenue)	Trade in Newspapers (percent of GDP)	
Capital Account Restrictions	iii) Data on Cultural Proximity	
	Number of McDonald's Restaurants (per capita)	
	Number of Ikea (per capita)	
	Trade in books (percent of GDP)	

Finally, in addition to the economic, technological and political causes that have served as the primary factors driving globalization, social and cultural developments have also played a critical role in pushing forward this process. The introduction of television, for example, has had a profound impact on people's lives by allowing citizens of one country to experience what life is like in others. Similarly, the invention of the internet has allowed personal contact between persons, regardless of the physical distance between them. Both forms of medium have contributed to the spread of global trends and tastes, ranging from global pop-stars to the ubiquitous love of fast food. This process has been exacerbated by the opportunity for increased international cultural exchanges in the form of migration, tourism, and students studying abroad. Whether or not the effects of increased globalization at the national and local level are positive or negative is a big source of concern as some have perceived globalization to be analogous to Americanization or McDonaldization (Ritzer 2000). Moreover, the development and evolution of multicultural societies has not been without problems as has been highlighted by the

emergence of populist political parties throughout Europe in recent years (Spiegel 2011) and occasional riots and other forms of violence (Sciolino 2007).²⁸ The attacks by a Norwegian man in July 2011 – on government buildings and participants at a youth camp that saw the loss of life of 80 citizens – who acted to counter a presumed ‘Muslim takeover of Europe’ stand out most infamously in this regard (Mala and Goodman 2011). These examples illustrate the problematic side of socio-cultural integration at the local and national level. The role of politics and culture will be elaborated on more extensively in the next section that will emphasize the effects of globalization.

Globalization: Effects

Since this dissertation aims to measure the effect of globalization on soccer clubs as institutions, the bulk of the chapter will be organized around the task of highlighting the literature assessing the economic, political and socio-cultural effects of globalization on the nation-state, and on local culture. The reason to assess globalization’s effect on the nation-state is important for a number of reasons: first, many of the economic and political arguments touched upon earlier in the chapter are revealed more clearly in this debate, lending credence to the position that globalization is a process that is real and significant; second, the state can be considered *the* central modern-day institution, which implies that much insight can be gained

²⁸ Europe has seen a proliferation of populist parties in recent years. In countries like Holland, Finland, France, Austria and GB these parties focus primarily on the negative effects of immigration (they also tend to share a disdain of ‘Europe’ and are opposed to further financial contributions to the EU). In the US, similar worries about immigrants exist within factions of the populist ‘Tea Party’ movement although it also focuses on fiscal matters, primarily reducing the country’s debt. Because of the growing ability of populist parties to dominate the political debate, politicians in these countries have had to respond to demands (at least, tacitly) for stricter immigration policies, which only grew louder in the aftermath of the 2008 financial crisis (economic crises in general tend to lead to greater concern over immigration and integration matters). Finally, occasional riots in France by immigrant youth who feel alienated and discriminated against in their adopted country, have demonstrated their sense of frustration and the French state’s inability to successfully integrate them into French society.

from assessing the ways in which nation-states have been affected by the presumed forces of globalization – this study may reveal important institutional characteristics found in soccer clubs also; and third, reviewing the literature on globalization’s effect on local culture is important because it will draw attention to the two schools of thought that will provide the hypotheses used to measure globalization’s effect on soccer clubs as manifestations of local institutions.

As shown earlier, the ascribed effects of globalization are numerous and at times contradictory, ranging from claims that globalization has resulted in increased global economic growth (Dollar and Kraay 2003, Firebaugh and Goesling 2007, Wolf 2004) to counter-claims that highlight increased global inequality (Korzeniewicz and Moran 2007, Rodrik, 2003, Steans 2003), from the spread of a global culture (Ritzer 2004) to the merging of global and national cultures (Pieterse 2009), from the increase in alternate political institutions (Mathews 1997, Kaldor 2003) to the end of the traditional nation-state system (Cooper 2003). This last point, however, has been a central debate of much globalization literature, the contours of which are summarized below.

The concept of the state is important to social, political and economic analysis. States have been the building blocks of the international system and perform numerous tasks including: mobilizing populations in defense of its realm; regulating, monitoring, and policing conduct within civil society; intervening in the economy; and, regulating the flow of information within the public sphere.²⁹ Because the terminology surrounding nation-states can be misleading, some definitional clarity is necessary. When discussing states, this dissertation will adopt Colin Hay’s definition of the state as “an institutional complex claiming sovereignty for itself as the supreme political authority within a defined territory for whose governance it is responsible.” (2006: 5)

²⁹ According to Max Weber (1968), the modern state is comprised of the following elements: a centralized and bureaucratically organized administrative and legal order; binding authority over that which occurs within its area of jurisdiction; a territorial basis; and, a monopoly on the use of force.

Moreover, sovereignty will be defined as “the possession of the monopoly of the means of violence within a given territory.” (Weber 1968: 56)³⁰ Although the two are often equated, it is important to stress that *states* and *nations* are not synonymous. According to Walker Connor, a nation is defined as “a social group which shares a common ideology, common institutions and customs, and a sense of homogeneity.” (1978: 379) Not only do not all nations have statehood (e.g., the Kurds and the Palestinians) but most states contain multiple nations (e.g., the US). Finally, the term nationalism implies a concern for fellow *nationals*, an important qualification since nationalism is often (falsely) equated with a sense of loyalty to the state. Nationalism is defined here as “a political principle, which holds that the political and the national unit should be congruent.” (Gellner 1983: 1) Based on the foregoing, a nation-state is a state in which the state boundaries and national identity coincide (e.g., Japan). This dissertation will not equate nations with states but will alternately use the terms states and nation-states when reviewing the literature that assess the globalization’s effect on countries. In summary, the following section will highlight the importance of institutional/state capacity in an age of globalization that will serve as an important introduction to the dependent variable that will be discussed in the next chapter.

³⁰ The principle of sovereignty was introduced at the time of the rise of the modern state following the end of the Thirty Year War and the subsequent 1648 Treaty of Westphalia. In its aftermath, the state was granted exclusive political authority within its borders in an attempt to overcome the difficulties of the Middle Ages, a time when numerous political authorities and religious leaders contained overlapping forms of rule. One of the most important corollaries of sovereignty – the principle of mutual recognition of state sovereignty – became increasingly accepted as states willingly forsook certain external political objectives in return for being granted the same exclusive recognition within their own territory. As Paul Hirst and Grahame Thompson put it, the capacity for sovereignty came “from without rather than from within.” (1999: 258) Based on this development, states were free to govern within their respective territories and were solely responsible for the nature of its internal and external policies. States’ monopoly on the use of violence did not apply merely internally but externally as well. As Charles Tilly (1990) has forcefully argued the state’s war-making capacity has been intrinsically linked with the process of state formation – usually described by the statement that *states make war and war makes states*. Consequently, international relations took place in an anarchical society (as no entity existed above the level of the state to which the state owed any allegiance) limited by mutual recognition and the subsequent obligation to refrain from external interference in the domestic affair of the state. The recognition of state sovereignty is still an integral part of the vast majority of international treaties today, including the UN Charter’s article 2.7.

Irrespective of the numerous causes of globalization, one of the central conclusions that have emerged in much of the globalization literature is the elimination of the strict separation between a state's domestic and international affairs, and the state's resulting loss of sovereignty. The presence of new actors on the world stage, including NGOs, MNCs, terrorist organizations, migrant communities, and international mafias coupled with increased economic and cultural flows has limited the absolute sovereignty that states once possessed. Put differently, as a result of the aforementioned developments, "the state is no longer the only actor on the world stage." (Cohen, 2006: 1) However, some scholars have gone further and argue that the pre-eminence of nation-states as the building block of the modern international system has conclusively ended.

One of the first works to herald the difficulties facing nation-states in an age of globalization is Kenichi Ohmae's *The End of the Nation-State* (1995). In it, Ohmae highlights that the nation-state is in danger of becoming obsolete as it has lost both its relevance and effectiveness in a global economy dictated by the power of modern information technology. Globalization, he contends, defines a new epoch of human history in which "traditional nation-states have become unnatural, even impossible business units in a global economy." (1995: 5) The nation-state system, founded with the 1648 Treaty of Westphalia and centered around the concepts of sovereignty and subsequent separation between domestic and foreign affairs, is no longer adequately equipped to deal with what Ohmae terms "the four 'I's' –investment, industry, information, and individuals- which increasingly flow relatively unimpeded across national borders." (1995: viii) First, investment is no longer geographically constrained the way it used to be in the past as a result of which private capital is directed to wherever good business opportunities arise. Second, industry nowadays is also much more outward-looking (e.g., global) in its orientation as modern MNCs try to serve global markets and make strategic decisions

based on a global rather than a national outlook. Third, information, more specifically information technology allows companies to operate in different parts of the world without having to establish much (physical) infrastructure in the respective countries in which it operates. Finally, individual consumers have become more global in their outlook as well. The last development has been primarily a function of better access to information. As a result, the modern consumer will purchase products based on quality instead of national origin. These four “I’s” in other words undermine the nation-state’s ability to be relevant units of economic activity. In the place of nation-states, which have become increasingly unnatural, Ohmae foresees the rise of what he calls ‘region states’ defined as “focused geographical units across or within existing nation-states which have the right size and scale to be viable business units in this new global economy.” (1995:143) Evidence of the erosion of the nation-state’s primacy is ubiquitous according to Ohmae, and can be seen simultaneously in the recent decision to devolve power in Spain and the United Kingdom (UK), in the increased power of regions within states (witnessed by the growth in regulatory powers of the German Länder or Flanders in Belgium), as well as in decisions to pool sovereignty, a development that is at the heart of the process of European integration in the EU.

Ohmae’s argument is echoed by Susan Strange who argues in *The Retreat of the State* (1996) that the pendulum has shifted decisively in favor of the market at the expense of the nation-state. In Strange’s words, whereas “states were once the masters of markets,” nowadays on many crucial issues “markets are the masters over the governments of states.” (1996: 4) Put differently, the rise in power of non-state actors and their focus on global markets has implied a concomitant decline of the nation-state.³¹ Interestingly, the rise in power of market forces has

³¹ In making this argument Strange uses a different conception of power than most scholars. She defines power as “the ability to define outcomes rather than the mere possession of capabilities or control over institutions.” (1996:

often been the result of deliberate state policies; in other words, states have contributed to their own retreat, most notably by pushing privatization and moving the state out of many areas of the economy. While acknowledging that there is growing asymmetry among sovereign states in the authority they still control, differentiating between what we can be called *strong* and *weak* states, Strange remains convinced that all states have engendered some loss of power. While not expecting states to disappear, Strange is thus convinced that the balance of power has in many cases definitively shifted in favor of world markets.³² Not only has states' primacy in the realm of security diminished, Strange notes that even the notion of national identity, long considered a glue tying citizens to the state, is subject to questioning as national identity is often deliberately engineered, an issue that will be extensively revisited in chapter two. The foregoing leads her to issue the following remark, one that holds special relevance in light of this dissertation's research question:

Today it is much more doubtful that the state –or at least the great majority of states– can still claim a degree of loyalty from the citizen substantially greater than the loyalty given to family, to the firm, to the political party or even in some cases to the *local football team*. (italics added) (1996: 72)

The different degree to which states are subject to global market forces, acknowledged by Strange, is of central importance to those who argue that the state has not been rendered obsolete

53) Strange also introduces a more extensive definition of politics extending it beyond nation-states to all those who have the power to allocate values. This allows her to make the argument that market forces, especially TNCs, through their importance in production and financial structures –most visibly in matters of production, trade, investment and finance – are now important political players. TNCs are political players, she contends, because in many countries they are the driving forces of economic growth, in the process deciding 'who gets what'.

³² In much her work Strange has forcefully argued against what she perceives to be an artificial distinction between the economic and political sphere, in other words the academic disciplines of economics and political science. In doing so Strange poses a challenge to 'realists' especially, whose central paradigm rests on the presumption of the state as a primary, rational and unitary actor that acts in an international system characterized by a strict separation between domestic and international affairs. Strange asserts that this paradigm, centered on the primacy of states, seems to only hold in the realm of security, historically the central *raison d'être* for states. Since in certain instances even states' role in the realm of security is of declining importance, Strange notes that a large void for the centrality of states has appeared.

by economic globalization. For example, in *The Myth of the Powerless State* Linda Weiss (1998) contends that the ubiquitous notion of state powerlessness in the face of external economic pressures is exaggerated because it overlooks the respective strength or weakness of states' domestic institutions to cope with these pressures. In other words, the key variable is state capacity.³³ Comparing Germany, Japan and Sweden she concludes that the capacity for a state to respond to economic change depends mostly on domestic institutional arrangements (in particular, whether or not key economic decision-makers are *autonomous* and *accountable*) and domestic linkages (the existence of *institutionalized links* between the state and business groups to exchange information and increase participation in implementing new strategies). In summary, instead of echoing the phrase of *state retreat* Weiss demonstrates the importance of *state adaptivity* based on state capacity to demonstrate that in numerous areas of the economy state involvement is vital to ensuring and enhancing national prosperity. More importantly globalization, rather than displacing state power can serve to heighten state power, which leads her to say that "globalization (*qua* 'internationalization') and state strength may be mutually reinforcing rather than antagonistic." (1998: 204) While focusing mostly on state capacity, Weiss also argues that the term globalization overstates the state of the current 'global' economy. Rather than use the term globalization, she argues the term 'internationalization' better represents the current state of affairs.

³³ By measuring state capacity in the form of a state's fundamental priorities, its architecture and its institutional linkages Weiss demonstrates that states possess varying capabilities to regulate economic pressures. Rather than accepting a generalized definition of state capacity that does not differentiate between various tasks of government, Weiss instead equates state capacity with reference to capabilities in the industrial economy. Those states whose institutional arrangements bolster its *transformative capacity*, defined as "the ability of a state to adapt to external shocks and pressures by generating ever-new means of governing the process of industrial change," (1998: 4) will be successful in responding to and anticipating economic change, Weiss contends. This type of capacity is referred to as *governed interdependence*, a concept Weiss defines as "a negotiated relationship, in which public and private participants maintain their autonomy, yet which is nevertheless governed by broader goals set and monitored by the state." (1998: 38)

Using this terminology echoes that of fellow globalization skeptics Paul Hirst and Grahame Thompson (1999) who, using an empirical approach, reason that the term globalization overstates the current levels of economic interdependence. Distinguishing between an ideal-type of a *global* economy (one in which separate national economies are subsumed and rearticulated into the system by international processes and transactions) versus an *international* economy (one in which despite extensive trade levels the principal entities are still national economies) they analyze trade flows, investment flows, financial flows, FDI levels, and MNC activity to compare actual trends in the economy to the ideal-types established. Having done so, Hirst and Thompson come to a number of conclusions all of which highlight that the rhetoric about globalization is greatly exaggerated. First, having analyzed and measured international business activity, volumes of world foreign trade (comparing trade to GDP ratios, current account balance to GNP ratios, etc.) and international migratory movements (captured by remittances), they conclude that the international economy was more open in the period of the Gold Standard leading up to the First World War (the *belle époque*) than at any point since. This leads them to argue that “the level of integration ...of national economies in the present era is not unprecedented.” (1999: 60) Second, they conclude that most TNCs are still firmly wedded to a home base based on economic data which suggests that on average “between 65 and 70 percent of MNC value-added activities” (1999: 95) is produced on the home territory. Moreover, differentiating between what they term *multinational* companies, *international* companies, *global* companies and *transnational* companies ranging from a narrow to a mostly transnational focus, Hirst and Thompson conclude that the majority of organizations belong in the multinational category reinforcing the view that these companies still exclusively produce for a home market. In short, most TNCs are more aptly coined MNCs. Third, analyzing trade flows

and MNC activity leads the authors to conclude that it is clear that the term global economy does not reflect the fact that major parts of the world are not (yet) incorporated in the trade networks that exist. Instead, the internationalization of production, trading activity and FDI flows is limited to what they call the 'Triad' of North America, Europe and East Asia. Fourth, the 'G3' countries still have the capacity to regulate and control the international economy based on their significant state capacity.

Critically assessing international trade activity is vital to Hirst and Thompson who believe that the terminology surrounding the topic of globalization is part of an ideological agenda that seems bent on furthering deregulation and liberalization, in the process undermining national welfare provisions. The idea promulgated is that states facing TNCs (who have the power to transfer their capital abroad) need to cave in to the demands for more deregulation, with a resulting loss in welfare provisions for workers. The stories of welfare states in crisis, such as Sweden in the 1990s seem to confirm this trend. A comparable argument is made in Michael Veseth's (1998) aptly titled book *Selling Globalization*. Notwithstanding the neoliberal pressures to reduce the size of governments, Veseth also asserts that welfare provisions and economic performance can go hand in hand (even in states with an internationalized economy such as Denmark and the Netherlands), a finding that serves as proof that states are not powerless but can regulate global economic pressures *and* still be economically competitive.

What the previous section demonstrates is authors' differing assumptions about the capabilities of states to regulate the globalization processes. While authors including Ohmae and Strange argue that the state is overwhelmed and has lost its ability to effectively regulate foreign capital, others like Weiss and Hirst and Thompson are more skeptical and emphasize that states still have the institutional strength to cope with these pressures, even in the face of powerful

MNCs as well as alternate political institutions like NGOs and other horizontal networks.³⁴

While many authors either fall in the *hyper-globalist* or *skeptic* camp (Held 2003), others take a less rigid stance and instead argue that the role of the state has been transformed as a result of globalization: hence their designation as *transformationalists*. To these authors the effect of globalization is uneven and depends on a country's openness, and again, state capacity.

One of these 'transformationalists' is Anne-Marie Slaughter (2004) whose analysis centers on the importance of (horizontal) networks in today's world – Slaughter defines a network as “a pattern of regular and purposive relations among like government units working across the borders that divide countries from one another and that demarcate the ‘domestic’ from the ‘international’ sphere.” (2004: 14) While at first glance Slaughter's argument appears similar to that of Mathews (1997), she reaches a different conclusion about the effects of globalization on the nation-state. In a world of global financial flows, global corporations, global television, global computing, and global transportation networks, states need to cooperate and coordinate with other countries. The best way to do this is, Slaughter argues, is through horizontal government networks. These horizontal networks are comprised of national officials cooperating

³⁴ The rise of IGOs, global civil society and other polycentric networks are often noted in this regard to highlight the effects of global politics on national politics. As highlighted before, Jessica Mathews refers to the “growth of alternate institutions,” (1997: 51) which has occurred because states, with their hierarchical, rigid power structures, are increasingly inept to deal with the new threats and resources that affect people's lives. Instead, she argues many of today's challenges are best dealt with by horizontal, decentralized networks (or functional entities) such as NGOs, which have specialized expertise and can mobilize constituents globally in a way that eludes states. The rise of NGOs globally has led to the coining of the term *global civil society* that describes those independent NGOs and social movements that operate across national boundaries. Mary Kaldor has referred to these institutions as the “transmission belts between the individual and global institutions.” (2003: 61) While these new entities will not replace states, and will struggle to “compete with the emotional attachment of a shared landscape, national history, language, flag, and currency” Kaldor argues that the power shift looks likely to continue and “signifies the relative decline of the state.” (2003: 61) The relative decline of the state then corresponds with what Martin Albrow (1997) has described as the shift from the *modern* age to the *global* age. To Albrow, this shift represents a significant change in the basis of action and social organization for individuals and groups, and presents a fundamental challenge to the nation-state.

across borders with their counterparts in other states on a multitude of issues,³⁵ which forms the corollary of what Slaughter coins the *disaggregated* state. In this framework states are still the crucial actors but they are nonetheless progressively “disaggregating into its component institutions, which are increasingly interacting principally with their foreign counterparts across borders.” (2004: 18) In summary, rather than the state declining it is disaggregating.

Slaughter’s concept of the disaggregated state is related to the argument of Paul Hirst and Grahame Thompson (1999) who also dismiss the viewpoint that the nation-state is in its last throes. On the contrary, they contend that it will remain of central importance in spite of its changing capacities in the current era. Specifically, Hirst and Thompson assert that those who claim that the nation-state is in decline have a *static* view of sovereignty, which they believe to be *alienable and divisible*. This construct leaves open the possibility that states can lose powers in some areas while gaining them in others. For example, Hirst and Thompson acknowledge that the role of the state has diminished as a result of the advent of nuclear weapons and the revolution in communications and information technologies.³⁶ Furthermore, they also accept that economic pressures continue to present challenges as states are no longer insulated from economic decisions taken in other countries. While as a result of these developments politics are becoming more *polycentric*, it does not entail a substantial loss of state sovereignty. On the contrary, they argue “there is a distinct, significant and continuing place for the nation-state.” (1999: 269) Drawing on their previously stated assertion that most TNCs are actually MNCs, Hirst and Thompson affirm that markets and companies thrive in a robust national environment

³⁵ On wide-ranging issues such as the global economy, climate change and national security, networks of national officials –including finance ministers, environmental agencies, law enforcement officers, and national judges – work directly with their counterparts in other countries to offer solutions and promote joint implementation of common programs.

³⁶ While the former has eliminated the possibilities for war between advanced states subsequently eroding one the states’ major rationales, the latter has helped contribute to the growth of international civil society thus reducing states’ capacity to impose cultural control.

which can provide the infrastructure, legal system, protection, and the regulatory networks needed for companies to be successful internationally. In this framework, the role of states will thus increasingly consist of structuring processes of *governance* – distinguished from government with the former including multiple decision-making organs – between international, supranational and sub-national actors rather than processes of government – defined as those (traditional) institutions of the state that control and regulate the life of a territorial community.

Robert Gilpin (2001) shares Hirst and Thompson's assessment that a loss of sovereignty in one area does not warrant an announcement about the demise of the nation-state. Gilpin's central thesis is that states continue to be the central actors in both domestic and international affairs, and are consequently still the dominant theoretical units of analysis. Notwithstanding the fact that economic globalization and transnational economic forces have presented substantial restraints on states' sovereignty, Gilpin notes that their impact is highly uneven and can *strengthen* as well as *weaken* nation-states. First, Gilpin asserts it is important to observe that not all aspects of economic life are affected by globalization (for example, the realm of finance is much more globalized than those of services and industrial production). And although global financial flows can inhibit states' ability to make independent economic decisions, Gilpin asserts that some states like the US and other western powers are less inhibited than others due to their economic strength, thus reflecting globalization's uneven effects. Second, a number of the most important economic instruments available to nation-states, especially the powers to conduct monetary policy – regulating the money supply and setting interest rates – have not been seriously impaired as a result of globalization.³⁷ Third, Gilpin argues globalization has allowed national governments to borrow money more freely although he acknowledges this can pose

³⁷ That said, those countries comprising the Eurozone have (voluntarily, it must be noted) given up their power to conduct monetary policy to the independent European Central Bank (ECB) located in Frankfurt, Germany.

serious financial problems in the long run if not monitored closely.³⁸ As a result of these differential impacts, Gilpin holds that broadly framed conclusions about the demise of the nation-state are exaggerated and too generalized to capture both the differential impact of economic globalization and its ability to strengthen certain state capacities.

Similarly, according to Michael Mann (2003) the question if globalization has ended what he terms *the rise and rise of the nation-state* cannot be answered definitively without making major qualifications and geographical distinctions. Analyzing four main theses that all share the premise that globalization is weakening the nation-state as a central political unit – capitalism, environmental limits, identity politics and global social movements, and post-militarism– Mann concludes that globalization has a differential impact on distinct regions and can simultaneously weaken some states while strengthening others. First, with regard to capitalism, while acknowledging that it is a global phenomenon, Mann argues that some regions of the world have not yet been incorporated into the capitalist order.³⁹ Second, with regard to global environmental challenges the verdict is mixed as well. While an emerging global civil society is visible in the form of NGOs establishing transnational ties that may transcend the state, Mann contends that much of the work to address global environmental challenges occurs through established intergovernmental agencies like the UN that strongly protect states' sovereignty. The same holds for the challenge of global identity politics, the third thesis Mann addresses. New social movements addressing issues of gender, sexuality, religion and ethnicity may simultaneously weaken and fragment some states (although groups aiming to secede seek sovereignty and so will join the family of nation-states globally) while strengthening others as a

³⁸ The recent problems in the Eurozone as a result of profligate government spending and borrowing – especially by countries in southern Europe – have affirmed Gilpin's prescience on this issue.

³⁹ More importantly, Mann agrees with Hirst and Thompson (1999) that the vast majority of capitalist activity is more trilateral (the G3) than global as a result of which capitalism retains a geo-economic order dominated by the economies of the advanced nation-states.

result of demands for enhanced domestic regulation. Finally, Mann discusses the issue of post-militarism and the subsequent lack of *hard politics* (usually hard politics refers to military power), which may threaten the nation-state. On this matter, Mann holds that while post-militarism is partly a result of nuclear weapons' ability to render national defense useless, in Europe especially the lack of hard politics cannot be separated from its bloody history.⁴⁰ In short, Mann concludes that globalization has different impacts on different types of states in different regions and involves trends both weakening and strengthening nation-states.

Both Mann and Gilpin then stress that globalization impacts states' sovereignty differently based on geographical location, history, technological change and state capacity. According to Robert Cooper (2003) one can add *political will* to the previous collection. According to Cooper, the end of the Cold War represented more than simply the conclusion of an ideological battle between liberalism and communism: it also reflected a paradigm shift as a consequence of which the world no longer constitutes a single political system but is differentiated between the *pre-modern*, *modern*, and the *post-modern* world.⁴¹ Cooper devotes most time discussing the post-modern world, which represents a paradox in that it is characterized by a (voluntary) loss of sovereignty but unlike the pre-modern world, this leads to greater order rather than disorder. In Cooper's own words: "The legitimate monopoly on force that is the essence of statehood is thus subject to international –but self-imposed – constraints."

⁴⁰ In linking Europe's propensity to act multilaterally and favor international law with its history of war, Mann echoes Robert Kagan (2003) who has criticized the decision by many European countries' decision to circumscribe defense spending. In short, Kagan states that *Kantian* Europe needs to realize that it faces a *Hobbesian* world outside its continent, which means that as much as Europe may abhor conflict and war, it would be wise to realize that the rest of the world has not abandoned balance-of-power politics and is not reluctant to use force in pursuit of its interests.

⁴¹ The pre-modern world, Cooper contends, consists of those states that can no longer fulfill Max Weber's criterion of having the legitimate monopoly on the use of force. Subsequently, they are classified by Cooper as belonging to "the pre-state, post-imperial chaos." (2003: 16) Examples of pre-modern states include Somalia, Afghanistan (pre-US invasion) and other *failed states*. The modern world represents the classical *Westphalian* state system that involves states maintaining their monopoly on the use of force, jealously guarding their sovereignty and practicing balance-of-power politics to preserve international order. Most countries – including the US, China and Russia – belong in the modern-world category, according to Cooper.

(2003: 27) In the post-modern world, most visibly associated with the member-states of the EU, a number of developments can be witnessed: the strict separation between domestic and foreign affairs is increasingly irrelevant; force is rejected as a way to solve conflicts; borders are increasingly artificial; nationalism is in decline; and, most importantly, in the post-modern world the individual rather than the state has assumed central importance. In summary, to Cooper the post-modern world represents a conscious decision by states to transcend the *Westphalian* system that is premised on sovereignty and consequential separation between domestic and foreign affairs.⁴²

While supranational international institutions and MNCs can be considered a threat to nation-states *from above*, the rise of *global cities* can be considered a threat *from below*. Saskia Sassen's book *The Global City* (1991) highlights the important roles global cities (New York, Tokyo and London primarily) perform in the global economy as important sites of specialized services for transnational mobile capital. The rise of global cities, in turn, has corresponded with the rise of regions that have become increasingly independent economic actors and who act autonomously from central governments. The rising fortunes of regions such as Scotland, Flanders, Catalonia, and Bavaria among others serve as examples.⁴³ The growing recognition of their importance is illustrated by the fact that these regions, as well as others, are represented in the EU's *Committee of Regions*, which serves as an advisory body composed of representatives of Europe's regional and local authorities who put forward the local and regional points of view

⁴² Organizations like the EU have increased attention to the notion of regionalism, defined by Anthony Payne as "a state-led or states-led project designed to reorganise a particular regional space along defined economic and political lines." (2003: 213) Payne sees these forms of regionalist governance, as found in the EU (others include the North American Free Trade Agreement (NAFTA), and the Asia-Pacific Economic Cooperation (APEC) as resulting from globalization practices. In other words, rather than constituting an attempt by states to contradict and control globalization, regionalism can be configured as a new form of governance made possibly by globalization.

⁴³ Recent constitutional reforms in the UK that involved *devolving* certain powers like health care, education, and policing from the central government to regional assemblies, including the Scottish Parliament and the Welsh and Northern Ireland Assemblies, are also illustrative of this trend.

on EU legislation. The picture emerging is what Hedley Bull (2003) has coined ‘new mediaevalism’, a situation where the state is one actor sharing powers with many actors similar to the form of political organization that existed in the time of the Middle Ages where overlapping sovereignties existed between political and religious authorities.

In summary, the previous section leads to two important conclusions. First, with the exception of a few, most authors acknowledge that the proliferation of transnational actors and activity has altered the traditional global political and economical landscape nation-states operate in. Globalization, while messy definitional and uneven in its impact, is an adequate term used to describe this phenomenon, and can thus serve as the explanatory variable used to measure institutional change. The second conclusion is that important disagreements remain in assessing globalization’s impact in general and on the nation-state in particular as the central institution regulating social, economic and political activities. The fiercest fault line exists between those to whom globalization represents a process that has important consequences for states’ ability to regulate the increasing global character of economic, social and political flows, and those who judge the impact of globalization on the nation-state as limited. Most authors, though, stress state transformation rather than state reduction. Although acknowledging that the proliferation of IGOs, NGOs and global networks present challenges to states and can imply some loss of sovereignty, authors including Weiss, Mann and Gilpin maintain that the impact of globalization does not threaten the basic foundation of states, and differs significantly based on countries’ institutional strength. In other words, globalization and the nation-state can coexist and the relationship between them is not necessarily zero-sum. This conclusion is important because it offers tentative support to the hypothesis that institutions interact with global forces in a manner that leads to some form of hybridization.

Globalization and Local Culture

Just as there is a wide-ranging debate assessing globalization's impact on the nation-state, a similar debate exists with regard to how local cultures are affected by globalization. Some of the same processes involved in the discussion about globalization's economic and political effects, focusing on the impact of information technology, international communication, increased mobility in persons, goods, services, and travel, and finally the role of MNCs, are prevalent in this debate about the potential emergence of a global culture. The reason to assess this literature is similar to the rationale for reviewing the literature highlighting globalization's effect on the nation-state, which is to determine whether the term globalization is appropriate to describe current trends, what differing views exist with regard to the emergence of a global culture, and what initial evidence is presented about the relationship between the global and the local.

A first task, once again, is to eliminate definitional ambiguity. Douglas Goodman, when discussing the existence of a global culture, has rightly pointed out that "[W]hether or not one believes that there is a global culture is closely related to the definition of culture." (2007: 332) After distinguishing between two different meanings of culture – one referring to the meaningful aspect of social behavior and the other referring to the beliefs and practices that make a group of people distinct – Goodman settles on a definition of culture as "a local, relatively coherent, self-contained set of norms, presuppositions and practices that belongs to a localized social group and is passed on to the next generation." (2007: 332) Similar definitional questions exist as to what defines the local. While sometimes the local is equated with communities untouched by the modern conveniences of civilization, at other times the local is presented as "that which is

familiar or comfortable.” (Caldwell and Lozada 2007: 501) Bruce Mazlish (2005), referenced earlier in the chapter, has argued that the local is a variable term that can be the family, the tribe, the state (as in states’ rights in the USA), and the nation, “each in contest with the other and all potentially now against the global.” (2005: 93) This dissertation will adopt Mazlish’s definition of the local, which can encompass both national and sub-national entities. Again, the dominant rationale for adopting Mazlish’s framework is that his definition will allow the findings of the case study to be extended to other institutions, a fact that would be complicated had local institutions been defined as a separate, sub-set of institutions writ large.⁴⁴

As shown earlier in the chapter, diverging views exist with regard to the potential of an emerging global culture and its impact on local culture. Against those who argue that globalization is overwhelming local communities and cultures due to the impact of various transnational flows (people, ideas, products, services and capital), there are others who maintain that no evidence exists to support the assessment that a global culture is overwhelming local cultures and institutions. Finally, a view has emerged that argues against utilizing a dichotomous approach in favor of highlighting the ways in which (and to what degree) the global and the local interact. The emphasis on forms of *hybridization* is especially relevant in the context of this dissertation’s goal to assess globalization’s impact on local institutions. Central in this discussion is the relationship between the global and the local and the question if the local has the *agency* and *capacity* to withstand, reject, incorporate or adapt global forces. The following pages will sketch the debate about globalization and its impact on local culture.

Initially much scholarship seemed to suggest that an emerging global culture would result in *homogenization* defined as “the trend toward sameness and the reduction in diversity of

⁴⁴ That said, for the purpose of this dissertation, Liverpool FC, as a manifestation of a local institution, is clearly an institution that belongs in the sub-national category.

cultures of the world.” (Goodman 2007: 336) Another such designation for increasing homogenization is *cultural convergence* coined by Jan Nederveen Pieterse (2009) who has underscored two additional approaches discussing the cultural aspects of globalization (*cultural differentialism* and *cultural hybridity*). Both homogenization and cultural convergence suggest that globalization is producing increasing sameness (homogeneity) between various cultures, captured by various headings such as cultural imperialism, Americanization, etc.

This line of argument is found in George Ritzer’s *The Mcdonaldization of society* (2000) in which he draws on Max Weber’s social theories – specifically, Weber’s concept of rationalization – to highlight the social consequences of the global spread of the processes of efficiency, calculability, control, and predictability, which constitute the hallmarks of the McDonalds franchise but are also increasingly a feature of societies writ large. In the book, the term McDonaldization provides the window through which the strategies of other global corporations (notably, Starbucks) and social phenomena (entertainment, health care, and shopping malls) can be analyzed. In a subsequent book, the *The Globalization of Nothing* (2007) Ritzer elaborates on his prior work to introduce two interrelated themes: globalization versus localization and *nothing* versus *something* (see also Ritzer 2003). Expressing his concern about globalization’s impact on culture, Ritzer asserts that the homogenizing effects of globalization reduce cultural distinctiveness in spite of countervailing local processes to maintain distinct cultural traditions and values.⁴⁵ In fact, in the book he goes so far as to proclaim “the death of the local” (2007: viii) while also taking issue with the dominant status ascribed to the concept of

⁴⁵ To illustrate this dichotomy, Ritzer introduces the concepts of *nothing* which he defines as “a social form that is, generally, centrally conceived, controlled, and comparatively devoid of distinctive substantive content” (2003:191) and its opposite, *something*, which is defined as “a social form that is, generally, indigenously conceived, controlled, and comparatively rich in distinctive substantive content.” (2003: 191) This classification allows Ritzer to juxtapose the practices of McDonald's and other global fast food chains (nothing) with those of small family diners (something), or souvenir shops (nothing) with shops that sell locally made handicrafts (something). As a result, what the former leads to is the ‘globalization of nothing’ at the expense of the ‘glocalization of something’.

cultural hybridization. To Ritzer the focus on glocalization tends to ascribe the local too much agency by dismissing the powerful homogenizing forces of globalization. As a corrective he offers the concept of grobalization, defined as “the imperialistic ambitions of nations, organizations, and the like and their desire, indeed need, to impose themselves on various geographic areas.” (2007: 15) The concept of grobalization, Ritzer shows, draws on Marx’s theory of the capitalist economic system and “the need for companies to increase profits domestically and ultimately internationally,” and Weber’s theory of the increasing importance of rationalized and efficient structures (described earlier) which are both characterized by “great overarching and homogenizing processes, namely the spread of capitalism and rationalization.” (2007: 18) Combining both theories, he highlights how powerful states like the US as well as major MNCs like McDonalds, Nike and others aim to see their power *grow* (hence the term *grobalization*) throughout the world and are successfully exporting cultural hegemony and consumer culture respectively in order to achieve this goal.⁴⁶ The concept of ‘glocalization’ in contrast, he argues, draws to a degree on postmodern social theory that has reservations about the use of grand narratives and wide-reaching changes, including the notions of increasing homogenization and rationalization. Consequently, Ritzer argues that postmodern theory looks more favorably on concepts that stress the local, diversity and hybridity. In short, Ritzer envisions the fundamental tension to be between glocalization and grobalization rather than globalization and glocalization.

Although Ritzer’s framework provides analytical clarity, his findings are not without critics. For example, according to John Tomlinson (2007) McDonaldization and other universal narratives suffer from ethnocentric biases and overlook the fact that local culture is not merely

⁴⁶ To this end, Ritzer compares grobalization with the idea of “explosion relating to the explosive growth of grobal forms” while glocalization is in line with the idea of “implosion as the global and the local implode to create a unique mix of the local and global.” (2007: 18)

affected by globalization but *effects* globalization as well. Consequently, he argues that “culture is a dimension in which globalization both has its effects and *simultaneously* is generated and shaped.” (2007: 355) Tomlinson’s conclusion is echoed by Anthony Smith (1990) who – analyzing if the end of the Cold War implied the beginning of a post-national and post-industrial global culture – concludes that a global culture is unlikely to emerge in the short run because it cannot trump countervailing national and local forces. Concretely, Smith contends that a global culture is unable to draw on common historical experiences and collective memories and cannot overcome what he terms *vernacular mobilization* and *cultural competition*, which remain the central building blocks of national cultures.

Whereas authors such as Ritzer focus on the prospect of cultural convergence, others stress heterogeneity, which points to lasting cultural differences. As a result concepts like cultural autonomy, cultural resistance, and finally, potential cultural clashes and polarization are a feature in this literature. An example of this line of argument is Samuel Huntington’s *Clash of Civilizations and the Remaking of the World Order* (1996). In it, he argues that the fault lines of future conflict will be cultural and that cultural differences between the various civilizations – especially the West and Islam – are significant and, more importantly, lasting. In a similar vein, Benjamin Barber’s *Jihad versus McWorld* (1996) brings to light how globalization’s polarizing dynamics can lead to strengthened local identities *and* a resurgence of nationalism. Whereas ‘McWorld’ – symbolizing the homogenizing forces of globalization – exemplifies homogenization in the form of a consumer-oriented capitalist culture, ‘Jihad’ – denoting the reaction to globalization based on a desire for a return to traditional institutions like religion, the tribe or the nation – represents heterogenization, which is often exemplified by religious and

tribal separatism. In Barber's vision, both tendencies need each other (i.e., Jihad represents a backlash against the advances of McWorld) yet both are a serious threat to democracy.

The third and final approach is termed cultural hybridization, which underscores that globalization results in the mixing of cultures. As a result of the interaction between the global and the local, new hybrid cultures emerge. These new hybrid cultures are the results of the many ways in which the global and the local interact and that no longer conform to either local or global culture. The cultural hybridization thesis closely parallels that of Roland Robertson who coined the term glocalization, defined as "the interpenetration of the global and the local, resulting in unique outcomes in different geographical areas." (1995: 30) According to Robertson the tendency to describe the global and the local as two distinct polarities and as inevitably in tension with each other neglects the "simultaneity and the interpenetration of what are conventionally called the global and the local." (1995: 30)

The issue of cultural hybridity is also of central importance to Jan Nederveen Pieterse (1995, 2009) who views globalization as a plural process having differing impacts and producing a *global mélange*. Globalization does not represent a one-directional process, he contends, primarily because globalization is at heart a multidimensional process involving on the one hand many forms (modes) of globalization and on the other hand many actors (many globalizing agents and dynamics). As a consequence, the "inherent fluidity, indeterminacy and open-endedness of *globalizations*" (italics added) (1995: 46) implies that globalization is more likely to result in the mixing of spaces, organizations, and cultures rather than their increasing standardization.⁴⁷

⁴⁷ Examples that Pieterse highlights of cultural hybridity, or mixed cultural patterns, are varied and include: absentee patriotism and long-term nationalism by diasporas; the simultaneous supranational and sub-national tendencies found within the EU; Free Trade Zones as hybrid meeting places of state sovereignty and transnational enterprise; and, Thai boxing by Moroccan girls in Amsterdam.

The local-global dynamic is also taken up by John Thompson (2003) who provides a historical overview of the globalization of communication, from the telegraph in the early nineteenth century to the internet in the late twentieth century. In doing so, Thompson reveals that the globalization of communication has been driven by a small number of conglomerates based in the western world, which has resulted in a clear asymmetry in the international flow of television programs and other examples of global communications. Recognition of this may help explain why at times the local appropriation of what is portrayed as global communication can take the forms of resistance and conflict. This last point refers to his central concern involving the creative interface between the globalized diffusion of media products and their local interpretation (appropriation). Thompson stresses that the globalization of communication does not constitute a one-way street eroding local and national cultural life: instead, he explains that the significance of media messages depends on the contexts of reception and on the resources that recipients use in the reception process. In other words, local cultures respond to globalized media products in complex and differing ways, in some instances leading to harmonization while in others to growing divergence.

A number of specific examples that demonstrate how local cultures respond to globalization are provided by Michael Veseth in his book *Globaloney 2.0* (2010). Veseth's concept of globaloney – a term that refers to simplified and distorted images of globalization – is intended to debunk a number of globalization myths.⁴⁸ Veseth argues that the central myth is *Golden Arches Globaloney*, a concept that holds that “globalization is really Americanization and that it sucks in the diverse cultures and institutions of the world and replaces them with simplified, homogenized American imitations.” (2010: 2) A second myth, Veseth contends, is

⁴⁸ This attempt is similar to that of Hirst and Thompson (1999) who also claim that the term globalization is employed to serve a particular agenda of privatization and deregulation.

Grassroots Globaloney, which portrays globalization as a “top-down phenomenon that individuals are fundamentally powerless to shape, transform, or resist.” (2010: 2) With regard to the first myth, Veseth shows that global corporations like McDonalds have to compete with local retailers and in doing so often appreciably change their menus to adapt to local tastes. In other words, local culture transforms McDonalds as much as it transforms local culture. This last point is reinforced in the book *Golden Arches East: McDonald's in East Asia* (1997) in which the authors offer numerous examples that demonstrate how people give local meaning to McDonalds. For example, in many East Asian countries students use McDonalds as a spot to get together after school upending the traditional system of efficiency and high turnover that is dominant in the US.⁴⁹ Veseth also highlights the popularity of soccer, the world's most popular sport yet (relatively) little known in the US, to showcase the diversity and unevenness of globalization and global trends.

The idea of the demise of the local is also dismissed by Melissa Caldwell and Eriberto Lozada (2007). Assessing the impact of globalization, they conclude that “despite the rapidity, influence and intensity of transnational flows of people, information and products, locality is not eroded by globalization, but rather transformed, changed, but reconstructed nonetheless.” (2007: 509) In the same article the authors suggest a number of specific areas to study the fate of the local in a globalized environment to enhance understanding of local communities. Among them, they specifically mention sport because “sport is especially illustrative of a re-defining of the local.” (2007: 507) For example, because of the transnational movement of athletes the notion of *locality* is increasingly redefined in the realm of sports since many players on the ‘home team’

⁴⁹ Another example involves women using McDonald's as a refuge to get away from over-bearing men. Also, the fact that most McDonald's locations are run by local families imbues them with a particular local importance. While the former analyses present valid critiques of local appropriation of global practices, Ritzer has explicitly stated that the term McDonaldization represents a metaphor for the growing power of rationalizing forces in modern societies, and is not exclusively tailored toward McDonalds' restaurants.

are no longer local players. The next chapter, which will outline soccer clubs as important local institutions and also address the globalization of football and its local impacts, will revisit this and related issues.

In summary, similar disagreements as to the effects of globalization on the nation-state exist with regard to its effects on culture. Against those who herald the emergence of a global culture and the subsequent demise of the local, there are others who stress the resilience of local cultures while a third group sees cultural hybridization as the most likely outcome of the increased global connectivity.

Sport and Globalization

This last issue, highlighting the manner in which globalization affects local cultures and local institutions will be the main concern of this dissertation. It will build on Roland Robertson's (1992, 1995) and George Ritzer's (2007) definitions of glocalization and globalization to measure the relationship between the forces of homogenization and hybridization by conducting a case study of Liverpool FC. Specifically, I will measure how globalization, specifically the global sport of soccer, has impacted LFC, a century-old local institution. Before carrying out this case study, this dissertation needs to establish soccer as an institution. This will be the focus of chapter two. It will provide a historical overview of the game of soccer, and more importantly, will establish soccer as an important socio-cultural, political and economic institution that will establish the framework needed to be able to measure how globalization impacts local institutions.

The reasons to highlight sport in general and football in particular are multiple. First, sports in general and football in particular, are no longer merely games and have increasingly become big business in a globalizing world. The increasing attention MNCs pay to sports is articulated by Barry Smart who, drawing on the work of Stephen Aris on the sports business, argues that “sports are universal signifiers, they ‘travel across borders’, rise above difference of politics, culture and religion, and promote a positive feeling of shared experience and a sense of common meaning.” (quoted in Smart 2007: 24) Second, soccer is at the forefront of the globalization debate because it is deemed to be a prime mover of globalization due to its simplicity – the game is played similarly in every country – and mass appeal. Football can safely be described as the most globalized sport and is increasingly recognized as a major cultural phenomenon (e.g., Crolley, Hand and Jeutter 2000: 108, Hassan 2002: 75, King 2000: 423, Mason 1995: 62, Stone 2007: 175, Wagg 1995: 111). Third, technological advancements have allowed the game to be spread across the globe and have provided it with an increasingly cosmopolitan character. In short, global sports and sporting events like the soccer World Cup or the Olympic Games are arguably contributing to the emergence of a global, post-national culture. Finally, soccer has increasingly become the subject of numerous academic studies focusing on the *glocalization* of football and the contributions of soccer to globalization as a result of the increased transnational movement of footballers (e.g., Giulianotti and Robertson 2006).

However, notwithstanding the numerous arguments that suggest sports contribute to the advent of a global, post-national culture, David Rowe has argued that international sports are not a harbinger of globalization because of their “compulsive attachment to the production of national difference.” (2003: 292) This argument suggests that sports are intimately tied to

conceptions of local and national identity.⁵⁰ Not only are sports by nature based on the premise of competition, but the idea of competition is inexorably tied to notions of national identity. As Rowe argues:

Sport's constant evocation of the nation as its anchor point and rallying cry makes for an uneasy relation to globalization advocacy. It is improbable that sport can be reconfigured as post-national and substantially stripped of its 'productive' capacity to promote the forms of identity (local, national, geopolitical, racial and so on) because these are, simultaneously, the source of its affective power and the potentially activated resistive impediment to the globalization process. (2003: 287)

In other words, to Rowe global sporting events like the soccer World Cup are inexorably tied to various conceptions of the nation, which alter how the game is watched and experienced in different countries. Based on the foregoing, Rowe contends that soccer (and other global sports) cannot serve as a harbinger of globalization because of its intrinsic ties to notions of competition – an 'us versus them' mentality – and the nation, which inherently limit its capacity to promote a post-national, global culture.

Football thus provides an ideal variable to measure the interface between homogenizing and countervailing forces. This dichotomous relationship is also made explicit by Michael Veseth to whom "[S]ports are big business, of course, but they also reflect deep cultural norms and values, so they are a good test-bed for globalization theories." (2010: 7) In summary, by measuring globalization's effect on Liverpool FC, this dissertation will heed Michael Veseth and George Ritzer's call for field studies to measure the global-local relationship. In Ritzer's own

⁵⁰ The occasional tension between clubs and national teams represents an interesting issue of future study. It represents businesses (clubs) loaning their most prized possessions for an identity-building exercise (nationalism) from which they receive little reward, but carry much risk in the case of a player suffering an injury during an international match. Liverpool FC's Steven Gerrard's injury in a friendly against France in November 2010 serves as a case in point.

words: “The real sociological or anthropological question becomes that of examining the ways in which the relationship between the global and the local is *actually* undertaken.” (italics added)

(Ritzer 2007: 62) This dissertation will examine exactly that.

Chapter Two

Just a Game? Football as an Important Institution

“An astonishing void: official history ignores football. Contemporary history texts fail to mention it, even in passing, in countries where it has been and continues to be a primordial symbol of collective identity.

I play therefore I am: a style of play is a way of being that reveals the unique profile of each community and affirms its right to be different.

Tell me how you play and I will tell you who you are.”

(Eduardo Galeano: Uruguayan journalist, writer, novelist)

“Soccer is the ballet of the masses.”

(Dmitri Shostakovich: Russian composer)

“In football everything is complicated by the presence of the opposite team.”

(Jean Paul Sartre: French philosopher)

Despite the fact that most globalization studies in the discipline of political science deal with formal political institutions – e.g., the nation-state (as described in chapter one), the vote, government institutions –, sport as a subject of academic interest has increasingly made its way into other disciplines, including sociology, economics, gender studies and geography. This is because sport, defined as the socially regulated expression of physical culture, and globalization are intimately connected. Not only have sports increasingly become globalized, sport also serves as an important vehicle for institutionalizing the global age we live in. In addition, studying sports will illuminate important questions of institutional change, identity – both at the national level and the local level – and nationalism. Put differently, sport thus both reflects globalization in addition to contributing to it. The following pages will provide an overview of this literature and classify football as an important socio-cultural, political and economic institution.

Why Sport? Why Football?

Until recently sport was not subjected to rigorous academic study in the discipline of political science. The main reason why sport has failed the attention of political scientists, Lincoln Allison notes, is that it is perceived to lack causality and thus merely reflects society (1998). In other words, “sport was both ‘above’ and ‘below’ the political dimensions of social life” (Allison 1986: 5) meaning that sport is above politics and thus exists as an autonomous entity unaffected by social and political divisions, and below politics implying it is too insignificant to be given scholarly attention. The same rationale is offered by David Goldblatt (2006) who maintains that sport is ignored on grounds of causality despite the fact that, in his view, sports like football provide a unique window through which to assess and analyze critical social, political and economic developments.

The reason to study football and football clubs when measuring globalization’s impact on institutions is twofold. First, globalization in sport seems to be well developed, nowhere more so than in soccer: the growth of international sporting bodies (FIFA, UEFA), international competitions (World Cup, European Championship, etc.) and tournaments – especially the globally popular Champions League (CL) competition between Europe’s elite club teams – coupled with the ever-increasing migratory flows of players, media coverage and fan support is more visible than in other realms of public life. As a result, *borderlessness* has been achieved because “states find it much easier to ‘pool’ sovereignty in the regulation of sport than they do in other fields.” (Allison 2005: 3) The globalization of sport thus seems well established and provides a good ‘test-bed’ for globalization theories. Second, football clubs in particular can be defined as important socio-cultural, political and economic institutions that can be studied empirically and which provide important insight into the dynamics of globalization.⁵¹ Football

⁵¹ Despite the fact that there is a broad literature dealing with soccer and its respective economic, political and social impacts, no concerted attempt has been made to define and operationalize soccer as an institution. Current FIFA

clubs are vital socio-cultural, political and economic agents in their locales providing services and identity constructs beyond simply entertainment. First, soccer moves people emotionally and provides millions globally with a strong sense of local, regional and national identity. Moreover, soccer has a major political impact and has often been employed by politicians to enhance international prestige and domestic popularity. Finally, soccer has become big business and is inextricably bound up with the spread of neoliberal, free-market economic policies. In summary, the concept of soccer clubs as institutions can help illuminate our understanding of globalization's effects. Its impact as an institution parallels that of the state at the individual identity level (alluded to by Susan Strange in last chapter) and is organized pervasively in local/tribal forms (club), national territorial conceptions (national teams), regional competitions (cup competitions in Europe, Africa, Asia, South America, and North-Central America), and in global institutions (FIFA). The game itself holds constant across cultures and territorial borders in terms of rules on how the contest is played and its extensive integration into the lives of most people around the world (the US being the main global exception) and thus establishes the prospect for important cross-cultural comparative study.⁵²

For this dissertation, football will thus be defined as *an important socio-cultural, political and economic institution – which produces and cements local, regional, and national identities throughout the world; provides a form of ‘soft power’ to policymakers; and, is at the forefront of*

President Sepp Blatter came close to arguing similarly about FIFA when he held a speech in which he stated: “FIFA is no longer merely an institution that runs our sport. It has now taken on a social, cultural, political and sporting dimension in the struggle to educate children and defeat poverty. At the same time it has also become a powerful economic phenomenon.” (Blatter 2010)

⁵² While this dissertation will focus on globalization's effects, it establishes a foundation for future research in the area of comparative politics. Understanding the socio-cultural, economic and political reasons for why soccer is treated so differently in the US compared to the rest of the world is an intriguing question that might well be addressed beyond this dissertation. Given how much can be held constant about the game itself, operationalizing soccer as institution will establish a basis for a research agenda building on literatures in comparative politics and some of the major debates about identity.

the spread of neo-liberal economic policies – that plays an increasingly large role in today's societies.

This definition will then be used to answer the central research question addressed in this study, which can be formulated as follows:

How does globalization affect football clubs as institutions?

Before being able to measure globalization's effect on institutions, this chapter will seek to establish football as an institution that can be operationalized and, henceforth, measured as such. The remainder of this chapter will provide a concise history of the game of soccer as well as a detailed analysis of why soccer can be portrayed as an important socio-cultural, political and economic institution and an integral part of people's identity and countries' politics and economics.

The Game of Football

In order to prevent any confusion, soccer and football refer to the same sport. What is called soccer in the US is called football in the rest of the world, despite national linguistic variations (e.g., voetbal, futbol, Fußball, etc.). Historically, the name football referred to any ball game played on foot rather than on horseback and its origins date back hundreds of years. Historical records reveal that various kicking games occurred in ancient China, ancient Greece, as well as pre-Columbian America. In fact, the earliest official record of a football game played

was an exercise from a military manual dating back to the second and third centuries BC in China. It was during the Han dynasty (206 BC – 221 AD) that a game called *cuju* was played, which translates to kick-ball (Goldblatt 2006: 5). Another form of football dating back centuries was the Roman game of 'Harpastum' that the Romans exported during their occupation of Britain (Araújo, D., Cabri, J. and Reilly, T. 2005: 4). These and other early games of football bear little if any resemblance to the game as it is played today. The only commonalities these disparate football games shared were a general lack of codified rules and an abundance of physical violence. Primitive forms of football were disorganized, often extremely violent, and played by an indefinite number of players. In these games, kicking and other forms of violence were allowed.⁵³ As much as violence was a common feature of these early football games, they also represented significant cultural occasions. In *The World's Game: A History of Soccer* Bill Murray underlines that football games were celebrated in many preindustrial societies “as part of a fertility rite or to mark particular seasons of the year.” (1996: 2) Moreover, Richard Giulianotti, drawing on the work of Francis Magoun, has highlighted that historically football games “fostered a strong sense of social solidarity” as matches were played “between parishes, one part of a town and another, town and countryside, school against school, bachelors and married men, or married women against unmarried women.” (1999: 3) The importance of football to the cultural fabric of communities as well as its widespread popularity aroused suspicion and subsequently football was periodically banned by the authorities as early as the fourteenth century (Guttman 1994). An example of this type of ban is found in the declaration by King Harold II in 1314 that read as follows:

⁵³ Sometimes kicking the ball proved nearly impossible because of the size and weight of the ball being used.

For as much as there is a great noise in the city caused by hustling over large balls, from which many evils may arise, what God forbid, we can command and forbid on behalf of the King, on pain of imprisonment, such games to be used in the city in the future. (Araújo, D., Cabri, J. and Reilly, T. 2005: 4)

In spite of these periodic restrictions football remained a popular sport which was partly due to the fact that its popularity was not simply confined to the lower echelons of society. Notwithstanding the fact football is usually (and correctly) described as a game of the masses because of its simplicity and low cost as a participation sport – in order for a game to be played, all one needs are a round ball and two improvised goals – it also enjoyed popularity among the upper classes (Murray 1996: 2).⁵⁴ In GB, for example, a form of football was played by Oxford students (who came from the upper echelons of society) from the sixteenth century onward. The impetus for drawing up codified rules, a decision that would greatly benefit the subsequent global spread of the game, would come from these same quarters by the middle of the nineteenth century. Around that time national rules had been drawn up for horse racing, golf and cricket but no such rules existed yet for football (Murray 1996: 3). Therefore, disparate rules were to be found in different places. For example, some schools allowed hard tackling and running with the ball while others favored dribbling and no handling of the ball; some schools included goals while others did not (to score players needed only to get the ball across the line); finally, some schools allowed up to twenty-five men on a team while others limited their team to eleven players.

The interest of the British elites in the game and subsequent efforts to codify a shared set of rules was not exclusively a function of football's intrinsic qualities but was also related to its instrumental appeal in that team sports like football could help foster a form of *Christian*

⁵⁴ For example, historically football included among its participants countless clergymen, local dignitaries as well as kings of Scotland, England, and France.

masculinity that served various functions. It was deemed to help shape character, performed as an instrument of Darwinian selection, and taught the lessons of cooperation and competition that the elites required to become wholesome future leaders (Goldblatt 2006: 29). Even though attempts to create a uniform set of rules for football occurred first at Cambridge in 1842 (Guttman 1994), the official code of football was not drawn up until 1863 when eleven London clubs and schools sent their representatives to a meeting to clarify the confusion that had still existed prior to this date. This meeting established a set of fundamental rules, acceptable to all parties, to govern the matches played among them and was to mark the birth of the FA. Furthermore, the rules agreed to would provide the basis of the laws of association football and differentiate it from association rugby. Under the FA rules, handling and kicking would be abolished at which point exponents of rugby-style football left the meeting. Subsequently, handling (along with running) became the main features of association rugby while dribbling became the basis of association football. This latter point explains the term ‘soccer’ as it is “a corruption of the term ‘association’.” (Wagg 1995: 2) In GB over the next few decades the sport grew explosively, helped by the presence of a governing body and the standardization of rules. The London FA rapidly emerged as the sole authority for the game in England, which helped establish its control over other competing dribbling associations. Only eight years after its foundation, the FA already had fifty member clubs and by 1886 the London FA had eliminated its regional qualifier and had become the principal football body in the country (Murray, 1996: 6).⁵⁵ The newly established FA wasted no time organizing national competitions: it created the FA Cup (initially called the Challenge Cup) in 1872, and by 1888 the first league championship

⁵⁵ The next countries to form football associations after the Netherlands and Denmark in 1889 were New Zealand (1891), Argentina (1893), Chile (1895), Switzerland, Belgium (1895), Italy (1898), Germany, Uruguay (both in 1900), Hungary (1901) and Finland (1907).

was under way. Finally, the first ‘international matches’ were played between England and Scotland, dating back to 1872.⁵⁶

According to Richard Giulianotti (1999), the codification of the rules during the late nineteenth century signified football’s modernization. The codification of the rules, he contends, contained “‘Weberian’ traits” and signified “an element of rationalization by establishing an organizing body to which all the clubs and lower institutions were affiliated and subservient.” (1999: 4) As a result of the inauguration of the aforementioned FA Cup and the subsequent potential to generate significant income from selling tickets to matches, competition ensued to obtain the best players to the point that players were offered financial inducements to play. Initially, the FA was opposed to professionalism (as it would corrupt what was viewed as a gentleman’s game) but by the mid-1880s their position was no longer tenable and as a result professionalism was accepted in 1885. The agreement to allow professionalism resulted in the adoption of a new format for football competition – the Football League (FL), founded in 1888 – and the increased commercialization of football clubs (Buraimo, Simmons and Szymanski 2006: 29). During the course of this process, which included the building of new stadiums and improved spending on player transfers, most English clubs adopted the *joint stock structure*, a legal construction whereby the ownership of a company is vested in its shareholders, who have the right to elect a board of directors and to receive dividends out of company profits but whose

⁵⁶ The mention of the FA as the ruling football body of the land deserves some clarification. Despite the fact that the United Kingdom of Great Britain and Northern Ireland (UK) is considered a unitary state in international law, the constituent parts of the UK –Scotland and Wales in the nineteenth century, and Northern Ireland in the twentieth century- each have their own FA. This exception is due to the fact that football originated in the UK where each nation established a separate FA –Scotland in 1873, Wales in 1876 and Ireland in 1880- at a time when other countries had no similar associations. In addition, this anomaly also explains why each ‘national team’ can qualify for both the European Championship and the World Cup, the two most prestigious international football competitions that are held each four years. Finally, the practical effect of this provision entails that the four British associations (England, Scotland, Wales and Northern Ireland) have been awarded four places in football’s governing bodies instead of one, which the regions’ political unity should have dictated. Many developing countries have vigorously opposed the exception given to the British football associations since it gives more voting power to the European continent at the expense of the other continents.

liability for company losses is limited to the extent of their initial investments. This financial construction is still the dominant legal structure in English football today.

By the turn of the twentieth century football was well established throughout most of the British Isles and it was through the British Empire that football came to be exported to all parts of the world, leading credence to the claim that football has been Britain's most important export (Ramon Llopis Goig 2008: 57, Crolley and Duke 1996: 100, Mason 1995: 7, Wagg 1995: 53). According to the aforementioned Bill Murray "soccer was part of the colonial baggage, either as a leisure pursuit for the expatriates or as a means, along with the Bible, to accomplish their "civilizing" mission." (1996: 18)⁵⁷ Having said that, despite the pivotal influence of the British in exporting the sport, once football had taken root in a country, it adapted to national cultural practices as a result of which British influence subsequently diminished. Interestingly, football did not take root in a number of countries that had once been under British colonial control such as the US, Canada, Australia, New Zealand and South Africa. A number of reasons have been offered to explain this. First, soccer's appealing qualities, its appeal to the poor, and its organizational simplicity, did not resonate in these countries that generally contained more open space and grass. Furthermore, when football became an essentially working-class game in the 1880s, it gained a connotation with migrants seeking social advancement and national identity in another country (Collins 2006). With regard to the US, the game's popularity among immigrants from southern Europe – who did not fit the white, protestant stereotype popular at the time – also hurt its ability to make inroads. Football therefore came to be seen as an alien sport because of its identification with newcomers who did not fit the dominant culture. Finally, these

⁵⁷ Although football would conquer the globe, the first countries to take an interest in football were those that had close commercial, economic, or educational ties to GB. These countries included: Argentina and Uruguay in South America; China, India and Hong Kong in Asia; and, Switzerland, Denmark, Belgium and the Netherlands in Europe. In each of these instances it was British sailors or workers who exported the game to these respective countries.

developments took place at a time when the former colonies were actively ‘constructing’ indigenous games. Subsequently, these sports (baseball in the US, Australian rugby in Australia) had gained an advantage that they would not easily relinquish (Allison 2005).

When more countries started playing football, and spurred on by their desire to play international matches, FIFA was established in 1904 by seven European nations with the aim of unifying the rules of the game globally, resolving disputes within nations concerning the authority of national federations or associations and organizing regular international competitions. Since its creation, although the game has changed considerably over the years – in sharp contrast to the rules⁵⁸ – and membership has skyrocketed, FIFA as an organization has stayed remarkably constant signified by the fact that it has only had eight different presidents in more than one hundred years.⁵⁹ By 1914 FIFA had grown to encompass twenty-four countries including Argentina, Chile, the US and Canada in addition to twenty European members, thus giving the new institution an enhanced global dimension. Over the subsequent decades, FIFA’s membership has greatly increased due to the rise in the number of independent states following de-colonization and the break-up of the Soviet Union among other reasons. Currently FIFA has more members than the UN⁶⁰ and is best known for organizing the World Cup, the quadrennial tournament which has become the most popular global sporting event. Having been a beacon of stability for a century, in recent months FIFA has become less known for its activities promoting

⁵⁸ Between 1937 and 1938, the modern-day Laws of the Game were set out by future FIFA President Stanley Rous. He took the original Laws, written in 1886 and subject subsequently to piecemeal alterations, and drafted them in a rational order. They have been revised a second time in 1997.

⁵⁹ Three of them, the Europeans Jules Rimet and Sir Stanley Rous, as well as the Brazilian João Havelange have dominated FIFA’s history by holding the presidency for 70 of the organization’s first 94 years (Tomlinson, A. 2000: 55).

⁶⁰ A prerequisite for FIFA entry is that the UN accept the political independence of the territory involved (except for the four UK associations). While FIFA has 208 members, the UN has 192.

the sport but rather for defending itself against persistent allegations about corruption (Bryant 2011).⁶¹

Over the years, as football's main governing body grew, so did football's popularity. With the exception of some major countries such as the US and India, football is the most popular sport in the vast majority of the world's countries. This statement applies whether one is referring to participation in the game, viewing a match in person or on television. According to current FIFA President Sepp Blatter, the 208 national associations affiliated to FIFA represent 260 million people actively connected to the game, including players, coaches and administrators (Blatter 2010). The global television audiences for the World Cup seem to confirm soccer's popularity: the 2002 World Cup in South Korea achieved a cumulative worldwide audience of over 28 billion while the 2006 World Cup in Germany attracted 26 billion viewers (FIFA 2010). Furthermore, FIFA reported that the 2010 World Cup final between Spain and the Netherlands had an audience of around 1 billion people (AP 2011).

The previous section summarized the evolution of soccer and touched on some of the larger themes that will be addressed separately in this chapter, including soccer's cultural importance, soccer's commercialization and soccer's political impact. The following section

⁶¹ In the course of the last few months, FIFA has been rocked by charges of corruption at its highest levels. The allegations suggested that large amounts of money changed hands to influence the campaign for the 2011 FIFA presidency election. A subsequent investigation revealed that two senior executives (Mohamed Bin Hamman and Jack Warner) had offered bribes (\$40,000 per country) to 25 Caribbean FAs in return for them voting for Bin Hamman. Mr. Hamman, a Qatari national and president of the Asian football confederation, was also at the heart of that country's successful bid to host the 2022 World Cup tournament, a decision that raised many eyebrows at the time (Qatar is a soccer minnow). His alleged involvement in the corruption scandal has led to further speculation about corruption within the FIFA corridors with regard to allocation of the World Cup host country. The perception that these elections are influenced by corruption is not new. For example, the decision to grant Germany the right to host the 2006 World Cup tournament in 2000 was the source of much consternation. At the time, the mysterious abstention by one FIFA Executive Committee member (New Zealand's Charles Dempsey – who had earlier indicated he would vote for South Africa) allowed Germany to defeat South Africa by one vote. Although FIFA President, Sepp Blatter, was also implicated in the Bin Hamman scandal having been accused of being aware of the cash payments, an (internal) ethics committee absolved Blatter of any wrongdoing after which he was reelected (he ran unopposed) to a fourth term as president.

will formally classify soccer as a socio-cultural, political and economic institution, and in doing so, will draw on theoretical constructs from various academic disciplines.

Football as a Socio-Cultural Variable

Football nowadays is considered a major cultural phenomenon and one which ignites great passion (Crolley and Hand 2006: 12, Crolley, Hand and Jeutter 2000: 108, Hassan 2002: 75, King 1998: 13, King 2000: 423, Mason 1995: 62, Merkel 2007: 235, Stone 2007: 175, Wagg 1995: 111). For example, the cultural importance of football was depicted explicitly by the German magazine *Der Spiegel* when it termed Germany's 1954 improbable World Cup victory as the "cultural founding moment of the Federal Republic." (Goldblatt 2006: 355) In the words of sociologist Richard Giulianotti, soccer today has "replaced religion as the institution that binds people together." (1999: 17) While an institution in its own right, most research in the field of political science dealing with the transformation of institutions has historically centered on formal political institutions (most notably, the state). Chapter one summarized the debate about globalization's effect on the future of the state between those scholars who argued the state is in decline (Ohmae 1995, Strange 1996) and those who stressed the resilience of the state (Hirst and Thompson 1999, Weiss 1998). The tentative conclusion reached was that due to the uneven nature of globalization (Gilpin 2001, Mann 2003) the state still matters. By extension, national identity still matters also.

According to Anthony King, examining football as an institution is important because it has the potential to uncover noteworthy insights into the cultural fabric of a nation, and subsequently can illuminate relevant questions of identity in an age of globalization (2006: 258).

The reason for studying football, he argues, is that issues like race, gender, identity and the nation are present as much on the football field and in the stands as outside the stadium in society writ large. Put differently, King contends studying sport is important because “in the ritual of sport, humans create and sustain the social groups of which they are part and consequently in this ritual the contours of national communities are thrown into relief.” (2006: 258)

Many examples can be brought to bear to illustrate how important social and political developments find their expression within the world of sports. Cyril Lionel Robert James’s work analyzed the intricate relationship between the British and their subjects in the West Indies through an analysis of cricket matches between the two sides (1963). Sport in James’ view provided “both an arena for the development of a separate identity against the colonizers and a setting of resistance, where the struggle for independence could be openly displayed.” (James quoted in Back, L., Crabbe, T. and Solomos, J. 2001: 4) Furthermore, according to Alan Bairner (2001) sport and nationalism are two of the most sensitive (emotive) issues in today’s world. Sport in this view has historically played a critical role in what he terms the ‘construction and reproduction of national identity’, although the “exact relationship between sport and national identity varies significantly based on the status of particular nations.” (2001: xii)

National authorities have increasingly become aware of the cultural importance of sports and sports arenas as venues where identities are both constructed and reconfigured. The EU’s Amsterdam Treaty’s Declaration on Sport highlights the social importance of sport as it emphasizes the ‘social significance of sport’, in particular its role in forging identity and bringing people together (European Communities 1997). Furthermore, Les Back, Tim Crabbe and John Solomos (2001) cite the study of the Commission for the Future of Multi Ethnic Britain, led by Bhikhu Parekh, which highlighted the importance of sports as follows:

Sport is an integral part of a country's cultural fabric. Among other things, it provides (at least for men, and particularly young men) a huge reservoir of talking points, and of shared memories, jokes and allusions, which transcend the rivalries that are an inherent part of sport...Sport is an essential element in the daily business of 'putting the world in order' through continuous chat and social interaction. (Parekh 2000: 173 quoted in Back, L., Crabbe, T. and Solomos, J. 2001: 5-6).

Having established the cultural importance of sports in general, and football in particular as the world's most popular sport, it is important to establish a theoretical framework to understand the ways in which identity is constructed (both locally and nationally), and by extension soccer as a socio-cultural institution. This is significant because identity is an ambiguous term, which has been highlighted by Alan Bairner (2001) who draws on the work of Peter Preston who argued that "identity is not a single homogeneous stock of traits, images and habits." (quoted in Bairner 2001: 1)

One of the major works on nationalism and identity is Benedict Anderson's *Imagined Communities* (1990) in which he argues that nations constitute 'imagined communities'. Nations are *imagined*, Anderson argues, because people, even in a small nation, will not know the vast majority of their fellow compatriots (in fact, most people will know very few). In addition, Anderson contends, nations are imagined as a *community* of what he calls 'horizontal comradeship' in spite of inequality and exploitation that can exist within the community.⁶² In other words, nations, while constructed, are a very real and a powerful form of social group. Based on the strong sense of camaraderie that fans share, coupled with the nationalist passion that accompanies international matches, Anderson's framework can be applied to football. According to Vic Duke and Liz Crolley (1996) football captures this concept of an imagined

⁶² As stated by Anderson, it is this very sense of comradeship, i.e., community, that helps explain nationalism as such a powerful force. Its power throughout history has moved millions of people being willing to die for this imagined community. The last example helps reinforce the fact that communities, while imagined, are not mythical or false.

community perfectly. In their book *Football, Nationality and the State* they draw on the work of John Williams, Eric Dunning and Patrick Murphy (1984) who argue that:

It is much easier to imagine the nation and confirm national identity, when eleven players are representing the nation in a match against another nation...It has often been argued that only religious commitment can rival national loyalties in scope and fervor, but the passion of football supporters for their club is in the same league. (Williams, J., Dunning, E. and Murphy, P. 1984 quoted in Crolley, L. and Duke, V. 1996: 4)

The passion of supporters for their national side (or club) can be leveraged and channeled by government leaders (or local officials) to increase domestic popularity and international standing but it can, and occasionally does, lead to violence. Most recently, violence erupted in the aftermath of a 2010 World Cup qualifying match between Egypt and Algeria, discussed in more detail later in this chapter. War and sport, however, were combined most infamously in what has been coined the *Soccer War* between El Salvador and Honduras in 1969 following riots at World Cup qualifying games between the two countries (Kapuśiński: 1986).

To Anne Applebaum (2002) football in many countries has become the ‘last accepted form of nationalism’. This holds true especially in many western European countries, where nationalism has been deliberately muted following the atrocities of the First and Second World Wars, which many attributed to extreme expressions of nationalism. As a result, overt forms of national pride (e.g., flag-waving nationalism) is considered a taboo especially since most countries’ political elites are (to a greater or lesser degree) ideologically dedicated to diminishing the salience of national identity as members of the *supranational* EU.⁶³ In this environment, the

⁶³ The reluctance to display patriotism and nationalism is historically most profound in Germany. Scarred by their history and conscious of the latent fears about a possible resurgent Germany that are still lingering in parts of Europe, Germans generally refrained from celebrating their country’s achievements overtly. However, the 2006 World Cup hosted by Germany, coupled with the free-flowing football played by the national side, changed this overnight and flags became ubiquitous throughout the country for the duration of the tournament. While other

football stadium is one of few venues where nationalism can be expressed safely without causing much political upheaval. Applebaum's argument, similar to the ones referenced in the previous pages, reinforces the belief that soccer provides an important realm to study political and cultural developments.

Applebaum's conclusion is shared by Richard Giulianotti (1999) who has also written extensively about the modern nexus of football and nation. Football, in his words, is "one of the great cultural institutions, like education and the mass media, which shapes and cements national identities throughout the world." (1999: 23) This is no surprise to him since football was rationalized and modernized at the same time that many nations in Latin America and Europe were actively devising national identities. The core of this process involved modernization usually associated with the processes of industrialization, education, urbanization and migration. In this environment, at a time when old social and cultural conventions were upended, modern nations found innovative ways to unify disparate peoples as an imagined community. Vital cultural tools included in this endeavor involved language, education and mass media. Football, easily overlooked in the annals of history, was a critical tool as well, though. At international matches, Giulianotti argues "the team embodies the modern nation, often literally wrapping itself in the national flag, and beginning matches with a communal singing of the 'national anthem'." (1999: 23)

In addition to introducing the concept of an imagined community, Anderson argues that it is significant for nations to display a sense of historical continuity in terms of affinity with previous generations. Liz Crolley and Vic Duke have asserted that football meets this requirement as well since in many states, the stories of "legendary past players, never seen but

reasons were cited as contributing to the outburst of patriotism at the time, among them the election of Angela Merkel as Chancellor, a strengthening of the economy as well as a plain generational shift (Bernstein 2006), it nonetheless took a sporting event for these developments to manifest themselves publicly.

never forgotten, are descended from generation to generation, in the process establishing continuity with previous generations.” (1996: 5)⁶⁴ In other cases, involving stateless nations or annexed nations, Simon Kuper has shown how the legacy of previous international football matches serves as proof that the nation did and does exist (1994: 33). Examples of the latter category are the Baltic States, which were annexed by the Soviet Union following the end of the Second World War. In all three states, sports in general, and football in particular proved important in the struggle for independence as football matches played between local and Russian teams often resulted in nationalist demonstrations.

A similar approach to understanding the cultural importance of football is undertaken by Anthony King (2003, 2006) according to whom Anderson’s concept of imagined communities refers to the process whereby a nation comes into being. Anderson in his work argued that for a nation to exist its members must recognize a common bond to each other (the aforementioned concept of horizontal comradeship). To Anderson, the “switch from Latin to vernacular languages”, and more specifically “the development of the printing press” (1990: 44) proved critical in this endeavor as it made possible the means through which people could interact with one another. The printing press in particular served as an important foundation upon which nationally imagined communities could subsequently be built. First, it helped make people aware of their fellow compatriots. Second, and just as relevant, it also made people aware of those who did not belong to this category. The identification of an ‘other’ was (and still is) important because it helped strengthen the bond between the members of this imagined community. Third, print-capitalism provided language with a new importance since it helped build an image of a shared history that also proved integral to the subjective concept of the

⁶⁴ As a result, any Brazilian knows of Pele’s masterful performance as a seventeen-year old during the 1958 World Cup, just as each Argentine remembers Diego Maradona scoring a goal with his hand against England in the quarter-final of the 1986 world cup, which he later described as having been the ‘Hand of God’.

nation. Returning to the work of King (2006), he contends that although imagination and recognition are important to establish a national community, in themselves they are not sufficient to sustain a community in the long run. What is also needed for imagined communities to be able to emerge and survive, King contends, is for its members to interact with each other on a regular basis. More importantly, members need to do this as a specific national community. King notes that the need for periodic interaction played a central role in Emile Durkheim's analysis of aboriginal religion in Australia and whose work he draws upon in constructing his argument. For aboriginal clans to exist, Durkheim argued they had to "gather periodically and affirm their special bond of unity to each other." (quoted in King 2003: 13) Moreover, Durkheim claimed the occasional gatherings were a necessity because for most of the year the group was split up into smaller units who were engaged in hunting activities. In this situation, one in which members rarely had the chance to strengthen their bonds as a community, the recognition of the group as a community required actual periodic social interaction. This social interaction took the form of periodic gatherings during which the clans engaged in special rituals where they would worship their totemic god. Although these rituals were utilized by aboriginals in the 1960s, Durkheim argued that similar rituals are needed in modern societies in order to affirm the existence of a group and people's commitment to it. He made this argument explicitly when he stated: "A day will come when our society will know again those hours of creative effervescence." (quoted in King 2003: 13) To King, soccer today represents the periodic social interaction that provides moments of creative effervescence and helps connect fans with each other as a powerful community. Before returning to King, one more argument that touches upon this principal imperative to connect with others will be brought forward.

The human urge to interact and experience events communally is also taken up by Barbara Ehrenreich (2006) who reasons that engaging in moments of creative effervescence is critical to the human psyche as humans have an innate desire for the expression of collective joy. Echoing Durkheim and drawing on the work of Max Weber, Ehrenreich argues that almost all pre-historic societies engaged in some form of ecstatic group ritual. She simultaneously notes that in all societies which engaged in periodic ecstatic rituals, repression of some form inevitably occurred. They include the Romans' crackdown on Bacchic rites in the second century BC; the condemnations of dancing and the purging of carnival by the Catholic Church in the thirteenth century; the Calvinists' banning of festivities in the sixteenth century; and the Wahhabi movement's attempt to crush traditional ecstatic rituals in Islam in the nineteenth century. Despite the fact that the former examples all involved religious repression, Ehrenreich writes that sporting festivities were not spared either, highlighted by a 1608 order prohibiting football in Manchester, England because of its (perceived) threat to public order (2006: 98). While numerous explanations have been offered to account for the crackdown on these communal gatherings, Ehrenreich contends that what binds all the historical examples of repression is a perception by those in power that these gatherings of collective joy are a dangerous threat. In her own words, "The aspect of "civilization" that is most hostile to festivity is not capitalism or industrialism –both of which are fairly recent innovations- but social hierarchy, which is far more ancient." (2006: 251) In short, the reason why collective, ecstatic rituals have been consistently and persistently repressed, regardless of ethnicity and religion, is because of their alleged threat to the authorities and their hold on power.

In spite of the waves of repression that have occurred throughout history, people everywhere still crave experiences of communal pleasure and today, with the exception of the

US, soccer globally performs that function. *New York Times* columnist David Brooks has noted that despite the limited passion for soccer, sporting events mark important community occasions in the cultural fabric of the US (2010).⁶⁵ They provide fans with a chance to escape from daily life and connect with other fans to share a common experience. While the large crowds gathered in the stadiums were initially a source of concern to established elites, Ehrenreich draws on the work of Eric Hobsbawm to highlight that their ability to turn them into “a medium for national identification and factitious community” (quoted in Ehrenreich 2006: 230) helped to alleviate the threat. In other words, once authorities realized they could manipulate the large gatherings of people (and turn what could prove a threat into a source of strength), their fear of large crowds subsided.

In summary, football is important to identity because it constitutes a charged interaction ritual out of which imagined communities arise. Moreover, it can be stated that Durkheim’s prophecy has come true in the world of soccer, which functions as a ‘Durkheimian daily ritual’. Although maybe not recognized by Durkheim himself (potentially related to the fact that football did not develop as spectacularly in France as it did in other European countries), King makes the point that one can safely argue that football in today’s society has achieved similar status as a daily ritual that produces hours of creative effervescence (2003). In making this argument, King juxtaposes modern football with the spectacles of ancient Rome which, although often portrayed as signifying mere forms of entertainment, constituted an important social function. First, he argues that the format of these events was designed specifically to demonstrate the social hierarchy and absolute authority of the emperor. For example, criminals were executed by being

⁶⁵ In Brooks’ estimation, college sports, especially college football, offer the communal spirit in the US that soccer represents elsewhere. In his own words, Brooks contends that college football games provide “one of the few avenues for large-scale communal participation” and “induce large number of people in a region to stop, at the same time, and share common emotional experiences.” (2010)

thrown into an arena with wild beasts, an act that served an unequivocal statement equating criminals with beasts. Furthermore, contests between gladiators emphasized the inferior role of slaves and criminals in Roman society. In short, the arena served as a powerful reminder of the social hierarchy in the Roman Empire.

Whereas the arena in the Roman Empire carried substantial social and emotional influence, the football stadium can be conceived of as its modern-day equivalent. This line of thought about the emotional and social aspects of football stadiums echoes the work of geographer John Bale (1991) – whose work will be discussed at more length in chapter four – to whom the football stadium is more than a mere venue where football fans gather to watch their favorite team. Instead, Bale refers to the football stadium and its environment as:

A sense of place’ –an entity embedded with notions of ‘tradition’ and ‘ways of doing’ – rather than simply a physical place where sporting activity is watched. As a sense of place rather than just physical space, the football stadium implies emotional and sentimental attachment; features of which are central to the way in which contemporary fan identity is constructed. (Bale quoted in Brick 2000: 159)

A number of concrete examples outlining how football and forms of identity are intimately connected will help illuminate some of the theoretical concepts discussed earlier. First, David Hassan (2002) asserts that football has been a key tool used by Irish nationalists in Northern Ireland (NI) to gain support for the prospect of Irish unity.⁶⁶ Hassan shows that in

⁶⁶Many people in NI, although mostly Catholics, aim to break away from the UK and join the independent Republic of Ireland, which gained its independence in 1922. Because of this professed objective, they are usually referred to as *nationalists* (they have also been called *republicans* because they want to join the Republic of Ireland). They are opposed by what are termed *unionists* who aim to maintain the union with GB, hence their designation. The latter are mostly Protestants. Sectarian tensions in NI have led to repeated clashes between the two sides, often initiated by paramilitary groups (e.g., the Irish Republican Army) that have resulted in thousands of casualties over the years. The conflict officially ended with the 1998 Good Friday Agreement, a comprehensive peace deal that addressed numerous social and political questions among which the future status and system of government in NI and the decommissioning of arms by the various paramilitary groups. In spite of occasional sectarian clashes, relations between the two communities have generally improved in the aftermath of the agreement.

order to demonstrate its uniqueness from England, sport, including football as well as other cultural constructs such as literature, language and religion became increasingly important in the late nineteenth century in an effort to ‘imagine’ Ireland as more ancient and civilized than England. In his own words:

[T]he popularity of soccer amongst Irish nationalists in Northern Ireland...appears to provide many with an opportunity to express their support for the idea of Irish unification and engage in counter-hegemonic activity against the Northern Ireland State. In other words, soccer acts as a vehicle by which Irish unity can be constructed in its ‘imagined’ form, through northern nationalist support for the Republic of Ireland team. (2002: 69)⁶⁷

A similar link is explored in Frank Lechner’s aptly titled article ‘Imagined communities in the global game: soccer and the development of Dutch national identity’ (2007). In it, Lechner demonstrates how many soccer fans in Holland perceive the Dutch soccer style as mirroring Dutch culture. The innovative form of ‘total football’ invented by the Dutch, which revolutionized how players used space on the field, is juxtaposed with the manner in which the Dutch have been creative with organizing space in a highly densely populated country. As a result, watching the Dutch national team serves as a major reinforcement of what it means to be from Holland. Put differently, Lechner contends that soccer serves as a “binding, ‘Durkheimian’ element in the country.” (2007: 116)

While identities are often created and sustained by fans, nation-states try to take advantage of fans’ perceptions and utilize them to their advantage. Liz Crolley and David Hand’s *Football and European Identity: Historical narratives through the press* (2006) draws attention to how football is regularly employed as a vehicle through which national media shape

⁶⁷ Other examples of this include nationalists in NI identifying with the Republic of Ireland national team rather than the NI national team, or nationalists supporting Derry City Football Club, a Republican team, which left the Irish League to join the domestic soccer league of the Republic of Ireland in 1985.

the public's awareness of national identities. Having analyzed the newspaper coverage offered in various European countries – they focus on GB, Spain, France and Germany, including both the coverage in the national media of their own football teams ('autotypification') and coverage of the other aforementioned countries' football teams ('heterotypification') – the authors conclude that football's coverage tends to communicate important information about national identity. Specifically, football serves as the vehicle through which these narratives are conveyed. This is because international football matches (as well as international sporting competition in general) are often juxtaposed with the state of the nation, nowhere more so than in England as will be shown later this chapter. Crolley and Hand also discover that the stereotypes displayed by the European press are surprisingly similar from country to country: reports about England tend to stress the English *spirit*; reports about Spain center on *internal divisions* reflecting the strong sense of regionalism in Spain; reports about France are keen to highlight *style* and *flair*; and, the reports about Germany point to the team's *efficiency* and *determination*. In a similar endeavor (published a few years earlier) that also aimed to convey how media shape identities – the article was aptly titled 'Playing the identity card: stereotypes in European football' –, the aforementioned Liz Crolley and David Hand along with Rolf Jeutter (2000) found that "the role played by European print media discourse on football helped to reinforce if not inculcate myths of national character, which are rooted in wider *politico-diplomatic* and socio-economic objective realities." (italics added) (2000: 126)

Interestingly, a study centered on German and British press coverage of the 2008 European Championship football was conducted by Sanna Inthorn (2010) whose aim was to ascertain if pan-European references had amplified over the years given the enlarged role of the EU in many domestic spheres of life. Inthorn's study revealed that while references to pan-

European harmony existed in both countries' media outlets, the concept of the national and national characteristics prevailed. Despite certain references to "de-territorialized identities", Inthorn notes it is doubtful whether "these references present a challenge to the concept of the nation as the main point of identification" since the limited references to Europe present it as "a collective united in national diversity." (2010: 798) In short, in spite of the growing role and visibility of the EU in people's everyday lives (the Eurozone debt crisis as a prime example), major international events like the European football Championships still thrive on national differentiation.

While the previous examples all highlight distinctive ways in which soccer reflects (presumed as well as more unambiguous) national characteristics, soccer can also bring new national identities into being (just as national media can help inculcate views on identity. A prime example is the function soccer has played in England. For decades in England, to be English was synonymous with being British since England did not possess any of the political or cultural institutions that usually embody the nation.⁶⁸ This situation was reflected in the soccer stadium where until the mid-1990s the Union Jack (the British flag) was ubiquitous during national team matches. However, partly as a result of the political process of *devolution* that saw significant powers devolved to local parliaments in Wales, Scotland and Northern Ireland, the question of what it meant to be English (e.g., how to *imagine* England) grew more pertinent. Since the one place where England exists *as* England is on the sporting field, it is no real surprise that the English national team has increasingly become the focus of a separate English nationalism. As a result, the *St. George flag* has decisively replaced the *Union Jack* inside the soccer stadium when the England national team plays (Goldblatt 2006: 736). What the former

⁶⁸ England competes in the Olympic Games as part of the UK; it plays a role in the UN as part of the UK; and, the parliament, royal family and armed forces are all British rather than English.

hints at it that football is a causal agent that explains important changes in a country's social fabric. This line of thought is made explicit by Jessica Robinson (2008) whose article 'Tackling the anxieties of the English: searching for the nation through football' also analyzes the impact of national team football on the creation of a separate English identity. It is Robinson's contention that football played a vital role in bringing about this transformation. Football, she asserts, "does not 'reflect' a distinctly English institution – it *is* one...English football does not reflect England, but actually brings it into being." (2008: 221)⁶⁹

An important qualification is that despite the numerous studies which conflate football and the nation, and which point to fans' increased sense of nationalism during national team matches, most fans' immediate loyalty lies with clubs rather than the national team. This personal connection fans have with local clubs dates back to the founding of most football clubs that occurred in the late nineteenth century during the industrial, early modern period. To the many immigrants who moved from the countryside to the cities, football clubs served an important socio-cultural purpose by offering a sense of community (in an unknown city) that reminded them of life in their villages (Goldblatt 2006, Kuper and Szymanski 2009). The prominence of football at the individual level is captured by Macon Benoit who, when analyzing the role of football in international politics during the interwar years, argues that in Europe during the 1930s and 1940s, "the football club became a sort of extended family...Belonging to a football club was probably a clearer identity, a more tangible tie, than being Dutch, or German, or English, etc." (2008: 534)

⁶⁹ The previous example suggests that football can serve as an independent variable, a departure from commentary that views football as merely reflecting society. Another example of soccer containing causal agency can be discerned when it proved a mechanism for change at the time when black players made their way into English football for the first time. The presence of black players and the racism they had to confront forced policymakers to enact anti-racism legislation to restrict racial abuse in football. As a result of the national discussion about race that took place following the bill's ratification, discussions about multiculturalism took place nationally, which helped improve the treatment of black players (Robinson 2008).

An extended study centered on the role and meaning of football in people's everyday lives has been carried out by Chris Stone (2007). Lamenting the reality that most research focuses squarely on those who attend live events, Stone contends that it is critical to investigate *how* football constitutes a principal element in the structuring of people's everyday lives. The impetus for assessing fan culture outside the stadium, he argues, lies in the fact that football's cultural influences are most pervasive at the everyday level: through conversation, the media, clothing and interpersonal relations either at home, work, school or in the pub (2007: 171). Phrased theoretically, Stone is convinced that "individuals' notions of self-identity, belonging and interpersonal relations...are initiated, reinforced, and challenged through the enactment, internalization, embodiment, and contestation of structural influences within daily life." (2007: 170)

Stone's argument is related to that of Cornel Sandvoss according to whom fans can be framed as consumers since their fandom is expressed through a series of acts of consumption ranging from reading the newspaper to attending games (2003: 17). Portraying football fandom as a form of consumption allows Sandvoss the opportunity to state the hypothesis that football fans communicate a projection of themselves via their fandom. As a result, two fans of the same club can support it for diametrically opposed reasons since the decision is ultimately premised on the individual's social, cultural and economic position rather than the actual condition of the football club. In other words, Sandvoss contends that fans appropriate the club according to their (subjective) social, cultural and ideological position (2003: 31), a given which helps explain why football fans often employ the first person plural 'we' when discussing their team ('we' won today). The use of the term 'we' underscores the relationship fans feel between them and the club as well as fellow fans. Sandvoss also employs Anderson's concept of imagined

communities to describe the sense of community felt by football fans. Specifically, he states that the communities constructed through fandom are imagined in two ways. They are imagined *in content* as membership of a community is premised on a fans' individual reading of community members' values and characteristics. Furthermore, Sandvoss claims they are imagined *in structure* since the community's borders are imagined by each individual fan (2003: 92). This assertion is important, and will be revisited in chapter four, since the borders of fan communities have expanded explosively as a result of the advent of satellite television, which has created sizeable, global communities of football fans and resulted in occasional fissures between locally-based and non-local fans. The work of Sandvoss, especially his views on the globalization of football clubs, will also be revisited in chapter five.

The strong ties between football clubs and their localities alluded to earlier, can be deduced from the fact that most team names include a reference to an urban locality: teams either represent the 'City' (e.g., Stoke City, Birmingham City, etc.) or bring together its citizens (e.g., West Ham United, Newcastle United, etc.) (Giulianotti 1999: 33).⁷⁰ The civic connection between clubs and their locality, a legacy of the Industrial Revolution and subsequent working class roots of most football clubs touched upon in chapter one, is illustrated by the fact that in the English PL 40 percent of all football clubs come from the industrial Northwest (Greater Merseyside, Greater Manchester and Lancashire Counties), which is home to only around ten percent of the total English population (Kuper and Szymanski 2009: 138). Similar figures can be found for the rest of Europe where the most successful and popular clubs also regularly have their roots in medium-sized, industrial cities. Because of the foregoing it is important to reiterate

⁷⁰ The strong ties that exist between football clubs and cities are a universal phenomenon. In Italy, the two major Milan teams (AC Milan and Inter Milan) make reference to their city. In Germany, Hertha Berlin and Bayern Munich are just two examples of teams carrying their cities' names. Other examples include Sporting Lisbon, New York Red Bulls, Paris Saint-Germain, Estudiantes La Plata, Standard Luik (Belgium), Real Madrid and Spartak Moscow.

that fans' loyalty and their sense of identity can switch from the club level to the national level and vice versa. In other words, the concept of an imagined community can hold true at the national as well as the sub-national level and is therefore not necessarily zero-sum. What is especially interesting from a theoretical perspective, according to Sandvoss, is that as a result of the dynamics associated with globalization in football (the influx of global players, capital, and ownership as well as the growth of global fan communities), a process driven by political and economic developments, the subsequent interaction between global forces and its local appropriation has reduced the role of the nation in the everyday life of fans (2003: 101-102). How globalization has impacted both national and local identity in soccer will be discussed in greater detail in chapter four of this dissertation.

In summary, what the previous section has shown is that studying football and football fans can help illuminate and analyze how identities are shaped, formed, and changed in an age of globalization, and what effect this has on other, competing symbols of identity and related institutions. In addition to serving as an imagined community, football has also often been employed by policymakers to increase domestic popularity and international prestige. It is to football's political function that this chapter turns next.

Football as a Political Variable

What the previous section underscored is that football constitutes an important cultural ritual to millions of people globally and signifies an important source of identity to its fans. In addition to being a socio-cultural variable, football is also a political variable precisely because of its extreme popularity to millions of people globally, and by default to those in power.

However, despite soccer's popularity it has been understudied in the discipline of political science. The central reason sport has not been given serious scholarly attention is a result of the *myth of autonomy* (Allison 2005) implying that sport has little effect on other human activities. Moreover, sport is often seen as merely reflecting society, and as such, not causal or important in itself. However, the arguments about the myth of autonomy and the contention that sports lack causality are both flawed. First, modern sport and its institutional embodiments are increasingly important global players. Modern sport is developed in international institutions (IOC, FIFA) that have significant global clout; it reaches a global audience (the 2004 Athens Olympics produced a cumulative audience of 40 billion); and it has significant financial impact (the 2008 Olympic revenues were estimated at \$3 billion) (Giulianotti and Robertson 2007: 2). Second, as discussed, sports constitute an important image of nations and states. Subsequently, Lincoln Allison and Terry Monnington contend that the political importance of sport can be framed within established political science paradigms (2005: 7).

Two early examples to theorize sport as a political construct can be located in the work of Lincoln Allison (1998) who frames sport as a component of civil society, and Ornulf Seipper (2006) who portrays sport clubs as institutions contributing to enhancing social capital. In the former analysis, sport clubs are perceived as institutions that help people develop democratic skills, practices and values by making collective decisions and running committees. Moreover, Allison asserts that sporting values like competition, respect for opponents, and working together also contribute to improved democratic practices (1998: 714). Related, Seipper's (2006) work stresses that being a member of a voluntary sport organization increases what Robert Putnam (2001) has coined *social capital*, which is conducive to generalized trust and political commitment. In spite of these attempts to link sport to political constructs, no overarching

suitable theoretical framework existed for state sport's political importance until a few years ago when sport was articulated as a form of *soft power*.

Notwithstanding the presence of others (e.g., constructivism), the two main paradigms in political science are those of *realism* and *idealism*. In short, realism (despite serious disagreements between human nature, defensive and offensive realists) couches international politics as a battle for power while idealism (also not a monolithic theory) argues that shared values and interests can serve as a source of order. Although power is an essentially contested concept (Haugaard 2002) most scholars agree one can differentiate between *hard* and *soft* power. Hard power is characterized by military power while soft power – the ability to get what you want through attraction rather than coercion – is characterized by diplomatic relations, economic assistance and cultural exchanges among others (Nye 2004). In a world that is becoming multi-polar (Zakaria 2008) characterized by multiple great powers, *legitimacy* and *prestige*, both externally and internally, is increasingly relevant due to the lack of a military hegemon with overwhelming power. In this environment, it is not a stretch to argue that sport can be used as an important tool of statecraft – i.e., a form of soft power – to provide or withhold legitimacy to another country. Furthermore, sporting success can both enhance a country's standing in the international system, and increase a government's standing domestically, or vice versa (Allison and Monnington 2005).

The theoretical framework of sport as a form of soft power can be discerned in the work of Macon Benoit (2008) who claims that soccer was intensely politicized before and during the Second World War. Specifically, he argues soccer took on four characteristics during this time: it became an active agent of international relations; a source of political propaganda; a tool of public pacification; and a medium of popular protest. First, soccer was an agent of international

relations, which implies that soccer was employed by national leaders to strengthen feelings of nationhood, and as a tool of foreign policy. One concrete example is the manner in which Adolf Hitler employed football as a political tool. Although Hitler was not personally a fan of the game, he quickly realized its political usefulness. Consequently, Benoit contends that German officials routinely practiced ‘football diplomacy’ throughout the 1930s – which consisted of friendly soccer matches between Germany and European powers that were complemented by other cultural exchanges – to charm the nations of Europe and convince them of their peaceful intentions (2008: 537). A more detailed explanation of Hitler’s football diplomacy will be included in chapter four of this dissertation. Second, European regimes used soccer to establish and strengthen a sense of national community, and by extension aimed to derive legitimacy from the game’s popularity. This applied to both governments and ethnic or religious groups. An example of the former involved the 1936 Berlin Olympics, organized by the German state with the aim of securing domestic legitimacy for the Nazis. An example of the latter was the Austrian Jewish soccer club Hakoah (meaning ‘strength’) Vienna that was established by Austrian Jews to enhance the social position of the Jewish minority. The club also aimed to emphasize a form of *muscular Judaism*, thereby tackling the dominant (and racist) view at the time in certain circles of the Jews as a physically weak minority group (Goldblatt 2006: 199). Third, soccer often proved a useful distraction, “a tool of social pacification, or the ‘opium of the masses’” (Benoit 2008: 542) in Marxist terminology. Football offered the man on the street the chance to forget about his plight, if only for a moment. During the war especially, allowing football to be played helped to raise people’s morale. In fact, the psychological and therapeutic value of football formed a decisive reason why football leagues were allowed to proceed in GB during the Second World War. Football offered a sense of normalcy and allowed people to (briefly) forget about

the horrors of war.⁷¹ Finally, and related to the third point, football and football stadiums in particular became important venues for protest. And because of soccer's intense popularity, political leaders had to tread carefully when deciding how to confront this type of dissent. One well-known example of soccer being utilized as a form of protest highlighted by Benoit is the travails of *Dinamo Kiev*, historically (and still) the Ukraine's most popular football team. Following their invasion of the Ukraine, the Germans decided to allow the football league to proceed as part of a 'normalization program'. Upon hearing the news, the best Ukrainian players decided to form a team, called *FC Start*, and famously beat the best German team, *Flakelf* in 1942. The game between the two teams was portrayed as a direct clash between the Soviet Union and the Germans; in its aftermath, word of *FC Start*'s victory spread immediately to all parts of the country and served as a tremendous morale booster to millions of Soviets.⁷² The political importance of soccer, whether as a source of propaganda, soft power, pacification or protest has not been confined to the Second World War as the following examples will reveal.

In Italy Elena Semino and Michela Masci (1996) have shown how Prime Minister Silvio Berlusconi consistently utilized football metaphors during his rise to power as well his tenure while in power. They note that in the campaign for the 1994 general elections, Berlusconi coined his party *Forza Italia* (meaning 'Come on Italy'), after a popular football chant, and referred to his party members as the *gli azzuri* ('the blues'), a term which refers to the members of the national football team, thereby "drawing on the positive connotations and national unity that is associated with these terms – an important strategy in Italy which has been characterized by regional tensions, most notably between the North and the South." (1996: 246-47) In

⁷¹ Adding to its political importance, the only sporting event attended in person by Winston Churchill during the war was a football match.

⁷² The players of *FC Start*, however, paid a high price for their 'defiance' since all players were sent to a concentration camp following what has subsequently been coined the *death match*.

addition, Berlusconi also repeatedly stressed his role as president of the popular football club A.C. Milan – a team that had won multiple national and European titles following his purchase of the club in the 1980s – as an indicator of how he would transform Italy similarly if given a chance to govern (Kuper 1994: xvi).

In Argentina the state has consistently controlled and manipulated football to serve its political ends. To this end, Liz Crolley and Vic Duke have shown that those who run football either at club level or in the Argentine FA are invariably involved in party politics in some way and that a career with a football club is regularly employed as “a shop window and a stepping-stone to a political career.” (1996: 7) Furthermore, the same authors note that the nexus between football and politics in Argentina has been intimately connected to the fact that “the development of football in Argentina preceded democratic politics.” (1996: 101) What this means is that political parties aimed to copy the institutional infrastructure of football clubs, which resulted in a situation that saw football and politics organized along similar lines. In addition to sharing institutional similarities, football regularly presented an important distraction from the arduous affairs of everyday life. To this end, politicians in the past regularly channeled funds to clubs to ensure their solvency or threatened to change the rules if major clubs were in danger of relegating to a lower division. Of course, bending the rules is easier in an authoritarian system than in a democracy, which may help explain why no politician was able to avert the relegation in the summer of 2011 of River Plate, one of Argentina’s most cherished institutions and its most successful football club historically. Immediately following the match, riots erupted inside as well as outside the stadium that resulted in tens of people needing medical attention and caused serious damage to the stadium and nearby shops. Moreover, it was reported that in the week following the game the demand for anti-depressants in Argentina soared (Schweimler 2011) as

millions of River Plate fans grappled with the notion that their club would no longer feature in Argentina's top division for the first time in its 110-year history.

As much as it may be impossible to add points to a club's total in an attempt to save it from relegation, political meddling in football is still a fact of life in Argentina. One such example of political meddling in the football arena was the decision by Argentina's president Christina Fernández in 2009 to assist the Argentine FA whose financial woes threatened the start of the domestic football season (Economist 2009). In what many characterized as a blatant political decision, the state television channel offered the FA \$154 million for the right to broadcast the season's football matches, thereby undermining its original contract with a private broadcaster –that had been critical of the President and her (late) husband – which had paid \$70 million a year for the lion's share of the broadcasting rights. By intervening, Kirchner positioned herself as the savior of Argentine football, an important qualification in a country of passionate football fans. Kirchner's actions are by no means unorthodox and are part of a pattern of political intervention in the country's most popular sport. Drawing on the work of Fernández Santander, Liz Crolley and Vic Duke have documented the endeavors by Argentinian politicians to distract the population in the mid-1960s during the dictatorship of General Juan Carlos Onganía when up to six football matches were televised a week. At the same time, clubs were compensated for loss of revenue in attendance figures, measures that were all aimed at maintaining domestic stability (1996: 103). Moreover, the authors reveal how President Peron employed football as a form of political propaganda and a vehicle for national integration by attending important matches to show he was a man of the people. Finally, football in Argentina was utilized to project a positive image of the country to the outside world by General Videla's administration in the lead-up to, and during the 1978 World Cup in Argentina. Recognizing that hosting a

successful World Cup would prove beneficial to the international community's perception of Argentina, which was marred by human rights violations, Videla spared no efforts in an attempt to portray Argentina as modern, stable country.⁷³

Football and politics, as well as football and nationhood have been closely intertwined in most of South America, including Brazil. In Brazil, almost all presidents have at one point or another identified with the success of the national team to secure political legitimacy (Mason 1995). For example, David Goldblatt contends that Brazil's 1970 World Cup victory "crystallized the already intimate relationship between football and the military-political complex in the country." (2006: 627) While a close association with the national team is beneficial when it heaps political dividend, a danger exists when results turn out less than expected. In South America this has occasionally forced presidents from power following poor on-the-field performances. Mexican journalist Luis Suarez made this link explicit when stating that in Latin America "the border between soccer and politics is vague" only to add that "there is a long list of governments that have been fallen or been overthrown after the defeat of the national team." (quoted in Kapuściński 1969: 189)

Soccer's role as pacifier, source of legitimacy and international prestige, and venue for protest also applies to Spain. During the Franco years especially, football was utilized by the government to promote an ideal vision of what Franco wanted Spain to look like. As a result the Spanish football federation lost its independence and many of football's institutions were run by military figures. Throughout this period, the one club that fared well was Real Madrid. It is the contention of Stephen Wagg that Real Madrid was favored by the regime because it was perceived as the true "representation of the Castilian and unitary image Franco aimed to convey

⁷³ Argentina's national team played its part by beating the Netherlands in the final and securing the 1978 World Cup title.

both domestically and internationally.” (1995: 129) At the same time, the regime also aimed to promote a positive image of itself to the outside world by trying to embed the Spanish national team with fascist values, including *manliness*, *passion* and *fieriness* (Goig 2008: 60).

Nevertheless, despite Franco’s attempt to equate Spain’s national team with the state, football in Spain was (and still is) also employed by the various regions as a powerful political tool against the state and the political center. This tactic has been especially prevalent in Catalonia and the Basque region – which both have a keen historic sense of collective identity – and their most important football clubs, FC Barcelona and Athletic de Bilbao respectively. Much of the anti-Franco sentiment in Catalonia was fuelled through the football club FC Barcelona (interestingly, FC Barcelona was established in 1899 by a Swiss football pioneer, Joan Gamper). Ever since it was founded, FC Barcelona has been inextricably tied to Catalan nationalism and even today, Simon Kuper contends it is seen as the ‘national team’ of Catalonia and one of the most important Catalan institutions both in economic and political terms (1994: 103). Its official slogan alone *més que un club* (more than a club) is indicative of its political connotations. Despite the political activities and the anti-Franco sentiment that was a recurring theme inside FC Barcelona’s stadium, Franco was never able to shut down Barcelona because of the popularity of the club as well as the potential consequences following such a decision. Moreover, it has been suggested that Franco did not seriously oppose the political activities inside the Barcelona stadium because it was contained in a single location which limited its broader impact. These sentiments – although watered down following Franco’s death in 1975 and Spain’s subsequent successful transition to democracy, and its successful integration into Europe⁷⁴ – still ring true. To this day, factions of Real Madrid supporters tend to view Barcelona fans as anti-Spanish and anti-centralist while many Barcelona supporters view Real Madrid as

⁷⁴ Spain, along with Portugal, joined the European Economic Community (EEC) in 1986.

representing an image of Spain that has consistently aimed to obstruct Barcelona and Catalonia (Crolley and Duke 1996: 28).

In more recent years, football and politics in Russia have become closely intertwined. At the root of this relationship are Vladimir Putin's (Russia's current Prime Minister and former Russian President) routine appeals to nationalism, which formed a central part of his strategy to consolidate power.⁷⁵ In addition to re-igniting the war against Chechen forces in 2000, in the wake of a series of terrorist attacks in Moscow blamed on Chechen terrorists, Putin's speeches often include references to patriotism and Imperial Russia. He has also helped to create *Nashi*, a pro-Kremlin, nationalist youth movement. *Nashi* is an outgrowth of a group called 'Walking Together' whose core was made up the 'Gallant Steeds' football gang drawn from football hooligans supporting CSKA Moscow. In fact, Walking Together and *Nashi* were founded by the same person, Vasilii Yakemenko. Both groups have been routinely employed by the Kremlin to provide 'muscle on the street' and to intimidate (e.g., physically attack) opponents of the regime, especially in the aftermath of the revolutions in Georgia and the Ukraine that sparked fears inside the Kremlin about the potential for similar pro-democracy demands in Russia. In recent years, however, what has been referred to as 'managed nationalism' by Charles Clover (2010) has increasingly become unmanageable as these groups, drawing in large numbers of additional soccer fans, have started to act independently. This has resulted in violent attacks against immigrants from the Caucasus region and other shows of force. Facing the difficult decision of appeasing or confronting these ultra-nationalist groups, Putin chose to appease them by visiting the grave of Yegor Sviridov, a football fan whose murder by an ethnic Caucasian gang, initiated

⁷⁵ Putin, appointed by Boris Yeltsin as interim-President in late 1999, only a few months before presidential elections were to take place, was a relative unknown figure prior to being handed the post of prime minister in 1999. Putin gained widespread popularity for his hard-line approach to Chechen separatists and his appeals to nationalism and Russia's history as a Great Power.

riots and wide-spread protests in December 2010. While using the occasion to call on all clubs to act against xenophobia, Putin's visit to the grave was widely interpreted as a sign that he was sympathetic to their cause. His remark (during the same visit) that the government may adopt strict immigration rules in Moscow, St. Petersburg and other metropolises if further violence were to occur has worried commentators who fear heightened anti-foreign sentiment in the country (Levy 2010).

In Africa, football and politics have also often shared an intimate connection. Football in Africa served both as a tool of resistance during colonialism (a chance to beat the colonizers at their game) and as an instrument of political legitimacy following independence. With regard to Algeria for example, Mahfoud Amara and Ian Henry have argued that soccer was utilized as a "means for the affirmation of Algerian resistance to colonial cultural hegemony." (2004: 6) To this end, many soccer clubs adopted the colors of the Algerian national flag in their club colors, while others used Islamic names to infuse the club with explicit political intentions. Moreover, soccer matches regularly became the sites of political expression and often violence. One specific way in which soccer was used by the National Liberation Front (FLN) was as a critical diplomatic tool. The FLN strategically established a national revolutionary football team that travelled abroad to secure financial assistance for the independence struggle while acting as its official national representation. To help achieve this goal, a number of Algerian players who had been playing professionally in France left the country to lend their service for this newly created FLN team. Following independence, soccer in Algeria has continued to play an important role in the process of nation-building, as it has done elsewhere in Africa.

According to Stephen Wagg, in Africa "soccer has always been considered to be one of the most modernizing forces of the continent." (1995: 37) This is not entirely surprising in light

of the fact that many of Africa's future leaders following independence gained important organizing skills within the confines of football, one of the few activities the colonial powers allowed. As a result, David Goldblatt notes that the football pitch served as one of the central "recruiting grounds and training centres of the new nationalist elites that would spearhead the struggle for independence." (2006: 487) Goldblatt explains how emerging national leaders like the prominent Nigerian nationalist Nnamdi Azikiwe had the chance to gain important organizational skills, establish institutional bases of support, and achieve the necessary self-confidence by being actively involved in the management of the sport. When assessed in this manner, one can juxtapose the importance of many leading soccer clubs in Africa to the role the Indian National Congress (INC) played in India. Participation in the INC helped future leaders like Mohandas Gandhi and Jawaharlal Nehru gain important governing and organizational experience during the 1920s and 1930s, which benefited them (as well as the country) both in securing independence in 1947, and steering the country during its democratic transition post-independence.

More recently, the nexus between football and international relations could be discerned in the way in which the South African government employed sport and *cultural diplomacy* in order to win the right to host the prestigious World Cup soccer in 2010.⁷⁶ Drawing on a long history of using sport as an oppositional tool against the apartheid regime, ANC government officials conducted *sport diplomacy* to assert the country's African-ness (Mxolisi Ndlovu 2010). Concretely, South Africa presented its bid to host the World Cup as a joint African effort hosted in an intimate partnership with all of Africa's countries. This pan-African approach, argues Sifiso Mxolisi Ndlovu, echoed South Africa's general foreign policy doctrine, which is based on

⁷⁶ World Cup bids have increasingly become highly political affairs. In the most recent round of competition for the right to host the 2018 and 2022 World Cups (won by Russia and Qatar respectively), government leaders including David Cameron and Vladimir Putin were present to lend their active support to their country's bids (AP 2010).

the vision of a “better South Africa, better Africa and a better world.” (2010: 146)⁷⁷ In other words, to bolster its chances of securing the right to host the tournament, it consulted with organizations like the African Union to strengthen pan-African identity. Strategically, the campaign to host football’s most prestigious competition in South Africa simultaneously served to promote South Africa’s leadership in the African continent.

Football and Violence

The foregoing literature has shown how football and politics form a close connection. Notwithstanding the political advantages of association with the people’s game, the use of football as a medium to secure domestic prestige (as well as promote a sense of nationalism) can turn problematic when the passion of football transcends the stadium and the immediate match. A recent example of nationalism gone awry occurred in 2009 in the aftermath of a deciding World Cup qualifying match between Egypt and Algeria, two North African rivals that have seen a fair share of football-related disputes in the past. Following the match, played in Sudan with 15,000 police officers on hand to separate the warring fan sections and won by Algeria, riots occurred in Egypt when Egyptian protesters hurled firebombs at police protecting the Algerian embassy (Slackman 2009). The day after the match, Alaa Mubarak, son of Egyptian President Hosni Mubarak, called for a ‘tough stance’ to be taken against Algeria and in the days following the initial unrest, Cairo recalled its envoy to Algeria in a further escalation between the two African countries (BBC 2009).

⁷⁷ A central tenet of the bid was premised on the African philosophy of humanism, or *ubuntu* (a Zulu expression that roughly translates as ‘you are a person because of other people’), which highlights the importance of communalism and solidarity to African values (Mxolisi Ndlovu 2010: 146).

While the violent incidents between Algeria and Egypt had the potential to negatively impact the stability in the region, they did not match the level of violence in what has been dubbed the 1969 Soccer War between Honduras and El Salvador, described lucidly in Ryszard Kapuściński's (1986) book *The Soccer War*.⁷⁸ The war in question between the two countries started in the immediate aftermath of a play-off (similar to the match between Algeria and Egypt) between the two countries for the right to take part in the 1970 World Cup in Mexico. After the second game, one that was marred by violence prior to as well as during the match, the border between the two countries closed and the following day the two countries were engaged in a war that lasted one hundred hours and resulted in six thousand casualties (Kapuściński 1986: 182). While underlying reasons, mainly an economic dispute involving the forced repatriation of three hundred thousand El Salvadorians living in Honduras contributed to the war, major violence did not erupt until this highly anticipated and charged football match.

Football and war also comprised a nebulous nexus in the early 1990s during the war in the former Yugoslavia. Throughout the war, but especially at the start, local football fans of Red Star Belgrade constituted a critical element and were used as an irregular militia by the Serbian government (Fowler 2004). An early sign of things to come was the 1990 football match between Red Star Belgrade (a top Serbian team) and Dinamo Zagreb (a top Croatian team) – a match that was abandoned after violent clashes between the two sets of fans in the stands extended to the field and involved a well-known Croatian footballer kicking a Yugoslav police officer who was confronting a Croatian fan. According to Franklin Foer, the significance of this match, and the violence at the heart of it, rested in the fact that it represented the first occasion in

⁷⁸ As demonstrated in the book, the line separating soccer and politics is tenuous at best in much of Latin America where there have been numerous instances of governments that have fallen or been overthrown after a defeat of the national team. Similarly, Bill Murray's *The World's Game* (1996) chronicles additional instances of organized violence between opposing fans during international matches dating back to the early twentieth century.

fifty years that Croats and Serbs in Yugoslavia had openly fought one another (2004: 16).⁷⁹ When war finally broke out in 1992 – after Croatia and Slovenia declared their independence in late 1991 –, the Serb government at first relied to a large degree on paramilitary forces because many of the central government institutions (the police and the army in particular) proved unreliable since many of their members had been trained to believe in an evenhanded Yugoslav state and thus rejected any notion of a separate ethnic identity. As a consequence, the Serb government was forced to employ irregular gangs, the most infamous one being a group led by Zeljko Raznatovic (better known as Arkan) who recruited almost exclusively from soccer hooligans at his favored club, Red Star Belgrade. The connection between the state and the football club did not end there, Foer reveals, as Arkan trained his soccer recruits at a government-supplied base while Red Star players routinely visited injured soldiers in Arkan's camp during the war (2004: 22).

However, just as football can exacerbate conflict, it can also help alleviate conflict as has been highlighted in the case of the West African country of Ivory Coast, a former French colony that gained its independence in 1960.⁸⁰ Following the team's qualification for the 2006 World Cup, its captain, Didier Drogba – Ivory Coast's most successful and most popular footballer – fell to his knees on national television and begged the warring factions to lay down their arms, which they promptly did a week later (Hayes 2007). That Drogba's pleas were acted upon is not

⁷⁹ Following the Second World War in which Croatian fascists (called the *Ustache*), in collaboration with the German Nazis, killed hundreds of thousands of Serbs, General Tito prohibited any public expression of ethnicity to prevent future inter-ethnic clashes. However, following his death, and the collapse of communism, the leaders of the various republics, most famously Slobodan Milosevic and Franjo Tudjman in Serbia and Croatia respectively, abandoned communist ideology and seamlessly became ardent nationalists. When Slovenia and Croatia declared their independence 1991, it set the stage for an all-out war in which more than one hundred thousand people died.

⁸⁰ The example of soccer's healing role is not exclusive to Africa and can be seen elsewhere as well. For example, the 1998 World Cup game between Iran and the US was presented as a possible *détente* in the bilateral relationship between the two countries, which has been tempestuous following the 1979 Iranian Islamic revolution and the subsequent Iran hostage crisis. Hope for a new era in Iranian-US relations was only heightened in the wake of the spontaneous moment of silence that took place inside an Iranian soccer stadium following the 9/11 terrorist attacks. Other examples of soccer's ability to unite adversaries include the occasional soccer matches organized between Israelis and Palestinians to push forward the peace process between the two sides.

terribly surprising to Andreas Mehler (2008) who notes that because football is perceived by many Ivorians as the only thing that truly unites people, it has been an important factor of peace throughout the country's short history (2008: 98). With this knowledge in mind, both the government and the rebels have tried hard to manipulate and politicize the discourse on football coverage to present their respective political views.⁸¹

Football's ability to deepen as well as alleviate conflict can also be deduced from the literature surrounding the work of NGOs who have increasingly turned to employing soccer to promote developmental goals. Because of the immense popularity of football in Africa, which cuts across ethnic and religious lines, it has become a staple in recent years as a tool to build peace in war-torn countries. Numerous NGOs active in post-conflict theatres have started incorporating football in their curriculums to teach young people core principles such as tolerance, cooperation, respect and defeat management, all considered essential elements in peace-building.⁸² The power of football to integrate ethnic groups and thus contribute to peace-building and conflict prevention can be witnessed in Nigeria where a case study on football fandom conducted by Olesugun Majaro-Majesty revealed that the immense popularity of the English PL⁸³ has led to strong and *enduring* friendships between individuals from different

⁸¹ The political role famous footballers can play was also witnessed in Liberia where George Weah, a former world footballer of the year, used his domestic popularity to run for the presidency of the country in 2005. Running on a platform that emphasized his lack of political experience and formal qualifications, he won the largest share of votes during the first round of voting. Despite receiving the largest share of the vote (he did especially well among young Liberians, not surprisingly perhaps) in the first round, he ultimately fell short and lost to Ellen Johnson Sirleaf in the run-off election (Vasagar 2005). By winning the election, Johnson Sirleaf became Africa's first female head of state.

⁸² One such organization is Generations For Peace, which is an international NGO dedicated to the innovative and sustainable use of sport, including football, for peace building and development. It was founded by Prince Feisal Al Hussein of Jordan and currently supports sport for peace and development activities in 47 countries and territories worldwide. Another organization to employ the power of football is Grassroot Soccer. Its central mission is to use soccer to raise awareness of the HIV/AIDS epidemic and to help bring about behavioral changes in young people. It is active in South Africa, Zimbabwe and Zambia and was recently awarded a PEPFAR grant by the US Agency for International Development (USAID) for its work to combat the disease.

⁸³ The most popular teams in Nigeria are (the historic top-four English teams of) Arsenal, Chelsea, Liverpool FC and Manchester United. Arsenal and Chelsea in particular are supported feverishly as a result of their sizeable

ethnic groups (2011). Put differently, the study provides tentative evidence that *club identity* can trump *ethnic identity*, a conclusion that raises the prospect of football as an integrative force, even in a country marked by historic ethnic enmities between assorted ethnic groups. However, despite the initial promise, Majaro-Majesty notes that the occasional outbreaks of (low-level) violence during important matches underscore the importance of offering some type of peace education in order to fully and comprehensively leverage the benefits of football to peace-building efforts.

The occasional outbreak of violence in football highlighted by Majaro-Majesty is at the heart of the argument of those who caution against the use of football to achieve development goals. Joel Rookwood and Clive Palmer (2011) for example argue that in spite of the natural appeal to leverage soccer's immense popularity to strengthen the social fabric of war-torn countries, some caution is in place. They base this conclusion on a study that analyzed an NGO project in Liberia that employed football to assist in the integration of former child combatants into society. The authors' central argument is that football's premise on the principles of *invasion* – attack and defense (e.g., shooting, striking, repelling invaders, forcing the opposing team onto their own half, etc.) – implies it may not lend itself to the goals of reconciliation, tolerance and respect. As they note: "Footballing behaviour, by the very nature of its actions, is seemingly rarely disposed to being tolerant, friendly, caring, compassionate, forgiving, ecumenical, welcoming and sharing to all." (2011: 193) Subsequently, they contend that NGOs would be well served to assess *a priori* whether or not football is the proper medium to use in a

contingent of African players. Some of Chelsea's top players include Ivory Coast stars Didier Drogba and Salomon Kalou, Ghanaian Michael Essien and Nigerian Jon Obi Mikel. Arsenal's line-up often features Cameroonian midfielder Alex Song and Ivory Coast defender Emmanuel Ebouyé (and used to include Emmanuel Adebayor from Togo and Kolo Touré, also from Ivory Coast who were transferred two seasons ago in 2009).

given context rather than resort to the default that its virtues are applicable in all conflict situations.

Football and Gender

If Liz Crolley and Vic Duke's assertion that football can be viewed an extension of the state is correct, it does not bode well for women globally. Concretely, one can ask the question how this is possible if half the population is conspicuously missing? The importance of redressing the global gender gap is obvious and has been illustrated by Ronald Inglehart and Pipa Norris (2003) who point to a direct correlation between views on gender equality and the emergence and survival of democratic institutions. Similarly, Swanee Hunt (2007) has made the case for the importance of increasing the number of women holding political office based on numerous studies that suggest that countries with high female representation enjoy lower levels of corruption, lower levels of bribery, and a more economically competitive climate. For women to have a significant effect on policy, however, Hunt notes that a few female legislators here and there will not suffice. Instead, she argues that a critical mass is needed, usually estimated to be around 30 percent. Despite these powerful imperatives to improve the status of women, what becomes clear from analyzing the history of football as well as its political status is that it is still overwhelmingly male-dominated. This is the case even though numerous attempts have been made to promote football stadiums as family friendly environments that offer a place to women and girls. That said, beyond stadium upgrades (a requirement that came about in the aftermath of a number of stadium disasters that killed tens of football fans) few clubs have taken it upon themselves to seriously address the lack of women not only inside the stadiums but, more

importantly, in clubs' management structures. The issue of women in football will be revisited in chapter four of this dissertation.

Although sport has been an important site in the production of masculinity in modern societies at a time when other, more traditional forms of physical strength (including hard labor or combat) have become less prominent, David Whitson has argued sports did not surface prominently in feminist theory until the late 1970s (1990: 19). Since then though, a proliferation of feminist scholarship has followed providing a comprehensive analysis of the nexus of women, gender and sport (Messner and Sabo 1990). Although at times the various strands of feminist theory have focused on different root causes and solutions to overcome the exclusion of women in modern sports – especially between liberal feminists whose focus on achieving equal opportunity for women in sports by eliminating the barriers that prevent them from equal access has been opposed by radical feminists who have argued for the need to destroy the patriarchal ideologies and institutions that perpetuate gender inequality – both have agreed on certain important points. Most importantly, Michael Messner and Donald Sabo believe agreement exists about the notion that sport's representation as a male activity has been consciously construed in an attempt to exclude women, not only from sports but from public life in general (1990: 4). In their own words, Messner and Sabo contend that “sport has historically been constructed as a male institution with the aims of creating structures of domination – by establishing patterns of male privilege and female subordination – in addition to “promoting male values such as strength and aggression.” (1990: 20)

One could argue this has been true both in football's early history as well as its more recent history. As referenced before, early games of football lacked written rules and sanctioned the use of violence – a feature corresponding to the structure of society at the time when violence

was a more accepted part of everyday life. As a result, Eric Dunning asserts that these games skewed the balance of power between men and women more heavily in favor of men, and by doing so, expressed a form of patriarchy (1986: 81). In addition, Dunning notes that the rationalization of the sport in the late nineteenth century, which limited the use of hacking (ostensibly equalizing the balance of power between the sexes), did in effect very little to substantially level the playing field. Notwithstanding the aforementioned example aimed at redressing some of the imbalances between men and women in football, Victorian myths that stressed the intellectual and physical frailty of women proved difficult to eliminate altogether. According to Todd Crosset sport was additionally employed as a vehicle to help portray male sexuality as separate from female sexuality (1990). In his words, “the second half of the century was characterized by a reactionary male bourgeois movement that emphasized male superiority and distinct sex spheres.” (1990: 46) The decision by the Council of the FA in 1902 to prohibit men and women from playing together fits this line of thinking.⁸⁴ Furthermore, Richard Giulianotti (1999) draws on the work of Leite Lopez to show that while women’s football had gained in popularity in England during the First World War when most males were off to war – both in playing numbers and attendance, with some games attracting to more than 50,000 spectators – the English FA following the end of the war ordered clubs not to lease out their grounds to women, thus securing men’s domination of commercial football. The decision to prohibit clubs from leasing their home fields to women’s teams can be interpreted as a direct

⁸⁴ This thinking was not exclusive to football. Pierre de Coubertin, founder of the modern Olympics, was opposed to female participation in the Games arguing women playing sport was against the law of nature as well as aesthetically displeasing.

response to the growing popularity of women's football, a development that was perceived as a threat to a traditional male institution.⁸⁵

To address the gender imbalance, attempts have been made in recent years to increase female participation in football as well as female attendance at football matches. One such measure has been the introduction of family sections inside stadiums.⁸⁶ Another has been the decision to broadcast annually the Women's FA Cup final. However, despite these minor attempts to raise the profile of women athletes and female attendance numbers, today a large gender gap remains.⁸⁷ Finally, and more importantly, very few women hold senior positions in the management of the sport, both at the club level and the organizations overseeing the sport. The message that clubs, given their massive popularity and global reach, could send by appointing a female manager, chief executive, technical director or head scout would be powerful and could reverberate throughout other major institutions (e.g., national governments and parliaments) but until now no major club has felt the responsibility to act. Liverpool FC has proved no exception in this regard either. A more extended analysis of women in football will be included in this dissertation's case study chapter.

Football as an Economic Variable

⁸⁵ The strict control of men continued even after the establishment of the Women's Football Association in 1969, highlighted by the fact that its first secretary was a man, Arthur Hobbs.

⁸⁶ Many critics have argued that this measure has had less to do with increasing female attendance but more with eliminating the working class elements in the stadium. This argument is made in Anthony King's *The End of the Terraces: The Transformation of English Football* (2002).

⁸⁷ Based on studies in England, Spain and Germany no more than ten to fifteen percent of fans inside the stadium are women (Duke and Crolley 1996: 136) although this number has most likely increased in the last decade. Notwithstanding somewhat of an increase, this still means that the stadiums are heavily male dominated and implies that those women who are present find themselves in a male-dominated structure, which makes it extremely difficult to change the dynamics inside the venue.

In addition to the foregoing which introduced football as a socio-cultural and political variable, it is also a major economic player. Here are some numbers to digest: Figures released in *Forbes* magazine show that five clubs, all in Europe and three of them from England, are worth at least one billion dollars: the clubs in mention are Manchester United (MU), Real Madrid, Arsenal, Bayern Munich and Liverpool FC (Van Riper 2010). Currently, Real Madrid ranks as the richest club in the 2009/2010 season with revenues of about \$600 million (Wilson, B. 2011).⁸⁸ While the money circulating in football is significant, Simon Kuper and Stefan Szymanski argue football clubs are tiny actors ('puny businesses' in their terminology) compared to global companies such as those listed on the S&P 500. To a large degree, this is the result of what they call *appropriability*, which implies that "soccer clubs cannot make money out of (can't appropriate) more than a tiny share of our love of soccer." (2009: 77) Most football, they argue, is watched on television for no fee (or a small fee) and football games generate little income from reruns or DVDs. Moreover, as much as football is a significant topic in internet forums, cafes and at dinner tables, clubs cannot charge money for this type of interaction. And while core fans do purchase club merchandize (especially club jerseys), many do not.⁸⁹ In short, these examples reveal that while football clubs provide much entertainment and banter, they struggle converting this into consistent revenue streams.

However, according to the same authors there are numerous additional reasons why football clubs are rarely profit making institutions. These include: bad management (in the late

⁸⁸ Detailed information from the Deloitte Football Money League 2011 report breaks down the income generated for the world's richest club. During the 2009/10 season, the most recent season for which information is available, it accrued \$212 million in broadcast revenues, \$200 million in commercial revenues and \$172 million in match-day revenues (Deloitte Money League 2011). In this dissertation I will provide figures both in US dollars and British pounds with the exception of the Deloitte reports, which occasionally feature figures in the Euro currency. At the time of this writing (September 2011), the conversion rate between the British pound and the US dollar is 1.55 while that between the Euro currency and the US dollar is 1.31.

⁸⁹ The drive to secure more revenue, especially from merchandizing, is a key reason why major clubs travel abroad annually to try and grow their fan base, especially in financially lucrative markets like the US and the Far East.

1990s, Liverpool FC, a club with a global following, did not yet have an own website); pressures to win (the prospect of relegation and promotion drives up players' wages); extreme brand loyalty (fans rarely abandon the clubs they have supported for years in spite of bad management; the fact that clubs can and do survive, even in a lower league; and the constant emergence of new owners who are not interested in profits but rather in winning prizes, which in turn forces other clubs to increase spending also.⁹⁰ As a result of the foregoing, Kuper and Szymanski contend that "football clubs are rarely if ever profit-making businesses." (2009: 93) A more detailed analysis of club's management practices, historically as well as currently, will be given in this dissertation's case study chapter.

While the top clubs generally fare well and generate large revenue streams, top players have done even better. In a separate report published in *Forbes* that calculated football players' income from 2006 until 2009, England's David Beckham topped the list as the world's best remunerated footballer with an estimated yearly income of \$45 million dollars (Settimi 2010).⁹¹ Furthermore, transfer fees to obtain the services of the game's most talented players have skyrocketed in recent years, a development punctuated by the 2009 Real Madrid signing of Cristiano Ronaldo from MU for £80 million – while a hugely lucrative deal for MU, Ronaldo himself was taken care of as well based on reports he was offered an annual salary of \$17 million (Jackson and Taylor 2009).⁹²

⁹⁰ Examples include the Russian oligarch Roman Abramovich at Chelsea and the Abu Dhabi businessman Sheikh Mansour at Manchester City who, in the last few years, have spent hundreds of millions pounds to sign the best players available in an attempt to win the domestic PL title as well as the prestigious CL club competition.

⁹¹ During the three years from 2007 to 2009, it was reported Beckham collected \$138 million in earnings, with \$102 coming in the form of off-the-field endorsements from major MNCs like Pepsi, Motorola and others. He has since been overtaken by Portugal's Cristiano Ronaldo and Argentinean Lionel Messi as the world's best paid footballer.

⁹² Ronaldo joined Brazil's Kaka who also joined Real Madrid from A.C. Milan for a reported fee of £56 million. In August 2011, Samuel Eto'o, a prolific Cameroonian striker, became the world's best-paid player when he was signed by Anzhi Makhachkala, a club located in the southern Russian province of Dagestan and owned by Russian billionaire tycoon Suleiman Kerimov whose estimated worth is around \$7.8 billion. Although not confirmed, news reports noted Eto'o will earn \$30 million per season (Mydans 2011).

The principal reason why football has become an industry in which the richest clubs are willing to pay these exorbitant transfer fees is a reflection of the wider economic shifts that have occurred in European societies. In most countries, the role of the market has grown while the regulatory role of the state has been reduced. In the last three decades, most of Europe has shifted from a Keynesian, corporatist system to a neoliberal, laissez-faire system, a transition that has been mirrored in European football as well. It has led to an increased gap between the top and the bottom clubs, similar to the increased disparity found in the wider society. This development has not been without critics as many deplore what has been coined alternately the excessive *commercialization* or *commodification* of football and its alleged corrosive impact on the game as a cultural entity (Brown 2000, Sandvoss 2003).⁹³ Moreover, according to the same critics the process of commercialization has also transformed the relationship between the fans and their respective clubs. Instead of *fans*, clubs now often speak in terms of *customers* (King 1997). The following section will briefly outline the economic changes in European society as well as European football and portray football as an important economic player in this new economic climate.

Keynesianism and Neoliberalism in European Politics and Football

When assessing over time Europe's economic climate following the end of the World War II, one is struck by the changes that have occurred. The first few decades of Western Europe's post-war history were characterized by a *collectivist consensus* typified by

⁹³ Protests against the 'commodification of society' can be discerned in the Occupy Wall Street protests, which started in New York City in September 2011 and have subsequently spread to other US and global cities. Although representing numerous groups with disparate grievances, a central concern is that the role of money in politics has corrupted the democratic political process.

governments' main aim to provide full employment to its citizens.⁹⁴ However, the economic crisis of the early 1970s undermined the optimism of many citizens (and governments) and the uncompromising belief in the virtues of the welfare state and the state's ability to manage the economy. Therefore, starting in the late seventies the post-war consensus – which had been premised on a corporatist settlement in industrial relations between the state, capital and labor – came undone with the rise to power of Margaret Thatcher in GB and Helmut Kohl in the Federal Republic of Germany (FRG).⁹⁵ A similar development away from Keynesianism and towards neoliberalism⁹⁶ had occurred at the *European level* around the same time.

Attempts to integrate Europe economically and politically had occurred at various times throughout history, but the events leading up to the Second World War, more than anything else, provided the impetus for a process of European integration immediately following the end of hostilities (Crepaz and Steiner 2009, Ginsberg 2007, Hancock 2003, Van Oudenaren 2007).⁹⁷

⁹⁴ Somewhat surprisingly, GB was the first country to establish a true welfare state following the election of the Labor party led by Clement Attlee in 1945 who defeated Winston Churchill's Conservative party that had steered GB successfully through the war. In western Europe most governments following the war were dominated by the Christian Democrats who also established generous welfare states in an attempt to reform the social contract that existed between government and citizen. This endeavor was premised on a concern for equality in light of the belief that one of the enabling factors of Hitler's rise to power was the widespread poverty in Germany, especially the rural areas.

⁹⁵ The US, always having been slightly more to the right politically than Europe, saw a similar shift with the election of Republican Ronald Reagan who defeated Democrat Jimmy Carter in the 1980 presidential election.

⁹⁶ Neoliberalism is an economic philosophy that is premised on privatization, deregulation, and liberalization to stimulate the free market. Neo-liberals, such as the Austrian economist Friedrich Hayek, argue that most of the services that are provided by the state can be provided more efficiently by the private sector. According to Hayek, even the best-run states fail to provide proper policy because they distort economic information in the process of eliciting it. For a more elaborate explanation of neo-liberalism, see Tony Judt's *Postwar Europe* (2006).

⁹⁷ The first steps towards European integration took the form of economic cooperation in the form of the 1951 European Coal and Steel Community (ECSC), which pooled sovereignty in the areas of coal and steel. The choice for coal and steel was no coincidence as these industries are at the heart of a war industry. In other words, the goal of the ECSC was, thus, "to make war not only unthinkable but materially impossible." (Bache and George 2006: 93) While some of the countries involved were reluctant to join because of the prospect of losing sovereignty, none opted out. The reasons for these countries joining were myriad. For the FRG, and especially Chancellor Konrad Adenauer, the ECSC represented an opportunity to be integrated on equal basis into an international organization. For France, the ECSC provided a platform through which to obtain German coal (essential to the rebuilding of the French economy) as well as an opportunity to tie the FRG into an international institution (the same rationale helps explain the introduction of the Euro following German reunification). For Italy, eager to leave the Mussolini legacy behind, the ECSC offered an opportunity to establish its democratic credentials and to stave off a domestic communist threat. The Netherlands, Belgium and Luxembourg joined the ECSC because they were in favor of any

The process of European integration, which had started with the narrow mandate of the 1951 European Coal and Steel Community (ECSC), was expanded with the 1957 Treaty of Rome that established the European Economic Community (EEC) and included the aim of achieving a common market in which there would be free movement of persons, services, capital and goods (the four freedoms).⁹⁸ This gradual approach (from coal and steel to more areas of economic life) was in line with the neo-functionalist logic of David Mitrany and Jean Monnet.⁹⁹ The EEC was also aimed at advancing the interests of liberal capitalism and, at least formally, committed to deregulation and private capitalist accumulation as a major engine of economic integration. Notwithstanding a rhetorical commitment to liberalization, until the 1980s the only liberalizing measures that had been enacted were to facilitate free movement of goods. The ultimate reason why economic liberalization was limited until the 1980s, despite provision in the Treaty of Rome that indicated differently, was because true freedom of capital, service and persons constituted a threat to the corporatist regimes that had taken firm root in many countries. What changed was

arrangement that would reduce the prospect of future war. Moreover, their economies were heavily dependent on the FRG so they could not stay out of any arrangement that included their big neighbor. In addition to their particular reasons for joining, all countries shared a commonality in that the atrocities of the war had rendered the prospect of losing a degree of sovereignty acceptable. Furthermore, all countries had governments (or coalition governments) led by Christian Democrats who shared a concern for social cohesion and collective responsibility, which made them disposed to feel comfortable with the notion of a supranational 'high authority' exercising executive power for the common good. Finally, key politicians in the three major countries – Konrad Adenauer in the FRG, Robert Schuman in France and Alcide de Gasperi in Italy (who all conversed in German) – came from disputed border regions and had personally witnessed the atrocities of war. This experience provided them with a personal interest in trying to promote future, peaceful cooperation.

⁹⁸ Similarly, this development toward *Europeanization* was witnessed in European football with the creation of a European soccer governing body – UEFA – in 1954.

⁹⁹ The theory of neo-functionalism is predicated on the establishment of functional agencies that organize certain functions and thus strip these from the control of national governments. Because these functions (the organization of a European railway system, for example) do not pose a major threat to countries' sovereignty, national governments are unlikely to strenuously object to the establishment of these agencies. However, based on neo-functionalist logic, as more and more areas of life are controlled by these functional agencies, countries come to realize that they have little room for independent maneuvering left. Furthermore, the theory of neo-functionalism predicts that this form of cooperation will expand from economic areas to political areas through a process of 'spillover' – a concept that refers to a situation in which a given action related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn creates a further condition and need for more action, and so forth (described in more detail in Bache and George 2006). Finally, neo-functionalism holds that cooperation between countries helps develop a common European mindset, which will further encourage the process of European integration.

that by the middle of the 1980s the economic climate had shifted in Europe. This changed approach to economic policy was reflected in the adoption of the Single European Act (SEA),¹⁰⁰ described in the literature as Europe's definitive move towards neoliberalism and *supranationalism*.¹⁰¹ In short, both at the national level and at the European level, Keynesian principles dominant from 1945 until the early 1980s started to be replaced by neo-liberal principles favoring the role of the market.

In European football in general, and in GB especially, similar Keynesian principles had been in play until the 1980s. This was apparent by virtue of a number of arrangements. First, the broadcasting of football matches in Europe had been organized on a public service basis, which implied that television was closely controlled by the state (King 2002). The same argument is made by John Williams who has written extensively about British football and the changes it has undergone. According to Williams, football, Britain's most popular sport, was deemed by British government statute to be "the property of the nation, something to be made available to all citizens." (1994: 383-84) Moreover, in line with the dominant economic logic at the time, the television revenues paid out annually were shared equally by all 92 FL league clubs. The income generated from the collective sale of television rights provided a relevant source of revenue for many of the smaller clubs.¹⁰² An additional revenue sharing agreement characteristic

¹⁰⁰ The SEA followed a 1985 White Paper released by the European Commission (EC). The paper outlined all the measures that needed to be implemented, and all the barriers, especially non-tariff barriers that needed to be removed in order to truly achieve the four freedoms (freedom of services, capital, goods and persons) associated with the single market. These measures were increasingly perceived as necessary because fear had become widespread that Europe was economically falling behind the US and Japan, which had much larger markets than the individual European countries.

¹⁰¹ The term supranationalism means that an organization exists above the level of the nation-state that can make decisions national governments are subsequently bound by. In other words, supranationalism "refers to a situation where sovereignty is transferred from national governments to a higher organization." (Crepaz and Steiner 2009: 284)

¹⁰² From the mid to late 1980s, under pressure from the major clubs who felt that the arrangements deprived them of additional revenue, the distribution mechanism was altered. Subsequently, clubs in Division One, Two, Three and Four were allocated 50%, 25%, 12.5% and 12.5% of the television revenue respectively (the money was still divided equally withing the respective leagues) (Buraimo, Simmons and Szymanski 2006: 32) after the major clubs had

of the old economic climate comprised of sharing gate revenues. Until the early 1980s twenty percent of the notional receipts were transferred to the visiting club (Dobson and Goddard 2001: 89). Another measure characteristic of Keynesian Britain was the maximum wage that had been a central part of the English football labor market from its inception. It had been introduced in order to prevent the richest clubs from acquiring the best players since this was viewed as having the potential to undermine the competitive balance of the league, an important consideration in professional sport. In addition, much of this period highlighted the *retain-and-transfer* system, a rule that prevented players from moving freely to a different club following the expiration of their contract. Under this system, clubs could retain their players, as well as their registration following the expiration of their contract even if the contract was not renewed, thus severely limiting the players' mobility.¹⁰³ Although some minor changes were implemented over the years, clubs retained the balance of power in their dealings with players until the late 1970s.¹⁰⁴ Finally, in addition to a cap on players' wages, there had existed a cap on the number of foreign players that could play in domestic leagues at the time. During the 1960s, most countries had rules that either strictly limited, or outright banned, the number of foreign players that clubs could sign.¹⁰⁵ Despite pressure by the biggest clubs to increase the number of foreign players that could be fielded at any time – especially following the aforementioned 1985 White Paper that urged the authorities to complete the single market – the football authorities as well as

issued a threat to form a break-away competition if their demands for a greater share of television revenues were not met.

¹⁰³ The retain-and-transfer system was altered in 1963 after the British High Court ordered the retain-and-transfer system to be "an unreasonable restraint on trade." (Dobson and Goddard 2001: 92) As a result, clubs had to offer the player a new contract at least as rewarding as the previous following the expiration of a contract in order to be able to retain his registration. This issue will be revisited in chapter four of this dissertation.

¹⁰⁴ In 1978, a provision was adopted that gave players the right to decide whether or not to move on to a different club following the expiration of their contract if the two clubs involved were not able to agree on a transfer fee.

¹⁰⁵ This was not the case in all countries; Spain and Italy for example in the 1950s allowed foreign players to play for club sides, but from the early 1960s this situation was reversed following which the number of foreign players per team was restricted in both countries, a situation that was to last until the mid-nineties.

governments at both the national and supranational level did not alter the status quo until the 1990s.¹⁰⁶ In short, football was not perceived as a business but rather as an important cultural entity of public concern, and concomitant measures existed to retain a competitive balance in the league. The dominating *zeitgeist* was perfectly described by Alan Hardaker (the secretary of the English FL from 1956 to 1979) according to whom football was “not primarily a site of capitalist accumulation but rather a place for the public provision of leisure.” (quoted in King 2002: 41)

By the 1980s though, Margaret Thatcher had come to power in GB with the aim of reforming Britain by espousing the dual virtues of the free market *and* a strong state (to protect the free market and to defend those participating in it). With regard to the broadcasting media, Thatcher was opposed to the concept of public service broadcasting and the corresponding traditional license fee because it was antithetical to the free market principles by shielding the British Broadcasting Corporation (BBC) from the market pressures other companies were subjected to (King 1998). The concept of consumer choice in the media became a guiding principle of broadcasting policy and was reflected in both the 1986 Peacock Report and the 1990 Broadcasting Act that aimed to introduce market mechanisms to the sale of broadcast licenses. By 1992 Rupert Murdoch’s private BSkyB (a merger of Sky Television and British Satellite Broadcasting) purchased the exclusive rights to live coverage of English football. The sale of television rights to Murdoch meant that the rights to football for the first time were held by a private company and that games would henceforth be broadcast digitally forcing fans to buy a

¹⁰⁶ Pressures to increase the number of foreigners allowed to be played in domestic leagues started in the 1970s with the desire by the major European football clubs to sign the best talent available as clubs increasingly recognized the *financial* importance of having the best players available for their teams, a result of growing commercial considerations. However, the national federations were opposed to lifting (either partially or completely) the restrictions and, due to their power at the time, were able to block significant changes. In 1979 though, UEFA, Europe’s football governing body, did decide to ease the ban on foreign players by allowing two EEC players to be eligible to play for club sides. From the mid-1980s on pressures to ease the ban on foreign players grew more vocal as a result of increased European economic and political integration. Since free movement of persons was one of the ‘four freedoms’ enshrined in the Treaty of Rome, and reaffirmed in the 1986 SEA, the issue of foreigner restrictions gained in salience, especially due to football’s importance and subsequent visibility.

satellite dish.¹⁰⁷ The initial decision to deregulate the television industry triggered a fierce competition to obtain the rights to broadcast top-flight football and the value of the contracts have grown exponentially with each new bidding cycle (Harris 2009). An extensive discussion of the role of digital television and the evolving television contracts in English football will be included in chapter four.

The intense competition to obtain the rights to broadcast live football matches was in part due to the rapidly growing television market (in addition to the game's massive popularity in Britain as elsewhere). While there were only 50 million television sets globally in 1954, this number had shot up to one billion by 1990. The growing availability of television sets, coupled with soccer's increasing popularity in Asia and North America in particular (it was already the most popular sport in the other parts of the world), was seized upon by João Havelange – FIFA President from 1974 to 1998 – who proved instrumental in commodifying the game by creating a model of global sporting commercialization that has been subsequently seized upon in other sports (Goldblatt 2006: 524). This template, initially devised for the organization of the World Cup and subsequently copied by clubs and national organizations, is made up of four components. First, only the largest multinationals in their respective markets are approached as potential sponsors (a *global event* requires *global sponsors*, a business model that has been adopted by Liverpool FC in recent years). Second, sponsorship is segmented by product type meaning for each product or service there can only be a single sponsor (either Coca Cola or Pepsi but not both). Third, FIFA establishes total control over all aspects of the event, ranging from television rights to advertising, from ticket allocation to stadium spaces. Fourth, FIFA

¹⁰⁷ Similar developments were taking place in other European countries. By the end of the 1990s the rights to broadcast live matches in France and Germany were controlled by private companies also: Canal Plus in France, and Premier in Germany.

outsources the marketing and television rights for a guaranteed sum to an intermediary who sells them on.

The changed economic climate coupled with the government's decision to deregulate broadcasting has not been a blessing to all clubs in England. On the contrary, it has benefited the larger clubs at the expense of the smaller clubs in a number of distinct ways, the reasons for which in certain cases date back to before Thatcher's reign. First, the decision to deregulate broadcasting contributed to the creation of a separate league, the PL in 1992. Hitherto, the FL had consisted of 92 football clubs that shared their revenue; however, by the late 1980s, aware of their financial potential, the larger clubs decided to cut their ties with the lower leagues in an effort to obtain a more equitable share of television revenues in line with free market principles (Giulianotti 1999: 92).¹⁰⁸ Second, under pressure from the major clubs, the principle of sharing part of clubs' gate receipts was abolished in the mid-1980s. Ticket income since has been retained by the home team, in the process depriving the smaller clubs of valuable revenue and contributing to a growing financial gap between the richer and the poorer clubs – while some clubs have a stadium capacity of 20,000 or less others have a capacity of 75,000 resulting in revenue gaps that can exceed £2.5 million per home game (Rich 2008). Third, the abolishment of the maximum wage provision in 1961 has benefited the biggest clubs who were best suited to capitalize on this decision by being able to sign the best players. It is no surprise that the concentration of playing talent among the biggest clubs in England has coincided with a corresponding decline among the smaller clubs. Fourth, the liberalization of the transfer system, codified in the 1995 Bosman ruling by the European Court of Justice (ECJ) discussed next, has

¹⁰⁸ This development was partially triggered by clubs' realization that they were increasingly competing with European rivals (teams like AC Milan, FC Barcelona and Bayern Munich) rather than exclusively their domestic competitors. The transfer of a number of household names from the England national team to Italy in the aftermath of the 1990 World Cup (Paul Gascoigne the most well-known) only added a sense of urgency among the major clubs to become more commercially savvy.

meant a significant increase in players' wages that has also favored the richest clubs who are able to pay higher wages and thus attract the game's best players.

The 1995 Bosman Ruling

It is safe to argue that the ECJ's Bosman ruling – a decision that declared foreigner restrictions in European soccer leagues illegal and ensured players could sign freely with any team following the expiration of their contract – has had significant consequences for all football clubs in Europe. The Bosman case involved Jean-Marc Bosman, a Belgian football player who wanted to transfer from a Belgian club to a French club after his contract had expired. He was prevented from doing so by his club out of fear that the French club could not finance the transfer fee. Bosman challenged his club's decision and appealed to the ECJ, which ruled in 1995 that 'foreigner restrictions' opposed EU law – specifically, article 48 on the free movement of workers, and articles 85 and 86 on free competition – and subsequently declared any restrictions of EU players illegal.¹⁰⁹

Although the Court did recognize the cultural status of football clubs – a designation that may have warranted a special status for clubs (since some distortion of competition may be necessary to uphold the principle of competitive balance) – it ultimately argued that foreigner restrictions had no place in Europe's new regime.¹¹⁰ The foremost consequence of the Bosman ruling has been that competition between football clubs has become transnational, meaning Italian clubs are directly competing with English, German and Spanish clubs to try and sign the

¹⁰⁹ For a more elaborate discussion of the Bosman ruling and its impacts, see Croci and Ammirante 1999, Ericson 2000, Feess and Muehlheusser 2003, Hoehn and Szymanski 1999, King 2003, and Parrish 2002.

¹¹⁰ A detailed analysis of the changing relationship of European football to the EU is found in Adam Brown's (2000) article titled 'European football and the European Union: Governance, participation and social cohesion – towards a policy research agenda'.

best talent at the youngest possible age. This has greatly benefited the major European football clubs, playing in the strongest leagues – due to the small size of the television market, Dutch clubs simply cannot pay the same salaries that English clubs can who receive tens of millions of pounds annually because of the PL’s lucrative deal with Sky television – who can now field their teams with the best players regardless of nationality at the expense of smaller clubs and smaller leagues (Ericson 2000). The (financial) dominance of the four major domestic football leagues (namely, England, Germany, Italy, and Spain) can be gleaned from reviewing which teams have won the CL, Europe’s most prestigious club competition in the aftermath of the ECJ’s ruling in 1995:

Year	Winner	Country	Year	Winner	Country
1996	Juventus	Italy	2004	FC Porto	Portugal
1997	Borussia Dortmund	Germany	2005	Liverpool FC	England
1998	Real Madrid	Spain	2006	Barcelona	Spain
1999	Manchester United	England	2007	AC Milan	Italy
2000	Real Madrid	Spain	2008	Manchester United	England
2001	Bayern Munich	Germany	2009	Barcelona	Spain
2002	Real Madrid	Spain	2010	Inter Milan	Italy
2003	AC Milan	Italy	2011	Barcelona	Spain

Furthermore, the Bosman ruling has increased players' bargaining power and wages. In return for agreeing to long-term contracts – since players are able to sign for free with any team following the expiration of their contract depriving the club of important revenue – players have seen their wages increased exponentially (Feess and Muehlheusser 2003). The importance of the Bosman ruling is echoed by Anthony King (2003) according to whom the Bosman ruling marked the definitive end of Keynesianism in European football. It is his assessment that

the Bosman ruling denotes a critical moment in European football when free market logic was established as the fundamental principle of European football, determining labour contracts for professional players. In a single legislative stroke, the principles of national sovereignty and the separation of national markets which were a prime feature of the international regime were replaced. Bosman swept away the principle of national sovereignty and secret player markets, creating in a single stroke, a new economic regime. In place of international structure, Bosman instituted a new transnational order in which there was an open European market for players where national boundaries were irrelevant. (2003: 77)

In this transnational order, the big clubs have gained prominence at the expense of their national federations, UEFA and smaller clubs.¹¹¹ Not only were they bolstered by the liberalization of the international market for players, they were also in certain instances (depending on the country's regulatory framework and the size of the population) strengthened by the liberalization and de-regulation of their country's economy,¹¹² which has allowed the big

¹¹¹ In England, this led to a traditional 'top-four', a term that refers to Liverpool FC, Chelsea, Manchester United and Arsenal as these four clubs were financially superior and historically made up the top four spots at the end of each season. The recent purchase of Manchester City by the billionaire owners of the Abu Dhabi United Group and the improved performances of Tottenham Hotspur has presented a challenge to the traditional top-four teams. As a result, it has been suggested that rather than a 'top-four' a 'top-six' is a more apt description of the PL's best teams (Wilson, P. 2010). Manchester City's FA Cup win in 2011 and its third-place finish ahead of Arsenal at the end of the 2010/2011 season have only added to the perceived reconfiguration of the balance of power in English club football.

¹¹² An important qualification is that the rules governing management of the game (i.e., rules on ownership) differ per country. For example, whereas gaining ownership of an English club is relatively simple, for reasons that will be discussed in chapter four, laws in Germany stipulate that clubs cannot be majority-owned by private investors. In Spain, clubs are run by members who vote in elections to elect both a club president and board members. The diverging regulatory frameworks impacting clubs differently will also be addressed in greater detail in chapter four.

clubs to receive a greater share of income from television rights (the income generated from television rights in the CL is dependent on the size of the national television market, which means that a team from England can receive \$40 million more compared to a Dutch team in a scenario where both teams reach the final) thereby increasing their potential to sign the best players available on the market.

In summary, the end of corporatism in European politics has paralleled the end of corporatism in European football. The end of corporatism and its replacement by neoliberalism has also been a thorny issue for David Glodblatt who remarked on it as follows: “The unparalleled commercialization of European football in the closing decade of the twentieth century signaled the ideological and institutional victory of capitalism that had swept across the societies of the continent.” (2006: 684)

From a comparative standpoint, it is interesting to briefly juxtapose professional football in Europe with the professional sports regime in the US. What becomes clear from this analysis is that, although counter-intuitive at first sight, corporatist principles are standard practice in professional sports in North America while neoliberal principles reign supreme in the European soccer environment. According to Thomas Hoehn and Stefan Szymanski (1999) there are two central differences between the structure and organization of sporting leagues in the US and Europe. First, the US leagues are ‘hermetic’, which means new teams are rarely admitted into the league. In other words, US leagues have no relegation and promotion mechanism, an important feature of European football leagues. One reason for this may be the increased upward pressure in wages in open leagues (Buraimo, Simmons and Szymanski 2006: 35), a distinct problem of the English PL as will become clear in chapter four. The prospect of relegation and the concomitant decline in essential television revenues –in England the final play-off match to

decide entry in the lucrative PL is estimated to be worth £70 million pounds (Shuttleworth 2010)

– has been an important source of the upwards pressures in wages in English football. Second of all, “US league authorities have tried to maintain a competitive balance between clubs through intervention in the labour market or redistribution of club revenues” (Buraimo, Simmons and Szymanski 2006: 214), thereby ensuring that no team achieves too much market power. As a result, the role of the league is to act as a cartel as to restrict open competition (Gratton 2000). The main interventions to preserve competitive balance include the draft system, salary caps on the overall wage bill, and comprehensive revenue sharing agreements that all aim to maintain equity and competitive balance between the competing teams (Dobson and Goddard 2001: 129). To illustrate the impact of (or the lack thereof) of comprehensive revenue sharing agreements, the following table will compare the champions of the American National Football League (NFL) with the English PL champions since the latter was created prior to the 1992/93 season:

Year	NFL Champion	PL Champion	Year	NFL Champion	PL Champion
1992/93	Dallas Cowboys	Manchester United	2001/02	New England Patriots	Arsenal
1993/94	Dallas Cowboys	Manchester United	2002/03	Tampa Bay Buccaneers	Manchester United
1994/95	San Francisco 49ers	Blackburn Rovers	2003/04	New England Patriots	Arsenal
1995/96	Dallas Cowboys	Manchester United	2004/05	New England Patriots	Chelsea

1996/97	Green Bay Packers	Manchester United	2005/06	Pittsburgh Steelers	Chelsea
1997/98	Denver Broncos	Arsenal	2006/07	Indianapolis Colts	Manchester United
1998/99	Denver Broncos	Manchester United	2007/08	New York Giants	Manchester United
1999/00	St. Louis Rams	Manchester United	2008/09	Pittsburgh Steelers	Manchester United
2000/01	Baltimore Ravens	Manchester United	2009/10	New Orleans Saints	Chelsea
			2010/11	Green Bay Packers	Manchester United

Although one has to be careful with ascribing causality when witnessing correlation, fact is that the NFL – which employs a wide array of the aforementioned market-distorting mechanisms – has celebrated 13 different teams winning the Super Bowl in the last 19 seasons compared to four teams winning the English PL title. Moreover, in England one of the four teams won the league once (Blackburn Rovers) while MU has won the title 12 times during the same period. Interestingly, Liverpool FC has not won a single PL title since its creation in 1992, an issue that will be discussed in great detail in the case study chapter of this dissertation in chapter four.

Institutional Change in an Age of Globalization

In summary, the previous chapter has introduced a broad literature encompassing various academic disciplines that all points to the conclusion that football can be classified as a significant socio-cultural, political and economic institution. Football serves as an imagined community at both the local and national level, is a form of soft power to national policymakers and displays the neoliberal characteristics found in most western societies. Based on this chapter, the designation of football as an institution is straightforward not only for football clubs (Crolley and Duke 1996: 33, King 2003: 126, Mason 1995: 47) but also the game itself. How soccer as an institution is affected by globalization will be at the heart of chapters three and four. First, chapter three will highlight the literature illuminating globalizing dynamics in soccer, with a special emphasis on cultural, labor and capital flows. Following an overview of the current state of the literature, it will also feature the research design this dissertation will adopted. The research design section will spell out in detail the methodological approach (e.g., type of case study and research strategy) this dissertation will adopt to answer the central research question. Chapter four will present the actual case study of Liverpool FC to provide insight into how globalization's flows – assessed in terms of extent, intensity, velocity and impact – affect a local, yet increasingly global institution. In doing so, it will provide tentative answers to the question of the global – local dynamic so prevalent in globalization literature.

Chapter Three

The Globalization of Soccer: Practical and Theoretical Considerations

“Football is as old as the world...People have always played some form of football, from its very basic form of kicking a ball around to the game it is today.”

(Sepp Blatter: FIFA President)

“It was like playing in a foreign country.”

(Ian Rush: former Liverpool great on his time with Juventus in Italy)

“I may have left Liverpool but the city and club will always be part of me.”

(Kenny Dalglish: Liverpool FC player and manager)

Having established the multifaceted and uneven nature of globalization and its economic, political and cultural effects, as well as providing a framework for conceptualizing soccer as an important socio-cultural, political and economic institution, it is now possible to begin assessing the former's impact on the latter. In other words, the conceptualized and operationalized independent (i.e., globalization) and dependent variables (i.e., soccer as an institution) have paved the way for the case study of Liverpool FC that will measure globalization's effect on soccer as an institution. However, before outlining the research design of the case study, it is imperative to review the extensive literature on sport and globalization, and also soccer and globalization. Reviewing these literatures will illuminate where the literature stands, help crystallize the two theoretical constructs that this dissertation will assess, and establish how this dissertation will add to the existing literature on globalization.

The overall umbrella of the following review will be the global-local nexus in sport, and will emphasize a number of globalizing dynamics in sport, in particular *cultural, labor and capital flows*. Following an overview of the historic connections between globalization and soccer, the effects of current globalizing flows – economic, political, and cultural – in soccer will

be examined. This section will be followed by a review of the two theoretical conceptions of global sport that will feature prominently in the research design, and which will be outlined in the final part of the chapter alongside the aforementioned research design that this dissertation will adopt to determine how globalization (as the independent variable) affects local institutions (the dependent variable). A number of testable hypotheses will be introduced – using Held’s definition – to reveal that globalization is a relevant frame in the case of Liverpool FC. With globalization established, the two central theoretical frameworks – i.e., glocalization and grobalization – will be operationalized which will set the stage for the case study findings that will be at the heart of chapter four.

Globalization and Soccer Historically

Globalization and soccer are intimately connected as sport has become increasingly transnational, and an “economically significant, highly popular, globally networked cultural form.” (Smart 2007: 6) Moreover, as emphasized before, sport’s popular appeal has been enhanced and facilitated by the spread of global processes and organizational forms associated with globalization, including global regulatory organizations, sporting events, tournaments, migratory flows, fan support and media coverage. The growth and spread of soccer’s popularity in the late nineteenth and early twentieth century is one example of how globalization and sport can be considered two sides of the same coin. Soccer as a sport grew out of a plethora of local kicking games that were characterized by disparate rules that rarely extended beyond the particular locale (Murray 1996). As part of the need to regulate culture at a time of industrialization and urbanization, soccer became codified and rationalized in the second half of

the nineteenth century by the graduates of Britain's elite schools who (in addition to having the desire to play beyond their university days) recognized the value of soccer to provide entertainment to the working classes, and to teach them the values of team-work, loyalty and discipline (Holt 1990). As a result of Britain's commercial and imperial ties with continental Europe and the rest of the world respectively, soccer spread across the globe in parallel with other connections of global interdependency where the game was quickly adopted and infused with local meaning by the native populations (Maguire 1999). Given the fact that soccer's global spread coincided with the establishment of many nation-states (i.e., Italy and Germany became nation-states in 1871), and the modernization of others (i.e., industrialization and urbanization in Latin America) soccer was often presented as an entity representing the nation. Put simply, soccer constituted an imagined community at a time of social upheaval and rapid transformation (King 2006, Sandvoss 2003). In addition, the development of the printing press meant that sport reports could reach an ever increasing audience, which undoubtedly contributed to its increased popularity (Williams, J. 1994). Due to soccer's global spread, and the equation of soccer with the nation, global international bodies (i.e., FIFA in 1904) were established to standardize the sport, and to allow formal competition to take place between countries. What also became apparent from the last chapter is that soccer served not merely as an important socio-cultural variable, but a political one as well. Simply because of its widespread appeal, national leaders took an active interest in the game as a result of which soccer became intensely politicized. It became a powerful agent of international relations during the interwar years (Benoit 2008) but has been routinely used by politicians as a form of soft power (Allison and Monnington 2005) to increase international prestige and domestic popularity (Crolley and Duke 1996, Goig 2008, Semino and Masci 1996). Finally, during the last few decades soccer has increasingly become

commercialized in line with the general economic trend toward neo-liberalism (Brown 2007, Conn 1998) but which has nonetheless symbolized a marked departure from football's early days. Although professionalism was adopted as early as 1885 in GB, soccer was still considered by many to be a public good, a "place for the public provision of leisure" (King 2002: 41) rather than a mere realm of profit maximization. Provisions like the maximum wage, revenue sharing and public broadcasting served as Keynesian principles in line with the national economy in which the state played an active role regulating the economy. To John Williams soccer was perceived as "the property of the nation" (1994: 383-384) and games were subsequently broadcast on public television to ensure that everyone had access to them. Notwithstanding soccer's continued relevant cultural function, it has been increasingly subjected to the dictates of market logic, a development made explicit by the ECJ's 1995 Bosman ruling, which codified the acceptance of market logic in soccer (Crocì and Ammirante 1999, Ericson 2000, Feess and Muehlheusser 2003). Soccer's governing bodies have not merely been innocent victims in this process but, at times, have actively contributed to the commercialization of the game. The exploits of FIFA President, João Havelange, who created a lasting model of global sporting commercialization, serves as a case in point (Goldblatt 2006). The last example highlights that while sports have increasingly become globalized, they also serve as an important vehicle for institutionalizing the global age we live in (Andrews and Grainger 2007). Both the International Olympic Movement (currently 202 committee members) and FIFA (currently 204 national federations) have a larger membership than the UN (which has 193 members). Soccer is thus affected by globalization in addition to impacting globalization. In other words, soccer is at times a dependent variable *reflecting* change while at others an independent variable *effecting*

change. So, turning to more precision, what are the effects of globalizing trends in sport, and more specifically soccer?

One of the central, if not the most important, debates in the globalization literature reviewed in chapter one constituted the effect of globalization on the nation-state, national identity and national culture. The conclusion reached was that globalization processes – specifically, cultural, political and economic transnational processes assessed in terms of their extensity, intensity, velocity, and impact – while occurring, are multifaceted and uneven, and impact countries differently based on numerous factors including their institutional capacity. And since chapter two illustrated that soccer constitutes an important socio-cultural, political and economic institution, we can now begin analyzing the impact of globalization on soccer. A brief overview of the literature reveals that the same arguments found in chapter one are brought to bear when discussing the effects of globalization on soccer. On the one hand, there are those who argue that the globalization of soccer undermines the traditional equation of sport teams with the concept of the nation (Poli 2007). Put simply, the globalization of soccer undermines the nation. Related arguments stress that the commercialization of the game has undermined the local character of clubs, which have increasingly become business enterprises focused on the bottom line (Conn 1998). On the other hand are those who argue that the effects of the globalization of soccer are minimal, and can even help strengthen conceptions of the nation (Bairner 2005, Maguire 1999). Finally, there are those who argue the impact is not clear cut and may strengthen some forms of identity while weakening others (Hognestad 2009, King 2000). However disparate the respective arguments put forward, the common thread in the literature is concern with the global-local nexus. Although some articles have been written about the glocalization and grobalization of sport (Andrews and Ritzer 2007, Giulianotti and Robertson

2007), the two central schools of thought in this dissertation, no comprehensive framework exists that this dissertation can draw on. Instead, I will extrapolate from these – and previous – writings that include definitions to present the core assumptions and variables related to both concepts so that the data from the case study will conclusively indicate whether or not institutional change – using Huntington’s framework – at Liverpool FC can be classified as glocalization or grobalization (or something else).

Globalization’s Cultural, Labor and Capital Flows

In reviewing the literature about globalization and soccer this section of the dissertation will adopt the framework of Guy and Amir Ben-Porat (2004) who have written extensively about this topic, specifically regarding Israel. Echoing the argument advanced in chapter one that globalization is an “uneven process, the outcomes of which are influenced by global and local developments” (2004: 421), specifically the particular ‘societal-local setting’ and the ‘societal interaction of the global and the local’, they segment the effects of globalization on Israeli soccer into three components. These are the mobilization of *capital* – defined in terms of monetary investments in clubs and its sources; the mobilization of *labor* – defined by the number of foreign players imported and number of local players exported; and the mobilization of *cultural flows* – defined by fan behavior, specifically their preference for domestic versus foreign clubs, their level of support for their club sides, and the adoption of certain symbols and images from European soccer. While the Porats developed this argument with Israel in mind, it represents a useful generalizable framework and thus is worth delineating in some detail. Following a brief review of Israeli soccer, it will be applied to demonstrate how the aforementioned flows impact

soccer more broadly. First, with regard to cultural flows the authors note soccer's historical political role as an instrumental part of the state and nation-building exercise in Israel. As shown in chapter two, the concept of soccer as a form of an imagined community is not unique to Israel and has been similarly employed in many other countries. However, as a result of the commercialization of soccer, and the resulting player mobility which has ensued including the arrival of foreign players, the authors note that "a renegotiation of sympathies between the local club, the national team, and a foreign club has taken place." (2004: 432) The arrival of satellite television has accelerated this process as Israeli fans are now able to follow foreign leagues – and Israeli players playing abroad – from their own home. As a result of these developments, a sizeable section of Israeli fans now support a foreign club team. Although the authors claim that the overall cultural effects of globalization are difficult to assess, they point to a changed environment in which identities are increasingly in flux. Second, with regard to labor flows, the authors note that until the late 1980s very few non-Israeli players could play soccer in Israel – with the exception of non-Israeli Jewish players, who could gain citizenship based on the law of return. However, from the late 1980s, at the same time that the Israeli economy became liberalized, the limits on foreign players were reduced. While only ten foreigners played in the Israeli league in 1989, there were more than 500 by the end of 1999, a development that reinforced the changed cultural environment. Third, in the realm of capital the authors note that Israel's transformation into a western capitalist-style society had a parallel in Israeli soccer, which evolved "from a game to a commodity," (2004: 427) a theme raised earlier. The privatization of many formerly state-owned companies in the late 1980s implied a similar loss of political control of soccer clubs – as most state factions hitherto controlled a soccer club. As a result, clubs subsequently had to look for new management and ownership. Because of these

developments, private capital became ever more involved in the management of football clubs although the financial numbers involved are generally modest compared to many of the top soccer leagues in Europe. In conclusion, the authors note that while Israeli soccer has reflected society at large and become immersed in global flows, the pace and extent to which this has occurred is determined by the local political and economic context. Put differently, the fact that the pace and extent of globalization is determined by the interaction between global and local forces implies local forces are not erased but rather altered.

The emphasis on cultural, labor and capital flows is prevalent in most other works that highlight the effects of globalization in soccer. One central issue is that of the impact of labor and cultural flows (using Porat and Porat's framework) on local forms of identity. Before tackling this, it is important to stress that the question of the impact of foreign labor extends beyond the soccer pitch and is currently a central concern in many European countries that have seen populist, anti-immigrant parties capture major shares of the national vote.¹¹³ Not surprisingly similar concerns are raised with regard to labor flows in soccer. Interestingly, what follows from an overview of globalization's effect on soccer is that the impact of labor flows in soccer *does not merely reflect society*; instead, one can find tentative evidence that the increased impact of foreign players in domestic soccer leagues has *contributed to* changed conceptions of

¹¹³ In the 2010 parliamentary elections in Holland, the anti-immigrant, anti-Muslim Freedom Party of Geert Wilders won a surprise victory ending up the third largest party and winning more votes than the Christian Democrats, historically one of the two major parties in the country. Following the election, the Freedom party agreed to a construction whereby it would support a minority cabinet in return for a number of policy concessions, including stricter immigration policies (Castle and Erlanger 2010). In parliamentary elections in September 2010 in Sweden, the anti-immigrant Sweden Democrats cleared the electoral threshold for the first time ever, thereby depriving the ruling party of a clear majority in parliament (BBC 2010). In Germany, a controversial book by German Central Bank Executive Thilo Sarrazin about the negative effects of immigration on German economic vitality reignited the debate about the perceived failure of multiculturalism in late 2010 (Slackman 2010). The controversy that erupted following the book's publication ultimately led to his resignation. In France, the deportation of Roma minorities in September 2010 was deplored by many, including high-ranking EU officials who classified it as a violation of EU legislation on the free movement of people (Wilsher 2010).

identity. This again leads credence to the assumption, illustrated earlier as well, that soccer is an active agent of change that effects wider changes in society.

Soccer's Labor and Cultural Flows

The cultural effects of the increase in migratory flows apparent in modern sports is central in the work of Raffaele Poli (2007) who contends that the acceleration of athletes crossing borders coupled with the increasing influence of mass media have led to the 'denationalization of sport', which he defines as "the progressive disconnection between the geographical origin of sportsmen and the nation-states that they are supposed to represent according to the traditional conception of the nation as a homogenous ethnic and cultural entity." (Poli 2007: 654) Current trends Poli assesses – involving the growing power of MNCs, the role of information technologies and Diasporas exerting influence outside their respective countries – lead him to conclude that the territorial state is a historical construction that no longer neatly corresponds with the current state of economic, political or cultural developments. According to Poli the denationalization of sports is a function of increasing migratory movements and nationality changes by athletes, and the global broadcasting of images and information, which has allowed people to identify with teams and athletes representing foreign clubs and nation-states. In effect, what has happened over the last few decades is that numerous athletes playing various sports have changed citizenship in order to compete for a different national team during major international sporting events. For example, many Brazilian football players – who are extremely talented yet not good enough to play for the Brazilian national team – have become citizens of different countries in order to play in the prestigious soccer World Cup and other

international tournaments.¹¹⁴ These naturalizations, Poli contends, “challenge the traditional vision of the nation as a group of people belonging to the same culture and having the same ethnic origin” (2007: 653) and thus represent a trend toward the de-ethnicization of the nation in sport. In addition to the de-ethnicization of sport, a second example of denationalization is the increasing disconnect between political and sport nationality leading to ‘identity deterritorialization’. As a result of the rise of digital television it has become possible for people to identify with, and have support for, teams from different countries. The possibility to watch games ‘live’, even when thousands of miles away, implies that identification is no longer restricted by state borders or territorial criteria. The cumulative effect of the outlined trends, Poli asserts, is that sport plays an *avant-garde* role regarding denationalization and presents a “precursor in the identity deterritorialization process, challenging the postulate according to which there exists a perfect correspondence between a state, a territory and an individual identity.” (2007: 658)¹¹⁵

A case study of Norwegian soccer fans by Hans Hognestad (2009) seemed to confirm Poli’s findings about the link between political and sporting nationality. Hognestad highlights the widespread and vociferous support of Norwegian fans for English football clubs to suggest that the importance of the nation as a frame for forging identities in soccer is highly debatable, thereby undermining David Rowe (2003) who renounced the significance of globalization because of sport’s intrinsic equation with competition and national differentiation. Instead,

¹¹⁴ Examples include Eduardo da Silva, Santos, Alex, and Deco who were all born in Brazil and have represented Croatia, Tunisia, Japan and Portugal respectively. It is important to stress that the naturalization of elite athletes is neither confined to soccer nor to Brazil and is a trend that is visible in numerous sports and countries.

¹¹⁵ An analysis of Poli’s arguments is found in the article ‘South Korea’s “glocal” hero: The Hiddink syndrome and the rearticulation of national citizenship and identity’ (Lee, Jackson, Lee 2007). In it, the authors employ a case study which displays the intricate relationships between globalization, nationalism and citizenship to discuss the role the former national soccer coach, Dutchman Guus Hiddink – the first foreigner to be given honorary Korean citizenship – played in bringing about changes in the way Korean society assesses questions of identity and citizenship in an age of globalization.

Hognestad argues that “identities in football currently evolve in a complex traditional landscape, which seems to strengthen various notions of the local and challenge the emotional significance of nationhood.” (Hognestad 2009: 358) Similar work about the contribution that soccer plays in the evolution of identities has been presented by Anthony King (2000) whose study of English club soccer fans identified the construction of elements of a *post-national* identity. King’s study of MU fans suggests that they increasingly identify with the city of Manchester at the expense of GB. Juxtaposing European club football with a new European landscape characterized by competing cities and regions, King argues that club soccer offers a unique window through which to assess the construction of post-national identities that are local and supranational rather than national. Hognestad’s findings that only a small minority of Norwegian soccer fans followed the national team are echoed by King’s (2000) study of MU fans, whose actions do not merely display a lack of interest in the national team but active opposition. The reasons outlined by these fans are revealing and include: the fact that an early exit for England from international competitions may mean a longer break for MU players; the fact that English nationalism is perceived as the appropriate identity of the South – which has benefited more from the free market policies of the national government than the North; and the fact that English nationalism is perceived as the appropriate identity for fans of small clubs whose only hope of foreign travel is with the national team rather than the big clubs who regularly engage in foreign travel. Moreover, their club’s presence in the prestigious European CL tournament – Europe’s premier club competition – implies traditional regional (sub-national) rivalries (with teams from the North or the South) are increasingly replaced by rivalries with European rivals, from Barcelona or Milan. What is more, due to the increased travel and interaction with other European clubs some of the same fans have started to develop a European identity and, as a result, they see

themselves “as being European before British or English.” (King 2000: 426) In short, King’s findings also question the continued equivalence of soccer and national identity in an age of globalization.¹¹⁶

Although the findings by Hognestad and King should give pause to those who instinctively argue soccer merely reflects national society, one would be wise to be cautious and question whether or not these findings hold true in different settings. For example, would the widespread Norwegian fan support for English club teams be as strong if the Norwegian league would compete at the same level as the English PL? Similarly, can one separate MU fans’ incipient European identity from the continued success in the continent-wide CL? In other words, do these findings reveal an intrinsic, meaningful change in people’s sense of identity or are they merely associated with playing success? Moreover, could it be that in some cities a

¹¹⁶ In a subsequent book *The European Ritual* King (2003) analyzes how social relations in Europe have changed over the course of the last few decades by juxtaposing two European Football Cup finals – one in 1968 between MU and Benfica of Portugal, and the other in 1999, between MU and Bayern Munich of Germany. The different compositions of the teams and the game’s portrayal in the press reflect, in King’s estimation, Europe’s transition from an *international* to a *transnational* regime. The 1968 game was viewed in the English national press as a battle between two countries, in line with the international system in which the nation-state was still the dominant actor. MU represented England and descriptions in the press referred to its style of play as typically English with frequent references to virtues such as morality, manliness, and strength. On the contrary, Benfica represented Portugal and descriptions in the press referred to its style of play and its players as cunning, temperamentally suspect and hot-blooded, in line with stereotypes held about southern Europe. Furthermore, despite the fact that MU’s team included players from the constituent nations of the UK (Scotland, Wales, and Northern Ireland) they were all viewed as English. This is not terribly surprising, King argues, as English national identity in the 1960s was equated with British identity. In his own words, King contends that “club and the nation in this era were interchangeable.” (2003: 6) The final in 1999 between MU and Bayern Munich was played in much different circumstances and reflected a transnational rather than an international regime. First, King notes, the composition of the teams in 1999 had evolved from 1968. Back in the 1960s, most teams consisted exclusively of national players due to the aforementioned restrictions, both cultural and legal, on the number of foreign players that could be played at any point in time. By contrast, MU’s team in 1999 –following the 1995 Bosman ruling – consisted of seven foreign nationals, which was a significant increase from the 1960s (yet still modest compared to other English clubs whose line ups occasionally featured not a single English player). Second, the Bosman ruling reflected the increasing importance of Europe –the ruling was issued by the ECJ – and of powerful clubs who had gained power at the expense of national federations, and had lobbied extensively to do away with previous foreigner restrictions (as these had limited their ability to purchase the best players). Finally, King asserts that the 1999 final represented a neoliberal rather than Keynesian economic climate in which the rich clubs have grown richer, bolstered by lucrative television contracts, at the expense of poorer clubs. No club has benefited more from the changed economic climate than MU, one of the richest clubs in the world and which has won numerous domestic and European titles since the early 1990s. One revealing consequence of this discrepancy in wealth is that at the time of the second final, in 1999, many Englishmen resented MU and therefore did not support it, a situation unfathomable in 1968 when it was viewed as representing the country writ large.

sense of local identity has always trumped allegiance to the state, which is perceived as distant and removed from people's everyday lives? Regardless, Hognestad's and King's findings point to the need for further study to determine if these findings are consistent in other countries and among different populations.

In contrast to King and Poli who argue that the globalization of soccer has led to a form of post-national identity (however incipient) and the de-ethnicization (in addition to identity deterritorialization) of the nation respectively, there are others who argue that the role soccer plays in identity politics in the context of globalization is not as straightforward as suggested by the aforementioned authors. According to Joseph Maguire (1999) the role of global sport in identity politics is more ambiguous and at times still inextricably tied to representations of national identity. One example is the way in which globalization can elicit a defensive reaction that may strengthen the concept of the nation. In other words, Maguire argues that sports like soccer can "act as 'anchors of meaning' at a time when national cultures and identities are experiencing the effect of global time-space compression." (1999: 204) The role of the British and English media in the lead-up to, and during the Euro 1996 soccer championships serve as a case in point. At the time, many people in England deemed the country in national decline as a result of a convergence of developments that included: a sense of historical decline (the loss of Empire); a sense of moral decline (lack of national cohesion and direction); and a sense of foreign attack (pressures to give up more sovereignty to the EU, pressures to join the Euro currency, etc.). In this climate, Maguire shows how a defeat by the English cricket team to India (a former colony, no less) was portrayed in the media as symptomatic of the widespread malaise that affected the country. Following the loss, British newspaper *The Independent* wrote: "The England cricket team – failing, morally shifty, globally insignificant, distracted by irrelevant

attention to demeanor, run by discredited leaders insolently continuing in office – may not be a credit to the nation, but is a perfect reflection of it.” (quoted in Maguire 1999: 194)

Similar despondency was felt when the national soccer team lost to the US (considered at the time a minnow in the world of soccer) in an international match in 1993. By the same logic, the media hoped that a successful showing by the English national team would bring about a surge in national confidence. To that end, the media discourse incorporated elements of both ‘ethnic assertiveness’ and ‘ethnic defensiveness’ in their reporting of international matches between England and traditional rivals such as Germany, Holland, and Spain. The central point is that globalization’s effects may be limited by sports’ intrinsic local character. Put differently, Maguire argues that “the close association of sport with national cultures, identities and habitus codes also means that moves towards the integration of regions at a political level are undermined by the role of sport.” (1999: 205) That said, Maguire softens his stance somewhat by noting that countervailing trends are visible in the form of the emergence of a European sports identity. As an example he cites the Ryder Cup competition that pits the best golfers from the US against the best golfers from Europe who compete under a common European flag.

A similar view about the continued resilience and salience of the nation is presented by Alan Bairner (2005) in his article ‘Sport and the nation in the global era’. In it, Bairner contends that while global trends have affected the relationship between sport and the nation, their impact reinforces “the extent to which ideas about nations and nationhood are at least as central to political discourse today as they have ever been.” (2005: 89) The example of the Gaelic Athletic Association serves as a case in point. While traditional Gaelic games are played by fewer people nowadays, the profound historic link between these games and notions of Irish identity serves as a buffer that will significantly limit the impact of globalization on them. To Bairner, economic

figures do not always tell the whole story; instead, an emphasis on “socio-economic factors” rather than “brute economic facts” is ultimately “critical if one is to fully understand the resilience of nations and nationalism in the global era.” (2005: 97) In summary, the fact that a relatively minor sport can still survive and flourish helps explain the resilience of nations in a global age which is increasingly dominated by economic considerations.

David Rowe (2003) has put forward a stronger version of this argument– discussed earlier – namely, that sport’s intrinsic connection to local and national identity and inherent ties to the notion of competition prevent it from being a harbinger of globalization. Although acknowledging that on the surface football looks particularly well-suited to be a mover of globalization – because of its global appeal and its suitability to be broadcast on television, which supplies advertisers with a massive audience – Rowe maintains that football in essence contains a fundamental tension between “noble universalism and base partisanship.” (2003: 287) Put differently, what makes sports so attractive is that it represents an intense battle between representatives of nations. This is particularly poignant in football, which allows for specific individual battles and match-ups all over the field; for example the creative, versatile center-forward versus the gritty, hard-nosed central defender. In short, the fact that sports like soccer are inherently tied to the conception of the nation, and thus invite intense local support, render its globalizing appeal limited, according to Rowe.

The various cultural effects of soccer’s globalization are made more acute as a result of the increased economic strength of soccer, a process that has set in motion the transnational movement of players. This movement occurs within countries and between countries, and has accelerated in the last few decades as neoliberalism has become the dominant economic model in many countries. In England for example, the percentage of foreign players in the PL has risen

spectacularly. In 1992, the inaugural season of the newly created PL, there were only eleven non-British or Irish footballers in the league. By 2007 the number of foreign players had risen to over 250 players, an increase of more than 2,000 percent (Premier League 2011). The rapid increase in foreign players reached a new height when Chelsea became the first club to start a game without any British players in 1999. It was followed by Arsenal, which entered a player form that did not include a single British player on their 16-man roster for a game in 2005.

Although the PL has seen an explosive rise of foreign players, a study by Patrick McGovern (2002) challenges the view that this situation can be classified as labor market globalization. McGovern comes to this assessment by reviewing the data on transfer activities of the English league clubs over a fifty-year period (1946-1995), which revealed that instead of strictly adhering to the laws of supply and demand the teams' process of selecting foreign players was heavily influenced by social and political factors. What this means in practice, according to McGovern, is that teams – rather than acting purely on a cost-benefit calculation – take into consideration patterns of *social embeddedness*, and subsequently disproportionately select players who closely resemble indigenous players. This process reflects general migration patterns, which are also known to be influenced by the presence of social ties and social networks. As a result, most foreign players are not globally recruited – in line with the tenets of globalization – but regionally as the vast majority of players come from northern Europe, Scandinavia and the English-speaking parts of the Commonwealth (Australia, Canada, South Africa and the West Indies). In McGovern's own words, "the notion of a disembedded global market for labour is grossly over-exaggerated since market behaviour is inevitably shaped by political regulation, historical evolution and social relationships." (2002: 38) In reaching the conclusion that the football industry has undergone a process of *internationalization* rather than

globalization, McGovern closely echoes the language of Paul Hirst and Grahame Thompson (1999) whose work was depicted in chapter one. Notwithstanding McGovern's useful caution to not automatically equate foreign activity with globalization, his study has limited relevancy since his data do not extend past 1995, the year the ECJ declared illegal restrictions on the number of foreign players (from EU member states) that could be signed by any team. Following this ruling, the number of foreign players, from all parts of the world rather than merely from countries that are either socially, culturally, or linguistically similar to England, has risen explosively.

In spite of the fact that the Bosman case only applies to EU players (meaning certain limits on non-EU players still apply), the rise in foreign players has caused an occasional backlash – and subsequently may offer tentative support for Rowe's assertion –, which has led to efforts in European club football to limit the number of foreign players that can play at any given time. For example, tensions between the *global* and the *local* can be discerned in a recent proposal by FIFA and UEFA to institute a "6+5" rule, which states that each club must field at least six home-grown players in the starting lineup and no more than five foreigners.¹¹⁷ The football authorities' over-arching desire is that the proposed rule will help maintain the harmony and balance between national team football and club football. When initially floated, the measure was supported by most national football federations as well as numerous (small) clubs who hope this ruling will level the playing field and preserve a veneer of competitive balance. Many of the big clubs opposed the proposed plan as it would inhibit their ability to buy the best players available in the market (regardless of nationality). Although favored by soccer's main

¹¹⁷ The measures introduced to protect domestic football players (and young players especially) by FIFA and UEFA are slightly different. FIFA's "6+5" proposal pushed by president Sepp Blatter is stricter than that of UEFA president Michele Platini' who has proposed a home-grown player rule, which sets a quota of locally-trained players at clubs but without any discrimination on nationality. This proposal will be addressed in greater detail in the next chapter.

governing bodies, the European Commission (EC) – comprising the executive branch of the EU – has already indicated that this proposed rule violates EU legislation on the free movement of persons, despite claims by the (independent) Institute for European Affair that the rule does not conflict with European law (Conn 2011a). In short, in addition to being an economic issue, the question of foreign players is a political and a cultural issue as the proposed rule involves a regional actor (UEFA) imposing on the local level (clubs) measures to retain national identities.

Notwithstanding the failure of the 6+5 rule, at the start of the 2010/2011 season, all PL clubs, in an alternate attempt to encourage fostering young talent, agreed to be bound by a *home grown rule*, which stipulates that a minimum of eight out of 25 selection players need to be under 21 and home grown (Barclay 2009). A home grown player is defined as a player who, irrespective of his nationality or age, has been registered with any club affiliated to the FA or the FA of Wales for a period, continuous or not, of three entire seasons or 36 months prior to his 21st birthday – or the end of the season during which he turns 21 (Hytner 2010). In spite of the rule's good intentions to force clubs to foster young talent (rather than buying players from all over the globe), since many foreign players have been with clubs since a young age, it has done little to actually reduce the number of foreign players and increase the presence of local players. On the contrary, clubs are now recruiting foreign players from an ever younger age so they can pass as homegrown players by the time they are ready to enter the senior squad. What the rule does show, however, is the continued salience of the question of the proportion of foreign players in domestic leagues.

The debate about the salience of local identities extends beyond soccer's governing bodies and is a source of concern for MNCs also. As has been shown by David Andrews and Michael Silk (2001) the advertising approaches used by MNCs are to a large degree determined

by their belief in the continued salience of national culture, and by extension the nation-state. Adopting David Held's definition of globalization – and assuming agreement about the presence of globalizing economic, technological, political and cultural processes – the authors aim to assess globalization's effect on national culture by researching if, and how, TNCs use national imagery in their advertising. What follows from an extensive analysis of advertising campaigns by major corporations (Nike, McDonalds and Coca Cola) is that the concept of the nation and local images are of central importance in global advertising campaigns. Recognizing the importance of sport in the construction of national identity and national culture, Andrews and Silk argue that “transnational corporations continually aim to appeal to national tastes of local consumers while simultaneously employing global strategies.” (2001: 196) An example will serve to illuminate this. Over the years, numerous Nike commercials have included particular national heroes – some dressed in their club uniform, while others deliberately dressed in their national team jerseys – to combine its global sales strategy with explicit representations of localities.

A similar study by Lloyd Wong and Ricardo Trumper (2002) involves assessing the role of global athletes in undermining and strengthening nations and national identities. Specifically, the authors examine how two global celebrity athletes – Canada's Wayne Gretzky (ice hockey) and Chile's Iván Zamorano (soccer) – can be genuine *transnational citizens* yet also be configured as national cultural icons that can be utilized for the formation (and reaffirmation) of national identities. Zamorano and Gretzky, the authors argue, are both current-day examples of athletes who employed their trade in different countries based on an international division of labor determined by countries' economic strength.¹¹⁸ Throughout most of their careers they

¹¹⁸ This division on labor meant that Gretzky played most of his career in the US while Zamorano spent most of his playing days in Europe.

worked and lived outside their countries of birth and possessed multiple allegiances. This contributed to what Wong and Trumper coin *transnationalism*¹¹⁹ and *detrterritorialization*.¹²⁰ Yet despite the fact that they are international athletes, celebrities and businesspersons operating in a transnational space, both Zamorano and Gretzky are still seen as Chilean and Canadian respectively. More importantly, both have helped to solidify the concept of the nation in their respective countries. The combination of sport's powerful appeal as one of the constant metaphors of the nation and technological advances, which allowed the national media to report and broadcast the exploits of both athletes (even while playing abroad), ensured that they could still embody notions of national identity. In conclusion, Wong and Trumper state that

it is ironic that Zamorano's and Gretzky's transnationality...serve as powerful instruments to contradictory phenomena, the strengthening of the discourse of globalization and the hardening of national identities and nationalism expressed through a sense of belonging to national communities. (2002: 189)

Based on the foregoing, one can conclude from the study that transnationalism can capture two tendencies that are distinct, yet co-existing, in this case athletes who act transnationally and are simultaneously represented as local. Following this discussion about soccer's cultural and labor flows, this chapter will now turn to analyzing soccer's historic and current capital flows.

¹¹⁹ Wong and Trumper draw on the work of Richard Giulianotti and Ronald Robertson to define transnationalism as a phenomenon that refers to "processes that interconnect individuals and social groups across specific geo-political borders." (2002: 170)

¹²⁰ Drawing on the work of Sean Kearney, Wong and Trumper utilize the term *detrterritorialization* to denote "how communities, identities, politics, consumption and production are increasingly detached from local places." (2002: 170-171)

Soccer's Capital Flows

Before analyzing the current capital flows, it is important to acknowledge that the close links between modern sport and the corporate world date back to the late nineteenth century when the economic ideology of economic liberalism also reigned supreme in much of the western world. It was during this time that modern sports like soccer, tennis and track and field spread globally and became institutionalized. International competitions, tournaments and sports governing bodies were established (Maguire 1999) that helped standardize the manner in which these games were played. This early period of sport's globalization between 1870 and 1920 has been termed sport's *take-off phase* (Robertson 1992). As the number of international sporting events and tournaments grew, popular interest and media interest helped expand sport's global popularity. Corporate interest soon followed as sporting companies, aiming to capitalize on rising workers' wages, looked to popular athletes to market their products.¹²¹ While professional sport, the media and corporate sponsors have constituted a powerful relationship for most of the twentieth century, corporate interest in the commercial potential of sport did not involve significant sums of money until the 1970s. The subsequent change was in large measure facilitated by the growth in global television coverage, which in turn was as a function of the advent of satellite television. Global sport broadcasting and sponsorship figures for the world's two biggest sporting events – the World Cup soccer and the Olympic Games – reflect this trend. Revenues from television rights for the World Cup jumped from \$105 million in 1990 to \$1.65 billion in 2006. Similarly, the International Olympic Committee (IOC) since 1980 has agreed to broadcast agreements worth more than \$10 billion (Smart 2007). With regard to sponsorship

¹²¹ Companies like Spalding (1876), Slazenger (1881), Dunlop (1888), Wilson (1914), and Adidas (1920) were all founded in this era.

agreements, FIFA and the IOC also take in huge revenues. FIFA, whose marketing agreements center on exclusive marketing arrangements with global corporations, has seen its sponsorship income jump from \$19 million (from nine sponsors) in the 1982 World Cup, to \$525 million (from 15 sponsors) in 2006. Similar increases in sponsorship revenues have occurred at the IOC, which has seen its revenue generation jump from \$95 million for the 1985-1988 Olympiad to \$866 million for the 2005-2008 Olympiad (Smart 2007). About this development, Barry Smart has remarked the following: “As modern sport has become global in scope, it has largely lost its playful character and its professional practice has become both a global media spectacle and a serious and financially significant global business.” (2007: 24)

Notwithstanding the historic capital flows, this section will mostly emphasize current flows in soccer. Chapter two made clear that the near-universal adoption of neoliberal policies in Europe – both at the member state level and at the European level – has been similarly present in soccer. In GB, this general move towards privatization in the 1980s also extended itself to soccer, which became enmeshed in the free-market discourse. Put differently, the end of corporatism and subsequent adoption of neo-liberalism as the dominant economic philosophy in politics was witnessed in football as well. As a result, soccer clubs restructured themselves in line with market pressures. A couple of arguments proved especially influential in this debate. First, the argument that the Football League (FL) should be subject to the market forces similar to other businesses. Second, and related, the argument that football clubs should establish relationships with its fans similar to other businesses (King 2003). The latter implied that football *fans* had to become *customers*, which denoted a fundamentally altered relationship between the club and its supporters.

With regard to the first issue, as shown before, football for most of the twentieth century was not considered a traditional business. Although professionalism in soccer was legalized as early as 1885, soccer clubs until the late 1970s did not function according to the market logic. David Conn notes that football clubs were deemed “institutions of belonging” (1998: 204) that provided an important source of identity to many workers who had migrated from the countryside to the sprawling cities (see also Holt 1990). As was described in chapter one, football filled a void and provided a sense of community to the thousands of people who had moved from the countryside and were struggling to adapt to life in the city. Factory owners, initially wary of the game – especially since early folk games had been violent affairs that left many with serious injuries – came around and saw value in allowing the game as a form of entertainment for the working classes who had few other options for recreation.

Additionally, the game was seen as one that helped promote character in line with Victorian values prevalent at the time. Soccer was employed to this end as part of wider civilizing changes in the public schools that educated Britain’s elites in the mid-nineteenth century. Hitherto a boisterous, violent game, headmasters at schools like Eton and Cambridge incorporated football as an important part of the schools’ curriculum to help develop character and teamwork. It was the graduates of these schools who proved instrumental in codifying the rules as they sought to play beyond their university days in newly established leagues – an endeavor complicated by the existence of disparate rules. Following the codification of the rules in 1863, the game spread rapidly in part because of the interest of the church – which had developed a form of muscular Christianity to combat poverty and decay in the inner cities – in cultivating the game. Mostly though, soccer spread because the working classes developed an immediate love for it. However, due to soccer’s historical association with the upper classes, and

the game's role as a character-building instrument, a strong amateur ethos prevailed that would be maintained until well into the twentieth century. Subsequently, notwithstanding (most) clubs' legal framework as joint stock companies¹²² clubs were prevented from pursuing a strict profit motive through various restrictions, including limited financial return provisions and limits on economic competition between clubs. To Anthony King "the football club was not seen as a profit-making institution but part of a city's public amenities and a source of kudos for the owner." (1997: 228) Instead of profit then, the chief objective for club owners was sporting success. The emphasis on "utility maximization over profit maximization" (Gratton 2000: 24) was witnessed in the arrangements that existed for most of the twentieth century: the maximum wage provision, television revenue sharing, and gate revenue sharing. The television revenue sharing arrangements that existed for most of the twentieth century divided television income equally among all 92 FL clubs from the 1960s until the early 1980s. While this original format was altered due to pressure from the major clubs in the early 1980s, the allocation of television revenue for the next few years was still relatively equal (given broadcasters' tendency to highlight almost exclusively games featuring the top clubs in the top division) with 50%, 25%, 12.5%, and 12.5% of revenue distributed to clubs in Division One through Four, respectively (Buraimo, Simmons and Szymanski 2006: 32). The following table underlines some of the rules that were in place to limit the commercial factor in soccer, and the subsequent shift in the wake of the growing impact of the profit motive:

Examples of Soccer's Utility Maximization Ethos	Shift to Profit Maximization Ethos

¹²² The joint stock structure represents a structure whereby the ownership of the company is vested in its shareholders. These shareholders in turn elect the board of directors and receive dividends when profits are made, yet bear liability for company losses only to the extent of their initial investments.

Existence of a maximum wage (£20 in the 1950s).	Abolished in 1961; afterwards, wages started rising for all players, but significantly so for the most talented players.
Limited player mobility (retain-and-transfer system).	Abolished in 1963; combined with the abolishment of the maximum wage, this decision benefited the major clubs who were better positioned to sign the best players available.
Limited profitability allowed; payment of dividends restricted to 5 cent per £1; clubs could not have a paid club director.	Raised by the FA to 15 cent in 1981; paid club director allowed in 1981, which signaled a move away from the club as an institution benefiting the public good to a more commercially driven institution.
Sharing a percentage of gate receipts between home and away teams.	Abolished in 1981 which benefited the big clubs that had large stadiums and thus exacerbated the revenue gap between big and small clubs.
Existence of a 4 percent levy on total gate receipts.	Reduced to 3 percent in 1985 which allowed the big clubs to keep more of their revenue.
Television and sponsorship money distributed equally to the 92 FL clubs.	More money for the top division in 1985 – 50 percent to first division; 25 percent to second division; 25 percent split between third and fourth division. More voting rights for first division in league decisions in 1985. Separate PL in 1992.

In short, the arrival of Margaret Thatcher to power in Britain – accompanied by her signature statement that there is ‘no such thing as society’ – signified the end of the Keynesian collective consensus that had existed in GB from the end of the Second World War, which encompassed a corporatist agreement between the government, employers and employees about the management of the economy. Instead, the socio-cultural, political and economic transformations ushered in a new era often described as the advent of neoliberalism characterized by deregulation, privatization and reduced social spending. Thatcher’s emphasis on the free

market applied to the football community as well and meant that the profit motive became a more prominent concern to club owners moving forward. As shown, football had not been about profits for most of the twentieth century but rather more about public service and civic pride. To David Conn football had historically been a way for owners “to put something back in the community” (1998: 102) yet because of the aforementioned changes football became an entertainment product, and clubs became brands.

One way to increase profitability was by building new, modern stadiums that would attract new customers – i.e., people from the higher social strata. The decision to stress customers instead of supporters was part of a concerted move to change the dominant working-class association of football culture. Worried about violence (i.e., hooliganism) and Britain’s perception abroad (in light of serious disturbances that were associated with English fans traveling to away games in continental Europe), the authorities tried to change this culture by imposing football-related legislation inside as well as outside the stadium aimed at cleaning up the game’s image. That this was a special focus during the Thatcher years was no real surprise given her emphasis on moral matters. The urgency to clean up the game and its infrastructure only increased following a number of tragic accidents including the 1985 *Heysel* drama – when 39 fans died during a riot involving Liverpool FC and Juventus fans at the European Cup Final in Brussels – and the 1989 *Hillsborough* tragedy – that saw the deaths of 96 Liverpool fans who were crushed before an FA Cup semi-final match when the police allowed too many fans inside the stadium – following which a commission was established that assessed how football could be made more safe for future generations.

One of the central recommendations of the 1990 Taylor Report that was commissioned in the wake of the Hillsborough disaster was that all football grounds become all-seater stadiums by

1994. To Thomas Hoehn and Stefan Szymanski the recommendation to build modern stadiums served as a prime example of football's *gentrification* and consequent "transformation from an essentially working-class pastime sold at commodity prices into a middle-class entertainment." (1999: 208) This transformation was not inevitable but a result of the price increases that were introduced by club owners to recoup the investments – in spite of the Taylor report calling on clubs not to default to raising ticket prices –, a decision that simultaneously served as a deliberate strategy to keep at bay those societal elements that did not fit the new economic model. As has been documented, average ticket prices rose threefold between 1988 and 1993 (Conn 1998) and have continuously gone up since. In this new climate that stressed football's profitability, Osvaldo Croci and Julian Ammirante highlight that clubs began "looking at supporters as 'customers' to whom one could sell more than simply the match." (1999: 499) Fan support was portrayed by City analysts in economic terms as *brand loyalty* and their demand for football as *inelastic* (Conn 1998) meaning they would pay for tickets and merchandise regardless of the price. To Anthony King, the concept of customer thus represents a "transformed relationship between the fan and the club, but one that is essential for clubs aiming to become a profit-making institution." (1997: 231) Crucially, what may also have happened is that traditional supporters were replaced by more casual consumers of football entertainment, a point made by John Williams who argues that whereas people used to support clubs because of their locality and a sense of loyalty and ritual, they now move allegiances based on clubs' performances.¹²³

The prospect of expensive stadium renovations coupled with the desire to become more profitable was also at the heart of the decision by the top clubs to break away from the old FL – the FL included 92 football clubs in four professional divisions – so that the top clubs could take full advantage of the prospect of a spectacular rise in television income. To do so, the top clubs

¹²³ Interview with John Williams for this dissertation.

came together and signed a Founder Members Agreement in July 1991 that established the principles of the newly created PL. This new league would have commercial independence from the FL and the FA, which would allow the PL clubs to keep more of the money as well as negotiate television and sponsorship contracts on the open market with private companies who were bound to offer more money than the public broadcasters who had controlled the rights before. A brief look at the size of the television contracts will highlight the increasing economic value of soccer. In the 1970s, at a time when soccer was still considered a public good, the BBC's four-year deal with the FL was worth less than £10 million. By 1992, BSkyB – British Sky Broadcasting, a satellite company that arose from the merger between BSB and Sky companies, and is largely controlled by Rupert Murdoch's News Corporation – paid £191 million for a five-year deal with the newly created premiership. Murdoch was willing to pay top money for the rights to broadcast English football because he regarded it as a “battering ram” (Milliken 1996) that would induce people to purchase the satellite dishes needed to watch live football. Over the years, the value of television rights has exploded highlighted by the broadcasting contract for the 2007-2010 seasons which was worth £1.7 billion while the current set of PL broadcast rights contracts have pushed revenue even higher still, in spite of the challenging economic climate (Harris 2009). According to the 2010 Deloitte Annual Review of Football Finance (DAR), the total value of these rights packages has increased by 30 percent to £3.6 billion, with almost all of the increase coming from overseas packages, which have more than doubled in value to £1.4 billion over three years (Deloitte 2010). More specific figures about the finances of the PL and Liverpool FC will be provided when presenting the case study's findings in chapter four.

In addition to broadcasting agreements, an additional source of revenue has been sponsorship agreements. Again, a number of statistics demonstrate the increased economic value of soccer clubs. When the PL was established in 1992, Carling paid £12 million for four years to be the league's principal sponsor. Following their renewal for another four years for £36 million in 1997, Carling was replaced as primary sponsor in 2001 by Barclaycard which paid £48 million for three years. Currently, the league is sponsored by Barclays which coughed up £82 million for the right to sponsor the PL from 2010 until 2013 (Premier League 2011). This major increase in the sponsorship value for the league as a whole, from £3 million to £27 million a year, is matched at the club level. MU – one of the richest clubs in the world – signed the most lucrative shirt sponsorship deal in football in 2009 with the American financial company Aon Corporation, worth £20 million a year (Ducker and Smith 2009).¹²⁴ Liverpool FC matched this number later that year when it signed a shirt sponsorship agreement with global bank Standard Chartered (SC), also for £20 million a year (Smith 2009).

A review of capital flows is incomplete if it does not address the spectacular growth in player salaries. As displayed in the column on page 26, until 1961 a maximum wage was in place that set a ceiling for player wages. In the 1950s, the maximum wage was pegged at £20 a week, which was little more than an average worker's salary despite the fact that football players performed their skills in front of tens of thousands of paying customers. The confluence of a number of developments – players considering themselves no longer skilled workers but entertainers; efficient union leadership convincing club owners of the legitimacy of players' claims; and, the departure of top domestic players lured abroad by higher wages – ushered in the end of this provision that had been a hallmark of modern football from its founding. The

¹²⁴ Other major sponsorship deals include the following clubs: Real Madrid with Austrian betting provider Bwin at £18 million a year; Bayern Munich with Deutsche Telekom at £18 million a year; and, Chelsea with Samsung Mobile at £11 million a year.

abolition of a ceiling on wages in 1961 led to a rise in players' salaries but throughout the 1970s and much of the 1980s remunerations were still rather modest. However, the Sky deal in 1992 that flooded club coffers with television money resulted in a tremendous rise in players' salaries as did the 1995 Bosman ruling. According to the 2011 DAR, the average annual gross wages for a PL player in 2009/2010 were £1.3 million (Deloitte 2011) – in comparison, John Barnes at Liverpool FC was the first-ever player to earn £1000 a week in 1986.¹²⁵

While the wages of all PL players have gone up noticeably, the pay increases for the top players have skyrocketed compared to those less talented. Back in 1960, Pelé – considered by most the best soccer player ever in the history of the sport – earned about \$1.1 million in today's currency playing for Santos compared to the \$17 million that Cristiano Ronaldo currently earns playing for Real Madrid (Porter 2010). According to Sherwin Rosen (1981), the inflated rewards of top performers is not solely due to increased sponsorship money and the increased disposable income people can spend, but is to a large degree determined by the advances in technology. Due to the rise of satellite television top athletes perform their trade in front of an audience of millions, thereby greatly increasing their commercial value. In her own words, Rosen offers the following statement: "When the joint consumption technology and imperfect substitution features of preferences are combined, the possibility for talented persons to command both very large markets and very large incomes is apparent." (1981: 847) In other words, Pelé in his playing days, despite his abundance of talent, could not earn as much money simply because his revenue base was relatively minor compared to Ronaldo's who consistently performs in front of an audience of millions.

¹²⁵ Total wages for PL clubs in the 2009/2010 season constituted £1.4 billion (68% of total turnover of £2 billion) compared to £75 million in 1991/92 (44% of total turnover of £170 million). The same report also revealed that the wage-turnover ratio for PL clubs in the 2009/2010 season averaged 68 percent compared to 44 percent in the 1991/1992 season, an indicator of the rapid and sustained growth in player wages.

What has become clear from the foregoing is that as a result of the introduced market logic and resulting profit motive, the gap between the core and periphery teams within England, as well as between core and periphery soccer countries, has grown. This finding is confirmed by data from the 2009 and 2010 DAR, which highlights the growing gap between rich and poor clubs between *and* within leagues (Deloitte 2009 and 2010). Some of its most significant findings are included in the table below:

Selected Findings from the 2010 and 2009 Deloitte Annual Review of Football Finance
Despite the challenging global economic environment, the European football market grew to €15.7 billion in 2008/09. The ‘big five’ leagues’ revenues (England’s PL, France’s Ligue 1, Germany’s Bundesliga, Italy’s Serie A and Spain’s La Liga grew by 3% to €7.9 billion.
European club football is increasingly polarized; Europe’s top 20 revenue generating clubs earned over €3.9 billion in 2008/09, 25% of the entire European football market. Amongst the ‘big five’ leagues La Liga is the most unequal with a revenue spread of 25 times between the biggest and smallest club. The PL and Ligue 1 are the most even with an equivalent spread of six times.
The polarization of operating profits in the PL is stark. Together Arsenal, Liverpool and MU and the newly promoted clubs collectively generated operating profits of £196m. By contrast, the other 14 clubs recorded combined operating losses of £117m.
Chelsea, with wage costs of £172m remains the highest spender by some distance, over £50m above the next highest club, MU, who spent £121m. The other top five wages spenders in 2007/08 are, for the sixth season in succession, Arsenal £101m, Liverpool £90m, and Newcastle United £75m.
Championship clubs’ total wage costs increased by £32m (12%) in 2007/08 to £291m, the second consecutive year of double digit growth (<i>in other words, Chelsea’s wage costs constitute more than 60% of the Championship’s total wage costs</i>)

In summary, the capital flows in soccer have led to increasing disparities between leagues (e.g., the ‘big five’ England, Italy, Germany, France and Spain versus the rest of Europe) and within leagues (the ‘big four’ in England versus ‘the rest’ notwithstanding Manchester City’s recent challenge, and the PL versus the lower domestic leagues). Because of the concentration of money in the PL, teams in the lower leagues are struggling mightily to keep their heads above water. According to David Conn, local clubs, which he refers to as “longstanding, cherished institutions” (1998: 237-38) that have played an important role in the cultural fabric of their communities are increasingly unable to stay afloat because the vast percentage of the money is flowing to the top clubs. Moreover, Conn contends that the emphasis on profitability has left many fans disillusioned and unable to attend matches in person (and those who still can confined to all-seater stadiums that have lost their traditional atmosphere), a legacy of the hikes in ticket prices that were introduced to recoup the investments in stadiums and to be able to finance the ever-increasing player wages. This commercialization of the sport, Conn argues, has brought about “an awareness that football has changed, from something which belonged to the people, to a business.” (1998: 82)

The Role of Regulation in Football

Finally, this section warrants a few words about the heightened regulatory interest in soccer as it relates to soccer’s growing economic prowess. Throughout most of the post-war decades soccer constituted a minor economic activity and therefore it was not subjected to noteworthy regulation. As soccer became a growing economic entity because of the aforementioned broadcasting and sponsorship deals – according to a 1998 report by the EC, sport

accounted for three percent of world trade (EC 1998) – regulators at the EU started to scrutinize the industry's operations more closely. Specifically, they started to question the legality of nationality quotas, ubiquitous in European soccer at the time, in light of the provision in the 1957 Treaty of Rome provision that guaranteed freedom of persons (i.e., free movement) – in addition to freedom of capital, services, and goods. Although sport was not explicitly mentioned in the Rome Treaty the ECJ decided in two cases in the 1970s that sport does fall within the scope of EU jurisdiction in so far as it constitutes an economic activity within the meaning of Article 2 of the EEC Treaty (Parrish 2002). In the aftermath of this ruling the EC and Europe's soccer governing body UEFA reached agreement about softening the nationality requirements, but this arrangement became untenable in the 1990s when European integration had advanced considerably, monetary union was impending and the increased economic profile of football had made it more difficult to continue to look the other way. In the end, the 1995 Bosman ruling confirmed that the professional football regime had to conform to EU law similar to other spheres of public life. In recent years, renewed scrutiny from EU quarters has centered on determining whether the manner in which the PL conducts its sale of broadcasting rights, specifically its territorial and collective character, violates EU competition policy. A preliminary ruling by the one of the court's advocate-generals in early 2011 in the 'Murphy versus the Premier League case' held that "territorial exclusivity agreements relating to the transmission of football matches are contrary to European Union law." (Gibson 2011) If this opinion is confirmed by the full court it means that – in order to satisfy true freedom of services – the sale of broadcasting rights can no longer be confined to a country-by-country basis, which may reduce the current amount of money PL clubs receive annually from the various television contracts negotiated by the PL and broadcasters from around the world.

Notwithstanding the substantial impact of the ECJ's Bosman ruling, and the potential reverberations of the Murphy case, the national soccer bodies in addition to UEFA are still granted a degree of independence because of the need to ensure competitive balance, which may require occasional intervention in the market. Moreover, sport's important social and cultural heritage – acknowledged in the aforementioned EC working paper that stresses 'the social significance of sport', especially its role in 'forging identity and bringing people together' – has been stressed in order to limit regulatory activity. Tensions between the 'regulators' – who aim to have the fundamentals of EU community law upheld by regulating European football like any other sector in the single market – and the 'protectionists' – who want sport to be partially or fully exempted from EU law provisions – may not have been conclusively settled (Parrish 2002) although the initial ruling in the Murphy case seems to suggest that the regulators hold the upper hand currently.

In summary, what the previous section has shown is that the effects of cultural, labor and capital flows in soccer are not universally agreed upon. Against those who argue that soccer helps bolster national identity, there are others who make the case that it is at the forefront of a renegotiation of identities due to the increased presence of foreign players in domestic leagues. Moreover, soccer's increased financial strength is a worry to many who fear that soccer has become a commodity and that soccer clubs have lost their roles as important local institutions, which served an important binding role in the fabric of local communities (Conn 1998). It would not be a stretch to argue that David Conn would classify what has happened in the world of soccer as an example of 'globalization'. However, in order to shed more light on these processes, and lend credence to one of the suggested arguments, empirical studies are needed that will reveal the manner in which global forces and local institutions interact. To do so, the

following section will specify the research design that this dissertation will adopt to add to the existing literature examining the global-local nexus in sport. Before doing so, the (limited) existing theoretical conceptions of glocalization and globalization in the field of sport will be presented, upon which the research design will subsequently be built.

Conceptualizing and Theorizing Global Sport

While the literature on sport and globalization varies in focus, (Andrews and Grainger 2007, Andrews and Ritzer 2007, Bairner 2001, Giulianotti and Robertson 2007, Houlihan 1994, Maguire 1994, 1999), its central premise is to assess and theorize globalization's impact on sport. More specifically, it is aimed at gauging whether or not globalization has led to a singular, homogenous sporting culture. In other words, the globalization and sport literature is preoccupied with analyzing the global-local relationship. As briefly underscored earlier, this debate parallels that within political science about the impact of globalization on the nation-state (and by extension on national culture), one that is also centered on this global-local nexus. How globalization impacts nation-states mirrors the debate about the impact of globalization on national culture. Whether or not the nation-state has become obsolete (or less fatalistically, a diminished actor) is juxtaposed with the question on whether or not national culture –and related, nationalism and conceptions of territory – has become obsolete (or less distinct) due to what has been termed variously Americanization, cultural imperialism or McDonaldization.

One of the first authors to address the relationship between globalization and sport was Joseph Maguire (1994, 1999). Maguire argues against generalizing tendencies in the globalization literature that includes dichotomous thinking (homogenization versus

differentiation, intended versus unintended consequences) and the use of monocausal logic (globalization a result of either technological, or economic or political developments). Instead, using figurational analysis¹²⁶ he argues that global processes – such as the emergence of a global economy, a transnational cosmopolitan culture, international social movements, and international institutions – are long-term processes that “involve multidirectional movements of people, practices, customs and ideas.” (1994: 401) Arjun Appadurai refers to these processes, (or in his terms *flows*), as disjunctures that are uneven and unpredictable (1996). Maguire argues that while it has become more difficult to understand local experiences without reference to these global processes, local cultures are not becoming obsolete. Based on this framework, the same logic holds for sporting globalization, which is also characterized by multidirectional and multicausal elements implying that the global spread of soccer cannot be simply reduced to an example of westernization. Subsequently, Maguire contends that the manner in which soccer was given local meaning and adapted to local cultures is proof that “indigenous cultures have proved adept at embracing a sport form, reinventing it, and then recycling it back to the country of origin.” (1994: 408) The fact that one speaks of *the* Italian or *the* Argentine soccer culture notwithstanding soccer’s founding in GB serves as an example. Another example is the manner in which cricket was adopted by Indians. Originally used by the British as a tool to socialize Indians and teach them what it meant to be British, Indians co-opted the game and turned it into a national instrument aimed at mobilizing a sense of national community leveraged against the British colonizers (Appadurai 1996). What at the surface seems like an increasing homogenous

¹²⁶ Figurational sociology, also described as process sociology, refers to the research tradition of Norbert Elias who argued that research ought to focus on the ‘figurations’ of humans rather than exclusively states. In other words, emphasis is on processes that ‘transcend the boundaries of nation-states’, which will allow insight into the processes of a social feature’s emergence and evolution (discussed in Maguire 1994). It can thus be interpreted as a conscious attempt to transcend the traditional dichotomy between micro and macro levels of analysis. When discussing globalization, figurational sociologists emphasize incorporating both global flows and local experiences to experience a comprehensive picture of the impact of globalization.

sporting culture – the export of western sports and sporting practices to the rest of the world – is actually characterized by significant varieties based on local reception and adaptation. In short, arguing against homogenization *or* heterogenization Maguire opts for the concept of “diminished contrasts, increasing varieties” (1999: 41) to underscore globalization’s effect on sporting culture.

A similar conclusion is reached by Barrie Houlihan, who also assesses whether or not globalization has resulted in a singular, global sporting culture (1994). Although one can witness features of a global sporting architecture – unified international sports federations (IOC, FIFA), global sports events (World Cup soccer, Olympic Games), and an international sports goods industry – Houlihan echoes Maguire’s conclusion that the ‘reach’ and ‘penetration’ of global sports depends significantly on the recipient communities. In addition to ascribing agency to local cultures, Houlihan introduces the concept of “creolization” (1994: 356) to highlight the interpenetration of, and the connections between globalization and local sporting culture. The term creolization is similar to Roland Robertson’s concept of glocalization (described in chapter one), which he defines as “the interpenetration of the global and the local, resulting in unique outcomes in different geographical areas.” (1995: 30)

Maguire’s concept of ‘diminishing contrast, increasing varieties’ is also adopted by Alan Bairner (2001) who analyzes the impact of globalization on nationalism and national identity to stress that globalization is not equated with Americanization or a similar term that denotes increasing homogenization. Centering his analysis on the historic ties between sport and national identity, Bairner puts forth the argument in *Sport, Nationalism, and Globalization* (2001) that globalization will not render this historic connection void. In spite of the cultural influence of the United States and the spread of western sporting practices, Bairner holds that

the local or perhaps the *glocal* remain of paramount importance in terms of how sport is played and watched. As a result, sport continues to play a greater role in the maintenance of distinctive national identities than in the construction of some uniform global identity. (italics added) (2001: 175)

Additionally, Bairner contends that the global spread of sports like soccer and cricket implies ‘diminishing contrasts’ yet the fact that in each country people have more freedom to watch and play whatever sport they favor leads to ‘increasing varieties’.

Glocal and Grobal Sport

The concept of ‘diminishing contrasts, increasing varieties’ is similar to the concept of glocalization introduced by Roland Robertson (1992, 1995) who opposed the degree to which globalization literature assumed it to override locality. His coining of the concept of glocalization served as an attempt to “transcend the tendency to cast the idea of globalization as inevitably in tension with the idea of localization.” (1995: 40) According to Robertson much of what is termed local is actually constructed on a trans-local basis. For example, he contends that “expressions of ethnicity and nationalism, perceived as purveyors of localism *par excellence* are actually part of trans-local factors as current assertions of ethnicity fall within the realm of global identity and particularity.” (1995: 26) Similarly, while ‘the national’ is an exemplar of the ‘particular’, nation-states’ bureaucratic structure and societal organizations differ very little. As a result of the foregoing, Robertson argues that “the global is not in and of itself counter posed to the local. Rather, what is often referred to as the local is essentially included within the global.” (1995: 35) In short, glocalization thus emphasizes global homogeneity *and* heterogeneity, an

important corrective to both the unidirectional portrayal of globalization as well as the suggested dichotomy between the global and the local.

In an attempt to delineate theoretically the relationship between globalization and sport, and subsequently the global-local relationship, David Andrews and Andrew Grainger – drawing on Roland Robertson’ concept of glocalization – distinguish between *organic sporting glocalization* and *strategic sporting glocalization* (2007). The former (organic sporting glocalization) reveals the process whereby global sporting practices become incorporated into local cultures and experienced as authentic while the latter (strategic sporting glocalization) highlights how MNCs look to commercially exploit local differences. The latter is achieved, they argue, through *interiorized glocal strategizing* – the manner in which global capital has aggressively co-opted local sport cultures and sensibilities for local market accommodation – and *exteriorized glocal strategizing* – involving the importation and mobilization of sporting difference into a local market (2007: 482). Although the different terms can be slightly confusing, Andrews and Grainger’s central premise is that the global cannot be separated from the local: “Sporting glocalization, whether organic or strategic...illustrates the fact that today’s sporting locals can only exist and operate within the structures and logics of the global.” (2007: 483)¹²⁷ With regard to soccer, the focus of this dissertation, the authors note that its global

¹²⁷ To help illustrate the difference between interiorized and exteriorized glocal strategizing, a few examples will be brought to bear. First, the manner in which football was locally adopted and imbued with meaning and tradition in those countries that GB had commercial ties with classifies as a form of organic sporting glocalization. Soccer in Africa, introduced by the British, became adopted as an indigenous, national game, and was turned into a powerful cultural expression of resistance against the British and other European colonial powers (see Amara and Henry 2004). Second, the strategies used by international media concerns to penetrate local markets are a form of interiorized glocal strategizing. Whilst using a universal model that centers on movies and sports as prime tools to gain access to local markets (discussed in Williams, J. 1994), media corporations nevertheless incorporate specific sports based on local popularity to appeal to local tastes and particularities (Andrews and Grainger 2007). People in Spain want to see Spanish *La Liga* games just as English people want to see English *PL* matches. In other words, while the use of sports as a form of media entertainment is global, the type of sport provided differs based on various aesthetics. Finally, the initial strategy to sell the NBA to the rest of the world based as an explicit American form of entertainment is an example of exteriorized glocal strategizing. However, it has become more interiorized in recent years as a result of the influx of foreign players, the presence of which has led the NBA to sell itself

popularity as the ‘world’s game’ in almost all countries, and subsequent undisputed status as ‘national sport’ implies that the global game is better termed the ‘glocal game’: “simultaneously existing and operating as a source of collective identity and pride for the national populaces, in numerous locations, at one and the same time.” (2007: 486) A similar argument is put forward with regard to the Olympic Games. While the Olympics are often portrayed as, and contribute to, the idea of a global culture, they also provide an opportunity for the expression of a distinct national identity. Nowhere is this more obvious than during the opening ceremony, which is used by participating countries to showcase their national uniqueness to both a global and domestic audience. In other words, Andrews and Grainger note that while on the surface “global in reach,” the Olympic Games are in actuality “local in performance.” (2007: 487) This last example of the Olympic Games will also serve to introduce the concept of global sport, the second school of thought this dissertation will test.

Notwithstanding the possibility of semantic confusion, to complete the review of the various conceptualizations of global sport, that of global sport needs to be elaborated upon. Similar to the concept of glocal sport, which derived from Roland Robertson’s (1992, 1995) concept of glocalization, the notion of global sport derives from George Ritzer who coined the term globalization – defined as “the imperialistic ambitions of nations, organizations, and the like and their desire, indeed need, to impose themselves on various geographic areas” (2007: 15) It is based on the premise that global processes overwhelm the local rather than the local existing within the global. Since global processes have left few if any places untouched and pristine, Ritzer argues that what is usually described as local is more aptly coined glocal. As a result, the

differently in local markets to appeal to those fans who follow ‘their’ players in the NBA. Increasingly, German basketball fans have taken an interest in watching the NBA to follow German player Dirk Nowitzki just as many French actively follow the play of French point guard Tony Parker. To satisfy these fans’ desires to see their home players perform, the NBA presents itself differently in these countries than it does in the US.

real tension today is not between the global and the local but between the grobal and the glocal. This line of thought is articulated in an article titled ‘The grobal in the sporting glocal’ by David Andrews and George Ritzer (2007). In it, the authors argue that GB, as an imperial power, and sport as its corollary, was responsible for the *grob*al diffusion of British sporting practices in the late nineteenth century. The subsequent displacement of local sporting forms, and their glocal reincarnation, expresses this logic. Furthermore, sport’s increasing commodification in the late twentieth century as a result of capitalist pressures outlined earlier has accelerated the tendency toward grobalization. Employing this theoretical construct, Andrews and Ritzer view the Olympic Games – earlier depicted as ‘global’ in reach and ‘local’ in performance – instead as “grobal in reach” and “glocal in performance.” (2007: 36)

An additional example of what Andrews and Ritzer would term grobal-glocal tensions involved the heated opposition a few years ago by MU fans against the purchase of the club by the American Glazer family, an episode lucidly outlined by Adam Brown (2007) who had unlimited access to some of the groups integrally involved in the campaign against the club’s takeover. The prospect of the sale led to noteworthy fan protests that signified the contradiction between the power of capital – which viewed MU as a commodity to be bought and marketed – and a vision of the club as a form of imagined community that has thrived on collective communities of football fans. The opposition by the fans was rooted in a desire to preserve MU as a local club, which they viewed as threatened by the globalization of the club. Although waging a strong campaign, the sale of MU to the Glazer family proceeded as planned. To Brown, the fans’ ultimate inability to prevent the sale “summed up a defeat of a particular brand of English football supporter to a corporate sports capitalism that now dominates elite English football.” (2007: 615) Although Brown would characterize the stand-off in terms of local

opposition –especially since the many of the fans were from the city of Manchester and eager to stress their ‘localness’ – Andrews and Ritzer (2007) note with regard to the same topic that MU – one of the richest clubs in world football – could hardly be seen as a local club. To them, MU, a club that had always attracted significant capital and was among a handful of clubs that went public in the early 1990s, was more of a global club than a local club. Subsequently, they argue that the MU-Glazer takeover conflict took place in what was already an “inherently glocalized sports culture that convinced itself of its own organic local-ness.” (2007: 40)

The Research Design

Based on the foregoing, one can deduce that the two central theoretical frameworks found in the literature come to different conclusions when assessing the impact of globalization on local institutions. That said, notwithstanding the presence of a large literature that analyzes the global-local nexus in soccer and the two theoretical models outlined, clear indicators that would help categorize the precise designation of said effects are lacking. Specifically, whether or not something ought to be classified as glocalization or grobalization is not unambiguous in the current literature. Though useful as theoretical constructs, few actual case studies have been conducted that would lend credence to one, both, or neither of the two frameworks. The need for additional case studies has been acknowledged by George Ritzer himself when he argued: “The real sociological or anthropological question becomes that of examining the ways in which the relationship between the global and the local is *actually* undertaken.” (italics added) (2007: 62) The study of sports is especially instructive in this regard since sports reflect both economic and cultural considerations, in addition to being placed right on the global-local nexus. The

usefulness of sport studies has been made explicit by Michael Veseth when he argued the following: “Sports are big business, of course, but they also reflect deep cultural norms and values, so they are a good test-bed for globalization theories.” (2010: 7)

Although Ritzer’s quote specifies the sociological or anthropological question, one can add ‘political’ question since this dissertation will assess how globalization impacts local institutions based on Samuel Huntington’s definition of institutions as “stable, valued, recurring patterns of behavior.” (1968: 12) Moreover, Huntington’s work, discussed in chapter one, also includes a framework for both institutional formation – defined as “the process by which organizations and procedures acquire value and stability” (1968: 12) – and institutional change – Huntington defined the level of institutionalization for a particular organization “by its adaptability, complexity, autonomy, and coherence” (1965: 404-405) – which provides us the tools to measure institutional change over an extended period of time. The reason why this is feasible is because Ritzer, notwithstanding the fact that his work is focused mostly on cultural issues – specifically the emergence of a global consumer culture – makes explicit the fact that globalization is not confined to cultural issues. On the contrary, globalization occurs in the economic realm – as example he highlights what he terms the globalization of neoliberal market economies and the ‘one-size-fits-all’ approach found in structural adjustment policies – but also in the ‘political-institutional realm’. Concretely, Ritzer contends that globalization in the political domain is occurring in the form of the “world-wide spread of models of the nation-state” and the “emergence of isomorphic forms of governance in the form of the global spread of a democratic political system.” (2007: 19)

However, before this dissertation can answer the question of how globalization impacts local institutions, it is critical to determine that globalization (as the independent variable) exists.

In order to establish globalization a number of hypotheses will be tested. They will specifically address the presence (or absence) of ‘spatial organization’ of ‘social relations and transactions’ that generate ‘transcontinental or interregional flows’ to determine whether or not globalization of football clubs (as local institutions) has occurred:

H1. If globalization of football clubs is occurring, then we will witness an increase in foreign ownership of clubs

H2. If globalization of football clubs is occurring, then we will witness an increase in the number of foreign players

H3. If globalization of football clubs is occurring, then we will witness an increase in the number of foreign managers

H4. If globalization of football clubs is occurring, then we will witness an increase in the number of foreign fans

H5. If globalization of football clubs is occurring, then we will witness an increase of games broadcast globally

H6. If globalization of football clubs is occurring, then we will witness an increase in the number of tours team conduct abroad

H7. If globalization of football clubs is occurring, then we will witness an increase in the amount of transnational capital invested in them

These hypotheses that will seek to confirm that globalization as an independent variable does in fact occur,¹²⁸ will allow us to subsequently turn to the question of whether the

¹²⁸ Since it will be impossible (in light of space considerations) to include figures for each individual season, this dissertation will examine the baseline data of the FA for the top league in England in three periods: 1892-1959;

globalization of football clubs (as examples of local institutions) can best be understood as glocalization, grobalization, or something else. Before this assessment can be conclusively made, two issues need to be resolved. The first involves the type of study that will be employed to reveal institutional change, and the second requires a clear enumeration of the core definitions, assumptions and variables associated with each theoretical concept in order that the accumulated data will lucidly reveal either glocalization or grobalization (or something else). Critically, this framework needs to be established *a priori* so that ambiguity is reduced as to the classification of the institutional change found at Liverpool FC.

Theory Testing of Immature Theories

With regard to the first issue, this dissertation will opt for a single case study to reveal institutional change at Liverpool FC. The rationale for a case study is that it an especially useful tool when used to assess theories that have not been subjected to intensive testing. To illuminate the type of case study, methodology and research strategy that will be adopted in this dissertation, it is imperative that definitional ambiguity be reduced. As a consequence, when necessary, definitions will be provided to provide a clear and comprehensive account of the

1960-1989; and, 1990-2011. The first period represents the early years of the club's history and corresponds with the belle époque – the years from the late nineteenth century until the First World War cited by many scholars as the first period of globalization. The second period represents the era when LFC became a domestic and international powerhouse, and includes the early decades of European economic and political integration (although mostly economic at this stage). The third period represents the most recent period characterized by increased economic, cultural and political integration globally and regionally, highlighted in the latter case by the enforcement of the principle of the 'free movement of persons' in the 1995 Bosman ruling by the ECJ. Concretely, data on the number of foreign players, the number of foreign owners, and the number of foreign managers will be assessed from the available LFC archive. To confirm or refute the remaining hypotheses on foreign fans, international tours, international broadcasting and the role of international capital, archival research will be combined with reviewing secondary and primary sources. Finally, the focus on England is warranted since modern football was founded in England and has been at the forefront of many developments in the evolution of the sport. Moreover, football is the most popular sport in England and has well-organized archives that will facilitate research opportunities.

design used starting with the type of study adopted. First, in his seminal work on case study research Harry Eckstein defines a case as “a phenomenon for which we report and interpret only a single measure on any pertinent variable.” (1975: 85) This focus on a single measure distinguishes case studies from comparative studies, which Eckstein defines as “the study of numerous cases along the same lines, with a view to reporting and interpreting numerous measures on the same variables of different ‘individuals’.” (1975: 85) Case studies are different from comparative studies not only with regard to the number of cases but other ways also, including the range of research, research methods, and objectives. The following table, using Eckstein’s model, will display the central differences between the two types of study (although not claiming to be exhaustive):

	Case Study	Comparative Study
Range of Research	Intensive; single cases or a small number of cases	Extensive; large number of cases
Methods	More open ended research design and flexible at all stages	Tightly constructed research design
Techniques	Participant observation and <i>Verstehen</i> – understanding the meaning of actions and interactions from the members’ own point of view	Rigorous and routinized procedures of data processing and data analysis
Reports	Findings generally characterized as narrative and descriptive; Interpretation	Findings characterized as analytic; Findings

Objectives	To capture the particular and the unique; to get hunches about the generalizability of relations not yet experimentally studied	Generalized knowledge; theoretical propositions
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The reason to focus on a single case in the form of an in-depth, longitudinal study of Liverpool FC is that it will reveal important institutional characteristics that can be assessed over time. This strategy will enhance our knowledge of institutional change in an age of globalization – especially since it will also include the belle époque of globalization in the early twentieth century and the more recent episode of globalization following the late 1980s. Moreover, as has been acknowledged, the focus on a single case is often justified since finding ‘similar’ cases in real life is extremely difficult (Burnham et al. 2004, George and Bennett 2005, Marsh and Stoker 2002).

Alexander George and Andrew Bennett’s *Case studies and theory development in the social sciences* (2005) also strongly advocates the use of case studies because of their usefulness for theory testing and theory development. According to them, the case study approach signifies “the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events.” (2005: 4) Among the benefits of case studies, George and Bennett note: *conceptual validity* – case studies allow for conceptual refinements with a higher level of validity over a smaller number of cases than statistical studies that occasionally run the risk of conceptual overstretching (for example, the concept of democracy belies the myriad forms of democracy that exist, including parliamentary versus presidential forms of democracy, consolidated versus transitional democracies, etc.); *deriving new hypotheses* – case studies have powerful advantages in the heuristic identification of new variables and hypotheses through the study of deviant cases or outlier cases and in the course of

field work; *exploring causal mechanisms* – case studies examine the operation of causal mechanisms in individual cases in detail; and *modeling and assessing complex causal relations* – case studies have the ability to accommodate complex causal relations such as equifinality, complex interaction effects, and path dependency. (2005: 20-23) Similarly, as Harry Eckstein puts it: “Case studies...are valuable at all stages of the theory-building process, but most valuable at that stage of theory building where least value is generally attached to them; the stage at which candidate-theories are tested.” (1975: 80)

While there are numerous different types of case studies that researchers can draw from,¹²⁹ this dissertation will be a *theory testing case study of early theories* in line with where the globalization literature currently stands. As underlined in chapter one, the first major debate in the globalization literature centered on evaluating globalization’s effect on the nation-state, and specifically whether or not the global would overwhelm the local. The next debate moved beyond this question (i.e., has globalization rendered the local obsolete?), and instead focused on how the global and local interact (i.e., how do globalization and countervailing local forces impact each other?). The coining of the term glocalization, and more recently grobalization, are attempts that can be seen in this light to provide more precision as to the exact relationship between the global and the local. That said, both theories are not fully developed and the distinction between them is not always clearly visible. For example, George Ritzer freely acknowledges that glocalization is “not only a reality but an important one in the world today.” (2007: 15) Moreover, his examples of grobalization in the political realm – spread of the nation-state model, and democracy as the dominant form of governance – are of a rather general nature.

¹²⁹ George and Bennett (2005) distinguish between atheoretical/configurative idiographic case studies, disciplined configurative case studies, heuristic case studies, theory-testing case studies, plausibility probes, and building-block studies. These correspond to a large degree with Eckstein’s (1975) typology which includes configurative-ideographic case studies, disciplined-configurative case studies, heuristic case studies, plausibility probes, and crucial case/tough tests.

His central concern is that, according to him, globalization has become the unquestioned, accepted paradigm in much globalization literature today. Consequently, it has undermined the cultural convergence paradigm of which also substantial evidence exists (the differences between the two theories will be readdressed later in this chapter). With that said the overarching goal then of this dissertation is to test these two theoretical constructs and in doing so contribute to the debate of discerning the exact relationship between global and local forces, specifically how local institutions fare in an age of globalization.

Finally, in addition to theory testing there is a heuristic (meaning ‘serving to find out’) element of theory building to this dissertation since the possibility exists of identifying new variables, hypotheses, and casual mechanisms. According to Eckstein, the value of heuristic case studies lies in the fact that they

tie directly into theory building, and therefore are less concerned with overall concrete configurations than with potentially generalizable relations between aspects of them; they also tie into theory building less passively and fortuitously than does disciplined-configurative study, because the potentially generalizable relations do not just turn up but are deliberately sought out. (1975: 104)

Although case studies intended to serve a heuristic function require minimal research design and can be used to assess almost any issue, this dissertation will incorporate a more tailored research design and a case that is picked because it is considered likely to be revealing. Put differently, the choice of Liverpool FC is poignant since it represents a century-old, intensely local institution that has increasingly been globalized, and subsequently exists centrally on the global-local nexus that is at the heart of the two dominant theories introduced. Furthermore, Huntington’s table that defines the level of institutionalization for a particular organization by its “adaptability, complexity, autonomy, and coherence” (1965: 404-405)

provides us with the measurement tools to establish the type of institutional change in a systematic manner.

At this point it is critical to enumerate lucidly how these aforementioned concepts can be captured empirically, based on Huntington's measurement indicators (1968: 394-405) and in doing so, the table highlighted in chapter one will be reintroduced:

Institutional Characteristic:	Measurement Indicators:
Adaptability	Chronological age Leadership successions Generational changes Functional changes
Complexity	The number and diversity of organizational subunits The number and diversity of functions performed by the organizations
Autonomy	The distinctiveness of the norms and values of the organization compared with those of other groups The personnel controls –in terms of cooptation, penetration and purging- existing between the organization and other groups The degree to which the organization controls its own material resources
Coherence	The ration of contested to total successions The cumulation or non-cumulation of cleavages among leaders and members The incidence of overt alienation and dissent within the organization Opinion surveys of the loyalties and preferences of organization members

With regard to *adaptability*, Huntington argues that “the more adaptable an organization or procedure is, the more highly institutionalized it is.” (1968: 394) Adaptability is thus described as an ‘organizational characteristic’ and a function of ‘environmental challenge and age’. Put differently, in general organizations that have faced numerous challenges and have been around for an extended period of time are more adaptable than others. However, this is not automatically the case since organizations that have existed in a static environment may face problems when facing a new, unknown situation. An organization’s adaptability is measured specifically in a number of different manners. The first manner in which adaptability can be measured is ‘chronological age’ – i.e., the longer an organization or a procedure has been in existence measured in years, the higher its level of institutionalization. In addition, adaptability can be captured by ‘generational age’ – i.e., the more successful leadership succession an organization has witnessed, the more institutionalized it tends to be. Furthermore, adaptability can be ascertained in ‘functional terms’ meaning organizations that have been able to adapt to ‘environmental changes’ and have successfully responded to ‘changes in its principal functions’ are more institutionalized than those that have not.¹³⁰ This last point is particularly poignant in light of the central research question. To what degree local institutions have been impacted by globalization in part is a measure of how adaptable they are.

With regard to *complexity* Huntington argues that “the more complicated an organization is, the more highly institutionalized it is” (1968: 399) where complexity is a function of both the ‘multiplication of subunits’ and ‘differentiation of separate types of organizational subunits’. In

¹³⁰ As an example Huntington cites the story of the Congress Party in India as a highly institutionalized organization because of its capacity to transition its mandate (i.e., its functional capacity) following India’s independence in 1947 – which had been its ultimate goal as a nationalist party opposing colonial rule. Similarly, one can consider NATO’s ability to create a new mandate for itself following the end of the Cold War as another example of an institutionalized organization based on its functional adaptability.

simple terms, this implies that organizations that do not rely on a single person or a single purpose are better positioned to a change in the external environments than those that do.¹³¹

On the measure of *autonomy*, Huntington asserts that the key measure is “the extent to which political organizations and procedures exist independently of other social groupings and methods of behavior.” (1968: 401) Related, Huntington asserts that the distinctiveness of the norms and values of the organization compared with those of other groups is an important component of autonomy. Also, those organizations that contain mechanisms that ‘restrict and moderate the impact of new groups’ tend be more autonomous than those that do not have similar mechanisms in place. The former does not imply rigidity as it may seem at first glance; the key for an organization is its ability to ‘assimilate new forces and new personnel’ without ‘sacrificing its institutional integrity’.

Finally, the measure of *coherence* implies straightforwardly that “the more unified and coherent an organization is, the more highly institutionalized it is.” (1968: 403) Coherence implies a degree of consensus about the organization’s functional boundaries, the proper mechanisms to resolve disputes, and a degree of consensus about the mission and future of the organization.¹³² What the former implies is that those institutions that possess coherence (unity) and autonomy (distinctive norms and values) will be more adaptable and more successful in responding to changes in the external environment.

While acknowledging the difficulty of measuring exactly the level of institutionalization, Huntington argues that “no reason exists why with a little imagination and effort sufficient information could not be collected.” (1968: 404) With these standards in hand, this dissertation

¹³¹ For example, a political system that relies on one person, while simple, is unstable, Huntington argues. On the contrary, a system with numerous institutions (a legislative, executive, judicial branch, different levels of government, etc.) is generally more complex and as a result more likely to adapt.

¹³² Huntington cautions that coherence can be weakened when membership of an organization is rapidly expanded without properly selecting and educating new members.

will review LFC's historic and more recent past to measure to what degree it has been changed as a result of the dynamics of globalization; whether the result of these changes can best be captured as glocalization, grobalization, or something else; and related, to what extent it is institutionalized.

Philosophy of Science: Ontology and Epistemology

Finally, in this section about the type of study adopted, a few words are needed about the important questions of ontology – the researcher's view about the nature of the world – and epistemology – what we can know about the world and how we can know it – that constitute a major point of debate in the discipline of political science. It is often viewed as a given that the use of methods is associated with an epistemological position about the production of knowledge (Burnham et al. 2004, George and Bennett 2005, Marsh and Stoker 2002). In this view, quantitative methods are usually equated with a positivist stance while qualitative methods are associated with an interpretive epistemology. In the latter view, there can be no truly objective science that can establish universal truths or can exist independently of the beliefs, values and concepts created to understand the world (Burnham et. al 2004). However, David Marsh and Gerry Stoker (2002) have noted that the distinction between the choice of methods and epistemological questions should not be overdrawn, and that the choice of methods is often made based on the research question. In addition, Alexander George and Andrew Bennett note that while case studies have “different methodological logics” – on fundamental issues such as case selection, operationalization of variables, and the use of inductive and deductive logic – they share a “similar epistemological logic” (with statistical methods and with formal modeling) that

is “coupled with empirical research” (2005: 6) and the desire to produce knowledge.¹³³ This dissertation echoes that view, and adopts their recommended approach.

Glocalization and Grobalization

With regard to the second question – how to tell whether the data found reveals glocalization, grobalization, elements of both or neither – it is imperative to outline the respective definitions, assumptions, and variables associated with the two dominant theoretical frameworks. Although introduced at some length in chapter one, the following table – drawn from George Ritzer’s book *The Globalization of Nothing* (2007: 21) – will outline both models and their respective assumptions and variables:

	Glocalization	Grobalization
Core Concepts	Cultural hybridization and heterogenization	Cultural convergence, McDonaldization, and homogenization
Definition	Glocalization is defined as the interpenetration of the global and the local, resulting in unique outcomes in different geographical areas	Grobalization is defined as the imperialistic ambitions of nations, corporations, organizations and the like to impose themselves on various geographical areas
Assumptions	The world is growing more pluralistic	The world is growing more similar

¹³³ Epistemologically, George and Bennett note that all three approaches attempt to develop logically consistent models or theories; derive observable implications from these theories; test these implications against empirical observations or measurements; and, use the results of these tests to make inferences on how best to modify the theories tested (2005: 6).

	<p>Individuals and local groups have great power to adapt, innovate, and maneuver within a glocalized world.</p> <p>Glocalization theory sees individuals and groups as important and creative agents</p> <p>Social processes are relational and contingent which implies that globalization provokes a variety of reactions – ranging from nationalist entrenchment to cosmopolitan embrace – that feed back and transform globalization, and thus produce glocalization</p> <p>Commodities and the media are not coercive but rather as providing material to be used in individual and group creation throughout the glocalized areas of the world</p>	<p>through processes like McDonaldization which highlight the globalization of a set of principles and a system of operation</p> <p>Individuals and local groups have limited power to adapt, innovate, and maneuver within a globalized world</p> <p>Globalization theory sees larger structures and forces overwhelming the ability of individuals and groups to create themselves and their worlds</p> <p>Social processes are largely one-directional and deterministic. Globalization tends to overpower the local and limits its ability to act and react, let alone act back on the global</p>
Theoretical Orientation	Postmodern social theory	Capitalism (Karl Marx) and rationalism (Max Weber)
	<p>A conscious rejection of grand, sweeping theories, changes and processes</p> <p>Emphasis on the local and its non-rational, irrational and non-homogenized characteristics</p>	<p>A Marxian and neo-Marxian focus on the power of capital, which leads to the view that one of the major driving forces behind globalization is the corporate need to increase profitability</p>

		A Weberian emphasis on the increasing ubiquity of rationalized and their growing control over people globally
Fault Line	Tension between the global and the local	Tension between the grobal and the glocal
Synonym	Implosion: the global mixes with the local causing both to implode into one another and creating a unique mix of the two, the glocal	Explosion: the explosive growth and global expansion of grobal forms

To ascertain the type of institutional change at Liverpool FC as glocalization or grobalization, this dissertation will adopt the congruence method, the essential characteristic of which is according to George and Bennett that “the investigator begins with a theory and then attempts to assess its ability to explain or predict the outcome in a particular case.” (2005: 181) Put differently, it requires a theory that predicts outcomes on the basis of specific initial conditions. Working with the preexisting theory, the researcher establishes the value of the independent variable (i.e., globalization as defined by Held) and dependent variable (i.e., local institutions as defined by Huntington) in the case at hand, and subsequently compares the observed value of the dependent variable with that predicted by the theory, given the observed independent variables. With the values of globalization and institutional change established, this dissertation will compare the observed value of LFC with what is predicted by glocalization and grobalization. If the outcome of institutional change at LFC is consistent with glocalization or grobalization’s predictions, the possibility of a causal relationship for one of the schools of thought will be strengthened.

From the review of both concepts, as well as the previous table which outlined their respective assumptions and variables, it is now possible to deduce what glocalization and grobalization would look like in the case of Liverpool FC.

If glocalization is the dominant trend, we will find that:

1. The effects of globalization on LFC are not pre-determined and may result in unknown outcomes
2. LFC has significant autonomy to shape its future even in an increasingly globalized, international environment
3. The increased presence of global individuals, influences, and practices will not erode the local character of the club
4. While globalization will *affect* LFC, the manner in which LFC manages globalizing processes may in turn *effect* and transform globalization

If grobalization is the dominant trend, we will find that:

1. The effects of globalization on LFC are more or less determined and will result in all clubs becoming increasingly similar
2. LFC has limited autonomy to shape its future because of the ever-growing importance of international capital
3. The increased presence of global individuals, influences, and practices will inevitably erode the local character of the club

4. LFC will have limited ability to shape the course and future of globalization

In summary, the previous section re-introduced the concepts of glocalization and grobalization that have been advanced, both in cultural and sport studies, to study the global-local nexus. Both go right to the heart of the globalization debate by assessing globalization's effect on the nation-state, national culture, and by extension local institutions. They will serve as school of thoughts during the case study of Liverpool FC that will reveal globalization's impact on a local institution. The chosen format will allow the author to assess long-term trends within the club. Since the club was founded in 1892, the case study will highlight over a century worth a club activity, and critical periods in its history including: the first era of globalization leading up to the First World War (*la belle époque*) until the end of the 1950s; Liverpool's transition from an average club to an international powerhouse in the subsequent three decades; and its recent history when soccer clubs have adopted the neoliberal principles prevalent in society. In conducting the study, more light will be shed on how institutions both manage change, and are subjected to change, in an age of globalization, and related, operate within the global-local nexus so central in sociological and political science literature. Procedurally in terms of the remaining flow of the dissertation's case study. First, this dissertation will evaluate the secondary literature about Liverpool FC that exists to find tentative evidence of glocalization, grobalization, or something else. Second, based on the evidence gathered, primary sources will be explored at the Liverpool archive in Liverpool to find additional data. This archival research will be complemented by the research techniques of elite interviews. Interviews (depending on access) will involve senior executives at the club and other LFC stakeholders, including academics, journalists, club officials and fans.

Chapter Overview

In summary, this chapter has reviewed the literature on the globalization of sport in general and the globalization of soccer in particular. It highlighted the cultural, labor and capital flows (historical as well as current) in soccer and concluded that no consensus exists on the cultural and economic effects of globalization on soccer. On the contrary disagreements are still present with regard to the impact of labor flows on people's identities and the effects of capital flows in the sport. In addition to highlighting where the literature stands, this chapter re-introduced the theoretical concepts of glocalization and grobalization that will serve as the central schools of thought for the case study which will answer the following research question: how does globalization affect local institutions? The outline of both concepts' key assumptions helped streamline the development of the research techniques needed to positively ascertain whether or not the type of institutional change found at Liverpool FC is best classified as glocalization, grobalization, or something else. The next chapter will highlight the findings of the case study. After initially discussing the secondary literature that is available – which will include a historical overview of the club's founding and the connection between the club and the city – the remainder of the chapter will demonstrate globalization's impact on Liverpool FC as a local institution by using primary and secondary sources, and collecting data through selected interviews with a wide range of club stakeholders.

Chapter Four

Liverpool FC: From Local Club to Global Brand

“Some people believe that football is a matter of life and death: I am very disappointed with that attitude. I can assure you it is much, much more important than that.”

(Bill Shankley: Liverpool FC manager)

“Mind you, I’ve been here during the bad times too – one year we came in second.”

(Bob Paisley: Liverpool FC manager)

“There are those who say maybe I should forget about football. Maybe I should also forget about breathing.”

(Gérard Houllier: Liverpool FC manager)

The story of Liverpool FC¹³⁴ is one of astonishing success and agonizing tragedy. It is *the* most successful English club of the twentieth century and one of the most successful clubs in the history of European football, it has been consistently ranked as one of the most valuable football clubs by *Forbes* magazine (Maidment, Ozanian and Schwartz 2010) and the 2011 Deloitte Football Money League report, and has a global following numbering in the millions. But for all its successes off and on the field, it has also experienced tremendous adversity, most notably the 1985 Heysel and 1989 Hillsborough disasters in which 39 and 96 people died, respectively. However tempting it is to write a comprehensive history of the club since it was founded in 1892 this endeavor will not be pursued because it is outside the scope of this dissertation’s goal (and has already been taken up by many other authors). Instead, the history and evolution of the club will be carefully reviewed to answer this dissertation’s central research question: how globalization has impacted Liverpool FC as a local institution. To this end, the history of LFC will be divided into three distinct periods: the first period will cover the years

¹³⁴ When referencing Liverpool Football Club, I will interchangeably use the acronym LFC or Liverpool FC; I occasionally will use Liverpool when it is unambiguously referring to the club rather than the city.

from the club's founding in 1892 until 1959; the second one will review the thirty odd years from 1960 until 1989; and the third period will assess the last 21 years since 1990. Although these dates may seem random, they are chosen carefully and reflect distinct periods in LFC's history. The first period dates from the founding of the club in 1892 until 1959, which proved a turning point in the management of the club with the appointment of Bill Shankly as manager in 1959. The same year also proved a turning point in the management of the FL as a whole with the subsequent abolishment of the maximum wage in 1961, and the retain-and-transfer system in 1963 that had been hallmarks of English football. This period also includes the years of the belle époque that are often described as representing the first age of globalization. The second period represents LFC evolving into a national, and subsequently, European powerhouse and highlights increasing steps to capitalize financially on the immense popularity of the game, a development partly fuelled by the growing interest to broadcast football on television. It ends in the year that LFC faced a tremendous disaster that resulted in the loss of 96 of its supporters, the ramifications of which helped usher in a new era in English football. The final period involves the last two decades when football players have become global celebrities, the top clubs have become global brands, and the English PL (founded in 1992) is broadcast in all corners of the globe and watched weekly by tens of millions of fans. Since the indicators that are associated with globalization tend to, disproportionately, correspond with the last 20-25 years, the brunt of the chapter will be devoted to the most recent period in the club's history. Furthermore, while the central focus will be on LFC, major events in the club's history will be situated in a wider socio-cultural, political and economic context when proper and necessary.

At the end of the chapter, the information presented will highlight that the two central schools of thought have limited relevancy in explaining comprehensively the type of institutional

change witnessed at LFC. While both theories to some degree accurately predict the effects of globalization on institutions, their zero-sum conception means they overlook the enduring power of the local. In fact, chapter five will, in addition to analyzing at length the two central schools of thought, argue that a third school of thought, to be called ‘localism anew’, may more aptly describe the type of institutional change found at LFC. In short, certain local institutions, I will argue, can leverage the local to succeed globally. In addition to carefully outlining this study’s conclusions, the final chapter will also will include suggestions for further research.

What becomes clear from carefully reviewing the history of LFC is that it provides a lens through which one can view important developments in British society, as each important event in the club’s history can be easily juxtaposed with significant events in English and British society. For this one has to look no further than the founding of the club in 1892, which occurred at a time of significant change in British industrial life. As was discussed in chapter two, the game of football had been played for centuries in most corners of the globe although in its early forms it resembled nothing like the game we know today. It was distinguished by its local variants and distinct customs. One commonality was that early games of football were violent, boisterous affairs that often pitted entire villages against each other in matches that could last for hours. While serving important socio-cultural purposes (i.e., showing strength, fostering solidarity, celebrating particular seasons), these early football games often became a source of concern to the political authorities. Subsequently, history is littered with attempts to control as well as ban the game of football. While concerns about the game were often diverse and local in nature, the primary concern of those in power was the potential of football games to create social unrest and challenge the status quo (in addition, serious injuries, including death, were a common occurrence), a point discussed at length in chapter two. The fear of social turmoil was

perceived as especially perilous at a time when societies lacked effective police forces and other means of social control.¹³⁵ Another major complaint against football was that it violated the Sabbath. As a result, local governments and cities often tried to ban football, including Liverpool in 1555. Notwithstanding the periodic attempts to root out the game, football's immense popularity as a folk-custom ensured these efforts rarely succeeded.

The confluence of a number of developments in the nineteenth century, most importantly football's natural appeal, combined with industrial development (and related opportunities and concerns) provided the impetus that would result in the harmonization of football's rules and it becoming the most popular national sport. Its natural appeal already alluded to in earlier chapters (football's simplicity and the minimal accessories needed to play), specific focus will be paid to the impact of industrialization, which paradoxically helped the game flourish in spite of a rigorous campaign to eradicate it. In the first half of the nineteenth century, wary of the physical and social risks associated with football, industrial bosses were keen to abolish the traditional games that newcomers to the city had often brought with them. Moreover, most people worked seven days a week and simply had no time for leisure activities like football. However, by the middle of the nineteenth century workers became more vocal in demanding better working conditions and were rewarded with the passing of the 1844 Factory Act. This law prohibited the employment of women and children after 2.00pm on Saturdays (and introduced the sixty-hour workweek for women), a privilege that was soon extended to men as well. At the same time, workers' wages started increasing. The combination of leisure time and some spare cash would play a major factor in the growing popularity of football. Put differently, the structural economic

¹³⁵ The authorities' concern that large gatherings could generate unrest proved correct as football matches were occasionally organized with the explicit intent to gather a crowd that could be employed to extract concessions or attack property (Walvin 2004: 26).

changes of the late nineteenth century that helped improve workers' conditions played a critical role in the emergence of Liverpool FC and similar institutions.

Another significant factor was the changed assessment the authorities displayed towards football, a transformation led by Britain's elites in the public schools who had never stopped playing football. James Walvin has shown how headmasters at elite public schools like Eton, Harrow and Westminster, most prominently Dr. Thomas Arnold at Rugby, had come to realize the usefulness of sports in harnessing their students with the values of discipline, selflessness, teamwork, and physical strength (2004: 36), character traits that were sorely lacking at these institutions at the time.¹³⁶ The concept of using sport as a social tool was quickly copied by young clerics who had graduated from the same public schools and had developed a form of Muscular Christianity. It combined the moderation of Methodism with the benefits of physical activity and was viewed as a useful instrument to equip the less fortunate of society with the tools needed to cope with the challenges of industrialization.¹³⁷ Drawing on their experience playing football at school and assisted by advances in transportation, these young missionaries spread around the country taking the game of football with them.¹³⁸ Moreover, football's low cost, simplicity, and the fact that it resembled many of the folk games that people had played in the villages before moving to the cities meant it would find a ready audience among those the missionaries tried to reach. Another important element in ensuring football as the preeminent

¹³⁶ Similar sentiments were at the heart of the decision to play a very physical form of rugby at elite colleges in the US in the late nineteenth century. Afraid that with railroads completing the last frontier the US would fall prey to 'national softness' – and cognizant that it was not yet a superpower – intellectuals at the time believed that participating in physical sports equaled a Darwinian struggle that would create wholesome (a sound mind in a sound body) future leaders (Branch 2011).

¹³⁷ That this occurred during the Victorian era is no surprise given its obsession with the healthy body.

¹³⁸ The growing popularity of the sport and subsequent attempts to play other teams was hampered by the lack of uniform rules. Representatives from the major public schools decided to come together in 1863 to address this matter, a meeting that would result in the creation of the FA. The process of codification of the game's official rules subsequently ushered in the split between those advocating handling and those aiming to ban the use of the hands. The break between those advocating what would become rugby and those pushing what is now known as football, is described in more detail in chapter two.

sport was England's evolving national education system. It heavily relied on the popularity of football to draw students into their classrooms.¹³⁹ A final element was the establishment of the FA Cup competition in 1871. The FA Cup competition quickly became a national institution and also helped facilitate the standardization of the game's rules. In short, the combination of soccer's intrinsic qualities, industrial development, the development of a national education system and improvements in transport all secured football as the most popular working-class game, and by extension made it *the* national sport.

It was in this environment that modern football made its arrival in Liverpool in the latter half of the nineteenth century. Although football in its modern form grew more quickly in the industrial Northwest of England than anywhere else in the country and no more so than in Liverpool, which would become the footballing center of England by the end of the nineteenth century, the game arrived somewhat late to Liverpool compared to other regions like East Lancashire, the Midlands and South Yorkshire. This was due to a number of reasons. One involved the popularity of rugby in the city and another was due to the type of industries situated in Liverpool. As a city Liverpool was characterized by its port and processing industries whose workers did not earn the right to free Saturday afternoons until the 1880s compared to those working in the textile industries who had been given that right twenty years earlier. Other reasons cited by John Williams include the poor physical state of many workers – none more so than Liverpool's Irish community (numbering in the tens of thousands) who had fled Ireland in the 1850s – and the wide economic and cultural divide that existed in Liverpool between the elites and the poor, which hampered the social mixing that had been critical in football making

¹³⁹ It also indirectly contributed to soccer's growing popularity by increasing literacy among working men. One consequence of greater literacy among the working classes was that it helped create the audience that would enthusiastically turn to newly established national and local newspapers who had quickly realized the benefits to its readership of covering football. Newspapers thus both satisfied and encouraged the demand for greater coverage (Walvin 2004: 67).

its way to the working-class neighborhoods in other parts of the country (2010: 19). Given the major role played by clergy in using football as a social tool to address the plight of the poor, it is no surprise that many of the football clubs founded in Liverpool in the 1870s were associated with churches. In 1885, twenty-five of the 112 clubs in Liverpool had some religious connection.¹⁴⁰

The same year, 1885, was also the year that professionalism was approved in English football. The issue of professionalism had been hugely controversial and was vehemently opposed by the public school elites who favored strict amateurism and perceived professionalism as the pollution of what they considered to be a gentleman's game.¹⁴¹ However, as the game spread in popularity, and games started attracting large crowds, football began to cost money. Players needed uniforms, playing away matches required travel costs and housing fans required improving stadium provisions, etc. Moreover, recognizing the importance of having quality players, and responding to the fans' desire for winning football, clubs were keen to attract the best players who, in most cases, simply could not afford to take time off work to play football. To obtain their services, some clubs had started offering covert remunerations as early as the 1870s. The practice of paying players violated the express wishes of those in charge of football's management at the time since the authorities governing football were descendants of the public schools and thus steeped in the tradition of amateurism. As a result, clubs who were deemed to pay players were hit with fines and threatened with expulsion. However, when a number of these clubs threatened to form a breakaway organization that would end the monopoly

¹⁴⁰ Other institutions that proved influential in establishing football teams were pubs, schools and the work place. Many clubs that are powerhouses today were formed in the work place including MU, formed by railway workers in 1880 (called Newton Heath until 1902 when it changed its name to MU); Stoke City, created also by railway workers in 1863; Arsenal, established by workers in a munitions factory in London in 1886; and, West Ham United, founded by employees at the Thames Iron Works in 1895 (Walvin 2004:63).

¹⁴¹ They also opposed the use of referees since true gentlemen would voluntarily admit when – inadvertently, of course – having fouled an opposing team's player. Put differently, to them the idea of being paid to play football would corrupt the spirit of the game, which was played for its intrinsic qualities rather than material benefit.

of the FA, a compromise was agreed to in 1885 that saw professionalism officially accepted, although under strict conditions.¹⁴² A maximum wage was implemented – in 1901 the maximum wage ceiling was £4 a week, not much higher than a skilled worker's wage at the time – as was the retain-and-transfer system, a construction that gave owners significant control over players' careers and severely limited their mobility.¹⁴³ Following the acceptance of professionalism the number of professional players mushroomed. Where there were 448 registered professional players on the books in 1891, this number had jumped to 4,470 by the end of the first decade of the twentieth century (Walvin 2004: 84).

The creation of the FL in 1888, another significant development in the rationalization of the sport, was a logical extension of the decision to allow professionalism a few years earlier. Faced with the costs of paying their players, clubs naturally looked to increase their revenue. And while those clubs that attracted large crowds took in sizeable gate receipts, they needed the prospect of a number of set games to ensure a consistent revenue stream. Before the creation of the FL, the FA Cup competition was the only true competition clubs were involved in. In addition to the FA Cup, clubs organized features against local sides but these often fell through depriving them of much-needed gate receipts. In this environment it was only a matter of time before someone proposed the creation of a body that would rationalize the game. This person

¹⁴² The matter of professionalism was not merely a financial question but a cultural one as well since it directly related to teams' style of play. Contrary to the individualistic game characterized by an emphasis on dribbling favored by the public schools amateurs in the South, the working-class teams of the North, focusing on wins as a result of being paid to play, relied heavily on 'collectivism' characterized by greater teamwork, and a short passing game. The elaborate passing game and the reliance on each player performing a distinctive function in the team represented the division of labor that these men were used to while working in the factories (for a more elaborate discussion on styles of play and its cultural, political and economic relevance, see Critcher 1991).

¹⁴³ The retain-and-transfer system was introduced at the start of the 1893/1894 season and aimed to limit the ability of richer clubs to lure players from other clubs. In practice, it meant that once a player was registered with a FL club, he could not be registered with any other club without the permission of the club he was registered with. The reason why it was to be challenged for years was because this rule applied even if the player's annual contract with the club holding his registration was not renewed after it expired. This meant in practice that a player who was refused a transfer by his club would not be entitled to a salary since he was technically without a contract. It would take players until 1963 to successfully overturn the retain-and-transfer system (this struggle will be covered in a different section of this chapter).

would be William McGregor of Aston Villa who in March 1888 invited the major clubs at the time to form a league of teams that would commit to regular home-and-away fixtures each season.¹⁴⁴ The group reached agreement about the proposed framework and the FL was established later that year.¹⁴⁵

As a result of the rapidly increasing popularity of soccer to the working classes in the cities in the Northwest as in other parts of the country, it started to draw the attention of local politicians and businessmen. The reasons why local businessmen and politicians became involved in the newly established football clubs comprised a mixed bag and ranged from an altruistic desire to support a game that proved immensely popular to the working classes coupled with a genuine sense of civic pride, to the strategic realization that a formal association with popular social institutions would pay off handsomely in the future. Businessmen were drawn to football by the prospect of cashing on popular connections between the working classes, increased provisions for leisure and sport, while politicians sensed they could gain popularity by being associated with the working classes' favorite pastime, and even more so a successful local club. The latter consideration had become a more acute one with the passing of the 1884 Reform Act, a law that significantly extended the male electorate. Similar to the manner in which rising wages helped fuel the popularity of local clubs (by providing the working classes with some discretionary income to spend on leisure activities), so did the expanding electorate feature

¹⁴⁴ The following twelve clubs made up the league in the inaugural season: Aston Villa, Accrington Stanley, Blackburn Rovers, Bolton Wanderers, Burnley, Derby County, Everton, Notts County, Preston North End, Stoke City, West Bromwich Albion and Wolverhampton Wanderers. The fact that all teams came from the North is no coincidence and shows the popularity of football in the industrial heartland of the country.

¹⁴⁵ In addition to rationalization off the field with the establishment of the FL, on the field rationalization (see Giuianotti 1999 for a discussion of the rationalization of football) also continued with the following rule changes: shinguards were permitted in 1874; crossbars were introduced in 1875; touchlines made its way into the game in 1882; referees were empowered to give free kicks and send men off the field in 1889; goals were decorated with nets in 1891; and, aforementioned referees were allowed to give penalty kicks in 1902 (Wagg 1984: 5).

prominently in this process. In short, both structural economic and political variables contributed to the growing institutionalization of the game in its early years.

What becomes clear from this introductory section is the affirmation that modern football has been an important socio-cultural, political and economic institution from its very founding. The manner in which the newcomers to the industrial cities in England's Northwest *en masse* took to supporting local football clubs supports the notion that soccer must have provided local people with a sense community and a sense of identity that they had known in the villages they came from, and that helped them settle in these rapidly growing cities (Kuper and Szymanski 2009: 138).¹⁴⁶ Moreover, as will become clear in this chapter's next section, the involvement of businessmen and politicians like John Houlding, first with Everton FC and subsequently with Liverpool FC, shows that from the early stages "local politicians" were "quick to exploit the growing fervour with which people identified with their home team." (Wagg 1984: 15) Finally, the debates about commercialism and professionalism and the attempts by numerous industries (newspapers, apparel companies, department stores) to make a profit from football's growing popularity implies that "[C]ommercial involvement in football is...as old the game itself." (Walvin 2004: 66)

Having provided a brief overview of the social and political climate that existed at the time of modern football's rapid growth, the next sections will address the central research question of this dissertation, namely the manner in which LFC has adapted to the forces of globalization using the indicators associated with globalization introduced in chapter one. Concretely, this means that predominantly attention will be placed on the last twenty-odd years during which the game has become increasingly globalized punctuated by significant increases in

¹⁴⁶ The fact that six of the 12 members of the FL came from industrial Lancashire, while the other six came from the industrial Midlands is further proof of this assessment.

the number of foreign players, foreign managers, foreign ownership and the other globalization markers. To answer the question how LFC has adapted to the growing globalization of the game, and whether it supports one of the main schools of thought aimed at establishing the relationship between the global and the local – specifically, the concepts glocalization and globalization introduced in chapter one – information from ample sources, including newspaper articles, journal articles, the LFC archives and personal interviews with a range of LFC stakeholders will be analyzed. That said, obviously the history of LFC does not start in 1990 and it will be impossible to state a clear case on how globalization has affected LFC as an institution without offering some context on its evolution in earlier years. This becomes more important in light of this dissertation's second objective to ascertain to what degree LFC is institutionalized. To approximate this, the set of questions derived from Huntington's four central indicators (i.e., adaptability, complexity, autonomy and coherence) outlined in chapter one will serve as the *leitmotif*. In summary, while the bulk of the chapter will involve assessing the changes that have occurred at LFC in recent decades in light of the globalizing dynamics (and at times English football writ-large), attention will also be extended to the club's founding and other important moments in the club's history.

Central Conundrum: Clubs as Local Community Institutions

At this point, having outlined the environment in which modern football was founded in the nineteenth century it is prudent to reframe the central challenge facing football clubs at the start of the twenty-first century. The question *how* local institutions are impacted by globalization has grown in relevance over the course of the last two decades as clubs have

increasingly become *global brands* that subsequently operate globally. Many of them, including Liverpool FC, travel annually to economically lucrative places during preseason to attract new fans (and to please current fans) (Goal 2011),¹⁴⁷ set up satellite clubs in Africa or Asia to help identify new talent (Davies 2011),¹⁴⁸ develop partnerships with MNCs to sell merchandize globally, and recruit players, managers and ownership on a global basis. Yet, as was just shown, most clubs were founded in the mid-to-late nineteenth century as important local institutions that helped provide local people with a prominent reference point and source of identity. This link between football and local communities is a strong one since many of the earliest clubs were founded out of local community institutions such as churches, pubs, social clubs, work teams, etc. and served a representational role for citizens from urban neighborhoods. To explain the rapid growing popularity of football clubs among newcomers to the city, authors like Richard Giulianotti (1999) have employed the Durkheimian concepts of *mechanical* and *organic* solidarity to highlight how football clubs filled the void that many individuals felt when moving from the countryside to the cities in nineteenth-century England. Giulianotti argues that the processes of industrialization and urbanization associated with modern life broke up the pre-industrial, traditional communities that villagers grew up in (which were characterized by ‘mechanical’ solidarity in contrast to the ‘organic’ solidarity found in modern societies) and to many of them the football club may have served to “repair much of this social damage by enhancing the cultural bonding and social integration of disparate individuals within modern societies.” (1999: 14) According to David Kennedy “[S]upport of football clubs brings a sense

¹⁴⁷ LFC travelled to China, Malaysia and South Korea in July 2011 as part of its preseason tour.

¹⁴⁸ Liverpool FC announced in August 2011 that it would open a series of football academies in India to try and uncover new playing talent as well as expand its presence in a country where football still plays second fiddle to cricket. The first academy will be opened in Noida, east of New Delhi while more are being planned. In addition to trying to develop the first Indian soccer legend, the move also signifies the commercial opportunities clubs sense in Asia where millions of soccer fans tune in weekly to watch the English PL.

of place and belonging and in the fast growing towns and cities of Victorian England, football clubs were essential in helping to fuse diverse populations thrown together into new communities.” (2009: 15)

Others who have written about the relationship between football clubs and identity processes include Richard Holt (1990), James Walvin (2004), and Stephen Wagg (1984) and while their arguments about the exact relationship between clubs and identity construction may differ slightly, all agree that football clubs are important sites for community representation that offer its supporters an important sense of identity. Touching upon the problems of identity that the inhabitants to the urban cities experienced in the latter half of the nineteenth century, Richard Holt states that:

In essence, football clubs provided a new focus for collective leisure in industrial towns and cities that were no longer integrated communities gathered around a handful of mines or mills...These inhabitants of big cities needed a cultural expression of their urbanism which went beyond the immediate ties of kin and locality. A need for rootedness as well as excitement is what seems most evident in the behavior of football crowds. (1990: 167)

Interestingly, while clubs can be on the one hand be characterized as examples of Durkheim’s organic solidarity, the strong connections that clubs have to their local community (most clubs are named after a neighborhood or a city, lots of fans are local, etc.) may imply they are more in line with the traditional, mechanistic model. This diagnosis is illustrative of some of the current tensions prevalent at today’s clubs a time when local clubs have become global brands. Discussing clubs characterized by a historical strong connection to the local community, Richard Giulianotti notes that:

Such clubs are increasingly anachronistic within the modern football world of shifting fan loyalties, mobile professional players and ground relocation to suburban wastelands. Yet they husband an *indefatigable localist identity* that waves of football modernizers cannot fully submerge or drown. Even in the highly professional game, players are still adopted by the club's community; they play 'at home' and usually perform more effectively. (italics added) (1999: 15)

This similar tension is touched upon David Whitson (2000) who, in an article discussing the production and consumption of sport in the late twentieth century, argues that sport is increasingly becoming a part of commodity culture, one consequence of which is that sport is advertized and promoted on a global basis. This process, he argues, will inevitably pose challenges to the kinds of identification that fans will have with 'their' teams and players. Whitson's comment on the potential dangers of globalization to traditional community institutions is illustrative and therefore worth quoting in full:

In the early days of spectator sport, teams were largely composed of local men, and operated under the auspices of "clubs" that acted as organizers of ethnic, class, or town affiliations. Together, these phenomena contributed to a popular sense that teams were community institutions, and that their performance reflected the character of the communities they represented. Sporting contests between rival communities were full of social symbolism, and local "derbies" served as occasions for public rehearsals of the class, ethnic and religious identities that structured life in these rapidly industrializing societies...However, as the potential for making money from the staging of sporting entertainment became clearer, and as cities themselves grew and changed, these community associations and meanings would be abraded and transformed by the logic of the marketplace. By the late twentieth century, although professional sports operators routinely appeal to civic (and national) sentiments when it suits their commercial purposes, the languages of communal tradition and loyalties are increasingly supplanted by corporate images and by the discourse of consumer choice. (2000: 59)

In other words, Whitson contends that for most of the twentieth century, the 'force of tradition' had 'effectively insulated' these clubs against pressures for change, which was premised on the assumption that "sport is somehow different from ordinary businesses." (2000:

58) As will become apparent later in this chapter, Liverpool FC is currently grappling with this *fundamental tension* like most other clubs in England's PL. It has to balance the need to compete in a global market and the need to export the Liverpool 'brand' to fans in all corners of the globe in order to accrue the necessary revenue to achieve success on the pitch without losing sight of its history and culture characterized by the club's intimate ties to the city of Liverpool and its local supporters. Put differently, the danger exists that clubs, in their quest to secure new revenues and new fans globally, will alienate the local fans who increasingly perceive themselves to be valued as mere '*customers*' rather than as '*fans*' (King 1997). To reconcile this global-local tension, and to urge the club to not take local support for granted, supporters' groups like the Spirit of Shankley (SOS), named after Liverpool's most revered manager, have started referring to Liverpool FC as a '*global club with a Scouse heart*'.¹⁴⁹

Having identified the central conundrum clubs face in today's environment in light of their founding histories, the next section will address LFC's history from its founding in 1892 until 1959. What will become apparent from analyzing the first phase of Liverpool FC's history is that debates about the dangers of commercialization, the lack of responsiveness of the club's board members to the fans and the absence of local players were as prominent in the first decade of the twentieth century as in the first decade of the twenty-first century. Another central feature of this period is the stability of the board, which was facilitated by the gradual pace at which football changed. Although this period witnessed the introduction of new rules, commercial expansion, the first forays of foreign players at LFC, and occasional foreign travel, overall in 1959 both the game of football and the way in which the club (as was as the league) was managed had changed little from football's early days in the 1880s and 1890s.

¹⁴⁹ The term Scouse refers to a highly distinctive accent and dialect of English that is closely associated with the city of Liverpool. It is also used to refer to people from Liverpool who are alternately described as Liverpudlians or Scousers.

1892 – 1959: The Founding and Early Evolution of Liverpool FC

As was highlighted earlier, football arrived to Liverpool relatively late compared to other cities in the Midlands and in Lancashire. However, by the mid-1880s football had made its way into Liverpool, in large part due to the efforts of the religious clergy, and football clubs started to emerge in large numbers. One of these clubs that had a religious connection was Everton Football Club (EFC). One of the two major clubs on *Merseyside*,¹⁵⁰ it had been established in 1879 by people from the St. Domingo's Methodist Church. Initially the premier team in Liverpool, it appointed John Houlding as the club's president who would go on to play an instrumental role in the founding of LFC a few years later. Houlding was a self-made local businessman who had worked his way up to become an important figure in Liverpool both in business circles and in politics.¹⁵¹ As a keen businessman, Houlding recognized the value of a successful club to his business interests. He subsequently ran the club with a great sense of energy and vision although civic pride was also a factor affecting his involvement in the club.¹⁵² Initially playing at Stanley Park, he moved the club to a new location on Anfield Road in 1884 where they regularly attracted 15,000 fans for their home games. The large attendances provided the club with significant gate receipts. Despite EFC's success on the pitch and sound finances, the relationship between Houlding and fellow colleagues in the club started deteriorating in the latter part of the 1880s because of his overt blending of business and sporting interests. One of

¹⁵⁰ Merseyside technically refers to the metropolitan county in Northwest England that includes the city of Liverpool. It takes its name from the river Mersey that served as the lifeblood of the city for much of the nineteenth and twentieth century.

¹⁵¹ Houlding owned two pubs and a brewery in his twenties and would build a major business empire as he grew older while also becoming active in local politics gaining important positions in the Freemasons and the Orange Order, and eventually becoming a Tory city councilor.

¹⁵² EFC were the first club to publish a match program listing home and visiting players and also introduced the use of goal nets. The latter innovation made it much easier for referees to determine whether or not a ball had passed the goal line.

the issues that raised the ire of EFC members was Houlding's decision to raise the annual rent on the Anfield Ground he owned from £100 to £250, a hefty increase. As a businessman, Houlding had invested significant sums of money into the club: paying rent for the Anfield location; paying the players in the aftermath of the legalization of professionalism in 1885; building new grandstands in the stadium; and paying for the cost of away travel.¹⁵³ So when the club was becoming successful in the late 1880s, and following its admission to the recently established FL in the 1888/1889 season, he felt entitled to cash in on some of his initial investments. That said, as a club founded on the values of sobriety and Methodism, many of the (Methodist) members of the club strongly disapproved of Houlding's attempt to benefit financially from the powerful association between the working classes, drinking and sport, especially at a time when drunkenness and destitution were serious problems in Liverpool.¹⁵⁴ Finally, many members were upset about the autocratic tendencies Houlding displayed in running the club's affairs. The dispute came to a head in 1892 when the majority of the club's members, having had enough of Houlding's intransigence, decided to split with him and taking the bulk of the first-team to a new location in Goodison Park. Left with no team and having recognized the importance of football to his ambitions as a local politician, Houlding wasted no time establishing a new club: Liverpool FC was formed on 15 March 1892.

The Dangers of Commercialism and the Deprivation of Local Talent

¹⁵³ By his own estimates, he had pumped £6,045 into the club; the equivalent in today's currency would have been about £380,000 based on adjusted inflation figures.

¹⁵⁴ In addition to all his other responsibilities, Houlding was chairman of the Liverpool Brewers' Association and had in this function opposed a local by-law prohibiting pubs serving alcohol to children under 13. He had also led a successful campaign to allow pubs to keep their back doors open during the day, which opponents claimed encouraged women (who would be too ashamed to enter through the front) to drink. The overt mixing of business and sporting interests can be discerned in his decision to stipulate that his beer would be the only alcoholic refreshment allowed at the club's ground.

While most accounts of the split between Houlding and his fellow members at EFC stress the substantial differences of opinion on financial and moral matters, the fundamental disagreement that caused the break according to David Kennedy (2009) was one about governance. Specifically, he argues there were two camps that had irreconcilable views on what the structure of the club should look like: one the one hand was a group of members who aimed for a democratic governance structure with the involvement of ordinary club members in the control and, eventually, ownership of the club, while the faction headed by Houlding favored a more authoritarian governance structure. The latter view implied that Houlding and a small group of committee members would control and run the club with limited interference from rank-and-file members. While both clubs adopted the increasingly opportune *limited liability company model* (about which more later),¹⁵⁵ the new owners at EFC endeavored to retain the old organization's identity as a member club by employing democratic procedures in the management of the club. On the contrary, at Liverpool FC ownership and control of the club was predominantly concentrated in the hands of the Houlding family and the boardroom directors. As a result, significant differences emerged between the two clubs in matters of share ownership, number of shares owned, and the social profile of both boardrooms. The table below, drawn from Kennedy's work (2009), displays the different governance structures in light of the distribution of share ownership in the early years at LFC and EFC:

Distribution of Shares amongst Occupational Groups at Everton & Liverpool FC, 1892 & 1902 in Percentages

¹⁵⁵ Limited companies are companies owned by the shareholder and run by their directors. The term 'limited' refers to limited liability and enables directors to borrow money from the bank without having to assume personal liability for the borrowing.

Club Year	EFC		LFC	
	1892	1902	1892	1902
Employers & Proprietors	20.1	22.0	53.1	84.1
Professionals	19.4	18.5	30.4	7.6
Skilled Non-Manual	24.5	22.9	11.4	2.6
Manual	30.8	29.7	3.1	2.2
Others	5.2	6.9	2.0	3.5

Furthermore, the boardroom at LFC was made up of people of distinct social profile with eleven of the twenty-one directors and administrators between 1892 and 1902 actively involved in local politics. The large percentage of local politicians at the board level strengthens the notion that the nexus between football and politics applies to the local as well as the national level.¹⁵⁶ While the said differences between the two Merseyside clubs would erode in future years, the distinct philosophies upon which both clubs were founded are revealing. Moreover, and more importantly, it highlights that debates about the control and management of what are considered public, community institutions date back to their very founding. The question of how clubs reconcile being a source of intense communal pride and identity in local communities with

¹⁵⁶Between 1892 and 1914, 15 of the 23 Liverpool directors were members of the Masonic order (Williams, J. 2010: 39). Many of the remaining directors had financial interests in the drink trade, similar to John Houlding. This was in stark contrast to the boardroom composition at EFC, which included parishioners and skilled workers. In another publication, David Kennedy argues that residential information of shareholders in Victorian Liverpool lends credence to the proposition that the successful development of clubs is linked with localities that contain relative material wealth (2004).

their owners' need to think of the bottom line is one of all ages. Kennedy touches on this matter as well and argues that in light of these developments at EFC and LFC in the following quote:

The tenor of the dispute in the early 1890s over governance resonates strongly with subsequent frictions at a number of clubs through the twentieth century to the present day wherein the interests of corporate owners seeking commercial exploitation of a football club has on many occasions been seen to be contrary to those of fans and small shareholders. (2009: 60)

In addition to complaints about the governance structure of the club, complaints were leveled at Liverpool FC for paying their players what were deemed excessive wages. The need to attract quality players had become imperative after Liverpool FC was accepted into the newly expanded Second Division of the FL in 1893, and even more so, following promotion to the First Division the next year having won the Championship in its first season playing in the FL. It was reported in the local media that Liverpool was paying their players up to £10 a week and up to £300 for an eight-month season, a significant wage in this days when an estimated 40 percent of the city's population earned around £1 a week or less (Anderson and Done 2004). Moreover, most of the players on the team were not from Liverpool, let alone from England. Indeed, 15 of the 20 players on Liverpool FC's roster for the 1892/1893 season were from Scotland earning them the nickname 'the team of the Macs'.¹⁵⁷ Even more disturbing to some was the fact that Liverpool's very first game did not feature a *single* Englishman in the line-up.¹⁵⁸

¹⁵⁷ John Williams draws on the work of historian Thomas Preston whose research revealed that between 1893 and 1914 only 10.7 percent of Liverpool's players came from Liverpool. During the same period, almost half – 46 percent – of the players came from Scotland (2010: 50).

¹⁵⁸ One of the principal reasons for the presence of so many Scottish players in the English FL, in addition to the higher wages that could be earned playing in England, was the playing style of the Scottish players. The early adoption of the passing game in Scotland, contrary to the dribbling game (the legacy of the public school era with its emphasis on individuality), had proven effective on the field. Symbolically it also represented the game shifting from the elites to the working classes whose experiences in the factories had made them skilled in the division of labor that was to be a hallmark of the new style of football.

Football and the Belle Époque

The overwhelming presence of Scotsmen on a team from Liverpool is testimony to the fact that from football's early days it has been an international sport (recognizing Scotland is a separate nation rather than an independent state). While other modern sports like baseball, cricket and athletics also spread across national boundaries, no sport has ever come close to matching the manner in which football has captivated people in all corners of the globe. Since the spread of football is touched upon in chapter two, I will only add a few comments in light of arguments by economic historians like Hirst and Thompson (1999) who argue that because of the fact that certain levels of trade in the pre-WWI years surpassed those of more recent decades, the term *internationalization* is more appropriate than the term *globalization*. With regard to football, James Walvin notes the rapid global spread of the game from its early founding. In his words, "the Association game erupted as a global phenomenon not from existing local traditions, but as a direct export by Britons." (2004: 96) Britain, the pre-eminent Empire of the late nineteenth century, had trading connections with virtually all corners of the globe and it was travelling Britons who enthusiastically exported the game. Because of geographical proximity the game first took root in Europe but it quickly spread beyond continental Europe, to Africa, South America, and Asia in the last decades of the nineteenth century and the first decade of the twentieth century.¹⁵⁹

¹⁵⁹ The spread of the game internationally as well as the desire to play international matches – the first 'international' match was played in 1872 between England and Scotland – had increased the need for an international governing body that would oversee and regulate the game globally. Efforts to this end resulted in the creation of FIFA in 1904 at the instigation of the national associations of Belgium, Denmark, France, the Netherlands, Spain, Sweden and Switzerland. England joined in 1905. However, for the next few decades the British FA's would experience a rocky relationship with FIFA. They withdrew from FIFA in 1920 after failing to find support for a proposed ban against Germany and Austria in the wake of the First World War. They rejoined in 1924 but declined invitations to play in the first three World Cups, played in 1930, 1934 and 1938.

Because of the fear of political unrest associated with large crowds, authoritarian governments like Tsarist Russia tried actively to limit the game's popularity, a practice GB was guilty of also in parts of its Empire.¹⁶⁰ The involvement of GB in spreading football was not merely limited to introducing the game to native populations (who consistently ensured the game would evolve along particular national lines); football's development as a global sport was sustained and supported in these early years by international tours abroad and the work of former professional footballers who, following their playing careers, travelled abroad to work as trainers, coaches and managers. As early as 1897 Corinthians played 23 matches in South Africa while the FA sent a team to play matches in Germany in the 1899-1900 season (Walvin 2004: 110).¹⁶¹ Despite the fact that exact numbers are difficult to establish since not all trips were recorded, the presence of British coaches and managers abroad in the years leading up to the First World War suggests that the globalization of football is not exclusively a recent phenomenon although the links established derived almost exclusively from Britain's imperial links. Furthermore, the reasons for international travel were rarely purely commercial as witnessed by the fact that most of the teams travelling were the amateur teams drawn from the upper echelons of society (who could afford international travel but were actively opposed to commercially exploiting the sport).

The presence of 'foreigners' who were paid hefty wages was not merely a concern to the administrators of the sport but also to some in the local community. This sentiment was expressed in an editorial in the *Liverpool Review* newspaper in 1893 whose comments can be

¹⁶⁰ Another reason why football did not spread to all parts of the British Empire was a result of the social make-up of the Foreign Office at the time. The vast majority of the administrators in charge of the various territories were products from the British elites who had turned away from football after the acceptance of professionalism and its embrace by the working classes.

¹⁶¹ In 1901 both Surrey and Southampton played matches in Germany and Austria. Southampton would also be the first team to play in South America when it travelled there in 1904. The first team from Continental Europe to feature in England was a team from Brussels in 1900.

easily juxtaposed with a current fanzine article or newspaper column critiquing today's state of affairs. It asked:

How long is this kind of thing to go on? Liverpool is very fond of football, but are local football devotees likely to pay for it at this price?...In nearly every football club of any pretensions, some, if not all, of the players are paid. It is no exaggeration to say that Liverpool's football bill for players during the 1892-1893 season will reach between £12,000 and £15,000. And the men who will take the vast bulk of the coin will be Scotchmen (sic), who are still the exponents of the game. That's Liverpool football up to date. (quoted in Williams, J. 2010: 43)

The outcry over what were deemed excessive wages led to the introduction of the aforementioned maximum wage of £4-a-week by the FL in 1901.¹⁶² Other measures that were introduced to regulate the game were the rules governing dividends, director's pay, and freedom of contract (Arnold 1991).¹⁶³ The introduction of market-correcting measures represented a compromise between various factions (northern versus southern teams, bigger versus smaller clubs) with different views on the issue of professionalism and was aimed both at maintaining

¹⁶² In England, management of the sport is shared by two rival organizations, the Football League (FL) and the Football Authority (FA). The FA is the older of the two organizations and was formed in 1863 as an association of clubs. It subsequently helped standardize the rules of the game, introduced the oldest football knock-out competition in the world, the FA Cup in 1871, and is responsible for the national team. The FL was founded in 1888 as a direct result of the decision by the FA to allow professionalism in 1885. With professionalism accepted, the need arose for a governing body that would put the expanding football industry on a sound financial footing by introducing regular fixtures, standardizing procedures, monitoring professional standards and enforcing rules and regulations. In short, while the FA is responsible for the rules and laws of the game, for promoting it at the grassroots level, and for running the England team and the FA Cup the FL runs the three divisions into which England's and Wales' 72 professional football clubs are divided according to their cumulative performance in league matches. Before 1992, when the top 20 teams broke away from the FL structure to create the more lucrative PL, it was made up of 92 teams. For an extensive discussion of the differences between the FL and the FA see 'North and South: the rivalry of the Football League and the Football Association' (Tomlinson, A. 1991).

¹⁶³ The rules governing dividends' pay have changed over the years. Initially, in 1896, the FA imposed a limit of 5 percent of the paid-up share capital as the maximum dividend that a club could pay in an attempt to limit clubs' profitability. In subsequent years, the percentage was slowly raised, from 7.5 percent in 1920 to 10 percent in 1974, and finally it was raised to 15 percent in 1983. Furthermore, directors were not allowed to be paid for their services (a measure that did not pose much of a problem in early years since directors were often local elites keen on providing their services to a popular local institution), while the retain-and-transfer system prevented footballers from changing clubs without being given permission to do so by the club in possession of their registration. Since clubs wanted to hold on to their best players, the freedom of players to leave and play for their preferred club was severely impaired. Coupled with the maximum-wage provision, these two measures prevented the richer clubs from translating their economic dominance into dominance on the pitch.

uncertainty of outcome and keeping commercialism in check.¹⁶⁴ LFC, as one of the more (economically) successful clubs at the time,¹⁶⁵ initially opposed the £4 maximum wage provision fearing it would no longer be able to get players to move from Scotland to play in Liverpool if they could make similar money playing closer to home. By 1904, however, the manager John McKenna had changed his mind in light of what were perceived to be radical wage demands by the players. Again, one can argue little has changed over the course of one hundred years on this issue.

While on the field Liverpool's successes varied, club affairs proved remarkably stable. Having won the Second Division title in its inaugural season, it was promoted¹⁶⁶ to the First Division and saw a big jump in average attendance. However, despite healthy gate averages that rose to 12,000 by the mid-1990s,¹⁶⁷ Liverpool FC faced a difficult year in the First Division and was promptly relegated after only one year. That season featured the first Merseyside Derby, which attracted 44,000 fans and included numerous local dignitaries as well as the Lord Mayor.¹⁶⁸ Having achieved promotion in the 1895/1896 season Liverpool FC finished runners-up in the 1898/1899 season and won its first league championship in the 1900/1901 season. The

¹⁶⁴ Uncertainty of outcome is an important principle in professional sports and has been pointed to by sports administrators to justify interventions in the operations of the free market. Measures aimed at promoting uncertainty of outcome involved various cross subsidies such as the sharing of a percentage of the gate receipts between 1920 and 1983 as well as four percent gate receipt tax for all clubs, the revenue of which would be redistributed evenly to all 92 FL teams.

¹⁶⁵ Liverpool FC recorded a profit for every season between 1900 and 1915, the year the league suspended playing football due to the outbreak of the First World War a year prior.

¹⁶⁶ One distinguishing characteristic of European football is promotion and relegation. Compared to US sports leagues which are closed, European football leagues are open and clubs can move up or down a division depending on their standing in the table at the end of the season. In the English PL, each season the three bottom teams are relegated to the league below (currently called the Coca Cola Championship) while the top three teams in that league are promoted to the PL. Although the number of teams that are relegated or promoted differs per national league, all European football leagues have promotion/relegation rules.

¹⁶⁷ EFC's average attendance for most of the 1890s was over 10,000. This made it the highest attended football club in England at the time. The jump in attendances at Liverpool FC, which also started witnessing regular crowds of over 10,000 coupled with the fact that two clubs from one city featured in the country's top football division lends credence to the notion that Liverpool constituted the footballing center in England at the time, and by extension Europe.

¹⁶⁸ The first derby at Goodison Park, EFC's home ground, was comfortably won by Everton as it secured a 3-0 victory. The return match at Anfield drew 30,000 spectators and ended in a 2-2 draw.

joy from winning the championship was short-lived because of the news that all professional players would subsequently be prohibited from earning more than £4 a week, which posed a huge problem for Liverpool FC since it had been paying its top players up to £10 a week.¹⁶⁹ Whether or not LFC's problems on the pitch were a direct result of the new rule (an acute problem for LFC since it was stacked with Scottish players), fact is that the following years proved a rollercoaster as the team relegated again in the 1903/1904 season but, having secured promotion back to the First Division the following year, it won the league title for the second time in the 1905/1906 season.¹⁷⁰ Following the team's second First Division title in 1906 it would be until 1922 before Liverpool FC would win another title. The closest Liverpool FC came to winning a major title in these years was the FA Cup title in the 1913/1914 season when it lost in the final. The FA Cup after its founding in 1871 had rapidly grown in importance and had by the early twentieth century become a *truly national institution* that celebrated civic and national unity. Winning the FA Cup became an obsession for Liverpool but it would have to wait until 1965 before it would win its first FA Cup.¹⁷¹ The final in 1914 was notable in another sense as it was the first final attended by the British monarch. His presence signaled the acceptance by the establishment of the people's game.

The Death of John Houlding: Institutional Instability?

¹⁶⁹ To get around the rule, LFC, similar to other clubs, offered players other jobs at the club for which they could get paid. For example, Alex Raisbeck was given the position of bill inspector for the club that made him responsible for checking public notice boards advertising the club's matches.

¹⁷⁰ The same season EFC won the FA Cup. The successes of LFC and EFC confirmed the view that Liverpool offered the best football in the land in the early years of top-flight football in England.

¹⁷¹ That said, teams from the North dominated cup success (after the first few titles were won by amateur teams in the South) having won the title 32 times between 1883 and 1915 (Walvin 2004: 78).

The challenges that Liverpool FC experienced due to the imposition of the maximum wage (a measure hitting big clubs like Liverpool harder than smaller clubs many of whom had fought for it in the hope that it would level the playing field between clubs) were compounded by the news that LFC's founder John Houlding passed away in March 1902, having suffered bouts of illness in years prior. Given the larger-than-life role played by Houlding in the founding of LFC, and the concentration of shares held by the Houlding family, his death could have had a destabilizing effect on the young institution. More pointedly, using Huntington's terminology, the *adaptability* and *coherence* of the institution were at risk. Counter-intuitively, one of the reasons why stability was not seriously jeopardized is the very fact that the club had not been set up in a democratic fashion. The distribution of shares at Liverpool FC – the Houlding family owned 2,000 of the 3,000 existing shares – and the presence of hand-picked local business and political leaders as directors of the club reinforced this perception. And although Houlding had intended to broaden share membership after his passing by agreeing to give up those controlled by his family, control of the club's shares would remain in the hands of the board members. The vast majority of them were clerks, managers and bookkeepers. John Williams refers to them as “comfortable and respectable local citizens who knew how to tend to local business and ‘community interests.’” (2001: 23) The stability of the Liverpool board¹⁷² is affirmed by social historian Tony Mason whose research into the founding of both Everton and Liverpool FC reveals that with regard to LFC “the continuity of personnel on the board from 1905 until the second world war is very striking.” (1984: 111) Between 1892 and 1939, only 28 individuals served on the Liverpool board, which on average held between nine and ten men. Mason also

¹⁷² The existence of Clause 66 of the Articles of Association of 1906 gave LFC directors the power to replace any director with someone they favored. This construction, which was to be challenged in the 1920s by a number of shareholders who demanded that these new directors would be elected at the Annual General Meeting, contributed to the stability of the board (Williams, J. 2010: 201-02).

highlights that the social make-up of the board members and the shareholders – LFC had about 800 shareholders through the inter-war years – at both Liverpool clubs were very similar. Respectable citizens like clerks, managers, bookkeepers and merchants were the norm rather than members from the wealthiest or most prestigious families in the city. At neither club did the (lower) working classes gain entry in the management of the club reinforcing the fact that although football has been a working-class game for most of its modern history, the running of the club has mostly been the prerogative of the middle classes. More worrying than the lack of successes on the field were the gathering clouds that started to appear in Europe as the precarious balance of power that had maintained relative peace for a century seemed to come to an end. The manner in which the football clubs contributed to the war effort proved, not for the first and definitely not for the last time, that football and politics are often intimately connected.

Football and the War Years

When GB entered the war in August 1914 only a few weeks before the football season was due to start, pressures emerged for the FL to cancel it. Unlike the Rugby Football Union, the football authorities decided to continue playing confident that the war would be over by Christmas, in line with predictions held in many European capitals. However, as the season progressed and the horrors of the war were reported at home, it became clear that playing football in this environment could not be legitimized in spite of the sense of normalcy and the therapeutic value it provided to the (increasingly smaller) crowds that still showed up. Although

heavily criticized for the initial decision to keep playing,¹⁷³ football clubs in England, including LFC, participated in ample ways to support the war effort. Financial aid was provided to various war charities, football offices were offered as storage rooms for army supplies, but most importantly, football clubs contributed in huge numbers to recruit soldiers for the war. Advertisements urging young men to fight for their country were posted in the Liverpool match-day program and many fans heeded the call as did professional footballers. Out of roughly 5,000 professional footballers at the time, 2,000 joined the war efforts, many of whom would never play again.¹⁷⁴ In November 1914 the *Times* reported that 100,000 men had volunteered through football organizations and other reports claim that almost half of the nation's volunteers had done so via their local football club (Walvin 2004: 93). The intimate connections between football clubs and the war effort can be explained in light of football's tremendous popularity among working-class men – who back then also provided the brunt of the war effort – and the subsequent reach of football clubs into these communities. As James Walvin explains:

Football was, after all, the most popular, nationwide and comprehensive forum for male recreation. In a society which lacked the highly intrusive state bureaucracy familiar today, football's administration offered the state a swift and acceptable entry to working-class communities which might otherwise have proved difficult to penetrate. (2004: 94)

The impact of football on the war did not remain restricted to logistical and recruitment support. Football played an integral part in soldiers' lives at the front line: not only did it provide temporary relief from the daily atrocities experienced by soldiers but occasionally

¹⁷³ Following the war football was coined the 'unpatriotic game' by many who, in spite of the significant war efforts made by professional footballers (who joined in massive numbers) and the clubs (who offered their full backing to provide logistical and other forms of assistance) starkly criticized the football authorities for continuing to play the sport during the first year of the war. This revolt against football was most prevalent in the country's public schools, which saw a distinct switch from football to rugby during the 1920s.

¹⁷⁴ Among the dead were three LFC players – Joe Dines, Wilfred Bartrop and Tom Gracie. In total, it has been estimated that around 100,000 men from Liverpool enlisted to fight in the war, and one in six of these 'Scouser Tommies' would never make it home (Anderson and Done 2004).

charges from the trenches were led by men who kicked a football.¹⁷⁵ Where the relationship between the government and football clubs was mostly ad-hoc in the lead-up and during the First World War, during the Interbellum years, and especially in the years leading up to the Second World War, the ties between politics and football would become more institutionalized. Prior to the 1930s, and partly due to the strong amateur ethos that still prevailed in soccer circles,¹⁷⁶ the notion of using a football match for policy purposes was considered utterly inappropriate. However, the fervor with which fascist regimes in Germany, Italy¹⁷⁷ and Spain used football for explicit purposes changed the conviction that sport and politics belonged in distinct and separate realms. In all three instances, the leaders in these countries used football for explicit domestic and international purposes; to pacify their domestic public and achieve good bilateral relations with foreign countries, respectively. To this end the national teams were to become direct representative of the regime (Menoit 2008: 536).

It was in this context that in 1935¹⁷⁸ England played Germany in a match at White Hart Lane.¹⁷⁹ Amidst protest by trade unions, Jewish groups and communist activists, the British Foreign Office, in spite of having received ample information from envoys stationed in Italy and Germany at the time that made explicit reference to the intricate and explicit connections between sport and state objectives in both countries, maintained the view (publicly, at least) that

¹⁷⁵ The most famous football match was played in 1914 during Christmas when a spontaneous cease-fire was called between British, French and German soldiers. During the temporary truce soldiers exchanged food, shared drinks, and played a football match before returning to their trenches to continue the war the following day. This true story was turned into the film *Joyeux Noël* and was nominated for an Oscar for best foreign language film of 2005.

¹⁷⁶ It was common in those days for fans to cheer a goal scored by the opposing side, something that, while not extinct – FC Barcelona's Ronaldinho famously got Real Madrid fans to applaud him when he performed miraculously in a 3-0 Barcelona win at Madrid's Bernabeu stadium in 2005 – is very rare nonetheless these days.

¹⁷⁷ Mussolini invested huge sums of money and time into efforts to promote a successful national team and succeeded in his endeavor with Italy winning the World Cup in 1934 and 1938, as well as the Olympic Games in 1936.

¹⁷⁸ 1935 was an important year that included an Anglo-German conference on the question of German rearmament, the invasion by Italian forces of Abyssinia, the (re) incorporation of the Saar region by Hitler, and the enactment of the Nuremberg laws.

¹⁷⁹ White Hart Lane is the stadium of Tottenham Hotspur, a London club located in an area that housed a significant Jewish population.

sport was apolitical and thus allowed the game to proceed (Stoddart 2006: 36).¹⁸⁰ The decision to play the game proved a huge public relations coup for Germany, which had been investing significant political capital in trying to improve the bilateral relationship between the two countries.¹⁸¹ Three years later, both countries played each other again in front of 110,000 enthusiastic fans in Berlin. This game featured the English players – under direct orders from the British Ambassador to Berlin – displaying the Nazi salute during the performance of the German Anthem (Menoit 2008). According to James Walvin, the former examples make clear the recognition that “the people’s game had become a reflection and a manifestation of national status and aspirations.” (2004: 134)¹⁸²

Football’s Inter- and Postwar Years

¹⁸⁰ This view was odd given the fact that the Foreign Office in previous years had acknowledged the link between politics and sports. For example, in 1930 Britain barred a Soviet football team entry into the country because of its anti-communist stance. More explicitly, it had even laid down specific guidelines that touring football teams had to adhere to. For example, during the 1930s the FA was given instructions by the Foreign Office highlighting which countries were to be visited and to be avoided (Wagg 1984). While the former illustrates that it was aware of the political implications of football matches, it simultaneously raises the question why it allowed the Germans to play in London, and to bring 10,000 German fans with them. One explanation may be the attempt by Britain to prevent the war by engaging the Germans and offering them certain concessions (i.e., the 1938 Munich Agreement) in the hope that this would satisfy Hitler’s demands and prevent further escalation.

¹⁸¹ In the months leading up to the match, German hockey teams and boxing teams also played matches in England while at the same time British judo and rowing teams were active in Germany. The German charm offensive extended beyond sports and also included the Berlin Philharmonic Orchestra performing on multiple occasions in Britain (Stoddart 2006).

¹⁸² When the Second World War finally commenced with Hitler’s invasion of Poland in September 1939, the machinery of football was again offered to the War Office, similar to the way it had been during the First World War. Recognizing football’s importance to contributing to a sense of normalcy and as an important booster of public spirits at a time of war – the only sporting event attended by Winston Churchill during the war was a football match – the government in consultation with the FA decided to keep the FL in operation. That said, the leagues were rearranged and played on a regional rather than national basis. In addition, football could proceed only with an explicit understanding that it would not interfere with industrial efforts and recruitment efforts. To limit travel costs (and to save fuel) teams could not travel more than fifty miles to an away game. Because many players were stationed in various parts of the country, it was common for footballers to play for multiple teams during the season. Occasionally, when a team could not field a full squad, ordinary fans present at the stadium were asked to join one of the sides.

Notwithstanding the vitriolic criticism leveled at football by some quarters in English society for not immediately suspending the FL when the war started, in the aftermath of the war football enjoyed a huge bonanza driven by a desire for normalcy and leisure after years of destruction and deprivation. The growth of the sport resulted in the expansion of Divisions One and Two and the addition of two new Third Divisions (one in the North and one in the South) in 1921.¹⁸³ Attendances grew spectacularly as well with LFC averaging around 30,000 fans a home game for most of the interwar years. Despite the tremendous appetite for football, players did not benefit much from the added income into the game. The maximum wage, pegged at £8 a week, was reserved only for the top players at a time when average workers made around £3 a week. The low value of footballers' wages meant that the differential income between professional footballers and average workers was modest.¹⁸⁴ As a result, the players and the fans lived in similar neighborhoods, travelled to the game together, and often shared a drink together in a local pub following the match. The *cultural* and *economic* connection between fans and players (Williams, J. 2001: 29) would remain an enduring feature of English football until the mid to late 1980s (the recent exorbitant wage increases of professional footballers, to be discussed later in this chapter, are currently one of the central criticisms leveled at football in the global age). On the field, results were not spectacular as titles in 1922 and 1923 were followed by a draught that would last until 1947. The interwar years also featured Liverpool's first international travels and international transfer signings with the team travelling to Italy in 1922 (a reward for winning the title that year), a 1935 pre-season tour of the Canary Islands, and the

¹⁸³ These regional leagues would be incorporated into the national Third and Fourth Division in 1958 at which point the FL counted 92 teams. That number would remain intact until the creation of the PL in 1992 when the top clubs broke away from the FL structure, reducing its number to 72 teams.

¹⁸⁴ By comparison, when Babe Ruth visited Liverpool in 1930 he was shocked to find out that Dixie Dean – according to some, EFC's finest player ever –, a prolific striker who had scored 60 goals for EFC that season (a year Ruth had hit 60 home runs) earned a paltry £8 a week compared to the £300 that Ruth accrued at the time.

arrival of seven players from South Africa in the early 1930s.¹⁸⁵ Because of the Second World War, the FL did not resume until the 1946/1947 season and similar to the enthusiasm experienced immediately following the end of the hostilities in 1918, so did the country flock en masse to watch football. LFC averaged home crowds of 45,732 and would go on to win the first post-war league championship, the fifth in its history.¹⁸⁶ Following the impressive start to the new era of post-war football, Liverpool struggled mightily not finishing higher than 7th before being relegated to the Second Division where it would remain until 1962. By that time, a new manager had arrived who would change the face of Liverpool FC forever.

A final word in this section needs to be paid to the growing desire of the new media, primarily radio and television, to benefit from the popularity of football. The BBC was established in 1926 and recognizing the power of sports endeavored to broadcast football to capitalize on the popularity of the sport.¹⁸⁷ Alarmed by the prospect of declining attendances the FL decided in 1931 that it would no longer allow the broadcast of matches despite the fact that there was no evidence of reduced crowd figures due to media broadcasts. On the contrary, the presence of radio actually increased the popularity of football and helped to reinforce it as *the* national sport (Walvin 2004: 142). The first game to be televised in this period was the FA Cup final in 1937, which would become a regular feature in the following years. That said, with the exception of the annual FA Cup final and the airing of the occasional international match, the

¹⁸⁵ Irishman Bill Lacey, who made his first appearance for LFC in the 1910s, would by today's standards count as an international player but because (The Republic of) Ireland did not gain its independence until 1922 Lacey counts as a 'domestic' player.

¹⁸⁶ The reasons for this success were multiple: in addition to benefiting from the skill of gifted players like Billy Liddell and Albert Stubbins (who had been signed by a record fee of £12,500), as well as the managerial adroitness of George Kay, the players had gained strength by virtue of a pre-season tour in the US. Literally, since each player gained on average 7 pounds – an important consideration for traveling to the US at a time of post-war rationing in Britain – and figuratively, since it allowed players to develop chemistry on and off the field.

¹⁸⁷ The first football match to be aired on the radio occurred in 1927; the following year the FA Cup final was the first game broadcast that featured live commentary (Wagg 1984: 40).

role of television would be limited until the 1960s. The broadcasting of live matches would not occur until the 1980s.

Looking back at Liverpool FC's first period, one can argue that although the game had evolved – new rules had been introduced, from the power of the referees to give penalty kicks and expulsions to changes in the off-side rules – and familiar complaints about 'excessive commercialism' and the lack of 'local players' were occasionally aired, fundamentally, the game as well as the management of it looked rather similar in 1959 as it did in 1890. First, despite local concern about the influence of 'foreign' (i.e., Scottish) players, the intermittent international travel of LFC and other English clubs, and the signing of a number South African players in the late 1920s, early 1930s, LFC (and the football regime in general) was still locally and nationally oriented. The vast majority of the players at LFC and those active in the English top division were British.¹⁸⁸ In addition, due in part to the lack of technological innovation, the British football environment – contrary to the economic environment which involved substantial transnational activity in the early twentieth century – was overwhelmingly domestically centered. Using the globalization indicators outlined in chapter three, notwithstanding the presence of a handful of foreign players, no foreign owners or foreign managers worked in the multiple divisions of the FL. Moreover, no international capital was invested in the English league and fans were drawn almost exclusively from the teams' cities. In short, employing Held's definition, few if any transcontinental or interregional flows and networks existed in the first period of the club's (and the wider league's) history. In fact, what will become clear is that globalization does not start to affect football clubs to a significant degree until the late 1980s, as will become apparent in the remainder of this chapter. Second, the Liverpool board had ensured

¹⁸⁸ Research from the 1920s reveals that out of 242 players in the First Division 182 were English, 43 Scottish, 10 Irish and 7 Welsh (Williams, J. 2010: 168).

stability by exerting strict control over the management of the club, similar to the manner in which the FL and the FA governed the management of the game without much opposition. Third, although the maximum wage had been raised on numerous occasions – the maximum wage was £4 a week in 1901; £8 a week in 1921; £12 in 1945; £14 in 1951; and reaching £20 by 1958 – the wages of professional footballers were very modest and implied that footballers stayed culturally and economically connected to the fans who supported them in the stands.¹⁸⁹ While statistics on the profiles of fans in this era are difficult to find, it is highly probable that the vast majority of the fans attending Liverpool FC matches were from the city. Fourth, the rules that governed the game ensured that commercialism was kept in check. Rules barring the payment of directors, limiting the dividends that clubs could pay out coupled with subsidizing measures that aimed to level the playing field between the rich and the poor clubs fit the Keynesian principles upon which the British economy was founded in the aftermath of World War Two. And while professional footballers had appeared on cigarette cards as early as the 1920s, many players made little in extra-curricular activities and in certain cases even held a ‘regular’ job alongside football. For example, Billy Liddell, considered by many one of the best players to have ever donned the shirt of Liverpool FC, and who played in 537 matches for the club scoring 229 goals, held a full-time job as an accountant during his entire tenure at the club.

In terms of Huntington’s criteria, one can argue that by the end of the 1950s Liverpool FC had become fairly institutionalized. First, with regard to *adaptability*, the fact that the club was still present in 1959 meant that it had survived more than six decades of institutional activity, including the death of its founder in 1902. In addition, the club had gone through

¹⁸⁹ Certain skilled workers in the 1900s like those working in the building trade earned an average of £2 a week. In 1960, when the maximum wage for footballers was £20, the average industrial wage was £15. Most of the LFC players in the 1940s and 1950s lived in working-class neighborhoods and since none of the players could afford a car, they travelled to practice and the games on the bus alongside the fans.

numerous leadership successions, both at the managerial level (related to on-the-field matters) as well as the boardroom level, without much disruption. Moreover, with the exception of the significant challenge of overcoming the passing of John Houlding, the external environment in which Liverpool FC operated in 1959 was not drastically different from the one at the beginning of the century with many of the governing mechanisms (maximum wage as prime example) still in place. Adaptability, in particular, is an important indicator that highlights both to what degree LFC is institutionalized but also helps explain the club's ability to adapt to the changes in the external environment, which will become pronounced in the third period of the club's history. The continuity in the external environment is also at stake when addressing the remaining indicators, starting with the issue of *complexity*. Notwithstanding Liverpool FC's initial reliance on the largesse of John Houlding, the stability of the Liverpool FC board is illustrative here and shows Liverpool FC did not rely on a single person following Houlding's death. That said, the fact that the external environment remained fairly constant means the issue of complexity cannot be comprehensively assessed at this point. On the issue of *autonomy*, the following can be said: representing a city (and sometimes a neighborhood in case a city features two or more major clubs) and, specifically, the club's fans within a city (who were at the time mostly working-class) means that football clubs in their early years were not very autonomous.¹⁹⁰ In addition to the importance of not exclusively representing the interests of a particular group, Huntington maintains that another feature of autonomy is organizations' success at assimilating new forces and new personnel in a manner that does not threaten its institutional integrity. This requires the existence of mechanisms that restrict and moderate the impact of new groups into the organization. Since almost all board members and players during this era were either local or

¹⁹⁰ One can even go so far as to argue that by definition football clubs are not as autonomous as many other institutions (say catch-all political parties) since they represent a small segment of the population – football fans who are (mostly) geographically defined compared to political parties that recruit followers on a national basis.

shared cultural affinities with locals,¹⁹¹ Liverpool FC's autonomy was not especially challenged since new board members as well as players generally came from the same milieu as their predecessors. In subsequent decades, with the arrival of foreign managers and foreign players, this issue becomes more acute as well as the distinctiveness of its norms and values, another component of autonomy. Finally, on the measure of *coherence*, at a time when the mission of the organization was confined to generating local pride through on-the-field success and commercial activity was limited as a result of the dominant economic philosophy of the time, the issues of markedly demarcating the organization's functional boundaries and codifying its mission and future were not major concerns. However, as a result of the growing prosperity and concomitant leisure opportunities in the latter half of the 1950s coupled with important changes to the rules governing the sport in the early 1960s (including the abolition of the maximum wage and the end to the retain-and-transfer system), these questions would become important considerations in the second and third periods of Liverpool FC's history. It is to the second period of Liverpool FC's history that we turn next.

1960 – 1989: Shankly and the Boot Room Era

The importance of Bill Shankly's appointment as the new Liverpool FC manager in 1959 is that it signaled an important junction in the history of the club, the league and British society. Furthermore, the effects of the changes that Shankly implemented will set the stage for discussing the third period in Liverpool FC's history. Put differently, the reign of Shankly serves as a metaphor for the successful transformation of Liverpool FC from a team stuck in the Second

¹⁹¹ The large contingent of Scottish players that has been an enduring feature of LFC is a result of their (perceived) similarity to the culture and mores of Northern England. In this sense, many Liverpoolians view Scottish players as more akin to them culturally than English players from the South.

Division to a national and European powerhouse. This transformation did not stay limited to the football pitch as Shankly was able to convince the board of the need to act differently in a new era of club football that had emerged in the wake of the lifting of the maximum wage and the retain-and-transfer system. The removal of the two principal measures that had limited a gap from occurring between the league's bigger and smaller clubs would prove important at LFC as well as other clubs. What a careful review of this period also shows is that the very successes LFC achieved on the pitch in the 1970s and 1980s (coupled with two horrible disasters involving Liverpool supporters in the 1980s) prevented it from fully comprehending and responding to the changing external environment that clubs were starting to operate in. More importantly, it meant Liverpool FC was slow off the mark in devising strategies for the new age of football that would emerge in the 1990s in the aftermath of the 1990 *Taylor Report*, the 1992 *Sky television deal*, the creation of the *PL* in 1992 and the 1995 *Bosman Ruling*, confident that if it kept doing things the way it had done in the past, continued success would be ensured. The first part of this section will offer some brief context about the domestic and international environment prevalent at the time of Shankly's arrival at the club. The second section will discuss Shankley's approach to transforming Liverpool FC from a team languishing in the Second Division into a national and European powerhouse. It will also highlight that the on-the-field successes Liverpool FC achieved in the 1970s and 1980s ultimately proved to an obstacle in the 1990s when the old strategies and ways of doing things that had served the club so well in year prior proved insufficient for the new global game. In summary, the emphasis at LFC on continuity at a time when forward-thinking and innovation was imperative caused a set-back that only in recent years has begun to be addressed.

When Bill Shankly arrived at LFC changes in British society as well as in the game of football had altered the domestic and international environment in which football clubs operated. First of all, whereas the initial years in the aftermath of the Second World War had seen record crowds enter the stadiums of the FL teams, by the mid-1950s to early-1960s these numbers had dropped precipitously.¹⁹² While part of the decline can be explained by the rise of hooliganism,¹⁹³ the dominant reason for the drop in attendances was the increased material well-being of people in Britain. While the initial post-war years were characterized by shortages, from the mid-1950s commentators started speaking of the ‘affluent society’. As a result of the rise in wages and living standards, people had more options when it came to spending their free time. The increase in choice meant that football clubs had to compete with other industries offering leisure opportunities to working-class families in a way they had not needed to before. The increased leisure opportunities were facilitated by the rise in car ownership,¹⁹⁴ the development of the motor car and transport system (the two combined gave people more

¹⁹² Annual attendances for the FL as a whole from the 1946-47 season onward reveal a significant drop from the record attendance in the late 1940s by the mid-1950s, a trend that would continue into the early 1960s. A sample of the annual attendance records is provided here drawn from James Walvin’s research: 1946-47 season: 35,604,606; 1948-49 season: 41,271,424; 1951-52 season: 39,015,866; 1955-56 season: 33,310,000; 1960-61 season: 28,600,000; 1964-65 season: 27,600,000. Attendance figures hit bottom in the mid-1980s when football matches in the 1984-85 season (a result of the recession and the fear of hooliganism) drew only 17,800,000 spectators (2004:154-165).

¹⁹³ Violence surrounding football matches dates back to the founding of the modern game. Whereas in the early years it was characterized by occasional scuffles in the stadium or pitch invasions following a disputed decision by the referee, the systematic problems associated with disorderly young fans did not become a feature of football until the mid-1950s. Attempts to explain the phenomenon are multiple and include three main schools of thought: the *Marxist perspective* premised on the view that the commercialization of the game, which started in earnest in the 1960s, served to alienate the working-classes whose actions can be interpreted as a violent protest against these developments; the *social psychological position*, which focused on ethnographic research and emphasized that while violence certainly did occur, hooligan groups were subject to agreed-upon rules of engagement. Furthermore, much of the violence, they argued, was due to the manner in which young violent fans were stigmatized in the media. As a result, some of these youth adopted the very identity that was ascribed to them. Finally, the *Leicester school’s position*, drawing on the process sociological perspective adopted by Norbert Elias, was centered on the argument that certain groups in society were unaffected by the civilizing processes that had percolated throughout the rest of society. Based on this perspective the early 1960s were described as a ‘decivilizing spurt’ at a time of increasing inequalities (Giulianotti 1999, Williams, J. 1991).

¹⁹⁴ Where there were only 2.4 million cars in England in 1951, this number more than doubled, to 6 million a decade later.

mobility to travel outside their cities/regions, a possibility that hitherto had been limited) as well as the spectacular growth of television ownership from the 1950s. The latter development, coupled with the growth of televised matches on television in the early 1960s, at a time when worries (and reports) about hooliganism became more prevalent, all affected gate attendances.¹⁹⁵ While the drop in attendance affected all leagues, the lower ones, notably Division Three and Four, experienced a much steeper decline than did Division One and Two, a development inextricably related to the growth in car ownership. Due to the possibility of travelling outside one's region, the prospect of watching the bigger, more successful clubs became an option for fans who may have supported a local, less successful club before. To reinforce this point, John Williams draws on the work of Anthony King who has shown how the opening of the M6 freeway in Lancashire in the mid-1970s helped increase the crowds at both Manchester and Liverpool clubs, which was mostly the result of people from outside these cities making the trip to watch quality football. The growth in what are routinely called 'out-of-town' fans has caused occasional friction among local fans who dismiss the out-of-towners as fair-weather fans and accuse them of being less committed than local fans. This issue has only grown in relevance because of the spectacular growth of clubs' global fan groups in recent years, a fair number of whom travel thousands of miles to see a game. The author of this dissertation can personally attest to this as he met fans from Asia, Scandinavia and the US when visiting a Liverpool FC home game in May 2011. The growth of new fans, especially from outside the city of Liverpool, while important from a commercial perspective, can be problematic from an institutional perspective. Using Huntington's terminology, danger exists that it may negatively impact the

¹⁹⁵ In addition to the aforementioned reasons for falling attendances, namely increasing leisure opportunities – a result of rising incomes – and fears of hooliganism, John Williams notes other notable causes, including uncomfortable stadiums, defensive football and pressures by women for their boyfriends/husbands to spend more time with on the weekend (2010: 319).

coherence of the organization as a result of what he terms the *cumulation of cleavages among the club's members* (i.e., the fans). This issue will be revisited at the end of the chapter.

Another significant consequence of the rise in average wages was that it convinced professional footballer players that the maximum wage provision that had been in place since 1901 had become unsustainable in this new economic climate. Players, increasingly cognizant of their status as *celebrities* (Wagg 1984) and aware of the money they generated for their clubs, were no longer willing to accept being paid a wage that was barely higher than that of a white-collar worker.¹⁹⁶ The urgency of their argument was heightened by the exodus of a number of star players who were lured to play abroad for wages that far exceeded those that were paid in England. In this environment it was a matter of *when* rather than *if* the maximum wage would be abolished. The abolition of the maximum wage finally occurred in 1961 and was followed two years later by the modification of the retain-and-transfer system in the aftermath of the *Eastham versus Newcastle United case* adjudicated by the High Court.¹⁹⁷ The results of these two developments were higher player wages and greater player autonomy respectively.

At the same time that football clubs had to respond to domestic changes in the shape of the rise in average wages, they had to start paying attention to the international football

¹⁹⁶ As a result of the clubs' intransigence, union membership among professional football circles had increased significantly over the years. A football union had been established in 1907, which had two overriding objectives: ending the maximum wage provision and abolishment of the retain-and-transfer system. Until the 1950s it had been unable to make much headway on the maximum wage provision due to the opposition of a significant minority of professional players who feared being released if the maximum wage provision was dropped (the maximum wage provision enabled clubs to have large rosters). In addition, certain smaller clubs feared the prospect of a growing gap between themselves and the bigger clubs since the latter would be able to lure the best players with higher salaries if the maximum wage provision was dropped. Furthermore, weak union leadership had limited the union's effectiveness for most of its existence.

¹⁹⁷ The High Court ruling in the *Eastham versus Newcastle United case* featured George Eastham, a Newcastle United player who, in 1959 refused to sign a new contract with the club and expressed his wish to be transferred to a different club. The club refused to grant Eastham his wish, and under the rules of the old system, kept his registration, thus preventing him from moving while also refusing to pay him. Eastham appealed to the High Court arguing Newcastle United's position presented an unreasonable restraint of trade. While not invalidating the entire system, the judges in the case did rule that the 'retain' provision at the heart of it was indeed an unreasonable restraint of trade. It would take until 1979 before players gained true freedom of contract.

environment, something that had been fiercely resisted until that point in time. For example, even though modern football had originated in England, its national team had never participated in the World Cup competition until 1950.¹⁹⁸ Ever since the first ‘international’ match was played between England and Scotland in 1872, the home nations, and England particularly, felt superior to the rest of the world as the country that had invented football. As a result, it had neglected significant tactical and technical changes that had occurred on the Continent.¹⁹⁹ This ignorance was driven home when England, unbeaten at home against teams outside the British Isles, hosted Hungary for a match in 1953 in which the Hungarians completely outclassed the English in all facets of the game winning the match 6-3.²⁰⁰ This stunning loss caused a (slight) rethink of England’s insular mindset and resulted in the adoption of Continental training methods and tactics at both the national and club level.

The shift in attitude among the British administrators coincided with the creation of a number of European club competitions at a time when Europe started to integrate economically (and to a lesser degree politically). The process of European integration had started with the creation of ECSC in 1952 but increasingly national leaders looked to other aspects of public life including sport. To this end a European football governing body, UEFA, was established in 1954 and a number of European club competitions including the European Cup (the predecessor

¹⁹⁸ It proved to be a forgettable World Cup punctuated by England’s 1-0 loss to the US whose team was made up of amateurs who had lost their previous seven international matches by a combined score of 45-2. When the result from the game became known in England, journalists did not believe England could have lost and, mistakenly, reported that England had won either 10-0 or 10-1.

¹⁹⁹ Even in the 1940s it was not uncommon for players in England to practice the entire week leading up to the match on Saturday without ever touching the ball. Managers explained this oddity by arguing it made the players ‘hungry’ for the ball.

²⁰⁰ Out for revenge, the England team travelled to Hungary the following year only to lose 7-1. To be sure, Hungary’s team at the time was filled with talent and was on an unbeaten run spanning 24 games but this knowledge did little to limit the sense of national humiliation that was felt in England (Hungary’s winning streak would end in that year’s World Cup final when it lost to 3-2 to the FRG, a team it had beaten 8-3 during the group stages of the same tournament).

to the CL) were created the following year.²⁰¹ True to form, the first season of the European Cup did not feature the English champion, Chelsea. It had been persuaded by the FL not to participate for fear that playing matches in Europe would interfere with its domestic commitments.²⁰²

As a result of the aforementioned developments in the football environment and British society writ-large, Bill Shankly had his work cut out for him when he joined Liverpool FC as manager in 1959. Shankly, who came from a mining family in Glenbuck, Scotland and was a self-proclaimed socialist, had been a professional footballer himself before becoming a manager. While interviewing for the position, he had insisted (and was given) on having the freedom to pick the team without interference from the directors.²⁰³ The fact that LFC had been languishing in the Second Division since 1954 had certainly strengthened his hand in the negotiations. The decision to grant Shankly managerial autonomy represented a major shift in the way the Liverpool board operated. Until that point the Liverpool board, a conservative bunch from LFC's founding, had been in charge of team selection and had refused to spend the money necessary to sign quality players. Somewhat surprisingly, despite the voracious appetite for football in Liverpool among the huge LFC fan base, and the poor results of the 1950s, the board

²⁰¹ In addition to the European Cup, which featured the champions of the national leagues playing each other in a knock-out competition, the UEFA Cup (now called the Europa League) and the Cup Winners' Cup (this competition was abolished and incorporated into the then UEFA Cup in 1999) were also established in the 1950s.

²⁰² The parallel with GB deciding not to join the EEC, and its forerunner, the ECSC is easily made. While numerous reasons featured in that decision – among them, prominently, the notion that Britain had not lost the war and was still a superpower – a fair degree of Euro-skepticism proved important also, a sentiment that is still part of the British psyche. That said, following Sir Matt Busby's decision to participate with his MU team in 1958, English teams would henceforth feature dominantly in European club competitions.

²⁰³ It was still common in those days for managers to have very little actual authority. In earlier years, managers' primary role, as the public face of the team's performances, was to deflect criticism from the directors who were in charge of the line-up (Wagg 1984: 8). At the same time, players were skeptical about the prospect of having an 'outsider' – often someone who had not played professionally himself – tell them how to get better. As a result, it was not uncommon for senior players to lead practices themselves. However, over time the role of the manager grew in importance, a development spearheaded by the success of Herbert Chapman at Arsenal whose tactical astuteness changed the public perception of managers. His efforts, coupled with the growing financial importance of winning matches, caused many directors to relent and provide managers with full autonomy regarding team affairs.

was generally shielded from public criticism thanks to a couple of reasons. Liverpool supporters throughout the years had shown great deference to the Liverpool board while the board – still made up of local elites who shared overlapping responsibilities in local businesses, public office and local politics – had always been able to present a united front when dealing with the media, the shareholders and the fans (Williams, J. 2010: 272). This tendency to speak with one voice, conduct business quietly and keep internal disagreements private would become henceforth known as the *Liverpool Way*. Spurred on by board member Tom Williams who had pushed for Shankly's appointment, the cumulative effects of the growth in prosperity, the need to compete internationally rather than merely domestically, the lifting of the maximum wage, the rise of televised sports, the visibility of the Kop – the section of the stadium housing the most vocal fans – and the subsequent transformation of footballers into national celebrities had woken up a sleeping giant.

Upon being handed the managerial reign Shankly set out to modernize both the team as well the organization.²⁰⁴ In this quest, he was greatly helped in having a dedicated backroom staff that included former Liverpool FC players. These men, Bob Paisley, Reuben Bennett, Joe Fagan later joined by Roy Evans – who, with the exception of Reuben Bennett would all become Liverpool managers in the aftermath of Shankly's resignation – helped him to get settled and simultaneously ensured that the tradition of the club would be maintained in spite of having a

²⁰⁴ Paradoxically, while a modernizer when it came to certain aspects, Shankly was generally conservative when it came to tactics. His practices consisted of little more than 'five-a-sides' (i.e., two teams of five playing each other on a small-sided field which forced players to think quickly under pressure) and the team never spent any time discussing tactics (analyzing the opposition team's strengths and weaknesses) or working on set pieces (corner kicks, free kicks for and against). Shankly famously attended a coaching seminar organized by the FA – the establishment of coaches' meetings and requirement of licensing rules were two main consequences of the drubbing England had taken against the Hungarians in the early 1950s – in his early years at LFC only to leave early, vowing never to return, and denouncing the 'technocrats' who favored a 'scientific' approach to football (Shankly's disdain of these technocrats was part of football's culture in England at the time, which was still working-class dominated). That said, Shankly did provide his players with a certain amount of autonomy and his emphasis on 'pass-and-move' play, where players moved into new positions after passing the ball, was not common at the time. Finally, Shankly devised a tactical way of playing in European club competition (which was played in a two-legged affair) that focused on patience, possession and a controlled build-up, which was different from playing domestically.

new manager. Recognizing the need to sign quality players, he bullied the board²⁰⁵ into spending money on key transfer targets and convinced them of the need to modernize the practice facility, which was in dire shape at the time, as well as the stadium. One of the ways in which he (wittingly or unwittingly) achieved this was by developing an intimate relationship with the Liverpool supporters whose adoration he used to get things done.²⁰⁶ Involving the fans and giving them the sense they had a voice in the operations of the club has become an important and enduring characteristic of the club. This issue of *accountability* will be revisited in chapter five when discussing the case study's conclusions. The warm relationship between the fans and Shankly was in part due to Shankly's openly professed socialism, a legacy of his upbringing in a mining community in Scotland (Bowler 1996) and an integral part of his life and management style, which found favor in a city that had a left-wing political orientation.²⁰⁷ As Shankly

²⁰⁵ Shankly throughout his managerial career always had rocky relationships with club directors. In his view, directors' sole task was to provide the manager with the money to buy the players the manager fancied. While at Liverpool FC, Shankly threatened to resign on numerous occasions when the board did not agree to bring in certain players.

²⁰⁶ Shankly sensed the passion of the Liverpool fans first-hand during the 1961 Liverpool Annual General Meeting when members of the Liverpool Supporters Association scolded the Liverpool directors for failing to pull their wallets to bring in the reinforcements necessary to achieve promotion to the First Division. According to John Williams this particular meeting represented the first direct challenge by the club's fans to the board in the history of the club as a limited company (2010: 310).

²⁰⁷ According to Andrew Ward (2001), nine principles formed the core of Shankly's approach to managing. In addition to the aforementioned socialism and his devotion to the city of Liverpool and LFC fans, they included: an obsession with the game (his obsession with football may have played a role in his sudden resignation in 1974); his emphasis on a simple strategy rather than elaborate tactics; a preference for tough, proven players, preferably from the North; a way with words; a knack for convincing his team they were superior to the opposition; his love for the sport; and, a strong network of assistants and friends. A few examples will be included to highlight the former points: when signing in the team at hotels, Shankly would write down Anfield instead of his own name; people who spent time with Shankly recalled that he had a singular focus that bordered on craziness (to some, his obsession with the game may have been a result of his own playing career being cut short because of the Second World War); while many other managers developed new, innovative strategies, Shankly's philosophy to football was simple: pass-and-move; as a matter of principle Shankly would not sign players from London (unless they were born in the North and were simply playing in London); Shankly was famous for his jokes, which served an instrumental purpose by convincing his players they were invincible (legendary tales are abound about Shankly telling his players before a match they were about to play the worst team in the world only to congratulate them following the match with having beaten one of the best teams that had ever played the game of football); to be near the game, Shankly had his office adjacent the changing-rooms and wore a track-suit most of the time because he always wanted to play himself, which Shankly and his staff often did during the five-a-side matches in practice (since they were the referees, they rarely lost a match).

himself was fond of saying: “The socialism I believe in is everyone working together for the share of the rewards. It’s how I see football; it’s how I see life.”²⁰⁸

While it is difficult to discern what proved the ultimate key(s) to transforming LFC, Shankly’s devotion to *collective effort*, his conviction that no player was bigger than the club, and his desire to satisfy the local fans, served as an important foundation upon which future success was built. To reinforce the message that no one was more important than the team and that in the end, the players needed the fans as much as vice versa, Shankly occasionally had the young players scrimmage the local garbage collectors. These games served to keep his players grounded and helped reinforce the message that they were not above those who were not endowed with the same playing talent.²⁰⁹ It also conveyed the sense that everyone had a role to play in the success of the club, from the star striker down to the kit man. His expectation of total devotion and emphasis on collective effort also meant that Liverpool FC never had *superstars* even though it was blessed with some fantastic players like Kevin Keegan and Kenny Dalglish.²¹⁰

A second crucial element that is often touched upon in accounts of the transformation and success of the club is the operation of the *boot room*. The boot room, physically, was a small room at Anfield where the player’s boots were kept as well as other equipment, but its importance is that it served as the space where the club’s trainers came together to discuss players’ performances, tactics, injuries and illnesses, future games and all other matters football related. It was also the room where the opposing manager was invited to have a drink following

²⁰⁸ Interview with Paul Gardner for this dissertation.

²⁰⁹ Interview with John Williams, Liverpool FC expert and Sociology Professor, for this dissertation.

²¹⁰ Shankly made it known that to his players that everyone was equal and that everyone had a role to play in achieving success, from the players to the management staff and from the ground-keepers to the stadium vendors. Based on this philosophy, Shankly imposed a policy of equal wages and did not tolerate any player developing a sense of entitlement during his tenure (given this disposition, it is doubtful if Shankly would have been able to manage in today’s environment in which players often hold the upper hand).

the match on Saturday. The discussions on all matters club related that took place there ensured that the boot room was more than merely an office; it literally and figuratively housed the club's accumulated knowledge and served as the beating heart of the club. According to Graeme Sounness, player captain in the 1980s, and club manager in the early 1990s, the importance of the boot room is as follows:

What Liverpool have that other clubs do not is continuity and that stems from a set of volumes stored at the ground and kept up to date without fail every day. It is the football bible as far as the Anfield backroom staff are concerned and contains the answer to almost every problem and every situation which could arise in the day-to-day running of a successful club. Every detail is noted from the temperature to ground conditions to the physical and mental state of the players. Injuries are logged, including how and why it happened as well as how it responded to treatment. There are volumes and volumes, maintained ever since Joe Fagan first introduced them under Bill Shankly. (quoted in Szymanski and Kuypers 1999: 239)

The value of the boot room is also stressed by Stefan Szymanski and Tim Kuypers (1999), economist and business consultant respectively. It is their belief that clubs which consistently outperform others possess what they coin *distinctive capabilities*. These capabilities are exceptional attributes, not easily imitated by rivals. With regard to football, Szymanski and Kuypers identify four such capabilities: a *strategic asset* implying a scarce resource that provides an advantage in competition (since it cannot be held simultaneously by another club); *innovation* meaning the capacity to generate incremental improvement to existing products; *reputation* that comes from the established position of a product in the market; and *architecture*, described as a benefit that derives from a unique organizational structure (1999: Ch. 4 and 6). In football, they contend a strategic asset can be an exceptional player (Lionel Messi at Barcelona; Wayne Rooney at MU) or an exceptional coach (Bill Shankly at Liverpool FC; Brian Clough at Nottingham Forest), who can lead a club to achieve more success than it would normally in light

of its resources. When assessing the success that Shankly achieved while manager at Liverpool FC²¹¹ at a time when there was still a fair modicum of equality between the clubs in the top division, he can be fairly designated as a strategic asset.²¹² Innovation, the authors argue, is an unlikely source of competitive advantage because an innovation in the hypercompetitive world of football will be quickly imitated by other clubs. For example, if a manager were to devise a new system of play that proved hugely successful, it would only be a matter of time before other clubs would copy this approach to try and emulate this success. However, John Williams claims that Liverpool FC did benefit from innovation by playing in European club competition consistently at a time when few other English clubs did (2001: 150).²¹³ Consequently, during the period from 1965 until 1985 when they qualified to play in Europe annually, Liverpool FC gained an advantage by virtue of being exposed to different playing and coaching styles and even adopted a Continental style of playing alongside its traditional style of play (Williams and Hopkins 2005). In short, the European experiences provided LFC with the opportunity to adapt and innovate, something that was unavailable to other English teams.

The two remaining distinctive capabilities, of reputation and architecture, are not as easily copied and can therefore be a source of success for a prolonged period of time. With regard to the former, Szymanski and Kuypers argue that reputation is difficult to imitate because

²¹¹ The prizes won by Shankly during his tenure at the club include in chronological order: League Championship (1964), Charity Shield (1964), FA Cup (1965), League Championship (1966), Charity Shield (1966), League Championship (1973), UEFA Cup (1973), FA Cup (1974), and the Charity Shield (1974).

²¹² In addition to his coaching prowess premised on collective effort and simplicity, Shankly and his staff had a good eye for spotting talent and bought world class players like Kevin Keegan and Alan Hansen (who was bought by Shankly's successor, Bob Paisley) for relatively small fees. Shankly's achievements are more impressive in an age when wage differentials were limited. Although between 1960 and 1964 average salaries for FL players did rise – by an average 60 percent in the First Division (Szymanski and Kuypers 1999: 95) –, wage differentials were still rather modest compared to today's era. Moreover, it is widely reported that the managers of the three main clubs in the 1960s (Liverpool, MU and Tottenham Hotspur) had agreed on a wage ceiling that further limited significant pay differentials.

²¹³ In the early days of the European Cup only national champions were allowed to participate thus limiting the number of teams able to play in European club competition. Currently, the top four teams in England (as well as the top-four in Spain and Germany) have a chance to qualify for the CL, the European Cup's successor.

it takes a long time for a reputation to be established. As an example of a club with a distinct reputation, they cite MU whose mythology²¹⁴ and status as a glamour club²¹⁵ has allowed it to attract significant more revenue than similarly successful clubs. However, based on this definition, Liverpool FC certainly had a strong reputation as a club that consistently won trophies. As a result, in these days players had the choice of playing for MU if they favored the glamour, Tottenham if they favored playing in London, or playing for LFC if they wanted to be part of a winning machine.²¹⁶ Finally, the value of architecture, defined by Szymanski and Kuypers as a “source of competitive advantage derived from the network of relationships inside an organization, which not only benefits the individuals involved but also enhances the organization itself” (1999: 240), certainly applied to LFC and proved one of the pillars of its winning ways. According to the authors, this unique organizational structure can alternately be associated at football clubs with the manager and his coaches, the players, with the relationship between the team and its supporters, or with the institutions of the club. Reflecting on LFC’s unparalleled success in the three decades from the 1960s through the 1980s,²¹⁷ Szymanski and Kuypers point to the boot room as a critical factor:

The boot room then appears to have been some kind of data base for the club, not merely of facts and figures about past performances but a record of the club’s ‘spirit’, its attitudes and its philosophy. This cannot merely be recorded in written volumes but has to be embodied in the conduct of the club. If it could simply be written down, then it could easily be imitated. The boot room might be thought of as the equivalent of

²¹⁴ A central element of this mythology involved the 1958 Munich disaster when a plane crash killed eight players of a supremely talented team that was destined for a period of domestic and European dominance in club football. This tragic accident of the “Busby Babes” named after their legendary coach, Sir Matt Busby, made MU a household name, domestically and internationally, and added significantly to its reputation.

²¹⁵ MU, unlike LFC, has a history of having star players. Players like George Best, Eric Cantona and David Beckham were bigger-than-life personalities who probably would not have fit in at Liverpool FC, which stressed the collective above the individual at all times.

²¹⁶ Interview with Adrian Killen, Liverpool FC employee and Liverpool FC collector, for this dissertation.

²¹⁷ From 1964 until 1990, Liverpool FC won 13 League Championships, 4 FA Cup titles, 4 League Cup titles, two UEFA Cup titles, and 4 European Cup titles.

‘reputation’ in the context of an organization, an established set of traditions which oblige newcomers to adapt themselves to fit in, largely because the very success of the organization makes rebellion or radical departure lack credibility. (1999: 239-40)

What is important to reinforce is that the distinctive capability of the boot room refers to the club and not individuals. The fact that LFC enjoyed this spell of success for almost three consecutive decades lends credence to this assessment. During this time, players came and went, managers came and went, but the club kept winning titles year after year despite the inevitable turnover in personnel.

Closely related to Shankly’s philosophy and the boot room, and partially overlapping, is another distinct hallmark of LFC: the aforementioned *Liverpool Way*. A term cherished by everyone who supports the club, its origin and meaning are nonetheless not unambiguous. To some, it refers to a way of playing while others perceive it as a code of conduct, a way of doing things. In a chapter devoted to deciphering the origins and development of the Liverpool Way Stephen Hopkins (2001) argues that an emphasis on *simplicity* and *continuity* constitute critical building blocks. Simplicity implies an emphasis on a passing game that was reinforced daily in practice. The goal was to pass the ball to a team player after which the player passing it would move to an open space so as to be available for a return pass. Eventually it turned Liverpool FC into a well-oiled machine in which each component knew what was required of him at all times. This was illustrated as follows by Brian Hall, who played for the club from 1969 until 1976: “I think that Bill Shankly’s simple philosophies, simple life-style, if you like, came through, very, very much indeed, and it was a repetition of those simple thoughts and simple philosophies that eventually got through to you and became almost innate.” (quoted in Taylor and Ward 1993: 97)

Continuity refers to doing things similarly and consistently and the contribution of the boot room was to a large extent a function of the continuity that characterized LFC during this

period. This continuity, a hallmark of Shankly, applied to the way the team trained and prepared for games, and how matters of succession were resolved. With regard to the former, the regular five-a-sides in practice as well as Shankly's disposition to rarely change the line-up spring to mind. With regard to the latter, almost all of the original 'boot room boys' would at some point become Liverpool managers ensuring that the Liverpool Way of doing things would continue.²¹⁸ This unwritten policy of *promotion from within* has been a guiding thread throughout Liverpool's history²¹⁹ and did not merely apply to the position of manager.²²⁰ In addition to preserving continuity by appointing managers who were cognizant of Liverpool FC's history and identity, the same rigor was applied when looking for new players. Players coming at LFC were told to play within the system in order that "fundamental principles were not disturbed by any newcomer: they had to fit in to the prevailing pattern without upsetting the equilibrium."

(Hopkins 2001: 83)

While referring to a playing style, the Liverpool Way also applies to a way of conducting oneself, a way of doing things. Most of the time, it is characterized as a quiet way of doing business, without drawing attention to yourself. However, it also means to act united when

²¹⁸ Following Shankly's sudden resignation in 1974, he was succeeded by Bob Paisley who managed the team until 1983 and would be even more successful than Shankly winning 3 European Cups, 6 League Championship titles, 1 UEFA Cup title, and 3 League Cup titles). While often having been compared to Shankly, Paisley's achievements have triggered debates about who should be regarded as LFC's best ever manager – Paisley has been dubbed manager of the millennium (Keith 1999). Paisley was replaced by Joe Fagan who, after two years, was replaced in 1985 by Kenny Dalglish who was a star player at the club in the 1970s and 1980s. Following an unhappy spell with ex-LFC player Graeme Sounness, who was in charge from 1991 until 1994, LFC reverted back to the boot room tradition by appointing Roy Evans who managed the club from 1994 until 1998. All the aforementioned managers were either part of the original 'boot room boys' or former players who understood the club's culture and identity.

²¹⁹ The tendency to 'promote from within' has a distinguished history at LFC as most managers had a history with the club either as administrator or as a former player. John McKenna (1892-1896); Matt McQueen (1923-1928); Don Welsh (1951-1956); Phil Taylor (1956-1959); Bob Paisley (1974-1983); Joe Fagan (1983-1985); Kenny Dalglish (1985-1991); Graeme Sounness (1991-1994); Roy Evans (1994-1998); and, current manager Kenny Dalglish (in his second spell with the club) have all been former players with the exception of John McKenna (the right-hand man of John Houlding) and Joe Fagan (who had been a coach at LFC since 1958). Testimony to the emphasis on stability and continuity that is an intrinsic part of the club's culture is the fact that since 1892 it has only had a total of 17 different managers.

²²⁰ Ex-players have also been routinely given other positions at the club, including as assistant manager (Roy Evans, Phil Thompson, Sammy Lee), head of the youth academy (Steve Heighway), chief scout (Ron Yeats), and Steve McMahon (head of LFC's football academy in India).

facing the outside world. In other words, do not air your dirty linen in public but keep internal matters indoors and away from the fans and the media. This positive connotation of the Liverpool Way notwithstanding, John Williams has argued its roots lie in the autocratic management of the club that dates back to its founding in 1892 (2010: 273). To Rick Parry, chief executive at Liverpool FC from 1998 until 2009, the Liverpool Way can be boiled down to a single word, *respect*: to treat others with respect and to be respected for the way you conduct yourself.²²¹ Regardless of the exact definition, a hallmark of Liverpool FC has been to conduct business outside the spotlight. The tendency to act in private can be a positive trait but a negative one as well. It can be positive because it has allowed the club to make key signings without other clubs aware of it. Moreover, it has reduced unrest at turbulent times. That said, a quiet way of doing things coupled with the tendency of the Liverpool fans to not criticize the club meant that for too long the club was unaccountable to its stakeholders. The arrival of Shankly who, as shown, convinced the fans they were an important stakeholder would gradually change this. At the same time, the continued on-the-field successes had created a mindset that all Liverpool FC needed to do to guarantee continued success in the future was to stay the course and not deviate from what had brought success in the past. To put it more starkly, all that mattered to the club was winning on the field. These two factors combined, the deferential approach towards the board coupled with the continued success contributed to Liverpool FC being unprepared for the impending changes that lay just around the corner.

At the same time that the external environment in which football operated started changing in the 1980s and off-the-field matters like sponsorship, merchandise, branding became important considerations, Liverpool FC was forced to deal with two huge tragedies involving its fans: the *Heysel drama* of 1985 and the *Hillsborough disaster* in 1989. These tragic events saw

²²¹ Interview with Rick Parry for this dissertation.

tremendous loss of life and occurred at a time of increased football related violence – often coined hooliganism.²²² Although Liverpool fans did not have a reputation for hooliganism in comparison to some other English clubs (i.e., West Ham United, Millwall) throughout the 1970s and 1980s, it did like any other club have a small segment of fans who used away games, domestically and internationally, to wreak havoc.²²³ The practice of *taking the ends* – meaning an attempt by away fans to take over by force the section housing the home team’s core supporters – became commonplace in the late 1960s. After police presence was increased inside the stadium to prevent these acts from occurring, the violence simply moved to the areas surrounding the stadium. Initially confined to England, the problem of hooliganism would become a feature at European matches as well, both at the club level and surrounding international matches where English fans developed a fierce reputation for violent behavior. The early dominance of English hooligans made an impact on youth groups in other countries who subsequently studied the English groups to adopt best practices (Spaaij 2006).²²⁴ So although

²²² The term hooliganism does not have a strict definition so the label has been applied to all instances of football-related violence. However, experts on this phenomenon argue that a distinction needs to be made between spontaneous, low-level disorders caused by fans at or surrounding football matches, and deliberate and intentional violence involving organized gangs and fight ‘firms’ from other clubs, sometimes a long way in time and space from a match (Spaaij 2006). In Holland for example, hooliganism from Ajax Amsterdam and Feyenoord Rotterdam have met on farm land adjacent to a highway – chosen because it was located strategically (away from a police presence) and not too far from the stadiums where both teams had to play – having agreed on a time, location, and the type of weapons to be allowed for the confrontation.

²²³ Although, as demonstrated earlier, violence surrounding football matches dates back to the early years of the game, in the past such outbreaks were spontaneous and mostly aimed at opposing players and referees. From the 1960s onwards – although it peaked from the late 1970s until the mid-1980s –, spurred on by the emergence of national youth styles and helped by the greater financial independence of working-class youths, the phenomenon of young groups of supporters engaging in organized violence started to become a regular feature at football games.

²²⁴ Ramon Spaaij’s valuable book *Understanding Football Hooliganism: A Comparison of Six Western European Football Club* (2006) researches hooligan culture among six clubs in Europe. What the author finds is that there are both important distinctions as well as similarities between transnational hooligan groups. While differences depend mainly on club culture as well the relationship between hooligans, local police and the local club (which can explain intra-city differences, for example), similarities exist as well. The thrill of violence, aggressive masculinity, solidarity with your friends, a longing for sovereignty and autonomy and individual as well as collective reputation management are the central commonalities that account for the prevalence of hooliganism. While mostly made up of white working-class young men in their late teens, and early twenties, research has shown that no singular hooligan-profile exists and that hooligans occasionally come from middle class families as well from minority groups.

not exclusively a British (mostly English) phenomenon, the European and British press consistently referred to hooliganism during these years as the '*English disease*'.

It was in this context that Liverpool FC played Juventus in the final of the European Cup (the predecessor to the CL) at the Heysel stadium in Brussels on May 29, 1985. Before the kick-off, a group of Liverpool fans cut through a fence dividing both sets of fans and initiated a charge towards the Italian supporters. When these supporters tried to flee and moved *en masse* to the exit, a wall collapsed killing 39 Juventus fans.²²⁵ In the aftermath of the disaster, all English clubs were given a five-year ban from European club competition while Liverpool FC received an additional year punishment.²²⁶ Less than four years later, on April 15, 1989 the club would be rocked by an even bigger tragedy, which occurred prior to the semi-final of the FA Cup at Hillsborough stadium in Sheffield.²²⁷ When faced with a large crowd of Liverpool supporters that had arrived at the stadium late – partly due to highway construction and partly due to habit – the police responded by letting too many supporters in. The decision to let too many supporters in led to severe overcrowding and resulted in 96 casualties who were crushed to death.²²⁸

²²⁵ Although the charge was unquestionably initiated by LFC supporters, other factors contributed to the disaster. Among them a desire for revenge among a segment of Liverpool fans who were attacked themselves a year prior by Italian fans when Liverpool FC had played AS Roma in Rome; poor stadium security as thousands of people were able to enter the stadium without showing a ticket; and, inadequate oversight by UEFA by selecting a decrepit stadium that was not equipped for such an important match and for not having devised a plan to thoroughly segregate the warring fans (especially in light of the events surrounding the European Cup final the year prior).

²²⁶ Furthermore, 14 Liverpool supporters served three-year sentences having been tried and convicted for involuntary manslaughter. In addition, the UEFA Secretary-General was found guilty of negligence and a Belgian police officer, as well as the head of the Belgian FA were given six-month suspended sentences. Eventually, the Belgian government collapsed after the interior minister refused to resign over the affair (Williams, J. 2010: 371).

²²⁷ Stadium disasters are as old as the game itself and have occurred with regularity as the following examples will demonstrate. In 1900, 25 people died at Ibrox Park in Glasgow when a wooden terracing collapsed; in 1946, 33 people died during a FA Cup match at Bolton's Burnden Park due to overcrowding; and, 66 fans died in 1971 trying to leave Ibrox Park in Glasgow. In addition to Hillsborough, the 1980s also included the fire at Bradford stadium in 1985 which killed 56 people. In almost all cases, disasters resulted from overcrowding, old facilities and inadequate supporter management (Johnes 2004).

²²⁸ Similar to Heysel, numerous mistakes were the cause of the tremendous loss of life at Hillsborough. First, the end of the stadium that was to house most of the Liverpool supporters had too few turnstiles meaning fans had to wait a long time before being allowed into the stadium. Coupled with the delayed arrival due to road construction, and the tendency of Liverpool supporters to enter the stadium only a few minutes before kick-off, it meant that a huge crowd had congregated outside the stadium desperate to get inside. When the police subsequently decided to

In summary, the second period of Liverpool FC's history started brightly and was epitomized by the appointment of Bill Shankly's who transformed the club from an average club dividing time between the First and Second Division to a national, and subsequently European powerhouse. Shankly's core philosophy premised on simplicity, hard work, unity and collective effort produced astonishing results on the pitch but also percolated through to the management side of the club. Continuity was another hallmark of Liverpool FC during this era. It was assured by the operation of the boot room that epitomized the unique organizational structure of Liverpool FC. The emphasis on continuity, both in the succession of managers, the playing style, training methods, and off-the-field demeanor proved a strategic advantage and helped secure Liverpool FC's status as the most successful English club of the century. However, this exclusive emphasis on winning titles and on-the-field matters started proving to be a hindrance during the 1980s when, as a result of technological (the rise of satellite television) and political developments (the focus on profitability as a result of the neoliberal policies including deregulation and privatization by the Thatcher government) off-the-field matters became imperative. At the same time that these changes in the external environment required a paradigm shift in the *modus operandi* of the club, it was shattered by two disasters, the repercussions of

open an additional gate, it did not direct Liverpool fans to less crowded sections, which resulted in supporters trying to force their way into an already overcrowded section. Furthermore, because of prior incidences of hooliganism, many clubs had erected pitch-side fences. This construction prevented people from escaping onto the field once the first signs of overcrowding became apparent. Even when people started screaming that fans were dying, police officers on the field were reluctant to open the gates, a decision that could have saved ample lives. Simultaneously, when people tried to flee the section of the stadium where the tragedy was unfolding, the police, assuming supporter violence, forced them back in, therefore aggravating an already deadly situation. Despite numerous official inquiries launched over the years to research the events of that day, many Liverpool fans feel that their answers about what happened have never been answered satisfactorily. A memorial event commemorating the 20th anniversary in 2009 drew 28,000 fans to the stadium who repeatedly chanted 'Justice for the 96'. After years of persistent campaigning by LFC supporters, the British government decided in October 2011 that all government papers surrounding the 1989 Hillsborough disaster will be handed over to an independent panel (Wintour 2011). For an elaborate discussion of the Hillsborough disaster, read Phil Scraton's (2004) 'Death on the terraces: The contexts and injustices of the 1989 Hillsborough disaster'. For the 'Justice for the 96 campaign', an attempt to find out the truth about what happened at Hillsborough, see Ben Power's (2011) 'Justice for the ninety-six: Liverpool FC fans and uncommon use of football song'.

which would reverberate for years, and ensured the club was focused *inwards* at a time it should have been looking *outwards*.

This last point raises a number of different questions. First, it appears that the inward-looking approach was to a degree driven by success. Engaging in strategic change when winning is more difficult than when losing since the impediments to change are far less formidable in the latter instance. At the same time, the occurrence of two major fatal disasters involving local supporters seems to reinforce this trend both from a sympathy perspective of concern for supporters (a very local impact) to a community context (coming together while banned from the competitions in Europe they were dominating). Second, Heysel and Hillsborough raise an important counter-factual. Would LFC have transformed or been more in tune with the external had these disasters never occurred? Or was innovation unlikely due to success? Or more salient, was the success reinforcing a very local-oriented close knit club that was not inclined to adapt to external developments? In other words, what is the driver here? Did success constitute an impediment to innovation, an explanation that can be used to deal with explaining many institutions that do not see pending changes that require adaptation? Or is this better framed as resulting from an institution, whose character was very local and insular, which was only reinforced by the success into remaining local and insular, when the world was changing around it? In other words, the disasters only served to reinforce the condition that over-determined the local insular focus of the club. These questions will be addressed in the last section of this chapter and chapter five.

Returning to Huntington's criteria, it is clear that changes in the external environment also feature prominently in conducting the assessment to what degree LFC is institutionalized at the time of the second period's end. First, the criterion of *adaptability* reveals that changes in the

external environment from the mid-1950s onwards forced clubs to alter their business-as-usual approach to the game. The rise in average worker incomes, the changed governance structure of football, the growth in alternate leisure opportunities and the rise of televised football presented *environmental challenges* to clubs and required them to come up with strategies to secure new revenue sources. Based on the titles won during this period, it is fair to say Liverpool FC adapted quite well to these changes. That said, the sole emphasis on winning titles would prove problematic in the 1990s when off-the-field matters grew in importance for which LFC was not optimally prepared. In other words, the indicators associated with globalization that are a defining feature of the club's third period would thoroughly test the club's adaptability. The changes in the external environment also impact the issue of *complexity*, specifically institutions' reliance on a single purpose. While the boot room system ensured the club never relied on a single person on the playing side of the club, the singular emphasis on winning titles did imply a lack of concern for the importance of commercial considerations, in spite of then-chairman John Smith's prescience on this issue, whose actions will be discussed in the next section. Not only was there a lack of concern for commercial considerations, the management side of the club was small and underdeveloped with few people doing lots of work, an issue that will also be revisited in the next section. Reports about the recruitment methods prevalent at the time do support the notion that new personnel were assimilated without sacrificing the club's institutional integrity. Put differently, those players were recruited that fit the Liverpool FC playing style and organizational culture, which strengthened the *autonomy* of the institution. Also, the development of the Liverpool Way helped crystallize the distinctiveness of the club's norms and values. Finally, the synergy provided by the operation of the boot room culture coupled with consensus about the mission and future of the organization supports the view that *coherence* was

relatively well established. However, the impending changes in an age of increasing globalization would pose formidable challenges to Liverpool FC as an institution punctuated by its inward-orientation when an outward-looking approach was warranted.

Liverpool FC in the 1990s and 2000s: The Difficulty of Going Global Without Losing the Local

The following and final section will outline how Liverpool FC has adapted to the forces of globalization. First, to highlight the changing external environment in which football clubs were operating, the following pages will briefly sketch the growing importance of television, sponsorship and other forms of revenue over the years, a development that started in earnest in the late 1970s, early 1980s. Second, four important developments that proved instrumental in shaping the new global football era will be analyzed: the 1990 Taylor Report's recommendations to move towards all-seater stadia that would have a significant impact on the composition of the average football fan in the 1990s and beyond; the creation of the PL in 1992, which ended the structure of the FL that had been in existence since 1888 and eliminated the solidarity payments that were an integral feature of football's architecture; the 1992 Sky television deal that flooded the top clubs with new revenue streams and turned the domestic PL into a globally watched competition; and the 1995 ECJ's Bosman Ruling that struck down nationality quotas and provided footballers with the freedom to sign with whatever club following the expiration of their contract, the consequences of which have been an increasingly global market for footballers and spectacular rises in players' salaries. Third, the globalization indicators outlined in chapter one will be revisited to confirm that the English PL is increasingly globalized. Finally, and most

importantly, the question to what degree Liverpool FC had adapted to this new global era of football will be analyzed.

Creeping commercialization: The role of television and sponsorship in English football in the 1970s and 1980s

Although commercialism is as old as the game itself as highlighted at the beginning of this chapter, the sources of revenue for clubs were very limited until the 1980s. Because of the restrictions on commercial exploitation in place, the turnstiles had been the principal source of income for English clubs for most of the twentieth century. For example, in 1974, gate receipts made up between 80 and 95 percent of each FL club's income (Szymanski and Kuypers 1999: 41). From the mid-1970s on, this percentage would reduce slowly but surely due to impact of television, merchandizing, and other sources of revenue that were to grow in importance in subsequent years. Although the transmission of football on television dates back to 1937 when the FA Cup final between Sunderland and Preston North End was broadcast, the regular transmission of games did not become a common feature of English football until the 1960s.²²⁹ Prior to this, the FL clubs did not allow cameras onto their grounds for fear of declining attendances. In 1964, however, agreement was reached between the BBC and the FL to allow the broadcast of extended highlights of football matches on the newly created program *Match of the Day*.²³⁰ Due to the growth of football's popularity and the surge in television ownership, the

²²⁹ Separate provisions had been arranged for the broadcast of World Cup matches. The first World Cup to feature live broadcasts was the 1954 World Cup held in Switzerland followed by the 1958 World Cup in Sweden. Every other World Cup since has been broadcast on public television in Britain.

²³⁰ Although only 20,000 people watched the first match, played between LFC and Arsenal (LFC won the match, 3-2), viewership slowly expanded and peaked at a quarter of the total population of viewers. Match of the Day is still shown today on BBC. The first contract saw BBC pay £5,000 for the rights to broadcast the highlights of the

demand for football on television grew in the 1970s and led to the introduction of live television broadcasts in 1983. The first two-year contract was worth £5.2 million, the proceeds of which were, in line with the Keynesian arrangements prevalent in English football at the time, divided equally among the FL's 92 clubs meaning each club received a paltry £28,261 per season.²³¹ While valuable for the smaller clubs in the lower divisions, the money generated from this deal for the bigger clubs was miniscule. For example, the value of the television contract constituted only 1 percent of Arsenal's turnover (Szymanski and Kuypers 1999: 56). As the demand for football grew throughout the 1980s, the value of the second contract secured by ITV and the BBC for the 1988-1992 seasons was to be worth £44 million, a fourfold increase on the previous deal but still not in line with market values.

At the same time that the broadcasting of football on television started adding (limited) revenue to clubs' turnovers, the advent of advertising – offered by perimeter boards and match-day programs – and sponsorship did so as well. While the connections between sport teams and commercial companies dates back to the founding of the FL – Liverpool's match-day programs carried advertisements as early as the 1890s – the role of sponsorship had for a long time been opposed by the football authorities who were fearful of the impact of overt commercialism on the game. To this end, for a long time, FA as well as UEFA rules explicitly prohibited advertisement on clubs' shirts. This stance, however, started to change in the late 1970s under pressure from clubs who were desperate to broaden their revenue base rather than rely exclusively on gate receipts. Two reasons converged in bringing about this changed view

matches played that day. This money was divided equally to all 92 teams in the FL and averaged around £50 per club.

²³¹ Throughout the 1980s many of these Keynesian arrangements would be revoked. In 1981 the FA raised its maximum dividend from 7.5 to 15 percent (it had been five in the past to discourage businessmen using football to turn a profit) to make it more attractive to outside investors. That same year, the FA allowed clubs to have a paid director for the first time.

towards commercialism. The first involved the severe recession that hit Britain in the late 1970s, early 1980s. As a result of the recession and rising unemployment numbers, clubs saw their gate receipts decline precipitously, which was their principal source of income at the time.

Subsequently, in this economic climate, clubs were desperate to secure additional revenue. The second reason involved the changed economic philosophy in Britain following the election of Margaret Thatcher's Conservatives to power in 1981. A keen proponent of the *invisible hand*, she favored the role of the market to be extended into spheres of public life that hitherto been governed by corporate arrangements, including football.

In this new environment, the first major tournament to be sponsored was the League Cup. It was named the Milk Cup in 1982 after the National Dairy Council had agreed to pay £500,000 annually for the right to name the title. The FL soon followed in 1983 when it signed a sponsorship deal with Canon worth around £1,100,000 a season.²³² The early 1980s also witnessed clubs concluding deals for sponsorship with clubs. Liverpool FC was actually the first club in England to sign a shirt sponsorship deal in 1979 worth £500,000 for three seasons with Japanese high-tech company Hitachi, a rare sign of prescience by the club's management. The move to embrace sponsorship was led by then chairman John Smith who held this position from 1973 until 1990. Smith, a local businessman with a strong business expertise and an extensive network of business contacts in and outside Britain, was eager to help LFC transition into an era where off-the-field matters would grow in importance without giving up on the continuity that was an integral feature of the club in those days. To ensure continuity in a time of change, Smith

²³² Not surprisingly given its long-standing history and tradition, the FA Cup was the last major competition to be sponsored. From 1994 until 1998, the FA Cup was sponsored by Littlewoods, followed by AXA insurance for four seasons from 1998 onwards. It was without a principal sponsor from 2002 until 2006 when it signed an agreement with energy company E.ON. Because of the national importance of the FA Cup, the name FA Cup was never substituted for the name of the sponsor. Instead, the name of the sponsor would be added. This meant the competition was referred to as either the 'AXA-sponsored FA Cup' or the 'FA Cup sponsored by AXA'.

ended the policy of replacing the chairman every three years. In the same vein, he also strongly favored the boot room tradition of promotion from within, characterized by the promotion of Bob Paisley in 1974, Joe Fagan in 1983 and Kenny Dalglish in 1985, which all occurred during his reign. While advocating for Liverpool FC to remain a family club, he also realized that it had to develop a commercial arm that could attract additional revenue to be able to continue to compete at the top level that was becoming progressively more competitive. At the press conference to announce the deal with Hitachi Smith reflected:

We are talking about an industry that is desperately short of money and we are fighting for our existence...In terms of commerce and industry we, at Liverpool, are broke but in football terms we are wealthy...From a turnover of 2.4 million last year, Liverpool's profit at the end of the day was a meager 71.000...this is for one of the leading clubs in Europe. The overheads in our game are colossal and we have got to generate more remunerative activity off the field. The days are gone when a club like ours can control their destiny on the money coming through the turnstiles. (KopCollector 2011)

Although Smith's comments indicate a forward-looking approach, it seems that his prescience on the issue of shirt sponsorship did not lead to a structural shift in Liverpool's general management practice (i.e., its adaptability). This will become most clear when reviewing the last two decades of institutional activity, a period that includes numerous examples of LFC's inability to move ahead to seize commercial opportunities. For examples, with regard to its sponsorship deals, until LFC's most recent deal with global investment bank Standard Chartered (SC), experts consistently noted that it under-charged sponsors for the right to be associated with the club.²³³ Furthermore, during Smith's reign, at the same time that Liverpool

²³³ At a time when major European clubs like MU, Real Madrid and Bayern Munich received around £15 million a year from their principal shirt sponsor, LFC 'only' incurred £7 million annually from Carlsberg. This major discrepancy was finally eliminated when it partnered with SC in 2009 and signed a four-year deal that pays the club £20 million a season, a contract on par with MU's deal with AON.

FC was the first to sign a sponsorship deal for its shirt,²³⁴ it was the *last club* not to have perimeter advertising inside the stadium. In subsequent years, kit sponsors,²³⁵ merchandizing, stadium advertizing also entered the picture as additional sources of revenue besides sponsorship and television income.

While the foregoing appears like an *evolutionary* shift in the commercial practices of football clubs (who were merely responding to changes in the external environment), in fact the effects of the cumulative changes of the 1980s, mainly the move from a Keynesian economic philosophy to neoliberalism coupled with the recommendations of the 1990 Taylor Report, the 1992 creation of the PL, the 1992 Sky deal, and the 1995 Bosman ruling represented more of a *revolutionary* break with the old structure of the football club and the League. To Anthony King (2002) the creation of the PL in 1992 represents the outcome of a set of *organic* political and economic changes that were set in motion since the abolition of the maximum wage. King argues that the decision to end the maximum wage in 1961 was premised on free market considerations that helped set in motion the subsequent developments, which had the effect of gradually eroding the corporatist, Keynesian arrangements that had redistributed income from the bigger to the smaller clubs. These developments included the rising wages of players in line with their market value, the introduction of sponsorship provisions and the allocation of television money based on clubs' performances. All of these favored the bigger clubs. The gradual erosion of the FL's corporatist arrangements, King argues, saw a logical conclusion in the final decision by the big clubs to break away from the smaller clubs and create a separate PL in 1992. I would add that, in spite of the fact that over the years the bigger clubs were able to

²³⁴ Following Hitachi, LFC signed a deal with Crown Paints that lasted from 1982-1988. It subsequently developed a partnership with Candy from 1988 until the start of the PL in 1992 when it signed an agreement with Carlsberg, which lasted until 2010.

²³⁵ Liverpool FC has had kit contracts with Umbro (1979-82/1982-85), Adidas (1985-88/1988-92/1992-96), Reebok (1996-2006), and Adidas (2006-2010/2010-2012).

extract greater concessions the old framework was still in place until 1992. Moreover, while the bigger clubs in the 1980s did generate significant more revenue than many of the clubs in Divisions Three and Four, the gap between similar-sized clubs in the 1990s and 2000s has grown to unparalleled levels in the aftermath of the creation of the PL and the Sky television deal. Furthermore, from the early 1890s until the 1980s, strict rules – the ban on paid directors and the five percent limit on dividends – codified as FA Rule 34 were put in place to ensure that little money could be made from running a football club. Coupled with the aforementioned maximum wage provision and revenue sharing agreements, these rules were designated to limit the *over-commercialization* of football clubs. Put differently, while allowed, commercialism was strictly regulated and thus circumscribed. As a consequence, for most of the twentieth century “a football club was not a way of making money, it was a way of spending money made in real life.” (Conn 1998: 89) For directors, running a football club served important social and cultural needs in local communities, and as such, constituted a public service, a way for successful businessmen to give back to their local communities. In short, the erosion of Rule 34 represents a metaphor for the transformation of football clubs from *utility maximizers* to *profit maximizers*²³⁶ (Arnold 1991: 51) and one that would lead, together with a few other developments, to the demise of the 104-year old FL, the creation of the PL and the globalization

²³⁶ At this point, it is important to reiterate the structure of football clubs in England. In the 1870s, many football clubs were clubs in a legal sense and managed by an elected committee (as was the case with EFC). However, with the arrival of commercialization and the need to invest significant sums of money to sign players and build stadiums, the old structure proved inadequate since under that system the committee members would be personally liable for money borrowed. Consequently, the vast majority of clubs in England became limited companies and adopted the joint stock structure whereby ownership is vested in its shareholders who elect a board of directors and receive dividends out of company profits but whose liability for company losses is limited to the extent of their initial investments (Buraimon, Simmons and Szymanski 2006: 30). While the dominant structure in England to this day, rules differ in other European countries. For example, in Spain clubs like FC Barcelona and Real Madrid, although commercialized (both are in the top-5 of richest clubs in the world) are still *member-owned*. Subsequently, the club president and the board members are democratically elected by the members. In Germany, legislation is in place that stipulates Bundesliga clubs be 51 percent owned by their members. This rule is symptomatic of a specific policy by the German FA to ensure clubs stay connected to their local communities. Because of this objective, ticket prices at many clubs in Germany start at €9 (£6) compared to ticket prices in England which currently average around £40 (Conn 2007).

of top-flight football in England. It is to these other developments that the next section will turn, starting with the 1990 Taylor Report.

The 1990 Taylor Report

One of the first developments that helped usher in a new era in football was the 1990 Taylor Report. It referred to the commission led by Lord Justice Peter Taylor that was called into life on April 17, 1989, two days after the tragedy at Hillsborough when 96 Liverpool fans died. The inquiry's dual aims were to assess what had gone wrong at Hillsborough but also to reflect generally on safety inside football stadiums in response to other disasters that had occurred inside football stadiums.²³⁷ After producing an interim report that dealt mainly with the events surrounding Hillsborough in August 1989, he issued a final report in January 1990.²³⁸ The central conclusion of the report was to call for football stadiums to become *all-seaters*. While this suggestion seemed innocuous enough in light of the events at Hillsborough as well as the fact that most stadiums had seen little renovation since they had been built in the late nineteenth century,²³⁹ the effect of the report has been significant increases in the cost of ticket

²³⁷ As referenced before, the 1980s had also included the Heysel disaster that caused 39 casualties as well as the fire at Valley Parade in Bradford in 1985 that saw 56 people lose their lives.

²³⁸ The report (somewhat surprisingly, according to some) spread the blame for what had happened at Hillsborough. Contrary to newspaper reports circulating at the time – predominantly the Sun tabloid newspaper – that had placed blame squarely with unruly, drunken hooligans, the report argued that hooliganism was not the main cause for the tragedy (almost none of the dead had significant alcohol levels in their blood) although there was a minority of fans that had been drinking too much. That said, the report also laid substantial blame with the police arguing it had inadequately prepared for the event and was insufficiently equipped to deal with emergency situations.

²³⁹ In 1990, around two-thirds of all clubs in the FL (58 out of 92 to be precise) still played in the stadium they had first played in at the time of their founding (in most cases, between 1890 and 1910).

prices because clubs needed to recoup the cost of the investments, estimated to be in the hundreds of millions of pounds.²⁴⁰

In other words, the end of the terraces also implied the end of cheap ticket prices, which rose threefold between 1988 and 1993 (Conn 1998: 43) and would rise more even in years to come. According to many fans and pundits the increase in ticket prices constituted a deliberate strategy by clubs to remove the working-class sections from the grounds and replace them with middle-class families who were deemed more respectable, had a disposable income and would stop at the club shop after the match to buy club merchandise. Another reason for the price increases was the expectation that fans would pay more because of their undying loyalty, a conclusion borne out by a March 1997 report conducted by the major consultancy firm UBS. This report, written by City analysts, viewed football as an *entertainment product* and designated clubs as *brands*. It also argued that the demand for tickets was *inelastic* (meaning that demand does not change irrespective of the changes in price) because fans, viewed as a *captive market* were *brand loyal* to the *merchandise* (see also Szymanski and Kuper 2009). Around the same time of the report, clubs started referring to their clientele as *customers* rather than *fans* (Goldberg and Wagg 1991) since the latter term may have developed a negative connection in the years when hooliganism cast a dark shadow over football. Although the reasons for clubs to try and promote football to different sections of society in light of the troubled 1980s is more than understandable, to many fans the changes implemented in the aftermath of the Taylor Report represented a deliberate attempt by clubs to remove those elements that did not fit the desired character traits clubs were eyeing. Anthony King echoes this view and notes that:

²⁴⁰ Anticipating this, the report had issued an explicit caution to clubs imploring them not to try to recoup all the investments by raising the costs of entry and thus pricing out fans who did not have much disposable income. It also called for clubs to be given public money to pay for the renovations.

According to free-market arguments the renovation of football grounds was intended to replace the dangerous poor with ‘decent folk’; the respectable members of the white-collar workforce and the professional middle class. The customer is a useful rhetorical device because, within the context of an emergent Thatcherite hegemony, the benign neutrality of the term conceals the intensely political nature and social divisiveness of the developments which the concept envisaged. (2002: 94)²⁴¹

In addition to being opposed to the designation as customers, most traditional working-class fans did not view football as a mere leisure event. Instead, David Conn contends that football “isn’t just entertainment to people, something they can just drop. It’s part of their culture, their identity.” (1998: 204) The attempt at the gentrification of English football made possible by the (nudged or forced) disappearance of the largely working-class standing football terraces has been a feature at the club level as well as the national level. At the club level the main mechanism has been consistent annual price increases with ticket prices at many PL clubs averaging between 40 and 50 pounds, more than four times the minimum price at several German and Italian clubs. The repeated price hikes have priced out many working-class fans. Numerous fans the author spoke with during a research trip confirmed they knew many people who could no longer afford to attend home games due to the annual price hikes. At the national level, a study by John Hughson and Emma Poulton (2008) concludes that gentrification has been ensured through efforts to reshape the composition and representation of the fan-base of the national team, away from the traditional working-class sections and toward women and minorities to give it a more friendly and multicultural image. The authors warn that the attempts at inclusiveness by encouraging a new England fan constituency – in line with the way the FA aims to present England as a friendly multicultural society –, while understandable in light of the

²⁴¹ While not retracting his statement that the free-market arguments including the use of the concept ‘customer’ were socially exclusionary in intent, King acknowledges that the terrace culture in the 1980s was exclusionary as well. Not only were conditions unsanitary and downright dangerous, King notes the culture in the stands was sexist and often racist as well.

episodes of hooliganism involving England fans, risk further marginalizing the lower echelon of the English white working-class who are already struggling in the new economic climate in which the skills of this group are less relevant.

The 1992 Premier League and the BSkyB Deal

It was in this environment of greater market thinking that the PL was created, thus ending the structure of the FL that had existed unchanged since 1888. Although a shock when it became formal, the PL represented the end of a process that had been years in the making. Whereas television revenue was shared equally between all 92 FL clubs from 1967 until 1983, pressure from the major clubs for a greater share led to a revised allocation scheme. During the 1980s, the top clubs, aware of their greater marketability in the age of television, started to become disenchanted with the revenue sharing arrangements that were in place at the time. As a result, a renegotiated deal ensured that clubs in Divisions One through Four were allocated 50%, 25%, 12.5%, and 12.5% of the television revenue respectively (even though the interest of the average football fan was geared towards the top clubs). To placate the bigger clubs²⁴² who threatened to form a breakaway league, the gate revenue sharing was abolished in 1985²⁴³ but the continued

²⁴² The group of bigger clubs was led by the 'Big Five' made up of LFC, EFC, MU, Tottenham Hotspurs and Arsenal. They felt that the clubs from the lower divisions wielded too much influence (i.e., had too much voting power) commensurate with their status, in addition to receiving too large a share of television revenues, and were thus slowing down the big clubs who were not only in a competition with each other but with the major continental clubs as well. This had become painfully clear when in the aftermath of the 1990 World Cup in Italy (when England lost on penalty kicks in the semi-final to eventual winner Germany) some top English players left to play in Italy lured by higher wages.

²⁴³ At the same time the gate levy – a tax on the gate revenue that was imposed on all clubs which would be placed in a pool and redistributed to all 92 FL clubs – was reduced from 4 to 3 percent. This benefited the larger clubs who attracted more fans and thus paid more than those clubs drawing smaller crowds.

dissatisfaction with the income redistribution led to the eventual creation of the PL in 1992.²⁴⁴ This newly formed division was to enjoy commercial independence from the FA and the FL, a measure that would allow it to negotiate its own sponsorship and broadcast agreements without the need for solidarity payments. The first broadcast deal was signed with BSkyB (a merger of Sky Television and British Satellite Broadcasting) rather than Independent Television (ITV) and BBC who had secured the previous football contract in the 1980s. Importantly, this also meant that live top division football would no longer be available on terrestrial television but only through a satellite dish. Writing at the time of the Sky deal, Adrian Goldberg and Stephen Wagg (1991) argued that the introduction of satellite television in GB was indicative of two important and related trends: globalization and the growth of the MNC. Sky, controlled by Australian media mogul Rupert Murdoch, realized the value of football to its viability, and was desperate to secure the rights to broadcast football. Murdoch viewed sport as a “battering ram” and football supporters as a ‘captive market’ (Milliken 1996) and the only group who could be convinced to be made to pay for television. In other words, by buying the rights to broadcast top-flight football, Murdoch would be able to convince (football-mad) fans to purchase a satellite dish, a decision they otherwise may not have made. The decision to have football fans pay to watch their favorite sport constituted a risk but millions made the switch. As a result of this trend, the value of the domestic broadcasting contract has grown spectacularly over the course of the last two decades (Harris 2009), as is shown in the table below:

²⁴⁴ The PL was to consist of the 22 teams that had performed in the First Division prior to the breakaway. The first season included the following teams: Arsenal, Aston Villa, Blackburn Rovers, Chelsea, Coventry City, Crystal Palace, Everton, Ipswich Town, Leeds United, Liverpool, Manchester City, Manchester United, Middlesbrough, Norwich City, Nottingham Forest, Oldham Athletic, Queens Park Rangers, Sheffield United, Sheffield Wednesday, Southampton, Tottenham Hotspur, and Wimbledon. This number was reduced to 20 in 1995. To placate the teams from the lower leagues, agreement was reached that each season three teams would be promoted from the First Division (currently called the Coca Cola Championship) while three teams from the PL would be relegated.

Year	Company	Contract Worth (in millions of pounds)	Average per season	Games per season	Average per game
1983 – 1985	BBC and ITV	£5.2	£2.6	N/A	N/A
1988 – 1992²⁴⁵	ITV	£44	£11	N/A	N/A
1992 – 1997	BSkyB	£190	£38	60	£0.633
1997 – 2001	BSkyB	£670	£167.5	60	£2.79
2001 – 2004	BSkyB	£1,200	£400	110	£3.64
2004 – 2007	BSkyB	£1,024	£341	138	£2.47
2007 – 2010	BSkyB and Setanta	£1,706	£569	138	£4.12
2010 – 2013	BSkyB and Setanta	£1,780	£593	138	£4.3

Interestingly, as a result of the sport's global popularity, the broadcast values from *international* rights sales has jumped spectacularly and now constitutes 40% of the total broadcast value (Wilson, J. 2007). According to the latest DAR the cumulative global television audience for PL matches in the 2008/2009 season constituted 4.8 *billion* while the number of territories in which the PL is broadcast rose to *more than 200* (Deloitte 2011). A breakdown of the PL domestic and international rights fees from 1992/1993 to 2012/2013 season, drawn from

²⁴⁵ To highlight the growing power of the bigger clubs, the allocation of the money clearly favored the big-city clubs who were most attractive to the broadcasters as their games drew the largest national audiences. The final deal prior to the creation of the PL reflected this. It saw 75% of the contract value allocated to the First Division, 12.5% to the Second Division while the final 12.5% was shared between the Third and Fourth Division.

the Deloitte study, reinforces the growing global importance of the English league with the international rights fees contributing over 40 percent of total broadcast revenues currently compared to just 10 percent ten years ago:

Years	Domestic (UK & Ireland)	International
1992-93 – 1996-97	83	17
1997-98 – 2000-01	88	12
2001-02 – 2003-04	89	11
2004-05 – 2006-07	82	18
2007-08 – 2009-10	76	24
2010-11 – 2012-13	60	40

In addition to television rights having increased substantially in value, so have the sponsorship numbers. The breakdown of the sponsorship figures for the FL and the PL is listed in the table below, and reveals a significant increase in the money required to sponsor the country's most popular sport:

Year	Company	Contract Worth in Pounds	Average per Season
1983 – 1986	Canon	£3.3 million	£1.1 million

1993 – 1997	Barclays	£12 million	£3 million
1997 – 2001	Barclays	£36 million	£9 million
2001 – 2004	Barclaycard	£48 million	£16 million
2004 – 2006	Barclays	N/A	N/A
2007 – 2010	Barclays	£65.8 million	£21.9 million
2010 – 2013	Barclays	£82.25 million	£27.4 million

The final important development that resulted in the globalization of the PL was the 1995 Bosman Ruling by the ECJ, which will be addressed in the following section.

The 1995 Bosman Ruling and the Influx of Global Players, Managers and Owners

The Bosman case, discussed in chapter two, featured Belgian football player Jean-Marc Bosman who appealed to the ECJ after he was refused a transfer to a French club arguing that the restrictions imposed on him violated the free movement of workers, one of the pillars of the common market in the EU. The ECJ found in his favor and subsequently declared any restrictions on EU players playing in domestic leagues illegal citing article 48 on the free movement of workers, and articles 85 and 86 on free competition. At the time many (mostly

smaller) clubs feared that in this new transnational regime the bigger clubs would benefit by being able to sign talent from all over the continent, and increasingly the globe. The evidence seems to have borne this out. Although exact figures are difficult to obtain since the PL does not publish comprehensive data on the presence of foreign players, it is unmistakably the case that the number of foreign players has skyrocketed. In the late 1980s, early 1990s most teams had only one or two players on the roster who were from outside the UK, some of whom were British nationals from Commonwealth countries who had been born abroad. Liverpool was an exception at this time since it had five players from the outside the UK on its roster.²⁴⁶ In total, only eleven non-British or Irish footballers were active in the PL in 1992. By 2007 this number had increased to over 250 (Premier League 2011). By 2009 each club on average had 13 foreign-born players on their roster,²⁴⁷ one of the results of a study conducted by the *BBC* on the number of foreign-born players in the 2009/2010 season compared with the 1989/1990 season (Wilson, O. 2009).²⁴⁸ Again, in the case of LFC, in 2009 it had only three UK-born stars – Steven Gerrard, Jamie Carragher and Jay Spearing – compared to about 20 foreign players competing for a spot in the first team.²⁴⁹ The following table, drawn from the aforementioned *BBC* study, displays the number of British-born versus foreign-born players²⁵⁰ for each PL club in the 1989 and 2009 season:

²⁴⁶ The team managed by Kenny Dalglish included five players born outside the UK: John Barnes (Jamaica), Bruce Grobbelaar (South Africa), Glenn Hysen (Sweden), Jan Molby (Denmark) and Steve Staunton (Republic of Ireland).

²⁴⁷ Based on this survey, more than half of the PL clubs could field an entire starting line-up of foreign-born players. Chelsea was the first team to do just that when it fielded a team with exclusively foreign players in 1999. In 2005 Arsenal named a 16-man roster that included no British players.

²⁴⁸ For this study, foreign players are referred to as players from outside the UK. This means that players from the Republic of Ireland are counted as players born outside the UK. The data shown refers to the place of birth, not nationality although the overwhelming majority of the players born outside the UK are foreign nationals.

²⁴⁹ In the past season, the number of English players has increased with the regular inclusion of Martin Kelly, Jay Spearing and John Flanagan in the first team.

²⁵⁰ Although this data is from one season ago, the numbers are more representative than those that would have been obtained from this year due to the introduction of the 'home-grown' rule in English football, a measure that was introduced to encourage the inclusion of more youth players. The rule stipulates that teams can have no more than 25 players on their roster eight of whom have to be home-grown. The PL's definition of homegrown requires all

Club	1989-1990 Season:		2009-2010 Season:	
	Players born:		Players born:	
	in UK	Abroad	In UK	Abroad
Arsenal ²⁵¹	19	2	4	23
Aston Villa	19	3	18	12
Birmingham City	19	0	18	9
Blackburn Rovers	20	1	7	18
Bolton Wanderers	19	1	13	12
Burnley	20	0	16	7
Chelsea	19	4	6	17
Everton	16	4	12	10
Fulham	21	1	8	16
Hull City	20	3	14	11
Liverpool ²⁵²	18	5	4	20
Manchester City	20	1	7	16
Manchester United	20	1	11	17

eight to have been in any English club's academy for at least three years between the ages of 16 and 21 *regardless of nationality*. This means that a Hungarian player who has played for three seasons in Liverpool FC's Academy counts as a national player therefore blurring the line between a foreign versus a national player.

²⁵¹ In full (2009-2010 Season): Almunia (Spain), Arshavin (Russia), Bendtner (Denmark), Clichy (France), Denilson (Brazil), Diaby (France), Djourou (Ivory Coast), Eboue (Ivory Coast), Eduardo (Brazil), Fabianski (Poland), Fabregas (Spain), Gallas (France), Gibbs (Lambeth, UK), Mannone (Italy), Nasri (France), Ramsey (Caerphilly, UK), Rosicky (Czech Rep), Sagna (France), Senderos (Switzerland), Silvestre (France), Song (Cameroon), Traore (France), Van Persie (Netherlands), Vela (Mexico), Vermaelen (Belgium), Walcott (Stanmore, UK), Wilshere (Stevenage, UK). In full (1989-1990 Season): In full: Adams (Romford, UK), Bould (Stoke, UK), Caesar (Tottenham, UK), Campbell (Lambeth, UK), Cole (Nottingham, UK), Davis (Dulwich, UK), Dixon (Manchester, UK), Groves (Bow, UK), Hayes (Walthamstow, UK), Heaney (Middlesbrough, UK), Jonsson (Iceland), Lukic (Chesterfield, UK), Marwood (Seaham, UK), Merson (Harlesden, UK), O'Leary (Stoke Newington, UK), Quinn (Ireland), Richardson (Newcastle, UK), Rocastle (Lewisham, UK), Smith (Bromsgrove, UK), Thomas (Lambeth, UK), Winterburn (Arley, UK).

²⁵² In full (2009-2010 Season): Agger (Denmark), Aquilani (Italy), Aurelio (Brazil), Babel (Netherlands), Benayoun (Israel), Carragher (Bootle, UK), Cavalieri (Brazil), Degen (Switzerland), Dossena (Italy), El Zhar (France), Gerrard (Whiston, UK), Insua (Argentina), Johnson (London, UK), Kuyt (Netherlands), Leiva (Brazil), Mascherano (Argentina), Ngog (France), Plessis (France), Reina (Spain), Riera (Spain), Skrtel (Slovakia), Spearing (Wirral, UK), Torres (Spain), Voronin (Ukraine). In full (1989-1990 Season): In full: Ablett (Liverpool, UK), Aldridge (Liverpool, UK), Barnes (Jamaica), Beardsley (Newcastle, UK), Burrows (Dudley, UK), Dalglish (Dalmarnock, UK), Gillespie (Bonnybridge, UK), Grobbelaar (South Africa), Hansen (Alloa, UK), Hooper (Bristol, UK), Houghton (Glasgow, UK), Hysen (Sweden), Jones (Prescot, UK), Magilton (Belfast, UK), Marsh (Liverpool, UK), McMahon (Liverpool, UK), Molby (Denmark), Nicol (Irvine, UK), Rush (St Asaph, UK), Staunton (Ireland), Venison (Consett, UK), Tanner (Kingswood, UK), Watson (Liverpool, UK).

Portsmouth	21	0	9	15
Stoke City	21	1	16	8
Sunderland	21	1	14	12
Tottenham Hotspur	22	4	13	12
West Ham United	20	2	12	9
Wigan Athletic	19	0	9	14
Wolverhampton Wanderers	18	2	20	8
Total Players	392	36	231	266
% of Total Born in the UK and Abroad	91.6	8.4	46.5	53.5

What becomes clear from the table is that the proportion of players born abroad has risen by *more than 600 percent* in the last twenty years. In the case of Liverpool FC, whereas the first team in the 1989/90 season had 5 players born outside the UK out of 23 players, this number had risen to 20 out of 24 by the 2009/01 season, from 22 percent to 83 percent.²⁵³ Out of 27 players which were a part of the first team during the most recent 2010/11 season,²⁵⁴ 16 were foreign national and 11 UK nationals.²⁵⁵

The cosmopolitan nature of the PL partially explains the interest of millions of people around the globe in English football (visible in the spectacular rise in international rights fees) and is also a central consideration in the decision of English teams to travel to economically lucrative (i.e., captive markets) places like the US and Asia during their preseason. For example,

²⁵³ To reduce ambiguity, *all* LFC players born outside the UK in the 2009/10 season are foreign nationals.

²⁵⁴ Football seasons comprise two transfer windows when players can be bought and sold. As a result of this provision, the team roster at the end of the season often differs from that at the beginning of the season.

²⁵⁵ The full roster with positions and nationality include the following players: *Goalkeepers*: Brad Jones (Australia); Pepé Reina (Spain); Péter Gulácsi (Hungary); *Defenders*: Glen Johnson (UK-England); Daniel Agger (Denmark); Fábio Aurélio (Brazil); Sotirios Kyrgiakos (Greece); Danny Wilson (UK-Scotland); Jamie Carragher (UK-England); Martin Kelly (UK-England); Martin Škrtel (Slovenia); John Flanagan (UK-England); Jack Robinson (UK-England); *Midfielders*: Raul Meireles (Portugal); Steven Gerrard (UK-England); Joe Cole (UK-England); Daniel Pacheco (Spain); Maxi Rodríguez (Argentina); Dirk Kuyt (Holland); Lucas (Brazil); Christian Poulsen (Denmark); Jonjo Shelvey (UK-England); *Strikers*: Luiz Suárez (Uruguay); Andy Carroll (UK-England); Milan Jovanović (Serbia); David N'Gog (France).

Rick Parry argued that while chief executive at LFC he arranged for the club to travel to the Far East consistently to capitalize on its popularity in the region. Before Parry's arrival, the team travelled almost every preseason to Norway and other Scandinavian countries. While these countries had large Liverpool FC fan-bases, they added little extra revenue to the club's finances.²⁵⁶ That said, comprehensive data on preseason travel for all PL clubs is difficult to obtain because not all clubs keep record of all their preseason travel, and because the reasons for travelling have not always been commercial or geared towards attracting new fans. This was the case with Liverpool FC that, in years when it missed out on revenue from the European Cup (as a result of early elimination) during the 1960s and 1970s, agreed to play mid-season fixtures with foreign teams to make (financial) ends meet.²⁵⁷ Furthermore, Liverpool FC travelled to the US on a number of occasions in the immediate post-war years not to secure new fans but to ensure the players could gain weight at a time of government-imposed rationing schemes in GB. In addition, even today, when commercial considerations are a central factor in the decision where to play pre-season matches,²⁵⁸ an early start to the season (i.e., when qualification matches to secure entry into the financially lucrative CL are at stake) may inhibit the club from travelling outside the continent. In short, the myriad reasons that inform clubs' pre-season fixtures means that travel itineraries by themselves are not the most rigorous indicator of globalization. That said, they do provide an insight into the growing importance of travelling to the Far East where millions of new fans are to be won. The following table, which is not exhaustive,²⁵⁹ will show

²⁵⁶ Interview with Rick Parry for this dissertation.

²⁵⁷ Interview with John Williams for this dissertation.

²⁵⁸ In addition to LFC, both MU and Chelsea played in the same stadium in Malaysia during the 2011-12 pre-season.

²⁵⁹ A qualification is that some of the early trips served as rewards to the players for a good season while others were aimed at preparing the players physically at a time of shortages at home (the trip to the US in 1946 for example). As a result, this table will highlight the tours prior to the advent of European club football in the late 1950s, and the tours LFC has conducted in the last decade.

the countries Liverpool FC visited to play friendly matches during the first few decades of its existence as well as the last decade:

Season	Country/Countries visited	Season	Country/Countries Visited
1913/14	Sweden and Denmark	2000/01	Norway
1921/22	Italy	2001/02	Germany, Singapore, Thailand, Holland
1922/23	Paris	2002/03	France, Switzerland, Spain
1934/35	Las Palmas	2003/04	Germany, Thailand, Hong Kong, Holland
1935/36	Czechoslovakia, Serbia, Romania	2004/05	USA, Canada
1938/39	Sweden	2005/06	Germany, Greece, Singapore
1944/45	Germany	2006/07	Liechtenstein, Switzerland, Germany
1945/1946	USA and Canada	2007/08	Switzerland, Hong Kong, Holland
1947/48	USA and Canada	2008/09	Switzerland, Germany, Spain, Norway
1950/51	Sweden	2009/10	Switzerland, Austria, Thailand, Singapore, Spain, Norway
1951/52	West Germany, Austrian and Spain	2010/11	Austria, Switzerland, Germany
1952/53	USA and Canada	2011/12	China, Malaysia, South Korea, Norway

What is evident is that the Far East has become a favorite destination for Liverpool FC since the club has traveled to Thailand, Hong Kong, Japan and Singapore every other year since 2001, for reasons that will become evident when discussing the growing global fan base of English PL clubs. Overall, it is unambiguous that in recent years English clubs routinely travel to economically attractive countries to give current fans the chance to support their team in person and to attract new fans. The hope is, of course, that new fans become life-long fans (who will subsequently buy club merchandise and pass on their support to future generations). The

economic considerations of PL clubs' preseason itineraries are apparent when assessing their travel destinations. For the summer of 2011, six PL teams committed to playing preseason matches in North America: Everton, Manchester City, MU, Bolton, Newcastle United and West Bromwich Albion (Union Jack News 2011). Liverpool FC played in the Far East with matches scheduled in Malaysia, South Korea and China in July 2011 (Chelsea and Arsenal also visited the Far East). The 2011 trip was notable in that it marked the first time LFC played a match in mainland China, which is seen as an important new market given the fact that it houses an estimated number of 60 million Liverpool FC fans, and due to the large commercial presence of SC, the club's sponsor, in the region (Kirkbride 2011).

While taxing on the players, clubs are committed to travelling in light of studies that reveal that the top football clubs nowadays have a global following in the millions. According to data accrued by sports consultancy agency Sport + Markt English clubs in 2009 had 114 million fans in Europe. MU led the way as most popular English club, closely followed by Chelsea, LFC and Arsenal in respective order (Sport + Markt 2009).²⁶⁰ The report also argues that due to the popularity of Barcelona and Real Madrid in Latin America, Asia represents a more viable market for English teams to exploit. A 2007 report by comScore, a company measuring the digital world, found that MU had 10.2 million fans and 151.7 million sympathizers in Asia alone (comScore 2007). Interestingly, while having won few titles in the last twenty years (and zero PL titles), Liverpool FC, with 23 million fans in Europe and 4 million fans in GB, is still one of

²⁶⁰ MU is the most popular English club in Europe with 37.6 million fans (and 3rd overall following FC Barcelona and Real Madrid with respectively 44.2 and 41 million fans). Chelsea (25.6 mil.), Liverpool (23 mil.) and Arsenal (21.3 mil.) round out the top-7 with Russian club Zenit St. Petersburg (24.1 mil.) the only team not from Spain and England.

the best supported teams in Europe. Globally, the club is estimated to have 130 million fans across 16 markets (Wilson, B. 2009).²⁶¹

The global reach of English PL clubs is also shown based on studies of internet traffic that show tremendous interest from overseas fans in the top English clubs. Another study by comScore in March 2008 revealed that Liverpool's website was visited around 1.5 million times that month and that almost half (47 percent) of the visitors came from outside the UK (comScore 2008). The number of 'hits' attracted by Liverpool FC's website means it was the second most visited site trailing only MU but coming in ahead of Arsenal, Real Madrid, Barcelona, Chelsea and AC Milan, rounding out the top-7. Notwithstanding the fact that this (small) study only assessed one month's worth of internet traffic, two important points can be gleaned from it. The first is the international appeal of top football clubs. All teams reviewed (with the exception of Liverpool FC) received a majority of hits from outside its country's borders. Interestingly but not entirely surprisingly given MU's global appeal, 57 percent of those visiting its website did so from outside the UK. In fact, Liverpool FC had the highest percentage of visitation from the team's home country. The second is the enduring popularity of LFC compared to the other teams in the top-7. One by one, the teams in the top-7 are very successful clubs and perennial title contenders in their respective country while also consistent challengers for European glory. By comparison, LFC has won very little silverware since 1990. Since many new fans globally have started following football in the aftermath of the Sky television deal in 1992 (based on the value of the international rights sales of the PL contracts) and are generally attracted by the more successful teams (who wants to support a team that consistently battles relegation when you can

²⁶¹ In Asia, countries with a large LFC fan-base include China (58 million), India (6 million), Thailand (5 million), Malaysia (2 million), and Japan (2 million). In Africa, South Africa (6 million) houses a large contingent of LFC fans.

support a winning side?), the lasting attraction of Liverpool FC is remarkable.²⁶² A similar study conducted for the PL encompassing the entire 2007-2008 football season revealed that 55 percent of the audience visiting the PL's website did so from outside the UK, again reinforcing the broad global interest in English top-flight football. The following table, drawn from that study reveals the breakdown of visitors to the PL's official website as well as the 'big four' teams²⁶³ in it:

Ranked by U.K. Share of Total Unique Visitors (000)* (Aug 2007 - May 2008)

Website	UK	Rest of Europe	North America	Latin America	Middle East & Africa	Asia Pacific	Total
PL	45	13	6	2	6	28	100
Liverpool	52	13	6	2	6	21	100
Arsenal	43	16	3	2	12	24	100
Chelsea	39	19	5	4	11	22	100
Manchester United	36	16	6	3	9	30	100

Remarking on the commercial implications of the online data figures, Jamie Gavin, analyst for comScore, argued as follows:

²⁶² A table displaying the titles won by each of the top-7 most popular clubs in the last two decades will be presented in the final chapter of this dissertation.

²⁶³ The 'big four' is a term that refers to the following four clubs: Chelsea, LFC, MU and Arsenal since these clubs have historically (although Chelsea to a lesser degree than the other three) been the most dominant clubs in English football and have consistently made up the top-four spots at the end of each season (although in varying order). Since the creation of the PL in 1992 only one team from outside the top-four has won the league title, Blackburn Rovers in 1995 (managed by Kenny Dalglish). In recent years the term top-four has become disputed with the decline of Liverpool FC (since it has won no PL title since 1990) and the rise of Tottenham Hotspur and Manchester City.

These data suggest that there is a substantial market for Premiership football beyond the confines of the U.K. It therefore makes sense that the Football Association would be considering staging an additional ten games per season overseas to help raise the profile of the other clubs. Generating additional exposure of these teams across other continents will help establish the Premiership as a sports league with a truly global fan base. (comScore 2008)

As a result of the influx of money and players from all corners of the globe, as well as the growing global popularity of the English PL and the concomitant marketing opportunities associated with this growth potential, gaining ownership of English clubs became increasingly attractive to global entrepreneurs. The first foreign owner of an English PL club was Egyptian Mohamed Al Fayed who bought Fulham FC in May 1997. It took until 2003 for the second foreign owner to emerge when Russian oligarch Roman Abramovich bought a controlling interest in Chelsea. Soon after, more foreign owners joined in with the American Glazer family buying a controlling interest in MU in 2005. In 2006, 3 more clubs were acquired by foreign owners: Portsmouth by another Russian businessman, West Ham United by two Icelanders,²⁶⁴ and an American at Aston Villa. In 2007 two Americans, George Gillett and Tom Hicks, bought a controlling interest in Liverpool FC, a Thai politician bought Manchester City, and an Irishman was at the head of a group that purchased Sunderland. These developments brought the number of foreign owners to ten out of a total of 20 clubs. In other words, half the PL's clubs are currently foreign-owned as the following table will demonstrate:

Club	Name(s)	Nationality	Year of Purchase	Still Owner?	New Owners – Nationality
Arsenal	Stan Kroenke	American	2011	Yes	

²⁶⁴ In 2010, two English businessmen, David Sullivan and David Gold bought a controlling interest in West Ham United taking over from the two Icelandic owners. Subsequently, West Ham United is not included in this list (they also relegated in May 2011 to the Coca Cola Championship).

Aston Villa	Randy Lerner	American	2006	Yes	
Birmingham City ²⁶⁵	Carson Yeung	Hong Kong	2009	Yes	
Blackburn	The Rao family	India	2010	Yes	
Chelsea	Roman Abramovich	Russian	2003	Yes	
Fulham	Mohamed Al Fayed	Egyptian	1997	Yes	
Liverpool FC	George Hicks and Tom Gillett	American	2007	No	John W Henry – American in 2010
Manchester City	Thaksin Shinawatra	Thai	2007	No	Abu Dhabi Group – Abu Dhabi in 2008
Manchester United	The Glazer family	American	2005	Yes	
Sunderland	Niall Quinn	Irish	2006	No	Ellis Short – American in 2009

Partially as a result of the growing influx of global players, clubs started recruiting foreign managers, the reasons for which will be highlighted when discussing LFC's decision to appoint a foreign manager in 1998. The following table will highlight all foreign managers ever employed by the PL teams that participated in the most recent 2010-2011 season. It will demonstrate that the presence of foreign managers in English football is a very recent phenomenon, similar to the previous table which revealed the same with respect to foreign owners:

²⁶⁵ Birmingham City was relegated in May 2011 to the Coca Cola Championship.

Club	First Foreign Manager	Year	Respective Nationalities	Additional Foreign Managers?
Arsenal	Arsène Wenger	1996-2011	French	No:
Aston Villa	Jozef Vengloš	1990-1991	Czech; Irish; French	Yes: David O’Leary (2003-06); Gerard Houllier (2010-11)
Birmingham City	None	N/A	N/A	N/A
Blackburn Rovers	Johnny Carey ²⁶⁶	1953-1958	Irish	No
Blackpool	None	N/A	N/A	N/A
Bolton Wanderers	None	N/A	N/A	N/A
Chelsea	Ruud Gullit	1996-1998	Dutch; Italian; Italian; Portuguese; Israeli; Brazilian; Dutch; Italian	Yes: Gianluca Vialli (1998-2000); Claudio Ranieri (2000-04); Jose Mourinho (2004-07); Avram Grant (2007-08); LuizFelipe Scolari (2008-09); Guus Hiddink (2009); Carlo Ancelotti (2009-11); André Villas-Boas (2011-now)
Everton	Johnny Carey	1958-1961	Irish	No
Fulham	Jean Tigana	2000-2003	French; Dutch	Yes: Martin Jol (2011-)
Liverpool FC	Gerard Houllier	1998-2004	French; Spanish	Yes: Rafa Benitez (2004-2010)

²⁶⁶ Johnny Carey was born in 1919 in Dublin. At the time, Ireland was still a part of the UK since the Republic of Ireland did not gain its independence until 1922. As a result, some view Jozef Vengloš as the first foreign manager in English football when he was appointed by Aston Villa in 1990.

Manchester City	Sven-Göran Eriksson	2007-2008	Swedish; Italian	Yes: Roberto Mancini (2009-)
Manchester United	Frank O'Farrell	1971-1972	Irish	No
Portsmouth	Velimir Zajec	2004-2005	Croatian; French; Israeli	Yes: Alain Perrin (2005); Avram Grant (2009-10)
Stoke City	Guðjón Þórðarson	1999-2002	Icelandic; Dutch	Yes: Johan Boskamp (2005-06)
Sunderland	Mick McCarthy	2003-2006	Irish; Irish; Irish	Yes: Niall Quinn (2006); Roy Keane (2006-08)
Tottenham Hotspur	Chris Hughton	1997	Irish; Swiss; French; Dutch; Spanish	Yes: Christian Gross (1997-98); Jacques Santini (2004); Martin Jol (2004-07); Juande Ramos (2007-08)
West Bromwich Albion	Johnny Giles	1975-77; 1984-85	Irish; Argentinean; Italian	Yes: Osvaldo Ardiles (1992-93); Roberto DiMatteo (2009-11)
West Ham United	Gianfranco Zola	2008-2010	Italian; Israeli	Yes: Avram Grant (2010-11)
Wigan Athletic	Roberto Martinez	2009-now	Spanish	No
Wolverhampton Wanderers	Mick McCarthy	2006-now	Irish	No

The previous reveals that 17 of the 20 PL teams this past season have had a foreign manager at some point in their history. Even when not including those teams that had an Irish manager as their only foreign coach, more than half of English teams have employed foreign coaches, *all of whom were appointed since 1990.*

In summary, using the globalization indicators outlined in chapter one, one can argue with confidence that globalization is a proper term when assessing the evolution of English football over the course of the last two decades. The explosive growth in the influx of foreign players, owners, and managers, and the growing global fan-base of English clubs highlighted by the increasing value of the international television contract coupled with the influx of foreign capital lends credence to David Held's definition of globalization. As a result of the aforementioned developments, the transformation in the organization of the PL has generated significant transcontinental and interregional flows and networks of activity in the shape of players, managers, owners and fans. What has also become clear is that economic and political factors have played a crucial role in this process. With regard to the former, technological innovations – characterized by Alex Dreher, Noel Gaston and Pim Martens (2008) as the *engine* of globalization compared to capitalism, which they describe as the *incubator* of contemporary globalization – have played a central role in the growing global popularity of English football. The PL according to John Williams was the first major sports league in Europe to be developed by, and for, television, namely Rupert Murdoch's satellite television channel BSkyB (2006: 100). With regard to the latter, the evolution of the EU from an *intergovernmental* association of nation-states to a (partially) *supranational* institution whose laws preempt conflicting national laws played a decisive role in creating the conditions that would result in the explosive growth of foreign players in the domestic English PL. Specifically, the ECJ's decision in the Bosman ruling (itself a consequence of the SEA signed in 1986) to enforce the principle of the free movement of workers – one of the four freedoms of the single market – eliminated foreigner quotas that had been in place in many European countries. In short, both technological, economic and political developments were critical in bringing about the globalization of English

football reinforcing the view that globalization is both an economic as well as a political process that can be accelerated via technological developments, in this case via satellite television and the internet (and, of course industrialization in the middle of the nineteenth century).²⁶⁷ Before carefully analyzing how these developments have affected Liverpool FC, the former developments, specifically the dramatic increase of foreign capital, managers, owners, fans and players into English football seem to lend credence to the theory of globalization. It holds that the impact of globalization will result in: all clubs becoming increasingly similar-looking; clubs having reduced autonomy to chart an independent course due to the impact of international capital; and an erosion of the (traditional) local character of the club. It is undisputable that in addition to looking similar – many club rosters are filled with foreign players, managers, and owners while a fair share of clubs play in new stadiums – all clubs have become more commercially oriented, a response to the necessity of generating revenue. This in turn is a function of the importance of player's wages, which has been shown, is the most important variable that explains playing success (Kuypers and Szymanski 1999). However, before (prematurely) concluding that institutional changes at Liverpool FC is best explained by globalization, it is imperative to examine closely the strategies that the club has adopted to navigate this new era.

Analyzing the two periods up to 1990 it became clear that having changed little for the first seven decades, Liverpool FC, under the leadership of Bill Shankly developed into one of the premier clubs in England and Europe. At the heart of this transformation was Shankly's belief in simplicity, unity, collective effort and continuity, a philosophy premised on Liverpool's unique

²⁶⁷ One of the reasons of growing global interest in owning English football clubs is the promise of added revenues related to the opportunities provided by the internet. That said, because the revenue streams from internet services are still rather limited, they are not featured in this dissertation.

organizational structure and guaranteed by the boot room. However, what the final section will also reveal is that the singular emphasis on winning titles, Shankly's aversion to anything having to do with commerce, the club's preoccupation with Heysel and Hillsborough, and the general conservatism of the Liverpool board prevented Liverpool FC from responding to (let alone anticipating) the new structure of English football.

When it did though, it went to great lengths to ensure that the manner in which it addressed the new environment would be in keeping with the club's traditions and satisfy the club's stakeholders. In other words, a consistent thread that runs throughout the last period is that once Liverpool FC realized that globalization required the club to alter its *modus operandi*, it made sure that the *global* could be reconciled with the *local*. In other words, the club adopted what I will coin *a global outlook while maintaining fidelity to its local roots*. It adopted a global outlook because part of the identity of the club is success, and for success one needs income, which in turn requires commercial strategies in order accrue necessary revenue. The former notwithstanding, the club realizes that what makes it special is its socio-cultural heritage and its bond with the local community. As a result, all decisions that the club has taken in the third period of its history can be framed within this paradigm. What this analysis will simultaneously reveal is that the club has had the agency to make autonomous decisions about how it would combine the need to modernize while staying faithful to its culture and identity. Furthermore, this analysis will make clear that globalization's effects are not uniform but depend on local conditions. The latter implies that globalization is not a one-way street and impacts the local while at the same time being impacted by it. Before getting ahead of the curve, however, let us turn to this final period of Liverpool FC's history.

The view that Liverpool was slow to respond to the impending changes in the early 1990s is widely shared and has been expressed in all interviews with Liverpool stakeholders²⁶⁸ and in the literature on Liverpool FC (Reade 2011, Williams, J. 2010, Williams, J. 2001). However, this problem was not exclusive to Liverpool FC as most clubs struggled with the imperative to be more market-oriented in light of the requirements demanded by the Taylor Report (the need to have all-seater stadia by 1994) and the influx of money from the Sky deal. Reflecting on English football in the 1990s and the plight of clubs at the time, Ian Taylor argued that “having never been run as profit-maximising businesses, and traditionally preoccupied with the glory of victories on the pitch, English League clubs are now confronted with no obvious solutions for the modernization project demanded by the Taylor Report.” (1991: 17) According to journalist Simon Kuper and economist Stefan Szymanski soccer clubs have historically been (and still are, with few exceptions) bad businesses and “classic late adopters of new ideas.” (2009: 80) The main reasons soccer clubs are bad businesses, they argue, is a combination of their organizational structure – primarily the way in which clubs choose managers and staff – coupled with the loyalty of its fans. Before delving into some of the structural reasons soccer clubs are bad businesses the authors reference a number of examples that demonstrate the lack of business acumen of soccer clubs. These include: clubs *paying* kit suppliers until the 1970s providing gear makers with incredible free advertising exposure; clubs not establishing branded clothing lines until the late 1980s; clubs refusing the airing of live television matches well into the 1980s for fear of fans staying at home to watch the game (even the highly lucrative Sky deal was not initiated by soccer clubs but derived from a proposal offered to them by Rupert Murdoch); and clubs not renovating their stadiums to attract more supporters despite the fact that many stadiums

²⁶⁸ This view has been expressed in interviews with a wide range of Liverpool FC stakeholders including journalists, fans, professors, and current as well as former club employees including chief executive Rick Parry. All these interviews were conducted in May 2011 by the author for this dissertation.

had never been upgraded since they were first built in the late nineteenth century. Structural problems, they argue, center on the way clubs appoint their managers and staff. Rather than take their time to pick a suitable candidate, clubs, under pressure from media and anxious fans, appoint a new manager hurriedly without properly interviewing *him* (clubs systematically refuse to hire a woman) and determining whether or not he possesses the proper professional qualification. Instead, clubs go for someone who is available and who has star power (usually an ex-player or someone favored by the fans). The same lack of due diligence is at play, according to the authors, when it comes to appointing staff. Kuper and Szymanski argue that club employees are: appointed for loyalty – in their words ‘clubbability’; generally distrustful of outsiders; and transient since managers often insist on appointing ‘their own people’. Finally, the longevity of clubs – in the 2007/2008 season 85 of the 88 teams that were part of the 1923 season (that featured 88 FL clubs for the first time) still existed – is mainly a result of the immense loyalty of fans towards their teams. Whereas normal businesses face stiff competition (and go under if they cannot continue to provide quality products or service), the authors contend that soccer clubs are immune from similar pressures since fans will never give up on their teams and will support them even when they are relegated to lower divisions. As a result of the foregoing, Kuper and Szymanski argue “soccer clubs are incompetent because they can be.” (2009: 90) What will become evident in the following section is that some of the indictments issued by the authors apply to LFC as much as to other English clubs.

With regard to Liverpool FC, it is undeniable that the club struggled to adapt to the globalization of English football²⁶⁹ but it had the misfortune of being involved in two major

²⁶⁹ When I talk about globalization, I refer to top-flight English football since the influx of global players, managers, and owners is mostly confined to the PL and less of an occurrence in the lower divisions of English football. What structural variables might be behind the variance in globalizing impacts in lower divisions is outside the scope of this dissertation, but would make an interesting study in future research.

disasters at a time of critical changes in English football. Not only did Heysel and Hillsborough play a role as a contributing factor to the club turning *inwards* at a time when the emergence of satellite television as the major funder of English football, the Taylor Report's recommendations to upgrade stadiums and the increasing influx of foreign players necessitated clubs adopting an *outward-looking* approach, its consistent playing successes (especially, in the 1970s and 1980s), the loss of some guiding figures and strategic advantages were important factors as well.

Importantly though, what a thorough review of the literature surrounding the club and interviews with a range of stakeholders reveals is that the inability of Liverpool FC to adapt to the new political and economic climate was not exclusively due to lack of prescience or rootedness in the past but also a consequence of *deliberate design*. That is, once the club decided to address these deficiencies, it chose people who were cognizant of globalization's challenges and opportunities yet who were also acceptable to the club's local stakeholders. This consistent strategy was adopted when it came to the appointment of managers, executives, owners, selection procedures for players, and policy decisions like renovating Anfield, enhancing the LFC badge on the team's jerseys and closing the club shop following the team's victory in the CL final in 2005.

First, at the end of the 1990/1991 season, manager Kenny Dalglish decided to resign.²⁷⁰ Although not one of the original boot-room boys, Dalglish, by virtue of having been one of Liverpool's finest-ever players and having played under Paisley (as well as having been mentored by Paisley), fit the profile and culture of the club and was therefore a shoe-in for the managerial position vacated by Joe Fagan. Moreover, his appointment in 1985 had ensured Liverpool's policy of promotion from within that dated back to Bob Paisley who was promoted

²⁷⁰ Many people have argued that the central consideration in Dalglish's decision was the emotional toll of the Hillsborough disaster. Following the tragedy, the manager, players and club officials attended tens of funerals to support the grief-stricken families who lost loved ones.

to replace Bill Shankly in 1974. In other words, the departure of Dalglish ended an era dating back to 1959. Dalglish's replacement, Graeme Sounness, while also an ex-LFC player, had very different views on how the club needed to adapt to the free market ideologies of English football. Politically, Sounness was a fan of Margaret Thatcher in clear contrast to the socialist mentality of the club, and many of the city's residents.²⁷¹ Nonetheless, Sounness was appealing to the Liverpool board because he combined a reputation for modernization (he played in Italy during his career and had been a successful manager in Scotland) with a history as an ex-LFC player. The decision to go with Sounness can thus be interpreted as an attempt to balance local loyalty and continuity with the recognition for the need to appoint someone with foreign experience. However, upon being appointed, Sounness wasted no time upending many of the conventional ways of doing things: he released a large amount of senior players and replaced them with relatively unknown players on what were deemed inflated salaries (a result of the 'Sky money' pouring into the English game) thus causing fissures in the locker room; he moved the training activities away from the stadium as a result of which the 'boot room' deliberations that had been a staple under Shankly, Paisley and Fagan became less relevant; and he paid close attention to game preparation and players' life-style including their diets.²⁷² This combination of factors coupled with a lack of success on the pitch²⁷³ led to Sounness' resignation in 1994.²⁷⁴ A desire

²⁷¹ As demonstrated earlier, Shankly's native socialism and emphasis on equality and collective effort appealed to the vast majority of LFC fans who loathed Thatcher and held her responsible for the recession of the early 1980s that hit Liverpool harder than most other cities in the UK. Partially as a result of privatization policies and her battle against the unions, but also a result of the declining port industries (when Britain joined the EEC in 1973, Liverpool's port started losing business to ports situated in the Southeast, which were better positioned geographically to take advantage of the greater trade volumes between Britain and Continental Europe) the city of Liverpool had been bleeding jobs. Between 1971 and 1985 employment in the city fell by some 33 percent. For an extensive discussion of Liverpool's historic dependence on the shipping industry and its inability to replace it with alternative (service) industries see Tony Lane's *Liverpool: City of the Sea* (1997).

²⁷² Specific diets are now the order of the day in top-flight football, but they were not common in England at the time. According to Adrian Killen, long-time LFC fan and club employee, Kenny Dalglish during his reign as manager would routinely take the whole squad to the local snack bar and order 30 fish and chips meals (interview with Adrian Killen for this dissertation).

²⁷³ The only major trophy LFC won during the reign of Sounness was the FA Cup in 1992.

for *certainty* and *stability* in an environment in flux led to the club's appointment of Roy Evans, one of the Boot Room disciples who had been on the Liverpool staff for 30 years at the time of his appointment. Despite Evans' long history with the club, his tenure did not bring about the desired effect of returning Liverpool FC back to national and international prominence and he retired in 1998.²⁷⁵ The Sounness episode in particular is important in light of Szymanski and Kuypers' warning about the longevity of the Liverpool architecture. Although characterizing the Liverpool boot room as a distinctive capability they also argue that "its mere possession does not create a competitive advantage, it must also be harnessed." (1999: 240) Based on the foregoing the replacement of Dalglish with Sounness may have represented a turning point for the club that ended the line of managers who continued the traditions of the club. The loss of another guiding figure was the stepping down of long-time chairman (Sir) John Smith in 1989 who was replaced by David Moores in 1991. David Moores was part of the successful Moores family who owned the Liverpool-based Littlewoods pools empire²⁷⁶ and one of the heirs to the Littlewoods fortune. Moores was also a Liverpool native and passionate Liverpool FC fan. Notwithstanding his

²⁷⁴ Liverpool FC has a tradition of rarely firing its managers. To some, it is seen as not being part of the Liverpool Way. It also includes an agreement to not publicly criticize the manager. Don Welsh was the first manager to be sacked in 1956 and it took another 48 years before the next Liverpool manager was fired, Gérard Houllier in 2004. All other managers resigned although in some cases having been (gently) prodded by the club to do so.

²⁷⁵ Although under the managerial reign of Roy Evans the club resorted back to playing its familiar style of football, his management style seemed somewhat anachronistic in the new age of football. During the 1970s and 1980s Liverpool's keyword was simplicity, a term that applied to all facets of the game: practice was standard and players were given little instruction on how to play in games or how to win their spot back in the team following a dip in form. Moreover, the managers did not involve themselves in players' off-the-field behavior as a result of which drinking was an established part of the football culture (see Rush 2008 for example). This approach did no longer work in the 1990s when the money involved in the game necessitated a closer monitoring of the way in which players treated their bodies. At the same time, the status (and salaries) of footballers had grown and had increased their bargaining power. The enhanced status of football players required managers to have excellent communication skills to be able to manage players' egos and keep them happy during an occasional spell on the bench. Evans, brought up under Shankly and Paisley, was ill-equipped for these new tasks.

²⁷⁶ The Littlewoods pools empire was started in 1923 by John Moores who cashed in on people's passion for football and betting by devising a football pool that allowed people to bet money on the outcome of a series of matches. The concept proved tremendously popular and John Moores became a millionaire by the early 1930s. After moving into the retail business, Moores, a passionate fan of football, took up the position of EFC Chairman while also funding Liverpool FC. His nephew, David Moores, a huge LFC fan took a controlling (purchasing 51% of the club's shares) interest and became club chairman in 1991, a position he would occupy until the club's sale to Gillett and Hicks in 2007.

commitment to the success of the club, Moores was not generally regarded as someone with a keen sense of business and was more preoccupied with being close to the players rather than offering strategic advice about the future direction of the club.²⁷⁷ The reign of Moores will be discussed in greater detail when analyzing the sale of Liverpool FC in 2007.

What also hampered Liverpool FC at the time of the transformation of English football was its exclusion from European club football following the six-year ban that UEFA imposed on the club after the Heysel drama (Coslett 2008). As one of the few teams to qualify annually for European Cup competitions, the experience of playing against Continental teams from myriad countries implied Liverpool FC was exposed to different tactics and playing styles that helped it refine its game and gave it a distinct advantage over its domestic rivals. This argument is echoed (and expanded) by Simon Kuper and Stefan Szymanski who argue that the consistently poor performances of the England national team can be explained by *network theory*, which stipulates that innovation depends on networks and clusters (2009: 22). Because of Europe's density, they argue, ideas spread fast and nowhere more so than football as it represents a decidedly integrated part of the continent's economy. As a result of the football industry's interconnected disposition, innovations in one country are quickly embraced in another raising the overall standard of the game.

Partly as a result of geography and partly due to what is sometime coined 'Euroskepticism',²⁷⁸ England stayed clear of these developments until the early 1990s. However, with the influx of foreign players in the aftermath of the Bosman ruling, and bolstered

²⁷⁷ Interview with John Williams for this dissertation

²⁷⁸ Although not explicitly mentioned by the authors, the fact that the British invented the modern game of football has also been a reason why clubs were slow to look abroad for new ideas, convinced of their innate superiority.

by the early success of Arsène Wenger²⁷⁹ at Arsenal, English clubs increasingly started looking abroad to fill managerial vacancies. It was in this environment that LFC, having last won the league title in 1990, did so as well to find a suitable candidate that could help it transition into the new era of global football. It settled on Gérard Houllier, a French technocrat similar to Arsène Wenger. However, importantly, Houllier was also an admirer of English football and Liverpool FC in particular having studied in Liverpool as a university student in the 1960s. Houllier's understanding of the social and cultural importance of LFC to the city of Liverpool coupled with his experience developing young players for the French Football Federation made him acceptable to the board and the fans. However, reluctant to embrace fully the *paradigm shift* that the decision to appoint a foreign manager would entail and *symptomatic* of Liverpool's careful navigation of the new environment, Houllier was asked to share responsibility with Roy Evans who was kept on to maintain the Liverpool tradition.

Stepping back, the intriguing point about the Houllier appointment is that while on the one hand it highlights the power of globalization – i.e., the trend visible in English football to default to appointing foreign technocrats –, it also reveals the club's agency to ultimately determine whom they see as the proper choice as manager (or joint-manager in this case). Furthermore, the discussions at the time, and specifically the references to Houllier's affinity with the city of Liverpool, illustrate the importance of the local context in light of the fact that the club attached enormous importance to finding a manager who grasped its socio-cultural heritage. This last point, the degree to which Liverpool FC continually underscores its socio-cultural heritage is a critical point that will be revisited in the dissertation's final chapter.

²⁷⁹ In many ways Arsene Wenger represented the anti-thesis to the traditional English manager. Wenger himself had not played professional soccer, had completed a university education, and had a distinct cerebral approach to the game relying on data to inform many of his decisions.

Notwithstanding the appeal on paper of combining two great football minds, the idea of joint-managers made sense in the abstract only and it only took a few months before Evans resigned handing Houllier free reign to implement his future plans. This decision represented a seminal moment both in the history of LFC but also shed light on wider shifts in English football. The impact of Evans' departure was made explicit in an editorial on 13 November 1998 in the *Guardian* newspaper. It stated the following as a response to Evans' resignation:

The fate of Roy Evans at Liverpool is a sad one. He has been a loyal servant of a great club, and his going puts paid to its proud Shankly tradition of longevity in the dug-out; the 'double-header' with Gérard Houllier has been personally humiliating. The Liverpool board has given the impression it believes foreign managers can make magic. Ruud Gullit's far-from-immediate impact at St. James Park, let alone Liverpool's structural problems, ought to dispel that. But in the longer run the arrival of these French coaches must be deemed good news. They bring with them – witness Arsène Wenger – standards of education and culture hitherto unknown in club management, and above all they import sports professionalism antithetical to the drunken amateurism still evident in certain quarters...French managers, like Italian, Dutch and German are trained, examined and middle class. And that, like or not, is football's future. (quoted in Hopkins and Williams 2001: 180)

A similar story on the need to reconcile the global with the local can be told with regard to the management side of the club. As mentioned earlier, the chairman at the time, while a devoted fan, did not possess the proper business intellect²⁸⁰ to lead LFC at a time of great change. Moreover, the management structure was very basic with a small staff and little middle management meaning a few people would handle multiple responsibilities, a point made

²⁸⁰ Simon Kuper and Stefan Szymanski (2009) argue education is also a key variable that can help explain a team's successes in light of studies that demonstrate links between sporting and academic talent. Writing about the 'perceived' underperforming English national team – perceived since the authors stipulate that a team's playing success is a function of a country's population, the size of its national income and the country's experience in international soccer (which implies England does not consistently underperforms contrary to the national consensus on this matter) – they contend that one additional reason (in addition to the aforementioned ones) is that in England professional footballers have historically been drawn mostly drawn from the working-classes. According to the authors, this created an anti-intellectual bias and explains the prevalence of drinking and the aversion against 'tactics' that would last until the mid-1990s.

explicitly in numerous interviews including Rick Parry, former LFC chief executive, John Williams, author of numerous books on LFC's history, and Paul Gardner, member of the Liverpool Supporters' Union, Spirit of Shankly (SOS). Because of this organizational set-up, LFC had no real commercial department to speak of to try and devise strategies to cash in on its global popularity.²⁸¹ Two examples can be used to make this case. The first one involves an inability to modernize and the second one to seize commercial opportunities when presented. With regard to the former, LFC had no computerized database of its season ticket holders by the mid-1990s; instead, their personal information was held in a box in the office. It was also slow to build executive boxes – an important source of revenue in today's game (Rich 2008) – compared to its domestic rivals²⁸² and by the end of the millennium was the *only* club in the PL to not have a website.²⁸³ The second example of Liverpool FC's lack of commercial shrewdness occurred the day after the club won its fifth CL title in 2005. Despite having won one of the most remarkable finals of all time (LFC was down three goals to zero at half time against AC Milan – a team renowned for its solid defense and star strikers) and the presence of hundreds of thousands of fans in the city, the club shop was *closed* because the club had given its employees a day off, many of whom had attended the game in Istanbul the night before. Because of this void, local vendors sold t-shirts to fans at the airport (and on the street) who were eager to purchase club gear in the wake of one of the club's most memorable victories. While the term incompetence has been employed to highlight these and other examples of the club's consistent failure to secure revenues from commercial operations, one could argue the decision to give the

²⁸¹ Due to the fact that Liverpool's domestic and international successes in the 1970s and 1980s coincided with the growth of televised football, LFC was quite well-known internationally.

²⁸² Executive boxes are nowadays a club's biggest source of match-day revenue. For example, a ten-seat box for each of Liverpool's games with the other big clubs Arsenal, Chelsea and MU costs £6,270. Anfield has just 32 boxes compared to Old Trafford (MU's stadium), which has 197 suites and boxes. At Arsenal, the number of executive boxes was increased from 48 to 150 when the club moved from its old stadium Highbury to the new Emirates stadium. A season-long lease there costs £65,000.

²⁸³ Interview with Cathy Long, head of FA customer relations, for this dissertation.

club staff more time off is indicative of what has been termed the club's *local corner-shop mentality* (Reade 2011: 43). In other words, what the CL episode emphasizes is the local, cultural importance of the club at the expense of more overt economic considerations.

In other words, the inability to exploit commercial opportunities was not the whole story here: there also existed a certain amount of *unwillingness* to commercially exploit the Liverpool 'brand' since that sat uneasily with what the club stood for, its family ethos. In short, it would compromise its manifestation as an important local institution for two distinct reasons. First, an overt embrace of commercialization would invite fierce criticism from certain sections of the fan base who were opposed to the changes in the political economy of football. While opposition to football clubs marketing themselves as brands was a common feature at numerous English clubs given the historic working-class background of most fans (a vociferous supporter campaign by MU fans against the purchase of 'their' club by the American Glazer family will be discussed later in this chapter), this was especially the case at LFC where the fans enjoyed an intimate relationship with the club and the team. During the 1960s, the Kop, a section of Anfield stadium named after a famous battlefield during the Boer War in South Africa, became a national institution that was the subject of numerous documentaries and academic studies. Renowned for its song (not a surprise given Liverpool's history as a center of music in addition to football in the 1960s) and humor, the Kop symbolized the symbiosis between the fans and the club.²⁸⁴ As a result, fans' opinions were more difficult to ignore than at other clubs where supporters were less vocal and visible. Reporting on the turmoil that engulfed the club in late 2010, which will be discussed later in this chapter, *New York Times* reporter Rob Hughes expressed the (fleeting) historic bond between the club and its fans as follows:

²⁸⁴ For an analysis of the use of song among Liverpool supporters, see Simon Warner's (2011) article 'You only sing when you're winning': Football factions and rock rivalries in Manchester and Liverpool'.

Liverpudlians need to wake up. They think the team, the club, belongs to them. It did once. Back in the 1960s, 1970s and 1980s, the power of Liverpool F.C. was undoubtedly the bond between the people and the players. Having witnessed soccer around the world, I have never seen more thrilling evidence of the crowd being “the 12th man” than when Liverpool supporters got behind their Reds. But not for 20 years has Liverpool dominated English soccer. Only fleetingly has it been a force in Europe. (Hughes 2011)

Hughes goes on to argue that in an age dominated by money, the bond that existed between the club and the fans throughout the late 1980s, is no longer present as monetary considerations have conclusively trumped community considerations. Hughes’ position will be revisited later this chapter and in chapter five.

Second, Liverpool as a city had experienced more, and more severe economic downturns than most other British cities, a point touched upon on numerous occasions during this chapter. During these periods, and at no point more than so than during the 1980s when the city of Liverpool suffered a severe and prolonged recession (employment fell by 33 percent), being a fan of Liverpool served as a ‘badge of honor’, an ‘alternative career choice’, and ‘a source of optimism in times of depression’.²⁸⁵ The severe economic difficulties that impacted Liverpool to a greater degree than other major cities in England (especially those located in the South) over the course of the latter half of the twentieth century helped cement its status as a left-wing city and explains the tempestuous relationship between Liverpudlians and the national government. The state was seen (and still is based on conversations with numerous LFC fans) by many Liverpool supporters as an entity created *by* the South and *for* the South and is equated with Thatcherite, neoliberal policies that have benefited the City at the expense of industrial communities in the North. In this context, not surprisingly, Shankly’s overt socialist principles, highlighted earlier in the chapter, found great favor with large sections of the club’s fans in a

²⁸⁵ These comments came from Paul Gardner, John Williams and Adrian Killen respectively, all of whom were interviewed for this dissertation.

way that would not have been as straightforward in other cities, including even Manchester. Shankly's distinct and forceful opposition to all matters of commerce²⁸⁶ would have been problematic at MU, which historically has been more of a glamour club and more savvy in exploiting its popularity commercially. Because of the vocal nature of the fans and the economic challenges that have plagued the city of Liverpool, LFC realizes it has to tread carefully when pursuing commercial opportunities. It is thus no surprise that MU's turnover at the beginning of the 1990s was fifty percent greater than that of Liverpool FC at a time of unparalleled Liverpool dominance on the field, both domestically and in Europe.

A final component was the fact the Liverpool board has always consisted of mostly conservative figures that were ill-prepared to take any radical decisions. The majority of them were board members in the traditional mould who perceived their position as constituting a civic duty to support a popular local institution rather than a job to open up new markets globally to increase the club's bottom line. As a result, the combined effects of the power of the Liverpool fans and their political ideology (as well as that of the city) implied it would always be challenging for the club to navigate its way into the new age of global football without alienating parts of its core constituency. This point will be reinforced when assessing the work of former Liverpool FC chief executive, Rick Parry, whose attempts to navigate this treacherous path will be touched upon next.

Similar to the way in which the appointment of Houllier represented a 'tentative' step to come to terms with globalization while not diluting the core on-the-field Liverpool traditions, so did the appointment of Rick Parry reconcile the wariness of monetizing the Liverpool FC brand with the recognition that it had fallen behind the curve compared to other English clubs in off-

²⁸⁶ Although Bill Shankly never provided a clear reason why he quit as manager in 1974 beyond stating in public he needed to spend more time with his family, some have speculated the growing importance of commercial considerations played a role in his sudden and unexpected resignation.

the-field developments (and none more so than its nemesis, MU). Rick Parry may have been one of the ‘new directors’ (King 1997) of English football given his crucial role in the creation of the PL and his business background but his history as a long-time Liverpool FC fan meant he was acceptable to those elements who feared that Liverpool FC was about to lose its soul by trying to cash in on its global popularity. Parry himself was very careful in trying to reconcile Liverpool’s traditions with the need to raise revenue so as to be able to compete on the field. When asked how Liverpool FC is distinctive from other clubs, Parry touched on this exact point arguing that:

My belief was always that it was critically important both in a very fast-moving environment in England and the increasing internationalization of the game that we actually made special efforts to stay close to our roots and to highlight the fact that we were a football club first and foremost because I think that is what makes us distinctive and what paradoxically our international audience wants to buy into. They’re not buying into a multinational brand; they’re buying into Liverpool Football Club and what’s special about it because that’s why they became fans in the first place so to me it was always really important to positively reinforce that. (Rick Parry, former chief executive at LFC, personal interview, 13 May, 2011)

Parry’s comment is revealing since it touches on the fundamental challenge that was introduced earlier in this chapter and which all clubs face: how to respond to globalization (i.e., ‘the increasing internationalization of the game’) while retaining their culture and identity as a local institution (i.e., ‘stay close to our roots’). In an era where given the influx of foreign money and the ever-increasing global popularity of the game clubs have to be more business-like to survive – and which subsequently ‘forces’ clubs to pursue the bottom line, in turn leading credence to globalization’s predictions that foresee greater homogeneity – the days when traditional directors viewed football clubs “not as a private, profit-making domains, but rather as public institutions whose purpose was the provision of an inclusive public good to the working population” (King 1997: 235) are forever gone. Clubs therefore have to adopt sound business

strategies in order to secure revenue in order to compete on the field. Parry recognized this and under his reign started identifying which sponsors fit the profile of the club. In his estimation, smaller clubs tend to do business with local brands followed by national brands but what he terms the ‘big multinational clubs’ need to be positioned with global sponsors.²⁸⁷

However, the business terminology that accompanies this new thinking (i.e., the customer, brands) is inherently limited since the fans’ intimate relationship with their local side can never be reduced to an exclusively monetary transaction. This last point implies that while globalization has unquestionably resulted in powerful dynamics that constrict clubs’ autonomy to act, it is not a one-size-fits-all phenomenon that impacts all clubs similarly. In fact, what the former examples – Houllier and Parry’s appointment, LFC’s unwillingness to exploit its brand – have illustrated is that Liverpool’s strategy to cope with globalization was conditioned by its socio-cultural context and the particular local-societal setting. It at times deliberately eschewed a profit motive (it closed the club shop the day after the 2005 CL final) and chose executives who fit the culture of the club and appealed to its stakeholders (people who had ties to the city and the club). This policy, which also reveals the club’s agency to chart its own course, in turn was a function of its institutional characteristics that did not lend itself to placing profit considerations ahead of all others.

The limits of an exclusively business-oriented approach become apparent also when assessing the role football stadiums play in the lives of fans. To many fans, the stadium is not simply a concrete construction that serves as the physical venue for a football match but instead marks an important identity marker in their lives. This is captured well by geographer John Bale (1991) who, in the aftermath of the 1990 Taylor Report, argued football stadiums are important sites of ‘topophilia’, a term that refers to humans’ affective ties with the material environment.

²⁸⁷ Interview with Rick Parry for this dissertation.

Focusing specifically on football stadiums, he argues topophilia can find expression in numerous ways, including the stadium as: a *sacred* place analogous to a cathedral (not a surprise since football is often described as a religion); a *scenic* place that provides people with a sense of belonging, as an individual and simultaneously as part of a larger community, that is tied to the stadium; and a *place of pride and local patriotism* (Bale 1991: 131-36). Echoing some of Bale's arguments, John Thompson, long-time Liverpool Echo journalist and Liverpool fan, reflecting on the importance of Liverpool FC to the city of Liverpool contends:

It's massively important; it's a religion, football, to the people of the city. Liverpool is a very famous football club, renowned for its empathy with its supporters, I think as much as probably any football club, if not more than most and for the people who passionately follow Liverpool Football Club, and there are thousands of them, not all of them these days match-going supporters, nonetheless they're still very passionate supporters who will throng the pubs and the bars where the game is shown live if they're not at Anfield themselves. They feel like they are part of a family, that they are genuine stakeholders, people who have a right, not only to support the club and to celebrate its success and grieve its problems and its issues and they have a right to be heard. (John Thompson, Sports Editor Liverpool Echo Newspaper, personal interview, May 19, 2011)

Liverpool's Anfield stadium is exemplary of the topophilic relationship described by Bale and serves as a sacred place, a scenic place and a place of pride and patriotism to many of its supporters. First, the notion of Anfield stadium as a sacred place is a point made explicitly in Alan Edge's (1997) book *Faith of Our Fathers: Football as a Religion*. Although not a scholarly publication, the book forcefully illuminates how football represents an intrinsic part of people's identity that impacts every aspect of their lives. Directly equating football fandom with a surrogate form of religious worship, Edge argues there are important links that underlie both including the following selected analogies: the *worship of something sacred* (the one true God versus the one true Team); the *place of worship* where the congregations engages in ritualized

singing, chanting and praying (the Church versus the Stadium); and being *born into a religion* versus *born into supporting a club* (1997: 66-67).²⁸⁸ Two further examples support the notion of Anfield stadium as a sacred place to Liverpool supporters. The first one involves the use of Anfield as a shrine following the Hillsborough disaster when the club opened the doors of its stadium after people had spontaneously congregated there to mourn the dead. Thousands of mourning fans brought cards, flowers, scarves, even boots and placed them on the pitch (Traynor 2009). The second involves people having their ashes scattered over the pitch or beneath the terraces, a routine occurrence at Anfield. Rogan Taylor, Liverpool fan and Liverpool University Professor used these examples to highlight the incredibly loyalty people feel towards their clubs as follows: “Soccer is more than just a business. No one has their ashes scattered down the aisle at Tesco.” (quoted in Kuper and Szymanski 2009: 91) Second, Anfield can be considered a *scenic* place that provides a sense of belonging as an individual and simultaneously as part of a larger community that is tied to the stadium. Before Liverpool FC players walk out onto the pitch, they pass a simple yet forceful sign that says ‘*This is Anfield*’. It is not a directional sign or a geographic marker but instead typifies a message of unity and community between the players (each of them touches it), supporters, and place. Because of the strong ties that bind fans to ‘their’ stadium, many clubs have found it difficult to convince them of the need to move the stadium to a more commercially viable area. This is very different in the US where teams not only move to a new stadium regularly, but occasionally move to a different city altogether.²⁸⁹ The recent discussions to move Liverpool FC to a new stadium in Stanley Park (due to logistical and commercial reasons) will be touched upon in the final section of this chapter. Third, Anfield serves as a place of pride and local patriotism. Not only is Anfield an important local landmark

²⁸⁸ According to Cathy Long, the first question she is asked when conducting business abroad for the FA is if ‘she’s a blue or a red’? (Cathy Long, personal interview, May 16, 2011).

²⁸⁹ By comparison, the prospect of LFC moving out of Liverpool is simply inconceivable.

as the birthplace of Liverpool FC in 1892 (and because of its connection to EFC, important to the ‘blue half’ of the city as well), the fact that it housed important national and European triumphs (as well as emotional ceremonies to grieve fatal disasters) ensures its status as a marker of local patriotism and sentiment. Interestingly, John Bale himself acknowledges that it remains to be seen how long stadiums can continue to serve as places of pride and local patriotism in light of the fact that increasing numbers of fans are no longer local fans from the city. With regard to LFC, although exact numbers are difficult to obtain, in the early 1990s a significant minority of fans attending home games travelled at least 30 miles to watch the match²⁹⁰ highlighting the growing influx of out-of-town fans, a development made easier by the increase in car ownership and the impact of television (broadcasting the successful teams more than the less successful ones). In the case of LFC, the severe recession of the 1980s also played a role as it forced lots of local fans to sell their season tickets to out-of-town fans because they could no longer afford them.²⁹¹ The salience of this discussion has only increased over the course of the last two decades with the growth of overseas fans, some of whom routinely travel to home matches coupled with allegations that the club favors these out-of-town fans (since they spend more money than local fans).²⁹² In short, the importance of the previous section is that the discussion about increasing revenue is complicated by the cultural importance of Anfield. In this light, Parry’s explicit desire to renovate Anfield rather than move to a new location (2001) is reflective of the club’s aim to reconcile the need for additional revenue – it loses around £2.5 million per

²⁹⁰ Interview with John Williams for this dissertation.

²⁹¹ Interview with Adrian Killen for this dissertation.

²⁹² Much of this sentiment revolves around the ticket allocation for the 2007 CL final between LFC and AC Milan. In the lead-up to the match and afterward, local fans argued that their inability to obtain tickets had come at the expense of out-of-town fans and wealthy corporate clients. While these claims have never been fully substantiated, they forced the club to reconsider its ticket allocation mechanisms.

home game to the likes of MU and Arsenal – with the realization of Anfield’s importance to the club’s local identity.

Popular but Not Inclusive Institutions

The arguments made by King, Bale and Thompson reinforce the principle that football clubs are not ordinary businesses since they have to appease not only their *shareholders* but their *stakeholders* as well, including the fans. One important qualification is that while football clubs are important public institutions providing an ‘inclusive’ public good to the population, they are far from inclusive institutions and at times have been quite discriminatory towards other segments of society, especially women and minorities. Liverpool FC has been no exception. First, regarding women, it is fair to say women are completely overlooked in football clubs. Simon Kuper and Stefan Szymanski go so far as to argue that “the entire [football] industry discriminates illegally against women.” (2009: 82) Whether or not this can be proven is another point, but fact is that no woman has ever served as manager of a major club team in England (nor in Europe for that matter). Similarly, one will be hard-pressed to find women in senior positions at football clubs, including Liverpool FC. In fact, when LFC posted an advertisement for the position of clerk in the 1950s it stipulated that *only* men could apply (Williams, J. 2010). More contemporary, in an article analyzing the role of women in Liverpool (and women in football more generally) Liz Crolley and Cathy Long argue that the lack of women having ever served in a senior position at the club can only be viewed as “a product of institutionalized exclusion, rather than accident or coincidence.” (2001: 198) The same authors also research the notion that football has become more ‘feminized’ in recent years, which alternately refers to an increase in

the number of female fans attending football or a changed atmosphere inside the stadiums due to the presence of women. After reflecting on their own experiences, as well as those of other female fans, they caution against the 'binary vision of masculinity and femininity' and point to 'the evolving complexities of gender identities' (2001: 206) while concluding that more needs to be done to address institutionalized sexism that still exists in the organization of the sport.²⁹³

In addition to sexism, racism has long been a problem at football clubs as well. Until the 1980s, black players were rarely found in the higher echelons of the sport even though many gifted black players played the sport. In fact, it took until 1978 for the first black football player, Viv Anderson, to feature in a match for the England national team (Webber 2009). According to economist Stefan Szymanski (2009), using data on clubs' wage spending, the presence/absence of black players and final league standing, English football clubs until the late 1980s clubs engaged in systematic discrimination by refusing to sign black players in spite of their proven ability. Many managers held the mistaken (and racist) belief that black players 'did not have the bottle' meaning they did not have the stamina or desire to work hard consistently. Others were worried that black players lacked 'tactical astuteness'. This was no different at LFC where,

²⁹³ The problem of sexism in sport has been addressed in numerous studies, which reveal that the manner in which women in sports are portrayed in the media contributes to the marginalization of female athletes. In turn, women's marginalization helps perpetuate the system of patriarchy in place today (Messner and Sabo 1990). Put differently, the hegemony of the gendered media system perpetuates a culture in which women are marginalized (Creedon 2000: 93). A few examples of sexism in the sport will underscore the pervasiveness of the problem. The first one involved a 2009 US women's college soccer match in which a player pulled another player's hair. Following the game a huge controversy erupted in online blogs that focused on the 'sex appeal' of two women 'playing rough' as well as the 'un-woman-like' behavior of the player accused of foul play. To many, these discussions were representative of the double standard that exists in addressing issues like competitiveness and aggression that seem to be more accepted in male sports than female sports (Longman 2009). A second example featured two well-known English football commentators discussing a female lineswoman's sex appeal and disparaging her knowledge of the game's rules prior to a PL match in 2011, unaware that their microphones were on. In the wake of the controversy that erupted and which centered on the pervasiveness of sexism in football, Sky fired both commentators (Ronay 2011). The final example involved the decision by the BBC not to air the women's World Cup quarter-final match between England and France in July 2011. In the official announcement, it cited a reluctance to broadcast sports simultaneously on both BBC1 and BBC2 (an odd argument given the fact that it broadcast Wimbledon tennis matches on both channels simultaneously only a month earlier), a decision that drew the ire of many, including members of parliament and charity groups who noted the irony of a concern for 'sport overload' in a sport-mad country and who worried about the decision's impact on the development of women's football in Britain (Ashdown and Gibson 2011).

despite the presence of a large black population in the city, black people were conspicuously absent from the terraces and the field for most of the club's history. The first black player to don the Liverpool shirt, a development which would spur the arrival of subsequent black players, was Howard Gayle who made his debut in 1980 (Pearce 2008). By comparison, EFC did not sign its first black player until 1995 when it contracted Nigerian Daniel Amokachi. According to Dave Hill (2001) the absence of black players from the LFC roster for most of its history was no coincidence. Although the club never formulated an explicit anti-black policy, Hill argues it had allowed a culture to materialize in which it proved near impossible for anyone with a dark-skin to thrive or feel comfortable. The player to finally break many of the racial stereotypes in Liverpool was John Barnes, a supremely gifted midfielder who played for the club from 1987 until 1997 and won over many fans by his grace, on and off the field. Although cautioning that the mere presence of one or multiple black players does not imply the end of racism (when Barnes did not play, for example, visiting black players were singled out for racial abuse), Hill still argues that the symbolic importance of black players being accepted as committed professional players impacted football culture writ large. Around the same time that Barnes started winning over many Liverpool fans, the government and the football authorities became involved in addressing the prevalence of racism inside football grounds. The 1990 Taylor report made racist chanting a criminal offense while the 'Let's Kick Racism Out' campaign, aimed at eradicating racism from football stadiums, was launched in 1993. These initiatives were followed by the creation in 1997 by the national government of a Football Task Force that recommended tougher sanctions to combat racism at all levels of football in addition to addressing other aspects of football culture (Conn 2000). Despite numerous initiatives and a general improvement of race relations at Anfield and in football in general highlighted by the

increased presence of minorities in the stadium, Hill concludes that the ‘dynamics of exclusion seem very little altered’ and notes that clubs have a long way to go to fully deal with the problem of racism (2001: 143). That racism is still a major problem was underscored in June 2011 when Brazilian defender Roberto Carlos walked off the field during a Russian league match after a fan threw a banana at him (the second time this occurred in a three-month period). The incident, and similar ones throughout the country, prompted the Russian football federation to announce the enactment of an anti-racism campaign (Osborn 2011).²⁹⁴ Racism, though mostly affecting black players, is not exclusively an issue of race but of faith as well as was reinforced in July 2011 when Yossi Benayoun, an Israeli playing for Chelsea FC, was subjected to racist abuse during a match played in Malaysia between Chelsea and a team from Malaysia. Following an official protest by Chelsea, the Malaysian FA issued an apology to Benayoun and Chelsea (BBC 2011).²⁹⁵

Notwithstanding the obvious importance of addressing the problems of sexism and racism in football, one can raise questions about the timing of these initiatives, especially since they occurred at a time of growing popular and *corporate interest* in football. Naturally, major MNCs did not want to be associated with clubs that were (overtly, at least) discriminatory toward large sections of society. In other words, clubs had to become both more inclusive *and* more business-like to tap into as large an audience as possible and to treat the audience as valued customers. What the former also suggests is that globalization can have a positive impact by pressuring local institutions to become more inclusive and more democratic.

²⁹⁴ Some commentators have argued that the decision by the Russian football authorities to launch an anti-racism campaign is not premised on a genuine concern with the issue of racism. Instead, it is believed to be opportune and primarily driven by the fact that Russia will host the FIFA World Cup in 2018.

²⁹⁵ Malaysia is among a number of countries that do not recognize the state of Israel.

However, as was highlighted earlier, football clubs are not ordinary business for two main reasons. Football clubs need to pay attention to both shareholders *and* stakeholders in the form of the fans and other elements of the local community. Moreover, what also separates football clubs from regular businesses is the fact that the goal of turning a profit is often secondary to the goal of winning trophies. The desire to win trophies is the central reason why the majority of English PL clubs, despite record revenues, consistently lose money. In the 2009/2010 season, clubs in the top league earned total revenues of £2.1 billion (compared to a meager £170 million in the 1992/1993 season) yet 16 out of the 20 teams suffered losses totaling £484 million (Conn 2011b). This is no surprise to Simon Kuper and Stefan Szymanski (2009) who explain the inability of clubs to systematically generate profits due to the fact that for every prudent club owner balancing the budget, there will be a rich benefactor with unlimited money who will pay his players significantly higher wages *forcing* all other clubs to follow suit. Clubs are forced to follow, they contend, since a regression analysis conducted by the authors on the wage expenditures of 40 English clubs between 1978 and 1997 found that the spending on salaries explained 92 percent of the variation in league position. In other words, the more clubs pay their players, the higher they will finish at the end of the season. Moreover, and importantly, since regression analyses have also shown that improved performance on the pitch leads to increased revenues (Hoehn and Szymanski 1999) – sponsors want to be associated with a winning side, television broadcasters focus on title contenders, and new fans often pick a successful team to support – the upward pressure on wages can be explained. This problem can be managed as long as teams perform in the top league of English football where they are guaranteed a large sum of money annually from broadcasting deals (worth tens of millions of pounds currently). However, because English football – similar to all European football

competitions – has a promotion/relegation mechanism whereby the bottom teams in the PL are replaced with the top teams in the Second Division (called officially the Coca Cola Championship) clubs can enter into troubled waters financially rapidly as a result of one poor season.²⁹⁶ At the same time, the lure of promotion ‘forces’ clubs in the Championship to increase wages to gain entry in the financially lucrative PL (for an extensive analysis of the impact of the promotion/relegation rule see Buraimo, Simmons and Szymanski 2006).²⁹⁷ This (worrying) trend is a regular feature of the DAR that tracks the finance of English football (and other European football leagues to a lesser degree). The latest edition highlights that the wage/revenue ratio for the 2009/10 season averages 68 percent (compared to 48 percent in the 1996/97 season), the highest it has ever been in spite of record revenues (Deloitte 2011).²⁹⁸ A number of other significant findings of the 2011 DAR that shed light on the state of finances of English football include the following:

- The English PL is the *richest* football league in Europe. The ‘big five’ – England, France, Germany, Italy and Spain – football leagues generated total revenue of €8.4 billion in 2009/2010. The English share is €2.5 billion, €800 million more than Germany’s, which is Europe’s second-richest league.

²⁹⁶To safeguard their investments, a number of the foreign owners in the PL – most notably the American owners who are used to the (closed) ‘franchise’ system in the US – reportedly discussed a proposal to eliminate promotion/relegation rules in October 2011 (Gibson and James 2011). Although any formal proposal would require the approval of 14 of the 20 PL club owners – which is currently unlikely given the history of this particular rule and its popularity among fans, especially those of clubs in the Coca Cola Championship – the growing presence of foreign owners in English top football competition may mean it could become a reality at some point in the future.

²⁹⁷ Deloitte has estimated that the annual play-off match deciding which team is the last one to secure promotion to the PL is worth £70 million pounds (Deloitte 2011).

²⁹⁸ This is an average, which means at some clubs a higher wage/turnover ratio exists. Currently around one third of the Championship clubs spend *over 100 percent* of revenue on wages. As a rule of thumb, Deloitte argues that wage/turnover ratio should not exceeded 70 percent.

- Broadcasting revenue figures for the PL exceeded £1 billion for the first time and have grown at an annual rate of 27% since the 1991/1992 season.
- Total revenue for the PL topped £2.0 billion in the 2009/2010 season, compared to £170 million in 1992/1993.
- The major sources of income for PL clubs constitute: broadcast (51%) match-day (26%) and sponsorship (23%) revenue.²⁹⁹
- Total wages for PL clubs in the 2009/2010 season constituted £1.4 billion (68% of total turnover of £2 billion) compared to £75 million in 1991/1992 (44% of total turnover of £170 million).
- The average annual gross wages for a PL player in the 2009/2010 season are £1.3 million (£25,000 a week).³⁰⁰
- The PL is broadcast in more than 200 territories and has a weekly global television audience of 76 million viewers (compared to 350,000 attendees a week at PL stadiums).
- Despite record revenues, 16 out of 20 PL team posted losses totaling £445 million in the 2009/2010 season (from the 2004/2005 season on losses have steadily grown from £78 to £445 million in 2009/2010).

It was in this environment of satellite television and merchandise,³⁰¹ of clubs as global brands in need of serving its overseas fans that Gérard Houllier and Rick Parry arrived at LFC in the late

²⁹⁹ According to the report, this is the first time that a single revenue stream constitutes more than half of PL revenues. In general, a reliance on one source is a sign that a league or a club may have an unbalanced revenue profile.

³⁰⁰ That said, the top players like Wayne Rooney at MU, Fernando Torres at Chelsea and Carlos Tevez at Manchester City earn around £200,000 a week (which does not include bonuses and endorsements). As a comparison, John Barnes was the first LFC player to make £1,000 a week. This was in 1986.

³⁰¹ Although clubs sell all sorts of merchandized gear, from ties to track suits, from coffee mugs to dvd's, replica jerseys are the top sales item for most clubs. The income of merchandize sales brings in tens of millions of pounds

1990s. On the footballing side, Houllier was described as one of the new ‘technocrats’ meaning someone who studied the game, had global networks, paid attention to specialized coaching and used data to inform his decisions.³⁰² While this was a major departure from the previous managers (with the exception of Sounness), Houllier understood the important role LFC had played in the life of the city, and therefore seemed like the right candidate to lead Liverpool FC in this transitional phase. Interestingly, some at the club had discussed Houllier as a potential candidate to replace Dalglish when he resigned in 1991. He was also considered around the same time for the post of FA technical director. However, revealingly, at the beginning of the decade there was not sufficient support yet for the prospect of foreign coaches/managers in the top echelon of the English game (Hopkins and Williams 2001: 175).

Under the reign of Houllier, a core of local players³⁰³ was brought into the delight of local fans – and players as well.³⁰⁴ The issue of local players is a fascinating one and a matter that is deemed important by many LFC fans, in part a legacy of the club’s historic large Scottish contingent. The desire to have local players is both a function of civic pride in seeing youngsters from the city succeed in an important local institution but is also premised on the conviction that local players understand the culture and attitude of the club better than what sometimes are described unflatteringly as *foreign mercenaries*. While ascribing importance to seeing *local lads* succeed, all stakeholders interviewed agreed wholeheartedly with the statement that winning

annually. As a result, many clubs play in new home and away jerseys each year ‘forcing’ their loyal fans to buy new ones each year also.

³⁰² This represented a big change from the days of the ‘boot room’ boys where tactics and detailed preparation were barely discernible.

³⁰³ Most notably Steven Houllier inserted Steven Gerrard and Jamie Carragher into the team who are still LFC starters today, as well as other Liverpoolians like Robbie Fowler and Michael Owen who lasted only a few seasons before transferring to other clubs.

³⁰⁴ While important to the fans, it is important to the players as well. In a 2008 interview with the *Liverpool Daily Post* newspaper, Jamie Carragher revealed that it is critically important for the club to try its utmost best to ensure that the squad will always include a core of local players. In his estimation, local players who grew up in or near Liverpool recognize the socio-cultural importance of the club to the community, which is not always a given with foreign players (Beesley 2008).

prizes is more important than having a core of local players. Furthermore, some of the most of popular players in the club's history have been foreign.³⁰⁵ Part of this is due to the fact that Liverpool has historically looked outwards because of its legacy as an important port city with global trade links, but it may also be due to a changed conception of what local means. This is at least the suggestion of John Williams who, when asked about the importance of local players to fans argued a potential renegotiation of *the local* is taking place based on the popularity of certain foreign players. In his words:

There are certain players like Dietmar Hamann or Sami Hyypia who are no less Scouse than Gerrard or Carragher in the eyes of many supporters. Okay, they speak differently and they were not raised in the city, which is important and counts for something, but no Liverpool supporter would have any less respect for Hamann or Hyypia than for any of the other players I have spoken about. And I think this is very interesting, the way in which the local has come to be defined; the local is no longer exclusively some geographical or spatial issue. It is a question of attitudes and ideas and meaning, and ways of thinking about the club. (John Williams, personal interview, May 20, 2011)

In addition to giving young, local talent a chance Houllier also oversaw the arrival of a large contingent of foreign players during his reign as Liverpool manager.³⁰⁶ After a tremendously successful 2000/2001 season when the club won three prizes ('a treble')³⁰⁷ stagnation set in. LFC never really threatened to win the coveted PL title coming closest in the 2001/2002 season when it finished in second place. This lack of success coupled with growing disillusionment

³⁰⁵ Irrespective of players' nationality, a common thread when assessing LFC players is that they are all no-nonsense players willing to roll up their sleeves. In contrast to other clubs where players with 'superstar' tendencies are tolerated, LFC eschews players who are not willing to commit to working hard every single game. Put differently, the club scouts those players who fit the culture of the club and thus not only assesses player's footballing qualities when determining which player to bring to Merseyside.

³⁰⁶ In his first season Houllier brought in Sami Hyypiä (Finland), Stéphane Henchoz (Switzerland), Sander Westerveld (Holland), Dietmar Hamann (Germany), Titi Camara (Guinea), and Igor Bišćan (Croatia). The following season more foreign players were brought in, including Markus Babbel (Germany), Jerzy Dudek (Poland), Jari Litmanen (Finland), John Arne Riise (Norway), Milan Baroš (Czech Republic), El-Hadji Diouf (Senegal), Salif Diao (Senegal), Bruno Cheyrou (France), Harry Kewell (Australia), Florent Sinama Pongolle (France) and Anthony Le Tallec (France).

³⁰⁷ It won the League Cup (the least prestigious domestic Cup competition), the FA Cup and the UEFA Cup.

with Houllier's training methods and tendencies to micro manage players ultimately led to his resignation in 2004.³⁰⁸ He was replaced by Spanish coach Rafael (Rafa) Benitez who would be in charge from 2004 until 2010. While incredibly successful in his first two seasons at the helm, winning the coveted CL in 2005 and the FA Cup in 2006, Benitez was also not able to secure a PL title while at LFC with also a second place finish in the 2008-09 season behind MU the nearest he came to doing so.³⁰⁹

At the same time that Gérard Houllier endeavored to help Liverpool FC transition into a new era on the pitch, so did Rick Parry try to achieve similar objectives off-the-field. According to John Williams the attempt to steer Liverpool FC into this new era presented a formidable challenge given the 'internal resistances' and 'structural inertia' prevalent at the club at the time, which were induced by its past successes (2001: 153). In a way, then, Williams argues Liverpool had become a victim of its own success, an assessment he articulates as follows:

Liverpool's successes in the 1970s and 1980s extended over such a lengthy period, and depended so completely on events on the field and the club's ability to attract top players...that it was easy for Liverpool's staff and directors to assume that the model which had worked so successfully for so long would simply continue to deliver. But the world of football, on both the playing and the administrative sides, was actually already changing rapidly. (2001: 153)

Furthermore, the absence of a visionary chairman meant that until the arrival of Parry no one was in place to shake off the inertia that had paralyzed the club and prevented it from moving forward. When Parry finally joined the club as chief executive in the late 1990s he realized the

³⁰⁸ Houllier was also hit by a severe illness (a damaged aorta) that caused him to miss much of the 2001/2002 season.

³⁰⁹ Finishing second behind much-maligned MU that year was an extra bitter pill to swallow for LFC fans since it meant MU had tied Liverpool for most English league titles won with 18 each. The most recent title won by MU at the conclusion of the 2010/2011 season means it has overtaken LFC as most successful English club based on league titles.

importance of modernizing the club's management and tapping into the popularity of LFC globally. This was crucial in light of the commercial successes of rivals like MU,³¹⁰ which has been able to cash in on its global brand and playing success³¹¹ to a greater degree than Liverpool FC. One example in this regard is sponsorship agreements. Until recently, MU had a deal with AIG worth £14 million annually while Liverpool 'only' received £7 million a year from Carlsberg, Liverpool's shirt sponsor since the start of the PL era. This discrepancy was not erased until LFC announced in 2009 it had secured agreement with London-based international bank SC for a sponsorship contract worth £80 million for four years that paralleled MU's contract with financial giant AON. The importance of the deal with SC resides both in the amount of money involved in the deal and the fact that the bank has a strong presence in East Asia where many new fans are to be won. The large presence of SC in East Asia played a major role in the decision of the club to travel to Asia during the 2011/2012 preseason. For example, SC sponsors the youth development program of South Korea's soccer league (the K league) and hopes that its association with LFC will help it grow business there. Simultaneously, LFC hopes that South Korean soccer fans (as well as other Asian fans) will start supporting Liverpool. This line of thought is the premise of John Duerden's (2011) article 'Liverpool is hoping for an Asian tonic'. In it, he argues that LFC, because of its lack of playing success, has steadily lost supporters in this region, especially to its arch-nemesis MU. Even in Southeast Asia (Malaysia and Thailand in particular) where LFC had a large following as a result of its successes in the 1970s and 1980s, has this been the case. Duerden argues that MU's consistent dominant

³¹⁰ MU and LFC are national rivals as two of the most successful English clubs. While LFC has won more European titles than MU, the most recent PL title won by MU in the summer of 2011 was its 19th, thereby overtaking LFC which has won the English league 18 times. The clubs are also regional rivals also since the two cities are separated by a mere 25 miles.

³¹¹ In the first ten season of the PL (from 1992/1993 until 2001/2002) MU won the league seven times. LFC did not win it once.

performances in national and European competitions have contributed to its success in the region, a trend that has been reinforced by the tendency of broadcasters to focus on the perennial title contenders and the CL. Liverpool FC's absence from the immensely popular CL especially has hurt the club in this regard. The club's challenge in countries like South Korea (where 1.2 million people have a MU credit card) is even more pronounced due to the inclusion on MU's roster of Korean star, Park Ji-Sung. The added appeal of having a national star on the club's roster led Gavin Law, head of corporate affairs at SC, urging LFC to sign an Asian player in April 2011 (Guardian 2011). Coincidence or not, English newspapers reported Liverpool's interest in South Korean star Park Chu-Young in July 2011 (Daily Mail 2011).

The fact that Parry was criticized in fan forums for not securing a lucrative sponsorship contract (then-commercial director Ian Ayre, currently managing director, was critical in getting the deal finalized) in light of Liverpool's status as a global club, while at the same time being chided for selling the soul of the club by commodifying a hollowed institution reveals the complexities club officials have to navigate. It is also symptomatic of the occasional contradictory view many fans have toward the issue of commercialization – desiring playing success and recognition as a major club while feeling trepidation about the strategies needed to get there.

The different growth trajectories experienced by MU and LFC over the last two decades, discussed in the last section, will be highlighted in the following table, drawn from various DAR reports (Deloitte 1997, 2002, 2007, 2011):

Season	Manchester United	Liverpool FC
1991/92	20,145 ³¹²	14,844

³¹² Total Revenue in £1,000 (i.e, 20,000 equals £20 million).

1996/97	87,939	39,156
2001/02	148,070	99,449
2006/07	212,189	133,910
2009/10	278,476	184,782

The importance of the table, and a point referred to earlier in the chapter, is that the gap between the respective revenue totals of MU and LFC is not a phenomenon of the last decade and a half and due exclusively to MU's playing success. On the contrary, as early as 1991, when Liverpool FC was *the* dominant power in English football, MU already possessed the capacity to collect revenues in a way that eluded LFC because of the latter's socio-cultural heritage. That said, in the late 1990s English clubs were no longer competing exclusively with other English clubs but also with top European clubs who meet each year in the financially lucrative CL competition,³¹³ a development characterized by Anthony King (2002) as befitting the

³¹³ The latest Deloitte Report highlights that English club teams participating in the CL average annual income of £36 million (Deloitte 2011). The substantive income derived from playing in this competition explains why it is so crucial for clubs to participate consistently in it. The CL (formerly the European Cup) used to allow only the domestic league champions participating. This meant only one English club could qualify each year. However, under pressure from the major European clubs (who were given the opportunity to play in a pan-European league that offered them significantly higher annual revenues by a company linked to Silvio Berlusconi's media empire in the late 1990s), UEFA decided to expand the number of teams allowed into the CL and the number of matches played guaranteeing clubs added revenue. The reason this is significant is that the income clubs derive from playing in the CL is based on the size of their television market. Because of this arrangement, English teams receive more money than teams from Holland (a function of its smaller television market) for playing the same amount of games. The importance of securing CL revenue is made more urgent by the fact that the PL sells its television rights collectively and shares the income quite evenly (50% of the total income is shared evenly among all 20 clubs, 25% is based on how often clubs are shown on television, and the final 25% is based on a club's final ranking at the end of the season). The effect of this arrangement is that the ratio between the top and the bottom team never exceeds 2:1. A very different construction exists in Spain where clubs sign individual television deals; subsequently, the ratio between top clubs like FC Barcelona and Real Madrid and the bottom clubs can exceed 22:1, in the process substantially exacerbating the gap between the top and bottom clubs. Due to the construction of the 'collective'

transnational era in football in which cities were to play important roles. In this environment top football clubs would help identify which cities were politically and economically important.³¹⁴

To help establish a global profile, Parry negotiated an agreement with the Grenada group that saw it gain a 9.9 percent stake in the club and take up responsibility for a wide range of commercial issues, including electronic media rights and merchandizing (BBC 1999). At the same time, Parry pushed for a new (or renovated) stadium to accommodate all the fans that wanted to see Liverpool FC play, and to close the financial gap with clubs like MU and Arsenal from growing further. Whereas MU expanded its stadium capacity during the 1990s, Liverpool FC did not as a result of which it currently takes in £2.5 to £3 million less per home game than MU (Rich 2008). Since the PL season consists of 19 home games, this means on average £50 million a season. However, that does not take into account CL matches (often more than five home games a year) as well as Cup games, exacerbating the gap even further.³¹⁵

Recognizing the impact of successful football clubs on cities³¹⁶ Rick Parry pushed for close cooperation with the Liverpool City Council in order to help bring about an expanded stadium to benefit the club and the city. When various locations were discussed, the club's preference to stay near the old ground reflected the innate desire to not abandon its roots, a recurring issue. In the words of Parry:

television deal, English clubs are substantially disadvantaged compared to other top European clubs (which do not share television revenues). The foregoing means annual CL qualification is absolutely imperative for English clubs to prevent the financial gap between themselves and their European competitors from growing.

³¹⁴ King contends that based on this line of thinking the growing divergence between MU and LFC can be deduced from wider developments in the city. Whereas Manchester as a city invested heavily in transforming itself and making it attractive to both domestic and international capital during the 1980s and 1990s, Liverpool was stagnant and unable to shed its legacy as a city reliant on the port industries.

³¹⁵ As discussed earlier, the differential intake is not exclusively a consequence of smaller crowd capacity but also of the limited number of executive boxes at Anfield compared to Old Trafford.

³¹⁶ An economic impact study conducted in the mid-1990s by the Football Research Unit at the University of Liverpool revealed that 3,000 full-time and 1,400 part-time jobs in Liverpool depended on the presence of two major football clubs. It also showed that 750,000 visitors make their way to Liverpool each year to visit football matches. Unfortunately, no similar study has been conducted in recent years.

The desire to stay at Anfield should also be seen as a clear signal that the need to maintain – and, indeed, strengthen – the bond with the local supporters is recognized. Indeed, this bond is crucial. And it is wholly consistent with the development of the Liverpool FC brand on an international scale. The brand *is* the successful club that cares about its roots. (2001: 226)

However, when Houllier resigned in 2004, there had been no new stadium (and still no PL title). As a consequence the gap between Liverpool and its domestic (and international) rivals kept increasing. At the same time, because of the explosive growth in the global popularity of English top-flight football, foreign investors had started seriously considering the prospect of owning a club. Following the purchase of Chelsea by Russian oligarch Roman Abramovich in 2003, multiple clubs soon followed, including MU, Aston Villa, Sunderland, Manchester City and Arsenal among others, the majority of them ending up being controlled by American investors. The reasons American investors in particular were drawn to English football were myriad, including: the leveling off of the domestic market value in US professional sports leagues (a result of multiple labor disputes); the promise of profits from ever-increasing television contracts domestically, yet especially internationally, and concomitant global marketing possibilities³¹⁷; growing convergence between the organizational structures of professional sports in Britain and the US; and the ease at which English football clubs could be purchased compared to other European countries (Nauright and Ramfjord 2010).³¹⁸ In short, the growing awareness of soccer's cultural and economic power internationally coupled with the possibility of direct ownership constituted the two main factors driving these developments. In this environment, it was inevitable that the combination of Liverpool FC's lack of success

³¹⁷ In an article called 'English Premier League as American as apple pie', Roger Bennett cites Bernard Mullin, an Atlanta-based marketer who remarked on the interest of American investors in PL clubs as follows: "Speculating in soccer carries a real risk, but more than any other sport, it provides instant entrée to every country on the globe, and that alone can be intoxicating." (Bennett 2011)

³¹⁸ As shown before, the law in Germany allows only minority holdings while the main clubs in Spain are membership-based clubs, which implies members vote for a new president and the directors.

coupled with the emergence of wealthy owners into the English game would eventually lead to the following question: if local ownership could not, or would not, finance the investments needed to compete at the top level, should an international ownership model be considered in light of the economic realities facing the club? It is that very question that will be analyzed in the following section.

The Sale of Liverpool FC

In light of the foregoing, it was only a matter of time before a foreign investor with deep pockets came knocking on Anfield's gates. In May 2004, then-Prime Minister of Thailand, Thaksin Shinawatra, offered a £65 million investment for a 30 percent stake in the club. At the same time, a counter offer for £73 million came from local business mogul Steve Morgan to buy control of the club. The reason these offers came in is because owner David Moores had come to realize that he could no longer provide the investments³¹⁹ for the stadium and top players to be able to compete with the likes of Chelsea (bought the year before by Russian billionaire Roman Abramovich) so he told Rick Parry in 2004 he wanted to sell (Reade 2011: 52). The prospect of Liverpool FC being sold to foreign investors, while expected to a degree, came as a shock to many fans nonetheless because the Moores family represented *par excellence* the patrician nature of football support that dated back to the founding of football clubs in the late nineteenth century. The Moores were an integral part of public life in Liverpool as a successful business family (both the pools and the retail business), cultural benefactors and long-time supporters of both major Liverpool football clubs. After the family took control of EFC in 1961, David

³¹⁹ In 2006 Moores personally loaned the club £10 million to enable manager Rafael Benitez to secure the services of Dutch striker/midfielder Dirk Kuyt.

Moore was able to buy a controlling interest in LFC in 1991 by purchasing 51 percent of the club's shares. In 2004, in light of Moore's decision to sell the club, it seemed like the choice was between Shinawatra and Morgan, the latter having the support of most fans as a life-long LFC supporter and a self-made millionaire. In the end, however, Moore decided to sell to neither. Reports about why both offers were turned down differ. The offer by Shinawatra was most likely rejected in light of reports that revealed his alleged involvement in human rights abuses during his reign as Prime Minister in Thailand. The verdict is less clear when it comes to why Steve Morgan's offer was discarded. The official explanation offered by journalist Brian Reade is that the board felt that Morgan's bid undervalued the club (2011: 53). However, others have argued that Moore did not want to sell to a fellow Liverpudlian who was becoming quite popular with the fans because of his proposals on how to bring success to the club.³²⁰

Renewed interest in the club emerged the next year in the form of Dubai International Capital (DIC), a state-owned private equity company connected to the Dubai ruling family, which tabled an offer of £450 million for the club in early 2007 (Ogden 2006). Before talks with DIC had started, there had been interest from American businessman George Gillett who owned the Montreal Canadiens hockey team in the National Hockey League (NHL). Having failed in his bid to purchase Aston Villa (which was sold to fellow American Randy Lerner) Gillett switched his interest to Liverpool but was unable to collect the £450 million Moore requested to buy out the Liverpool shareholders, wipe out the club's debt and build a new stadium. However, when it became clear that the DIC bid had fallen through by early 2007,³²¹ Gillett re-entered the

³²⁰ While it is unclear whether or not this proved the deciding factor, the fact that he had publicly criticized David Moore's business decisions as LFC owner certainly did not help his bid.

³²¹ DIC had been given an exclusivity agreement in December 2006 to buy the club for £450 million, but given the fact that talks had proceeded for more than a year, Parry was not sure if DIC would follow through. At a subsequent meeting between both sides' officials and lawyers DIC was told this agreement would end by the middle of January highlighting the uncertainty that still plagued the negotiations. Only two weeks later an article in the *Daily Telegraph* made reference to a secret document that revealed the intention of DIC to sell the club in seven years

picture. Lacking the funds to finance the purchase by himself, he brought in a partner, Tom Hicks.³²²

Having spent months getting to know Gillett during the first round of talks, and with the collapse of the DIC deal the talks with Gillett and Hicks intensified and after they offered £5,000 a share (£500 more than the DIC bid), the negotiations concluded in February 2007 with Liverpool FC sold to the two American investors.³²³ The decision to sell to the Americans was a disputed one with some arguing Moores decided to sell to the Americans to pick up an extra £8 million on top of the £81 million he would have earned if the DIC bid had been accepted, while others argued Moores was more comfortable selling to Americans rather than Arabs.³²⁴ However, according to John Williams, Moores' central and only consideration was to ensure that the new owners would be *responsible custodians* of the club in light of its historic traditions.

Reflecting on Moores' decision, he argues:

Certainly he did realize that he no longer had the finances, or local people no longer had the finances (that's why they rejected Morgan who ended up investing in Wolves) and that Liverpool was now a club of such stature in this new era that you needed people with hundreds of millions, not tens of millions, to invest. His duty now was to find someone who had the same feelings for the club as he did; someone who wouldn't ransack it and wouldn't come in to try and make profit out of it, but would somehow carry on this custodian duty but in a new era, in a global era which again, almost certainly meant non-local money. (John Williams, personal interview, May 20, 2011)

looking to make a significant profit in the process. The same document revealed that the takeover would involve debt being placed on the club. The revelation of a 'leveraged buy-out' implied club income would be needed to service interest payments on the loans. Upon reading the article, Moores decided he did not want to sell to DIC and the negotiations quickly collapsed (Reade 2011: 59).

³²² Hicks had been a venture capitalist who had accrued hundreds of millions buying and selling companies. Similar to Gillett, he had ventured into the sports industries as an owner of the Texas Rangers baseball team and the Dallas Stars hockey team. It was in this function that Hicks met fellow-hockey owner Gillett who told him about the prospect of buying Liverpool FC together.

³²³ The official construction was as follows: £108 million was to go toward attaining a 62 percent share in the club, an amount that would rise to £174 million following the purchase of the remaining shares. In addition, Hicks and Gillett agreed to pay off the club debt of £44.8 million and promised to put £215 million towards the new stadium.

³²⁴ Moores controlled 51.5 percent of all the shares, 17,923 in total, which were sold at £5,000 a share. He had bought these shares in 1991 paying £12 million for them at the time.

While Moores' desire to find a responsible custodian who had the club's best interest at heart may seem idealistic and naïve in an era dominated by financial considerations, it fits the narrative of Liverpool FC as an important local institution, which for much of the local community represented more than a venue for weekly entertainment. Although Moores was the majority shareholder owning 51 percent of all shares, the decision to sell to Hicks and Gillett was put up to a vote in which 17,000 shareholders voted, all of whom accepted the Americans' offer.

Acceptance is also the proper term to describe the response of most Liverpool fans upon hearing the news of their club's sale. According to John Williams there were three reasons why "local resistance" to the "cultural as well as corporate takeover of one of the city's core institutions" (2010: 408) was rather limited. These included: an acceptance (or resignation) that in this age non-local financing was inevitable for any major club aiming to compete domestically and internationally; Liverpool's history as a cosmopolitan, port city, a legacy that had left its inhabitants looking west more than looking south on identity issues (consequently, the prospect of American owners did not arouse much suspicion); and the language used by the owners to reassure the fans they understood the importance of the club to the local community ('respecting the Liverpool Way', 'being custodians rather than owners', etc.) (2010: 408-10). Maybe even more important than the language the new owners adopted to articulate their respect for the traditions of the club, were the two central promises they made to the club's fans. The first involved not to borrow against the club (a sensitive matter following MU's purchase by the Glazers who placed debt on the club to finance the takeover) and the second was to expedite the plans to build a new stadium. However, only a month after the takeover was approved by the Liverpool board, *Guardian* newspaper reporter David Conn (2007a) revealed that the duo had in fact taken out a major loan worth £300 million with the Royal Bank of Scotland (RBS) to

finance the deal.³²⁵ While initially denying the accusation that they had placed debt onto the club, the owners were forced to acknowledge the true nature of the financial construction that had enabled them to buy control of Liverpool FC by the middle of 2007. The news greatly angered fans who had been told explicitly that Liverpool's income would not be leveraged to service the club's takeover.³²⁶ The second promise of building a new stadium also proved illusionary with the owners citing the credit crunch as the main reason for the repeated delays. In addition to these two issues, it soon became apparent that the two owners had very different philosophies about how to run the club and by the end of 2007 they were no longer on speaking terms with each other.³²⁷ Before the owners halted direct communication with each other, they had made a number of decisions in an attempt to increase the value of the club, a central concern for them since it would ensure them a profit by the time they decided to sell. To this end, investments were made both to strengthen the squad and the management arm of the club. With regard to the former, a number of star players were purchased during the first two transfer windows while a new commercial director was appointed to secure new revenues and exploit the club's popularity in Asia. In the summer of 2007, prolific Spanish striker Fernando Torres was bought from Atletico Madrid, as well as Dutch striker Ryan Babel, Brazilian midfielder Lucas Leiva and Israeli midfielder Yossi Benayoun. The following transfer period saw the arrival of Slovenian defender Martin Skrtel and Argentinian defender Javier Mascherano. All combined,

³²⁵ The strategy of buying low with borrowed money and subsequently selling high at a profit is referred to as a leveraged buyout procedure. Until 1985 the practice of buying a company with that company's money was illegal but the rule was changed, which opened the door for leveraged buyouts to become a more common business transaction. Conn also showed that the financial construction agreed to secure the purchase was not as sturdy as suggested highlighted by the above- market interest rates the owners were forced to pay.

³²⁶ In an interview on the eve of the CL final that saw Liverpool FC play AC Milan (the second time in three years these two teams met for Europe's biggest match), Tom Hicks gave an interview with a journalist. In it, he compared buying Liverpool FC with buying Weetabix, a cereal company that was purchased using the same leverage buyout technique that was utilized in the financing of LFC (Reade 2011: 80).

³²⁷ With the exception of the first few months the owners did not communicate directly with each other: this meant that no board meeting took place for almost two years. The full board consisted of: George Gillett, Foster Gillett (George's son), David Moores, Rick Parry, Tom Hicks and Tom Hicks Jr. (Tom's son).

these players cost the club £69 million. To bolster the commercial arm, the new owners brought in Liverpoolian businessman Ian Ayre whose history of working in the telecommunications business in the Far East made him the ideal candidate to help LFC capitalize on its popularity in that part of the world.³²⁸ Despite the significant investment in the team, and another appearance in the CL final in 2007, Liverpool FC was not able to obtain any silverware during the reign of the Americans.

With the plans for a new stadium stalled and the details of a new re-financing package hitting the news that would place £350 million debt on the club, a group of local fans came together in early 2008 to form the SOS supporters' union.³²⁹ The concept of a supporters' union was for many years anathema to Liverpool fans whose understanding of fans was that they supported the club unconditionally and while making their views known (through chants inside the stadium), would not publicly criticize its leadership. However, the broken promises by the American owners who were accused of having pulled a "salesman's job" on the fans caused many to rethink this long-cherished position (Innes 2008). The creation of SOS and like-minded organizations at other clubs came as a shock to these clubs who had often taken their fan support for granted, which was a legacy of the extreme pride and loyalty fans feel towards them (the aforementioned demand inelasticity). Numerous examples throughout history exist of fans collecting money to support their club when it was in financial need. While benefiting from the fund-raising activities of fans, Rogan Taylor has shown that clubs in turn rarely consulted fans about the direction and management of their beloved institution (1991). As a result, supporters

³²⁸ Ayre would be responsible for securing the deal that saw SC replace Carlsberg as Liverpool's shirt sponsor in a deal worth around £80 million for four years, on par with MU's deal with AON (Wilson, B. 2009).

³²⁹ While the immediate and most urgent aim of SOS was to force the American owners out, it was to focus on multiple issues, including ticket allocation, travel arrangements and other fan-related matters. Initially titled Sons of Shankly, the group decided to switch the name to Spirit of Shankly to make the group more inclusive (i.e., female friendly).

groups' demands to be represented on the board or in some other capacity can be found as early as 1921 when a group of Leicester fans wrote to the club demanding "that a place should be found on the directorate for at least two members elected to represent the opinions of the very large band of supporters" because they argued that the club is "an institution of the town and not a kind of private trading company, conducted at the whim of the few men who are at the moment immediately interested." (quoted in Taylor, R. 1991: 115)³³⁰

The organized fan opposition to the reign of Hicks and Gillett at Liverpool FC was similar to protests that had raged in Manchester at the time of the MU takeover by the Glazer family in 2005. Actions there had involved demonstrations, boycotts and the creation of a fan-owned football club called *FC United of Manchester*. To Adam Brown, the protests by elements of the MU fan-base represented a "reassertion of locality," which reflected in part "an uneasiness growing to outright opposition to the globalization of the club." (2007: 619) To a degree, the organized opposition to Hicks and Gillett drew on similar sentiments. The reason for this lies in the fact that fan sentiment about the globalization of English football is often ambiguous. While on the one hand clamoring to compete with rich clubs like MU and Chelsea, there is also a distinct pride among LFC fans in doing things the traditional way (the aforementioned Liverpool Way) even if this means foregoing winning prizes (Reade 2011, Williams, J. 2010). This ambivalence has been expressed explicitly by University of Liverpool Professor, and Liverpool

³³⁰ Taylor (1991) also illuminates that clubs' treatment of their fans during the first half of the twentieth century was equivalent to how they treated their players: with disdain. Subsequent calls to democratize clubs' organization and to give fans a voice have been constant yet with few exceptions clubs have not developed an institutionalized relationship with fans. Notwithstanding the lack of responsiveness by clubs, fans have been able to organize themselves and impact decision-making processes. For example, in 1985 the Football Supporters Association was created, a national supporter organization that acts as a vehicle to express and articulate fans' concerns and meets regularly with football authorities and the government. This occurred at the same time that fanzines (non-official publications produced by fans) became ubiquitous. In their early years, these publications addressed fans' concerns such as the all-seater requirement, and the issue of social exclusion in light of the major price increases in the PL between 1992-1999 (between 300 and 400 percent) (Brown and Walsh 2000).

FC fan, Liz Crolley who, when asked about the turmoil affecting the club during the Americans' reign, answered as follows:

I think that one of the things the experience of the last few years has shown is that for a lot of hard-core traditional fans like me, we realize that we would rather do it *our* way, even if that means not necessarily being first, but do it our way, true to our values and our traditions. Do it the proper way even if it means a bit of sacrifice. (Liz Crolley, personal interview, 16 May, 2011)

The public protests by fans were not the only novelty during the Americans' reign. Owners and board members openly bickering was another one, a far cry from the vaunted Liverpool Way that stressed unity, a quiet way of doing business and an agreement to not air the club's dirty linen in public. In this poisonous climate, with the owners openly attacking each other in the media as well as fans taking sides, casualties were bound to occur. Among them were long-standing chief executive Rick Parry who resigned in 2009³³¹ and manager Rafa Benitez who left the club in 2010.³³²

³³¹ It was widely reported in the media that Parry and Hicks clashed repeatedly and that Hicks wanted to push Parry out (Barrett 2008). In early 2009 the club and Parry reached agreement on a severance package. The ouster of Parry, despite being seen as a true Liverpool fan by the majority of supporters, was made easier by the fact he was blamed by many fans for selling the club to the Americans. Furthermore, Parry was held responsible for the ticket allocation scheme during the 2007 CL final that allegedly favored out-of-town fans and wealthy backers at the expense of longstanding local fans. Parry was replaced by Christian Purslow in the summer of 2009.

³³² The relationship between Benitez and the American owners deteriorated rapidly in the aftermath of the 2007 CL final when he publicly denounced the lack of communication with them during a live press conference. Unable to fire a manager who had led the club to two CL finals in three seasons, Hicks and Gillett decided to wait for an opportune time and in the meantime looked for alternative candidates. When Hicks revealed that he, together with Gillett and Parry, had met with German coach Jürgen Klinsmann in late 2007 to discuss the position of Liverpool manager, Benitez was furious. Increasingly isolated, and never having developed a proper working relationship with Rick Parry, whom he accused of interfering in the process of acquiring players, Benitez directly appealed to the fans. His pleas for support caused splits within the fan base and led to pro and anti-Benitez camps. Moreover, perceiving Parry to be in the camp of Gillett, Benitez decided to throw his weight behind Hicks in order to maintain his position, thus further contributing to the turmoil that was engulfing the club.

As a result of the worsening economic climate, coupled with the organized opposition by SOS³³³ and the acrimonious relationship with co-owner Hicks, Gillett was ready to sell his 50 percent shares to DIC by March 2008, a year after purchasing the club. Hicks, who had valued the club at £1 billion, refused. Over the next two years, numerous offers for the club were put forward by investor groups from the United States and the Middle East but Hicks steadfastly refused to sell (Conn 2010b). However, with the economic climate worsening the RBS (the issuer of the loan) decided to tighten the screws in 2010 by offering a 6-month extension of the loan (in the knowledge that the club served as collateral for the loan) under the explicit stipulation that the owners appoint an independent chairman who would be in charge of selling the club *and* reconstituting the board (Hunter 2010a).

It was around the same time that former chairman David Moores, who had stayed quiet since leaving the scene, wrote a letter to *The Times* in May, 2010. In it, he urgently implored the Americans to sell the club. He also took time to address his reasons to sell the club (something he had not done so publicly), his view of the traditional ownership model, and the transformation of football respectively. The excerpts discussing these particular matters are included in the following passage drawn from Brian Reade's book:

In the wake of Euro 96 with the influx of more and more overseas superstars on superstar wages, I was aware the game was changing beyond all recognition and deeply worried too, about my ability to continue underwriting the financial side. I was from the ever-decreasing pool of old-school club owners, the locally-based, locally wealthy supporter...who stuck his money in out of his passion for the club...But looking back now, the thing I was finding most difficult was the transformation of the game I loved. Football clubs were beginning to be seen as sources of profit rather than a source of pride; they were as much financial institution as they were sporting legacies. The Abramovich era was upon us, and I knew that I could never compete. (2011: 259-268)

³³³ When DIC returned to take another stab at purchasing LFC in 2008, representatives from the Dubai organization offered a SOS delegation a seat on a future operation board which would be below the executive board and therefore not carry significant clout (Reade 2011: 139).

With time winding down on the extended loan, and the club facing the prospect of formally entering administration in the case of a default, the new chairman, Martin Broughton, got to work and entertained numerous offers from interested parties.³³⁴ He also reshuffled the board – subsequently made up Tom Hicks, George Gillett, Christian Purslow (the managing director who had replaced Rick Parry), Ian Ayre (the new commercial director) and the new chairman who would thus have the deciding vote in the case of a split – before deciding in October 2010 that the final decision would come down to a bid led by Singapore businessmen Peter Lim and a bid by the Boston Red Sox Owners’ company called New England Sports Ventures (NESV) (Hunter 2010b).³³⁵ Despite an extraordinary board meeting in early October, which included a last-minute attempt by the American owners to change the composition of the board, thus preventing it from moving forward with the sale³³⁶, the club was eventually sold to NESV for £300 million (Williams, R. 2010) despite the American owners’ attempt to hold on to the club by convincing banks and other financial institutions to extend them with extra lines of credit. Part of the reason this effort failed – although no one disputes that RBS calling in their loan was a vital factor that contributed to the eventual sale of the club – was the result of an organized campaign led by SOS to flood bank executives with messages threatening them with retaliatory actions if they decided to enter business with Hicks and Gillett. Convinced that more forceful action was warranted given the stakes at play, LFC fans in Liverpool, as well as those living abroad, had become aware of Hicks’ attempts to secure additional loans. Upon finding out

³³⁴ Interested parties in 2010 included a consortium led by the China Investment Corporation, an investor group led by Syrian businessman and former footballer Yahya Kirid, the Kuwaiti al-Kharafi family as well as the Rhône group, a private equity firm from New York.

³³⁵ NESV represented a seventeen-member business consortium and is the parent company of the Boston Red Sox baseball team.

³³⁶ To prevent the board from selling the club, Tom Hicks and George Gillett, realizing the three British directors would vote to sell the club, decided to replace Christian Purslow and Ian Ayre with two loyalists the day before the vote, a decision that was subsequently declared illegal by the High Court. It also dismissed all other claims brought forward by Hicks and Gillett, thus ending a remarkable saga in the history of the club (Gibson 2010).

which institution he was about to visit (at one point a Liverpool fan in New York spotted Hicks entering a bank), coordinated action was taken to pressure the respective institution not to do business with him on the penalty of boycotts and bad publicity.³³⁷ Subsequent comments from bank officials indicated that pressure from Liverpool fans did play a role in their decision to turn down Hicks and Gillett (Enrich and Zuckerman 2010).

Although it is hard to pinpoint what exactly proved the deciding factor in the downfall of the Hicks and Gillett era, a strong case can be made that they failed to understand that football clubs, while needing to become more business-like in their operations, are not your businesses in the traditional sense of the word. Put differently, they can be forgiven for not understanding football³³⁸ but not for comparing Liverpool FC to Weetabix cereal, for example. Furthermore, and related, it seems that the owners' singular mindset on securing global revenues meant they overlooked the local importance of the club. During numerous interviews with Liverpool stakeholders, one central issue consistently came up: the idea that the imperative of 'going global' needs to be reconciled with the 'club's local roots and responsibilities'. This is the assessment of long-time *Liverpool Echo* journalist John Thompson who met with Tom Hicks right after the Americans took over the club in 2007. During the meeting, Thompson stressed to Hicks that in the quest to capitalize on the brand they could not forget the local roots of the club, as is demonstrated in the following quote.

³³⁷ The Hicks and Gillett episode was not the first time that coordinated action by the club's fans succeeded in influencing major institutions. In 2009, US-based LFC supporters were able to force the resignation of controversial radio host Steven Cohen after he suggested that a large group of ticketless Liverpool supporters were responsible for the 1989 Hillsborough disaster – an allegation disproven by numerous official inquiries – by pressuring the show's sponsors to end their association with the program. While ultimately successful in removing Cohen, the campaign was marred by personal threats that were issued against Cohen and his family (Marcotti 2009).

³³⁸ George Gillett would often use the term *franchise* to describe Liverpool FC to the consternation of fans while also repeatedly referring to the *draft* when discussing transfer targets.

It is imperative that you reconcile two aspects, the local footballing aspect and all the appeal it has with the commercial aspect, and if you let one become more preeminent than the other you are in danger of losing the whole opportunity. I remember sitting down with Tom Hicks in his first few months of ownership and trying to tell him: Yes, Liverpool has to travel down this road to better increase their revenues and vastly up their game on their commercial activity in all kinds of countries but at the same time they have to understand that their localness, and the empathy Liverpool has with its fans and that sense of belonging is actually a *key business asset to them* and they must not destroy that in the race to be more savvy commercially. (italics added) (John Thompson, personal interview, May 19, 2011)

In short, the central mistake made by the Americans is that in their drive to increase profitability they neglected what makes the club special, which is its local connections with its fans. To reinforce this global-local nexus, SOS has started referring to Liverpool FC as ‘a global club with a Scouse heart’.³³⁹ SOS understands that in order to compete with other global clubs like Chelsea, FC Barcelona and Bayern Munich to name a few, Liverpool FC has to be globally-driven and that, consequently, some of the income of the club will come from global sources. The sponsorship deal with SC, an investment bank that has substantial business interests in the Far East is one example of how the club aims to secure greater revenue from its overseas fan-base. That said, SOS also argues that the global interest in Liverpool FC comes directly from its localness. Like all global clubs, it is based *somewhere* and it is that somewhere that makes it unique in the eyes of many of its overseas fans and this means that the club can never forget about its local fans in its global activities.

The global-local nexus is also a central concern for John Williams who worries about the increasing number of out-of-town fans and overseas fans who attend Liverpool FC home matches. His fear is that the club does not fully comprehend the global ramifications of local fans distancing themselves from the club. In his view, it is thus important that a significant portion of the crowd at home matches is made up of local fans as a way ‘to square the circle

³³⁹ Interview with Paul Gardner for this dissertation.

between the global necessities for the club and its local responsibilities’ and to ensure that ‘the global reach’ does not diminish the club’s ‘local responsibility’.³⁴⁰ Finally, John Thompson, while acknowledging football is now ‘a global game’, maintains Liverpool’s appeal is a ‘local-community appeal’ as much as it is the ‘sporting prowess of the players on the pitch’.³⁴¹

The importance of the local or what I will term ‘localness’, stressed by many of the experts interviewed for this dissertation, is not to be equated with simple tradition as it may appear at first glance. Tradition and localness are separate analytical constructs; while all clubs as local institutions have a tradition – related to where and when they were founded, by which group with what aim, etc. – this tradition may not find its roots in a distinct form of localness. An example is the case of Chelsea in London. While Chelsea has a tradition as a (relatively) successful London football club, its tradition is not rooted in a strong local character. In fact, the club has been known as a cosmopolitan club that has drawn celebrities to its home games as early as the 1960s. Furthermore, since 1996 Chelsea has been managed exclusively by foreign managers and following the arrival of Russian oligarch Roman Abramovich, it has spent hundreds of millions of pounds to win the much-coveted CL title. At LFC, however, tradition and localness are two sides of the same coin. This connection is made explicit by Rick Parry who argues that “the [Liverpool] brand is the successful club that cares about its roots.” (2001: 226) What the former suggests is that the power of the local, which appears to be a key appeal to many of the club’s overseas fans, can actually be employed in an age of globalization to strengthen the local. As the final chapter will highlight, in spite of its lack of playing success, LFC is still one of the most popular clubs globally, which raises the prospect that local institutions can be the driving force in transforming globalization by leveraging globalization in

³⁴⁰ Interview with John Williams for this dissertation.

³⁴¹ Interview with John Thompson for this dissertation.

an attempt to strengthen local institutions. This prospect will be investigated in greater detail in the final chapter of this dissertation.

Lessons Learned: New Keynesian Regulation?

The ownership crisis at one of England's most celebrated clubs coupled with the high levels of debt at other PL clubs toward the end of the decade convinced many policy-makers, both within and outside football, that stricter regulation is imperative. For example, in 2008, then-FA Chief Lord Triesman made the claim that English football needs a much stronger financial regulatory framework in light of what he deemed unsustainable debt levels among many PL clubs (Conn 2010c). Triesman's comments were echoed by then-Secretary of State for Culture, Media & Sport Andy Burnham who also pressed clubs to return to sound financial management in light of rising debt levels and the increased occurrence of clubs having to enter administration, a development described by Sean Hamil and Geoff Waters (2010).³⁴² The chronic inability by football clubs to break even, according to the authors, represents 'an inconvenient truth' that needs addressing, especially in light of the global economic recession. A similar argument is put forward by Anthony King (2010) who speculates about the type of regulation that may emerge in the wake of the credit crunch. While he foresees an end to the unregulated, neoliberal transnational regime that emerged in the 1990s, King is not convinced

³⁴² As Hamil and Waters note, going into administration refers to the process whereby failed companies which are unable to meet their financial obligations are given protection from their creditors while being 'administered' by an insolvency practitioner until such time as they are restructured (2010: 360). The authors demonstrate that between 1992 and 2008, a time of tremendous revenue growth, financial problems at FL clubs resulted in a total of 48 cases of administration, mostly due to clubs overspending on wages to secure promotion to the PL. A prime example is Leeds United which, because of a failure to reach the CL competition, missed out on important revenue that ushered in a decline that resulted in relegation in the 2003/2004 season and ultimately led to the club entering administration in 2007.

that a return to an era of Keynesian management by national and international football federations is imminent, mainly because the top clubs in Europe are powerful actors buttressed by their attractiveness to fans, television and sponsors.³⁴³ Instead, King foresees an era of what he coins *regulated transnationalism* where the major clubs and their transnational connection will remain major players but will face ever-closer scrutiny by a regulatory environment made up of national and international federations, European institutions, national governments and the clubs themselves.

The first major regulated transnational proposal has been the UEFA Financial Fair Play rules that were adopted in 2009 and will go into effect in the 2012/2013 season. At the center of UEFA Fair Play is a break-even requirement that stipulates clubs cannot consistently spend more than the money they generate, a decision that seems to be aimed at the likes of Chelsea and Manchester City who have, bolstered by billionaire owners, spent hundreds of millions of pounds to sign the very best players available in the transfer market and accrued high debt levels in the process (Conn 2010a).³⁴⁴

Getting Back to Winning Ways

With the ownership crisis at Liverpool FC finally resolved in late 2010, attention was shifted back to the team's performances. Furthermore, given the widespread animosity toward

³⁴³ At one point King compares Europe's biggest clubs – some of whom also possess the largest numbers of debt (Real Madrid is the richest club in Europe taking in £359.1 million revenue while it is simultaneously one of the most debt-ridden clubs) – to the continent's major banks that were also deemed too big to fail (2010: 886).

³⁴⁴ Specifically, the rules specify that a club cannot 'repeatedly' spend more than the income it generates, although some deviation is allowed in certain defined instances. Moreover, smaller clubs with income and expenses below €5 million are excluded from the UEFA rules. In addition to the core aim of improving football's finances, the rules are also intended to promote long-term investment in stadiums and youth development, an area that in certain cases has been overlooked because of the spend-thrift ways of many clubs. According to the 2011 Deloitte report, the break-even requirement would have applied to 54 percent of all clubs entering the 2010/2011 CL and Europa League competitions (Deloitte 2011).

Gillett and Hicks, the NESV group led by John Henry had to convince skeptical fans that the only thing they had in common with the former owners was having an American passport. The concern of LFC fans about what lay ahead for them at the time of the sale to NESV was articulated best in a 2010 *Wall Street Journal* article which cited Steve Horner, a LFC fan who had played a role in the effort to oust Hicks and Gillett. When asked what advice to give the new owners, he argued it is crucial that they

understand that Liverpool FC is more than just a football club. It is an institution with a rich history and tradition and a global fan base. Hicks and Gillett never fully understood 'The Liverpool Way' and I would strongly recommend that any new owners do their homework about what this club means to so many people around the world before they make any commitment and promises (Clegg, Espinoza and Futterman 2010).

Although they have been in charge less than a year, from interviews with stakeholders and fans it seems the new owners have been successful at convincing the fans they truly understand the Liverpool Way and are sincere in their quest to take the club back to the pinnacle of English and European football. First, their record of successfully turning around the Boston Red Sox, a team with similarities to Liverpool FC – a historic sporting institution that had been deprived of success (it had not won a World Series title in 86 years before ending the drought in 2004) yet supported by passionate, vocal fans in a blue-collar city – has reassured a skeptical fan base of their intentions turning around LFC. Second, their demeanor as well as public statements, coupled with their actions, have also done much to gain them the confidence of the fans. These included meetings with SOS representatives as well as local members of parliament (Traynor 2010). According to John Thompson, their biggest virtue is the fact that they spent the first few months listening rather than talking.³⁴⁵ Moreover, the new owners have spent much

³⁴⁵ Interview with John Thompson for this dissertation.

time trying to understand the organization. To do so, they have conducted unannounced visits to the academy to meet club officials and ask them about their work and their thoughts about the future of the club.³⁴⁶ When they did talk, they have struck the right tone. When asked what has surprised him the most, Henry replied his biggest surprise was the “degree of loyalty Liverpool fans have” as well as their “depth of love for this club.” (Liverpool Echo 2011) Notwithstanding the importance of making the right statements, ultimately acceptance and affection would (and will, moving forward) depend on the owners’ actions, and action was needed given the club’s on the field performance at the time of the sale. Not entirely surprising given the turmoil surrounding the club, results had been poor and Liverpool FC found itself in the bottom half of the PL standings by the end of December. Roy Hodgson, who had been appointed manager in the summer of 2010 following the resignation of Rafa Benitez, had failed to impress the fans with his defensive tactics and public pronouncements that fan expectations were inflated given the player material at his disposal.³⁴⁷ When Liverpool FC found itself near the relegation spots by the middle of December, the new owners had seen enough and parted ways with Hodgson. As a replacement they brought in Liverpool legend Kenny Dalglish as caretaker manager. Under his leadership the team performed much better during the second half of the 2010/2011 season ending in sixth place and just missing out on European football despite being without the services of start striker Fernando Torres who was sold during the January transfer window for a British transfer record £50 million to Chelsea. To bolster the management side, the new owners

³⁴⁶ One episode involved John Henry arriving early in the morning at the Liverpool youth academy to talk to Ian Barrigan, the head local scout for the club. Henry introduced himself and asked to have a talk with Barrigan to discuss his work and his views of the club and what needs to be done to move the club forward (interview with Ian Barrigan for this dissertation).

³⁴⁷ Roy Hodgson had always been viewed as a solid rather than a spectacular manager and as a safe set of hands in turbulent times. He was not as flashy as other names floating around at the time, including Portuguese coach Jose Mourinho and Dutchman Guus Hiddink, and had never been in charge of a major club. Hodgson also did not have major international experience but he had good domestic credentials having led Fulham FC to the Europa Cup final prior to taking over at LFC. He was also (much) cheaper than the aforementioned candidates, an important consideration at cash-strapped Liverpool FC.

brought in Frenchman Damien Comolli in November, 2010 as director of football strategy to support Hodgson. After the departure of Hodgson, Comolli was promoted to the post of director of football operations (Guardian 2011).³⁴⁸ Toward the end of the season the club reported that caretaker manager Dalglish had been offered a three-year deal as permanent manager to the great delight of LFC fans who hope that his appointment will usher in a new era of dominance. Maybe most importantly, the owners have conveyed their seriousness about returning the club to the pinnacle of English football by being active players on the transfer market during the 2011 winter and summer transfer windows spending a total of well over £100 million. During the winter transfer window the club bought Uruguayan striker Luis Suárez for £23 million and English striker Andy Carroll for £35 million to replace Fernando Torres. During the summer transfer window it obtained the services of three British midfielders – Jordan Henderson (£16 million), Charlie Adam (£7 million) and Stuart Downing (£20 million) for another £43 million. Countering rumors that suggested the club's signings were part of a deliberate strategy to buy British players (Samuel 2011), Damien Comolli stated that nationality is not a factor when assessing players' ability to play for LFC. The subsequent signings of Spanish defender Jose Enrique (£5.5 million) and Uruguayan defender Sebastian Coates (£7 million) lent credence to that argument. Strengthening the feeling that the new American owners are winning over the fans was the comment by a Liverpool FC cab driver who remarked to ESPN reporter Roger Bennett (2011) when asked about the new owner that: "The thing I like most about John Henry is that he doesn't talk big. He just acts. You don't hear about a transfer until it's done. The 'Liverpool Way' is back."

³⁴⁸ Comolli's position involves overseeing all football-related matters outside of first-team training and selection and requires close collaboration with the manager. Core tasks include performance analysis, team travel, medical and sports science scouting and negotiating transfer contracts. It also requires a close cooperation with the club's youth academy to promote the development of youth players into the first team. At the same time that Comolli joined the club, Ian Ayre was promoted from commercial director to managing director replacing Christian Purslow.

While the new summer signings as well as early league success brought hope to a fan-base desperate for glory and trophies, the decade-old saga about the new stadium seemed no closer to final resolution after Ian Ayre, the club's managing director, admitted in July, 2011 that redeveloping Anfield (rather than moving the club to a new stadium site in Stanley Park) would prove problematic in light of bureaucratic barriers (Liverpool Echo 2011). This means that at least for the foreseeable future LFC will continue to trail behind MU and Arsenal when it comes to securing much-needed gate revenues.

In summary, although it is too early to tell whether or not the *new* American owners have struck the right balance in reconciling the global-local nexus, the initial evidence seems positive. The decision to make Kenny Dalglish the permanent manager can be interpreted as an important first step to regain the trust of the fans and to return Liverpool FC to its glory days of the past while not walking away from the traditions that made the club one of the most successful clubs in English and European football. Moreover, the combination of including a core of local players into the team, assisted by a mixture of established British and proven foreign players, may prove the right formula to challenge for the title once more. Finally, their understanding that the brand *is* tradition seems to capture the Liverpool philosophy.

Chapter Overview

In summary, this chapter has demonstrated that globalization has impacted English football in general and Liverpool FC in particular. Based on the indicators outlined in chapters one and three, it became clear that the influx of foreign managers, owners, players and fans, coupled with the growing importance of transnational capital, a process that has accelerated

rapidly in the last twenty-five years mainly as a result of technological and political developments, can be aptly designated as globalization. This chapter also revealed that the effects of globalization, especially the growing importance of capital has led to some convergence of clubs' policies and strategies. While this dissertation centered on LFC, information gathered about the PL and English football has shown that for all clubs the bottom line is a crucial consideration, which has resulted in clubs aggressively pursuing new fans globally and raising ticket prices to afford the ever-increasing wages. To justify these steep increases, most clubs have built new stadiums or renovated them to offer luxurious services and amenities. At the same time, whereas before 1997 no PL club was foreign-owned, currently half of the league's teams are; a similar story can be told with regard to the phenomenon of hiring foreign managers, which has also been a recent phenomenon. Based on the former, one can contend that the impact of globalization on local institutions can be classified as globalization.

However, an in-depth analysis of the club revealed it has displayed substantial autonomy and adaptability throughout this period based on a policy that has aimed to combine a global outlook with fidelity its local roots. The appointment of Sounness and Houllier as managers; the appointment of Parry and Ayre as executives; the decision to close the club shop following the 2005 CL victory; the continued emphasis on tradition (i.e., emphasizing the word 'football' on the shirt's badge to signify Liverpool is a football club first and foremost); the memorial services held at Anfield (in 1989 and 2009) in the wake of the Hillsborough disaster; and the way in which players and executives are vetted to ensure they fit the culture and identity of the club all derive from this core aim. As a result, it has become clear that globalization's effects are not one-dimensional resulting in greater homogeneity: instead the global interacts with the local and its effects ultimately depend on the local-societal setting and institutional capacity.

Finally, the chapter revealed that the power of the local is not merely a defensive strategy to cope against the overwhelming dynamics of globalization. In fact, the tremendous popularity of the club in spite of its pronounced lack of domestic success was interpreted as a potential sign that local institutions can leverage the local to success globally. This observation centered on the enduring power of local institutions, along with a detailed analysis of this chapter's findings and recommendations for further research will be provided in the final chapter, to which I will turn next.

Chapter Five

Conclusion: Managing Institutional Change in an Age of Internationalization

“We must have had 99 percent of the game. It was the other three percent that cost us the match.”

(Ruud Gullit: former Dutch international and Chelsea manager)

“I’m a firm believer that if the other side scores first, you have to score twice to win.”

(Howard Wilkinson: former England manager)

“The first 90 minutes of the match are the most important.”

(Sir Bobby Robson: former Barcelona, PSV and Newcastle United manager)

Reaching the end of this dissertation, it is time to ask the question what knowledge has been gained. In addition to providing answers to the research questions, this effort entails analyzing what is still unknown, and by extension, what challenges and opportunities exist for further research in this field. To do so coherently and comprehensively, it is helpful to take a step back and revisit the original goals of this study. As outlined in chapter one, the central goal of the dissertation was to measure the impact of globalization on local institutions. The research strategy utilized to study the impact of globalization (the independent variable) on local institutions (the dependent variable) comprised a heuristic case study of an increasingly important local institution, namely the football club. Adopting an interdisciplinary approach drawing on literatures from various academic disciplines – including economics, geography, gender studies and sociology – football clubs were introduced as a ubiquitous example of a local institution. Related to this primary objective of measuring globalization’s impact on local institutions was the goal to test two dominant schools of thought that measure the interplay between global and countervailing local forces, namely the theories of glocalization and grobalization. In addition to this central objective, a number of secondary objectives were

enumerated as well. First among them was the dissertation's aim to establish to what degree we could understand football clubs as institutionalized actors using Huntington's framework (1965, 1968). The second goal was to gauge whether football clubs possessed causal powers. In other words, an attempt was made to determine if football clubs are indeed "epicentral to contemporary globalization processes" (Giulianotti and Robertson 2004: 561) or merely reflective of changes in wider society.

The Impact of Globalization on Local Institutions

To measure globalization's effect on local institutions, the need existed to establish *a priori* that globalization was a valid and useful term to measure the relationship between global and local forces. An overview of the literature revealed that globalization is an essentially contested concept (Robinson 2007) that means different things to different people based on their ontological and epistemological position and their field of study. It also showed that while consensus exists about the existence of globalizing technological, economic, political and cultural processes, significant areas of disagreement exist as well, including when globalization began, what the causal determinant is, and whether it is best seen as a condition or a process. I eventually settled on adopting David Held's definition according to whom globalization represents a

process which embodies a transformation in the spatial organization of social relations and transactions –assessed in terms of their extensity, intensity, velocity, and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power. (2003: 68)

After settling on a definition, the remainder of chapter examined the central causes and effects of globalization. With regard to the former, a review of the literature revealed that the spread of capitalism and technological advances were important factors in bringing about a global economy and signs of a global culture. In an attempt to create clarity, Alex Dreher, Noel Gaston and Pim Martens (2008) distinguish between capitalism as the incubator of contemporary globalization and technological innovation as the engine of globalization. Concretely, the computer and telecommunications revolutions were cited often (Strange 1994) as important factors in bringing about globalization. To Jessica Mathews (1997), the computer and telecommunications revolutions were critical because they helped spread power horizontally and in the process strengthened networks at the expense of nation-states. This last point, the centrality of the nation-state in an age of globalization, has proven one of *the* central discussions in the globalization literature centered on globalization's effects. The debate about the future of the nation-state pits those who argue the state has lost much of its relevance against those who maintain the continued centrality of the state in today's international system. A third camp holds the view that discussions about the demise of the nation-state are too narrow and instead underline state transformation and state capacity to highlight the differential impact of globalization. While authors like Kenichi Ohmae (1990, 1995) and Susan Strange (1994, 1996) are convinced of the diminished relevance of states as the result of a global economy dictated by modern information technology and the power of non-state actors in it, others including Linda Weiss (1998) and Paul Hirst and Grahame Thompson (1999) maintain that the rhetoric about diminished state capacity does not hold up to scrutiny. In addition to the hyper-globalists and globalization skeptics, a third camp designated as transformationalists states that the effects of

globalization are uneven and differ based on a country's economic and political strength (Gilpin 2001, Mann 2003, Slaughter 2004).

In addition to reviewing the literature on the impact of globalization on the nation-state, chapter one also reviewed the literature about globalization's effects on national and local culture. Similar fault lines emerged in this debate. One camp contends that globalization is overwhelming local communities and cultures due to the impact of various transnational flows (people, ideas, products, services and capital) leading to homogenization, McDonaldization (Ritzer 2000) and the death of the local (Ritzer 2007). Another focuses on continued cultural differences instead of growing convergence (Huntington 1996). A third camp emerged that argues against utilizing a dichotomous approach in favor of highlighting the ways in which (and to what degree) the global and the local interact. The global-local dynamic is at the heart of the two main hypotheses tested in the case study. The first is the concept of globalization, defined by George Ritzer as "the imperialistic ambitions of nations, organizations, and the like and their desire, indeed need, to impose themselves on various geographic areas." (2007: 15) It is premised on the notion that globalization is a powerful force that leaves little room for the local. In other words, the global overwhelms and severely impairs the local. The second is that of glocalization, defined by Roland as "the interpenetration of the global and the local, resulting in unique outcomes in different geographical areas." (Robertson 1995: 30) Instead of the local being overwhelmed the interaction of global and the local result in the emergence of hybrid cultures.

With globalization established as the independent variable, the decision was made to contribute to the debate about globalization's effects by bringing greater clarity to the exact relationship between the global and the local. As an example of a local institution this

dissertation opted to choose a football club because they are placed right on the nexus of globalization and localism. Chapter two revealed that clubs have historically served as vital socio-cultural, political and economic agents in their locales providing services and identity constructs beyond simply entertainment. First, soccer not only moves most of the world emotionally but also provides millions globally with a strong sense of local, regional and national identity. In England, the focus of this dissertation, football clubs were founded at the time of urbanization and industrialization and proved instrumental in providing newcomers to the city with an important sense of identity (Kuper and Szymanski 2009). Moreover, football has often been co-opted by politicians to enhance domestic popularity and international prestige by identifying closely with successful clubs and/or the national team and deploying it as an agent of international relations respectively. The overt meddling by the Kirchners in Argentina to ensure the continued broadcasting of the football season as well as the strategy of Adolf Hitler to deploy the German national team as the representatives of the state in an attempt to create friendly relations with important powers are just two of many examples that reveal the close links between football and politics. Finally, soccer over the years and in the last twenty years especially, has become big business and is inextricably bound up with the spread of neoliberal, free-market economic policies.³⁴⁹ Keynesian arrangements that were a hallmark of many domestic leagues for decades have slowly disappeared, which has led to a climate in where only a few top teams seriously compete for the league title. The intimate connection between money and playing success is illustrated by Stefan Szymanski and Tim Kuypers (1999) who reveal that a close correlation exists between salary expenditures and playing success, a development that

³⁴⁹ Based on the foregoing, football was defined as *an important socio-cultural, political and economic institution – which produces and cements local, regional, and national identities throughout the world; provides a form of ‘soft power’ to policymakers, and; is at the forefront of the spread of neo-liberal economic policies – that plays an increasingly large role in today’s societies.*

benefits the major clubs who can afford salaries that most other clubs cannot. In this vein, Richard Giulianotti and Roland Robertson have classified today's major clubs as "glocal transnational corporations." (2004: 551) The literature assessed in chapter two, coupled with the examples referenced, lends credence to the claim that key questions of identity, power, and economics – all of interest to the discipline of political science – can be studied in the world of football. Moreover, the classification of football as an institution, thereby drawing on the contributions of multiple academic disciplines, reinforces the value of adopting an interdisciplinary scholarly approach.

After completing the process of operationalizing the independent and dependent variables, chapter three reviewed the literature on sport and globalization. This analysis showed that while sports have increasingly become globalized, they also serve as an important vehicle for institutionalizing the global age we live in (Andrews and Grainger 2007). Globalization and football are intimately connected because its popular appeal has been enhanced and facilitated by the spread of global processes and organizational forms associated with globalization – including global regulatory organizations, sporting events, tournaments, migratory flows, fan support and media coverage – while at the same time it has become an "economically significant, highly popular, globally networked cultural form." (Smart 2007: 6) Adopting Guy and Amir Ben-Porat's framework (2004) who distinguished between football's cultural, labor and capital flows, it became clear that football is a useful arena to study globalizing dynamics. In addition to representing an important economic and cultural entity, it is centrally located on the global-local nexus (Veseth 2010). A review of soccer (and occasionally sport in general) and globalization literature also made clear that the same debates that formed the core of chapter one can be discerned with regard to gauging the effects of global soccer on various forms of identity

(Hognestad 2009, King 2000, Poli 2007) as well as the nation (Bairner 2005, Rowe 2003). The presence of large numbers of foreign players on local teams coupled with technological developments – most notably, the emergence of satellite television – that have allowed games from foreign countries to be aired live domestically, and has led to increased international travel by clubs' fans, has aroused a lively debate about the effects of these transnational flows. Put differently, globalization's impact on sport, and more concretely, the question if globalization has led to the emergence of a homogenous sporting culture, were important considerations in this debate and featured discussions about organic and strategic sporting glocalization (Andrews and Grainger 2007) and grobal sport (Andres and Robertson 2007), in line with the two main schools of thought. The review of the literature on sport and globalization finally revealed that few actual case studies have been conducted to empirically measure the global-local nexus in sport.

To fill this void, a heuristic case study was proposed to measure how clubs as manifestations of local institutions are impacted by globalization. The rationale for a case study was premised on multiple considerations. First, case studies represent a helpful tool when used to assess theories that have not been subjected to intensive testing, as proved the case with the theories of glocalization and grobalization. That is, case studies serve an important role in the processes of theory testing and theory development. Additionally, according to Alexander George and Andrew Bennett (2005) case studies offer a number of specific and distinct advantages over other research strategies, such as: the chance to establish conceptual validity and precision; the possibility of deriving new hypotheses; and the opportunity of exploring causal mechanisms in detail, all of which apply to this case study.

To determine if globalization was a proper concept to answer the research question, a number of hypotheses were presented that were derived from the dissertation's operationalized

definition of globalization and addressed the presence of spatial organization of social relations and transactions that generate transcontinental or interregional flows. To ascertain the type of institutional change at Liverpool FC as glocalization, grobalization or something else, the congruence method was chosen as the best strategy to compare the observed value of the dependent variable with that predicted by the theory given the observed independent variables. In summary, the operationalization of the independent and dependent variables coupled with the detailed discussion of the research design set the stage for the case study chapter.

Case Study Results

With all the pieces in place, a comprehensive review of institutional activity could take place to answer the dissertation's central research question, and the additional research questions. With regard to the independent variable, a careful analysis of trends involving the presence of foreign players, managers, owners, fans and capital confirmed the globalization of clubs, thus paving the way for the case study to proceed. Although it was impossible to pinpoint a single year as the decisive year when globalization took root, it is nonetheless indisputable that football clubs increasingly started to look across national borders in the recruitment of players, managers, owners, fans and capital from the late 1980s onwards, driven by the technological, economic and political developments discussed in the previous chapter. First, whereas in the 1989/1990 season only 8.4 percent of all players were foreign-born, this number had spiked to 53.5 percent by the 2009/2010 season. In the case of Liverpool FC, the number jumped from 5 players born outside the UK (out of a total 23 players) in the 1989/1990 season to 20 (out of 24 total players) by the 2009/2010 season, a jump from 22 to 83 percent. Second, with the exception of Johnny Carey,

an Irishman who managed numerous clubs in England's top division during the 1950s and 1960s, no foreign manager had ever been in charge of an English top-flight club until Jozef Vengloš was appointed at Aston Villa in 1990. The belief in the ability of foreign technocrats to modernize the English game and instill discipline in the working-class culture of British footballers led to a surge of hiring foreign managers in the 1990s and 2000s. Currently, out of today's PL teams, more than half have employed a foreign manager since 1990. Liverpool FC is no exception and had a foreign manager at the helm of the club continuously from 1998 until 2010 when the club replaced Spanish manager Rafa Benitez with Englishman Roy Hodgson. It is currently managed by a Scotsman. At other clubs, foreign managers are the norm, as is the case at Chelsea, which has employed nine managers since 1996, all of whom have been from outside GB. Third, the purchase of London-based club Fulham FC by Egyptian businessman Mohamed Al Fayed in 1997 marked the first time a foreigner owned an English PL club. In the following years, many other clubs were sold to foreign investors, mostly from the US and the Middle East. As of today, ten out of the 20 PL clubs are owned by foreign investors. Fourth, as a result of global broadcasting deals (and the quality of the PL), the number of fans worldwide who support an English club team has grown exponentially. Although reliable figures are difficult to collect in many parts of the world (in addition to the complex task of formally defining a fan), the top English clubs (Arsenal, Chelsea, Liverpool FC, Manchester United) have millions of fans not only in Europe, but in Africa, North America and Asia as well. To offer these fans the opportunity to see their beloved team play in person and to promote the club's brand, these clubs routinely travel to lucrative places to play matches during the preseason. Asia especially has become a regular stop because it is a vast market whose populations are passionate about soccer. Finally, the global reach of English clubs has attracted global capital, especially in

the aftermath of the Sky television contract that allowed English football to be viewed all across the globe. The prospect of a close partnership with clubs that enjoy global exposure (on average 76 million people in more than 200 territories tune in weekly to watch PL football) ensured that huge sums of money poured into the game. Numbers collected by accounting firm Deloitte bear this out: whereas turnover of all PL clubs was £170 million in the 1992/1993 season, it topped £2 billion in the 2009/2010 season driven by increased revenues from TV contracts (on average 27 percent per year), sponsorship deals and ticket prices (Deloitte 2011).

Grobalization or Glocalization?

How did all these developments affect LFC? At first glance, based on the globalization indicators and the case study findings, it seems as if globalization has greatly altered Liverpool FC as an institution and limited its ability to shape its own future. As a result, one could argue that the institutional changes at LFC can be best classified as grobalization. As a reminder, chapter three highlighted what grobalization would look like in the case of Liverpool FC. Groblization was shown to lead to the following trends: The effects of globalization on LFC are more or less determined and will result in all clubs becoming increasingly similar; LFC will have limited autonomy to shape its future because of the ever-growing importance of international capital; the increased presence of global individuals, influences, and practices will inevitably erode the local character of the club; and LFC will have limited ability to shape the course and future of globalization.

While this case study focused exclusively on LFC, it is certainly true that these predictions have been borne out to some degree as the following examples will reveal. First, it is true that clubs look similar in certain respects. When it comes to infrastructure, many clubs have built ultra-modern stadiums that offer all-seating arrangements and similar amenities like luxury suites, heating arrangements and other amenities. In the majority of cases, these new stadiums were built following the recommendations of the 1990 Taylor Report discussed in chapter four. Furthermore, merchandize has become a growing component of clubs' annual revenues, especially branded jerseys, as was highlighted in the various DAR financial reports. Taking advantage of fans' desire to wear their favorite player's outfits, clubs often change their apparel (some annually), thus 'forcing' fans to buy new outfits each year. Another similarity is that most clubs, although in particular the major clubs, travel annually to financially lucrative destinations like the US and countries in the Far East to add to their fan base in an attempt to grow revenue beyond the national border. As highlighted in chapter four, in the summer of 2011, Liverpool FC, Chelsea and Arsenal all played in the same stadium in Kuala Lumpur (Malaysia) against local competition while MU, EFC and a number of other PL clubs (including West Bromwich Albion and Newcastle United) visited the US. The long-distance travel of football clubs has become more pronounced following the advent of satellite television that has led to PL games being watched by tens of millions of fans in more than 200 territories. Finally, one can contend that the goal to win trophies, the tactics teams use, as well as the desire to make a profit, constitute additional examples of the resemblances that clubs possess.

All of the aforementioned developments are a consequence of the growing importance of international capital, another prediction of globalization. As was shown in chapter four, whereas John Barnes in 1986 was the first-ever player to earn £1,000 a-week, players' average annual

wages topped £1 million in the 2009/2010 season. Similar increases can be found in club's turnovers. Liverpool FC's revenue totaled £14.8 million in the 1992/1993 season, only to reach £184.8 million by the 2009/2010 season, an increase of more than 1000 percent.³⁵⁰ The necessity of clubs growing their revenue base is made more urgent in light of studies that have revealed a close correlation between salary expenditures and playing success. That is, only those clubs capable of 'spending big' can realistically expect to win trophies, which historically has been among the principal *raison d'être* for football clubs. Because of this imperative, clubs have annually increased ticket prices (another similarity) in order to secure much-needed revenue to pay players' wages, which have skyrocketed (a legacy of the Sky TV contract and the Bosman ruling) in the last two decades as was shown in the last chapter. Notwithstanding cumulative inflation of 77.1 percent since the 1989/1990 season (the year of the Taylor Report that recommended clubs move to all-seater stadiums), ticket prices at most clubs have spiked more than 1,000 percent. At Liverpool FC, the cheapest tickets in the 1989/1990 season for a top match sold for £4 whereas the cheapest ticket for a similar game now sells for £45.³⁵¹ Responding to these price increases, David Conn (2011c) cites Malcolm Clarke, chair of the Football Supporters' Federation who remarked on PL clubs' ticket policies as follows:

Some Premier League clubs do offer good deals but the prices at top clubs, and particularly London clubs, are mostly outrageous. They are beyond the reach of many younger people who used to have access to football, and now, if they are interested, they are watching the game in the pub. Football, by tradition, was always accessible to almost everybody, and in the current economic climate, with jobs and standards of living under threat, *there is a great danger an increasing section of the community will be priced out.* (italics added) (quoted in Conn 2011c)

³⁵⁰ Notwithstanding this tremendous growth in revenue, Liverpool FC still trails the likes of MU whose revenue topped £278 million in the 2009/2010 season.

³⁵¹ The cheapest season ticket in the 1989/1990 season was £60 and the cheapest season ticket currently is £725, a price increase of 1100 percent.

Clarke's quote is important in two ways: on the one hand it seems to affirm that the growing importance of securing revenue has reduced clubs' autonomy while it simultaneously suggests that clubs are in danger of losing their local character. His warning that an 'increasing section of the community' may be priced out is a strategic attempt not to name any specific group but it is clear that the price increases have affected the lower working-classes (fan surveys have also highlighted that the proportion of young people attending PL matches has declined steadily in the last two decades) whose living standards do not allow them to spend £45 on tickets (and much more if they aim to bring their partners and/or children). Given the historic working-class origins of clubs (many clubs were founded in the workplace), a danger exists that clubs are slowly losing touch with their most important constituency. More so, Liverpool FC has undoubtedly been impacted by global individuals, influences and practices. Its roster is made up of mostly foreign players, two of the last four managers were foreign (and were in charge of the club for eleven of the last 13 years), it has foreign owners and it has an increasingly global fan-base. As was shown in chapter four, the rapid growth in the number of foreign players, managers and owners is a league-wide phenomenon although to a greater or lesser degree depending on the club. In contrast to Chelsea which has had nine consecutive foreign managers since 1996, Bolton Wanderers has never appointed a foreign manager in its history. However, when it comes to signing foreign players, the vast majority of teams have moved in this direction. Again, the abovementioned two teams will serve as comparison. While Bolton Wanderers had only one foreign-born player in the 1989/1990 season (out of 20), it had 12 in the 2009/2010 season (out of 25). Chelsea during this period went from 4 (out of 23) to 17 (out of 23). Occasionally in fan forums these players are referred to as 'foreign mercenaries' who join a club purely based on financial considerations and move as soon as they are offered a higher wage

somewhere else.³⁵² Moreover, they live in separate, gated communities in stark contrast to earlier days when the players lived in working-class neighborhoods and shared a cultural as well as an economic (a legacy of the maximum-wage provision) connection with the fans (Williams, J. 2010). In addition, clubs have started to adopt commercial strategies to maximize profit in this new era. Over the years, many have looked to City businessmen to run their clubs more efficiently (i.e., like businesses). For example, it was these businessmen who advised clubs to start referring to their supporters as customer rather than fans, and who advised clubs to look abroad to secure additional revenue. Liverpool's partnership with global investment bank SC – mainly the result of LFC's then-commercial director Ian Ayre, a former businessman with extensive experience in the Far East – can be seen in this light, while it also explains the club's recent trips to the Far East during preseason. This development has been good for the club from a financial perspective but has occasionally led to tensions between local fans and what are referred to as 'out-of-townees' who are perceived as fickle fans who lack proper football knowledge and a genuine connection to the club. At Liverpool FC the large number of out-of-town fans (which includes fans from outside the city as well those from outside the country) led to a dispute in 2007 when local fans accused then-chief executive Rick Parry of favoring the out-of-town fans over the local fans in the allocation of tickets on the assumption that the former would spend more than the latter. In summary, the former suggests that the effects of globalization have mostly been one-way: that is to say, globalization has required Liverpool FC as an institution to respond to its dictates with limited ability to shape globalization's course and future.

³⁵² Some players are notorious for their transience. For example, Argentinian striker Carlos Tevez has played for three PL clubs in four seasons: West Ham United (2006-07), Manchester United (2007-09), and Manchester City (2009-11). Although still a Manchester City player, Tevez has indicated he wants to leave the club and has been linked with Real Madrid in Spain and Internazionale in Italy.

A similar conclusion is reached by Cornel Sandvoss (2003) who employs George Ritzer's (2000) McDonaldization framework – Ritzer argues that McDonaldization serves as a metaphor for how rationalization in the form of the precepts of efficiency, calculability, control and predictability (discussed in chapter one) has become the driving principle in many societies, and symbolizes the manner in which these processes have spread globally – to contend that football clubs have grown to be increasingly similar-looking in an attempt to appear neutral and thus appeal to football fans from every country and every social-cultural, political and economic background. Put differently, Sandvoss contends that clubs are turning into 'contentless organizations' (2003: 127) in order to accrue new income. Building on Ritzer, Sandvoss claims that the search for formal efficiency, a hallmark of McDonaldization, can be discerned in the actions of football clubs who aim to heighten their profits by maximizing their assets and putting their customers to work, similar to what is expected of customers in a McDonald's restaurant. As examples, he cites the ever-increasing number of games teams play (the expanded CL format or the addition of new competitions) to maximize club revenue, as well as the demands placed on fans (the annual price hikes to finance players' wages) to assist the club. Second, calculability – referring to the emphasis on quantity – is a staple of McDonaldization (which tends to quantify many of its procedures and products) and Sandvoss contends that this factor is increasingly visible in football, where such focus has led to the implementation of measures to increase goals (preventing goalkeepers from picking up a back pass) and playing time (the addition of stoppage time). Third, control applies to how fans are treated inside (and increasingly outside) the football stadium. While the physical fences that were a hallmark of football stadiums have vanished following the recommendations of the Taylor report, they have been replaced with designated seating assignments and rules that prohibit fans from standing up during the match (except when

a goal is scored). Furthermore, the presence of closed-circuit television cameras means fans are closely monitored at all times. Sandvoss argues that control is also exerted on fans in the form of football clubs' efforts to influence their consumption patterns by offering a broad array of club merchandize. Finally, Sandvoss cites the growing physical convergence of football stadiums, which are generally all-seater stadiums built in the suburbs with similar amenities on offer, and the standard formula that is employed to broadcast football matches – CL matches start punctually at 8.45pm on Wednesdays, camera angles ensure games are transmitted similarly regardless of the game or the venue – to illustrate enhanced predictability, which is the final hallmark of Ritzer's model of increased rationality. The foremost consequence of increased predictability is reduced uncertainty for fans attending matches since previous unknowns (i.e., where I am going to find a spot to watch the game?) have vanished. Not only are stadiums increasingly uniform in size and in content but, Sandvoss asserts, rationalization processes have also impacted the manner in which football is consumed. Whereas attending matches in person used to constitute the default option, nowadays watching games on television has become the norm for most people, which offers consumers a similar sterile image of the game (due to the position of the cameras) since it leaves out everything that is characteristic about a stadium or the neighborhood in which it is played. A consequence of these processes is that football landscapes are increasingly 'placeless'³⁵³ which means they are barely distinguishable from one another. In Sandvoss' own words, the "growing placelessness of the landscape of professional football reflects the search by football clubs for maximum efficiency, control, predictability and calculability." (2003: 123) As football's landscapes have become placeless, football clubs are

³⁵³ Sandvoss's denoting the modern football landscape as placeless is similar to Ritzer's distinction between 'something' and 'nothing'. Something, which refers to forms that are indigenously conceived and controlled and comparatively rich in content, is juxtaposed with nothing, which alternately refers to forms that are centrally conceived and controlled and largely lacking in distinctive content. Ritzer pairs these two concepts with the theory of glocalization and grobalization resulting in the grobalization of nothing and the glocalization of something.

also becoming ‘contentless’, the latter representing a deliberate attempt to strip clubs of their socio-cultural heritage in order to appeal to fans globally with the ultimate aim of securing new revenue.³⁵⁴ In other words, Sandvoss notes that “in the same way as football’s landscapes are becoming placeless, football clubs grow increasingly contentless,” which “forms the premise of their universal accessibility.” (2003: 127) While acknowledging that the theoretical clarity of analytical constructs is not easily found in real life – Sandvoss concedes that neither “place nor non-places exist in the absolute” (2003: 132) and that “analytical conceptualizations...do not find their full match in contemporary social and cultural realities” (2003: 174) –, which implies that even non-places can be filled with meaning by those visiting it, Sandvoss nonetheless is convinced that formal rational considerations have left football clubs looking increasingly similar and contentless.

As the examples referenced in the last few pages reveal, globalization has unmistakably created certain pressures and dynamics that clubs need to respond to. In particular, the combined effects of technological innovations – the rise of satellite television – and political decisions – liberalizing measures taken at the national and supranational level – have altered the landscape football clubs have to navigate, and has led to clubs acting similarly on a number of fronts. Many teams nowadays contain sizeable contingent foreign players, are (or have been in recent years) managed by foreign managers, are owned by foreign owners, travel abroad annually (to the same places), and have seen their turnover and expenditures rise spectacularly. Concretely, using Ritzer’s and Sandvoss’ terminology, globalization’s ‘homogenizing’ pressures have produced a degree of ‘sameness’. In addition to pointing out these globalizing dynamics that

³⁵⁴ To bolster this argument, Sandvoss cites the changed practices at Glasgow Rangers, one of the two most popular clubs in Scotland. Long known for its sectarian legacy that included a policy of employing only Protestant players, the club broke this tradition in 1989 when it signed former Celtic player, and Scottish Catholic Maurice Johnston (2003: 128).

impact and offer challenges to football clubs (as well as other local institutions), the analysis of Ritzer and Sandvoss is valuable in another way. Their contention that the fact that clubs (as well as fans) respond to, and appropriate global trends and practices does not, in and of itself, provide evidence of local agency, which serves as a constructive reminder to be vigilant when conducting research. In fact, it was this very concern with the assumed agency of the local in the face of powerful global trends that led Ritzer to coin the term globalization as a corrective to the notion of glocalization.

However helpful as an analytical construct, ultimately the concept of globalization suffers from its rigidity and its inability to explain local agency, and the manner in which the global and the local interact. Furthermore, despite the beneficial warning to not equate mere appropriation with agency, Sandvoss' examples – his focus on seating arrangements, broadcasting prescriptions, merchandize – are of a generally superficial nature and do not reveal in a meaningful way to what degree clubs are impacted by these globalizing trends. For example, it can be plausibly argued that the renovation of many English soccer stadiums constitutes a development that was long overdue given the numerous stadium disasters that had occurred in years prior. In other words, what Sandvoss refers to as an example of increasing placelessness can be more aptly coined as plain progress. More importantly, the theory of globalization presents a zero-sum vision of the relationship between the global and the local and is thus not capable of properly identifying local agency, to which I will turn next.

What this case study reveals is that in spite of the presence of dominant globalizing (or more aptly, globalizing) tendencies, Liverpool FC is not nearly as powerless as Sandvoss and Ritzer assert, and has therefore not become a contentless institution. Put differently, the local is not overwhelmed by the global and neither is it powerless to shape globalization's course and

future. In fact, a convincing case can be made that the type of institutional change witnessed at Liverpool FC can be classified as glocalization. How does the foregoing, coupled with last chapter's review of the last two decades, hint at glocalization rather than globalization? To tackle this question, it is vital to review globalization's predictions in the case of Liverpool FC. First, it held that the effects of globalization on LFC are not pre-determined and may result in unknown outcomes. While, as mentioned, all clubs perform similarly in certain respects and share certain goals, it is a stretch to argue that globalization's results are determined. For example, the goal to win trophies, as well as the objective to return a profit to the club's shareholders is as old as the game itself. When it comes to playing styles, some convergence may have taken place but this is only natural in a competitive environment where innovations are quickly copied by others (Szymanski and Kuypers 1999). Notwithstanding this convergence, globalization's effects are not pre-determined and impact clubs differently based on the local-societal setting and the club's institutional capacity to withstand unifying pressures. In the case of Liverpool FC its central policy of a global outlook with fidelity to its local roots is symptomatic of the degree to which LFC has reconciled greater commercial pressures with fidelity to its socio-cultural heritage. In contrast to MU, which capitalized on the changed external environment by listing the club publicly and aggressively promoting the MU brand overseas, LFC was more hesitant to travel down this path given the club's cultural heritage (Reade 2011: 186). And while to some degree a lack of foresight lay at the heart of this – coupled with the disasters that had reinforced a local orientation, which occurred right at the time that the external environment was rapidly evolving – it was to a large extent a consequence of *deliberate design* given the socio-cultural history and identity of the club. The two respective approaches are illustrated by the following example: at the same time that MU dropped the

words ‘football club’ from their badge when it was negotiating a grand partnership with the New York Yankees, LFC enhanced these words to illustrate that first and foremost it saw itself as a football club.³⁵⁵ The new owners seem to realize this as well and view the Liverpool ‘brand’ as tradition, a view similarly held by Rick Parry. The desire to maintain tradition also explains the consistent attempts by the club to renovate Anfield rather than move to a new location. To Parry (2001), the desire to stay at Anfield is testimony to the club’s intimate bond with its supporters. In the same vein, chapter four revealed that Anfield has been, and still is an important place of local pride and patriotism. It has been located in the middle of a working-class neighborhood since 1892 and during that time has served as the venue where great sporting successes have been celebrated and devastating tragedies have been mourned.³⁵⁶ The former example, coupled with others touched upon in chapter four,³⁵⁷ suggests that the bond between the club and supporters is still strong even at a time characterized by globalizing dynamics. It also reveals that LFC’s policy is to reaffirm its socio-cultural heritage instead of attempting to strip it. What the former hints at is that globalization’s effects in the case of LFC are not direct or pre-determined, as this turn toward elevating tradition and English roots simultaneous to the

³⁵⁵ Interview with Rick Parry for this dissertation.

³⁵⁶ In the aftermath of the 1989 Hillsborough disaster, Anfield was turned into a shrine and club officials and players visited tens of funerals of those who died. The importance of Anfield to the city of Liverpool was reinforced in 2009 when a service inside the stadium commemorating the 96 fans who died at Hillsborough 20 years prior drew more than 25,000 attendees.

³⁵⁷ A second example is the personnel decisions the club has made in recent years. In contrast to Chelsea, which has exclusively opted for foreign managers since 1996, Liverpool FC decided to buck this trend when it appointed an English coach following Benitez’s departure in 2010. After the club’s management became convinced Hodgson was not the proper man to lead the club, he was replaced with current Scottish manager, Kenny Dalglish, a legend at the club given his history as an ex-player and ex-manager. Following his appointment, Dalglish emphasized giving young talents from the club’s academy a chance to prove themselves in the first team, bucking a general trend in the PL towards purchasing foreign players. The regular inclusion in the first team of John Flanagan, Martin Kelly and Jay Spearing serve as examples of a re-emergence of local talent into the playing decisions of the LFC manager. Furthermore, in the first two transfer seasons under Dalglish, LFC has brought in a core of British players, including Andy Carroll (English), Charlie Adam (Scottish), Jordan Henderson (English) and Stewart Downing (English) leading to press reports about a ‘Buying British’ policy (Samuel 2011) thus reversing a growing trend toward ‘sameness’ characterized by the steady accumulation of foreign players.

purchase of the club by an American conglomerate suggests. The case is not suggestive of a globalization effect of similarity.

Another example was the changed perception of what it meant to be a Liverpool supporter. According to John Williams, what happened during the 1990s is that as the club became less successful on the pitch, the *cultural distinctiveness* of the club actually increased.³⁵⁸ Whereas during the 1970s and 1980s the dignity and pride associated with being a LFC fan derived to a large degree from its playing success, the trophy-drought experienced from 1990 led to a renegotiation of what it meant to be an authentic fan, which involved quite specific prescriptions involving what to do and what not to do. For example, ‘true fans’ were not supposed to buy from the club shop,³⁵⁹ a protest against the commercialization of English football. Furthermore, wearing club gear to games was discouraged because it carried the connotation of being an out of town fan. In short, the lack of success, partly a consequence of the club’s ambiguous attitude towards globalization, resulted in an intense recalibrating of the nature of the identity of the club’s fans. The common thread throughout the former examples is that globalization’s effects are not one-dimensional resulting in greater homogeneity; instead, the global interacts with the local and its effects are ultimately dependent on local conditions. The prescription that globalization’s effects are not pre-determined and may result in unknown outcomes is closely related to the second prescription, which holds that LFC still has noteworthy autonomy to shape its future even in an increasingly globalized environment. The decision to close the club shop the day after the CL final in 2005 to give the workers the opportunity to

³⁵⁸ Interview with John Williams for this dissertation.

³⁵⁹ The decision to not buy from the official club shop and for fans not to wear jerseys and other merchandize also affirms LFC fans’ independence and autonomy. At a minimum, it seems to suggest that clubs’ quest for control as enumerated by Sandvoss is not always successful. With regard to clubs’ uniform seating arrangements, Sandvoss’ second indicator of control, one can make the case that legitimate security considerations are the cause of this development rather than a desire to appear neutral.

celebrate the remarkable victory reflects this autonomy. Although it can be interpreted as illustrative of the club's lack of commercial acumen, it seems more indicative of its strong local character (even if it means foregoing additional revenue). Put differently, the drive for efficiency and ever-greater profit is not always a dominant concern at the club and, thus, has not always supplanted a default to heritage.

Liverpool FC is not unique in this regard; other clubs have also developed strategies to stay close to their roots. One poignant example in this regard is Athletic Bilbao in Spain, which has strenuously opposed the general trend among Europe's major clubs towards signing foreign players. Instead, it has stayed faithful to its guiding philosophy of exclusively selecting Basque players regardless of the potential consequences (i.e., relegation to a lower league and concomitant revenue declines). In the article 'Resisting the globalization, standardization and rationalization: My journey to Bilbao' Mark Groves (2011) describes how this 'Basque only' philosophy epitomizes the club's tradition and its desire to stay closely connected to the local community who, in turn, overwhelmingly support it. Athletic Bilbao's story, in short, highlights that clubs can still meaningfully represent certain cultural, social or geographical groups, and in doing so, successfully resist the processes of globalization, standardization and rationalization. Similarly, FC Barcelona is still unmistakably associated with the political aspirations of the Catalan region. Furthermore, countering the trend towards greater efficiency in the form of maximizing revenue, the club to this day has refused to sign a shirt sponsorship agreement. On the contrary, for the last two seasons it paid to have the Unicef logo on its jersey despite the fact that given the club's global popularity and playing success, it would be able to command the same amount annually that MU currently takes in.

While Liverpool FC does not adhere to a policy of exclusively signing local players, it does ingrain in them the socio-cultural importance of the club, which will be addressed next. Another example of clubs and/or fans opposing the trend toward globalization was the aforementioned decision by disgruntled MU fans to create their own club, FC United of Manchester, a club that strives to avoid outright commercialism. Although no separate club has been created by disgruntled LFC fans, the concerted campaign by a section of the club's fans against Hicks and Gillett revealed that local fans are powerful actors who can impact the direction of the club, in line with glocalization's assumption that individuals and local group have great power to adapt, innovate and maneuver. Their efforts also reinforced that Liverpool FC, while becoming more business-like, can never become a true commodity since it needs to take into account this important stakeholder's voice without whose involvement it would not be what it is today.

The aforementioned developments at LFC also imply that the presence of global individuals, influences and practices will not necessarily erode the local character of the club. First, with regard to players, it was shown that the young foreign players brought into the club's youth academy are made aware of the club's culture and what role it plays in the lives of its fans. This applies not only to academy players but also to more experienced players who are subjected to a due diligence test that not only assesses their quality but also their compatibility with what the club stands for. LFC has never (or very rarely) signed players who are not willing to roll up their sleeves; instead, the club tends to bring in players who fit the nature of the club and the city. Its fans, many of whom are blue-collar workers, want to see players who recognize the privileged position they occupy, and therefore commit fully each time they take the field. Over the years, players like Kenny Dalglish, Steve Nicol, Sami Hyypiä, Jamie Carragher and Dirk

Kuyt have all embodied this desired spirit. The same standard that applies to players holds true for foreign managers. Gérard Houllier was an acceptable choice as manager to the board not solely due to his proven international experience and cerebral approach to the game but also because of his extensive knowledge of the club's importance to the local community, a legacy of the time Houllier spent in Liverpool during his years of study. The acceptance of Rick Parry was less a function of his former position as chief executive of the PL but more a consequence of his long history as a Liverpool FC supporter. What took place in both instances was an attempt to combine the local and the global: the desire for continuity and stability with the need to learn from an experienced foreign technocrat and businessman. The effort to instill local values in foreign individuals was also present (yet not successful) at the time of the club's sale in 2007. Rick Parry, who was in charge of finding a suitable buyer, invested a lot of time getting to know George Gillett intimately to make sure the club would end up being controlled by someone who recognized the socio-cultural importance of the club and its ties to the community, which was a precondition for the sale by David Moores who had expressly articulated his desire for someone who would act as a custodian.³⁶⁰

The former examples lead to two conclusions. First, globalization is not a one-way street whose effects are uniform across different cultures; instead, they depend on specific local conditions. Social processes, rather than being one-directional and deterministic, are instead relational and contingent. This conclusion is similar to the one reached by Guy and Amir Ben-Porat (2004) who after analyzing globalization's impact on Israeli football contended that globalization is an "uneven process" whose effects are influenced by "the particular societal-

³⁶⁰ At the press conference in the aftermath of the club's purchase, Hicks and Gillett showed they had paid proper attention to these concerns by using all the right words in order to reduce any fears the fans may have had. They stressed they recognized the cultural value of the club and told the assembled press they perceived themselves as custodians instead of owners.

local setting and specific societal interaction of the global and the local.” (2004: 421) The emphasis on globalization’s differential impact also resembles the conclusion of Robert Gilpin (2001) who similarly argues that globalization’s effects are uneven, and Michael Mann’s useful qualification that globalization’s effects can strengthen as well as weaken institutions (i.e., the nation-state) (2003). In the case of Liverpool FC, the particular societal-local interaction also proved critical. How it managed the pressures of globalization depended to various degrees on Liverpool FC’s institutional capacity, which in turn was a function of Liverpool’s history as a port city, its fans’ political orientation, its contemptuous relationship with the rest of the country (especially London), the legacy of Bill Shankly, Hillsborough, the vocal nature of the Kop, and the presence of the boot room. This conclusion is similar to Linda Weiss’ (1998) assessment that the effects of globalization (on the nation-state) depend on state capacity, which in turn is a function of (domestic) institutional arrangements. Second, what is defined as the local may no longer be exclusively a matter of geography, a point made in the last chapter by John Williams. When discussing the ‘Scouseness’ of foreign players like Sami Hyypia or Dietmar Hamann who rank among the most popular Liverpool players in the club’s history, Williams contends that the local popularity of these players may hint at a renegotiation of what the local stands for. In his view, what it means to be local is no longer exclusively a geographical or spatial issue. Instead, he argues, it has become more a question of attitudes, ideas, meaning and ways of thinking about the club.³⁶¹ Williams’ argument about a renegotiation of the local corresponds to the work of Raffaele Poli and Anthony King, discussed in chapter three. Poli’s (2007) focus was on global sports’ – mainly the transnational migratory patterns in modern sport coupled with the growing influence of mass media – impact on identity, which he argued has resulted in the denationalization of sport and identity deterritorialization. Using Poli’s terminology, the

³⁶¹ Interview with John Williams for this dissertation.

presence of Liverpool FC fans in all parts of the world classifies as an example of the denationalization of sport whereas their emotional investment in the club's affairs highlights a form of identity deterritorialization. Along the same lines, Anthony King (2000) conducted a study of MU fans whose European travels resulted in the construction of post-national forms of identity, which were both local and supranational. The information from interviews and conversations with fans suggests that most fans identify with the city of Liverpool rather than with GB. Whether or not this is due to their travel with LFC or a consequence of economic and political developments is unclear and difficult to conclusively ascertain (i.e., how to control for class, age, political orientation, etc.) but represents an interesting avenue for further research.

In short, what the case study of Liverpool FC has made clear is that evidence can be brought to bear that confirms both the theory of globalization and glocalization. First, the surge in foreign players, managers, owners, fans and foreign capital, and its related consequences, most notably the rise in wages and ticket prices, have resulted in clubs' strategies converging to a degree. Subsequently evidence of globalization exists. However, while useful as an analytical construct, it ultimately adopts too broad a brush and overlooks the power of clubs, which leads to the second point. The in-depth investigation of one such club reveals that converging pressures notwithstanding, clubs still have the capacity to chart their own future and do not act purely based on profit motives. The essence of globalization is that its exact impact on local institutions is dependent on the specific global-local interaction, which in turn is influenced by the institutional capacity of the local institution and the particular local-societal setting. So rather than globalization resulting in *contentlessness*, what this case study has revealed is that globalization results in a *different content* based on both institutional capacity and the particular global-local interaction.

Localism Anew?

While this case study presents evidence of both grobalization and glocalization, a more remarkable conclusion is centered on the enduring power of the local. Theoretically, what the former implies is that the dichotomous relationship between grobalization and glocalization overlooks the enduring power of local institution to leverage the local in order to succeed globally – something which grobalization cannot conceive and which glocalization overlooks. Support for what I will coin ‘localism anew’ will be at the heart of this chapter’s final section.

The last prescription of glocalization states that while globalization will affect LFC, the manner in which LFC manages globalizing process may in turn effect and transform globalization. Based on last chapter’s evidence, this prediction has come true. The over-arching strategy that LFC has adopted to manage globalizing processes is to ensure that the global is reconciled with the local. As was shown in the last chapter, Rick Parry argued that it was of the utmost importance in an era of increasing internationalization that Liverpool stayed close to its roots. The reason for doing so, Parry stressed, was not sentimental but *strategic* because the club’s local roots is what makes the club distinctive and, critically important on this last point, is what the club’s foreign fans buy into. In the same light, to preserve the bond with the local supporters Parry was keen on rebuilding Anfield instead of moving to a new location. When articulating what the Liverpool brand entails, he argued: “The brand is the successful club that cares about its roots.” (Parry 2001: 226) As was highlighted in chapter four, Rick Parry was not the only one who considered reinforcing the local was not sentimental but strategic. John Thompson has argued that the club’s enduring popularity, domestically and internationally, is to a large degree a consequence of its intimate connection with the fans. When meeting with Tom

Hicks during his early days in charge, Thompson tried to convey this message by stressing that notwithstanding the important task of seizing commercial opportunities, Liverpool’s “localness, and the empathy Liverpool has with its fans and that sense of belonging is actually a key business asset to them.”³⁶²

While no comprehensive survey research of the club’s foreign fans has been conducted, the arguments by Parry and Thompson stressing the power of the local base seem credible based on the club’s enduring popularity beyond its borders despite the fact that it has won few major prizes since 1990, the year of the Taylor report and the start of the third period reviewed in chapter four. Based on the findings of sport consultancy Sport + Markt that highlighted the top-7 most popular football clubs in Europe, an analysis of their trophies won *since 1990* (i.e., starting with the 1990/1991 season) will be presented in the table below to reinforce this point:³⁶³

Club (in order of popularity)	League	Cup	European³⁶⁴	Total Titles
FC Barcelona	11	3	4 (CL); 1 (EL)	19
Real Madrid	6	2	3 (CL);	11
Manchester United	12	4	2 (CL); 1 (EL)	19
Chelsea	3	5	1 (EL)	9
Zenit St. Petersburg	2	2	1 (EL)	5

³⁶² Interview with John Thompson for this dissertation.

³⁶³ The table will include three major titles, namely the domestic league titles (in England, the PL), domestic cup titles (in England, the FA Cup) and European titles (i.e, the CL or the Europa League). It will therefore not include less important trophy competitions, including the domestic league cup competitions (in England, the Carling Cup), domestic Super Cups (played between the PL champion and FA cup champion called the Community Shield in England), European Super Cups (played between the winner of the CL and the winner of the Europa League) and the Intercontinental Cups (played between the winner of the CL and the winner of South American’s equivalent competition, called the Copa Libertadores).

³⁶⁴ The UEFA Cup Winners’ Cup was a European club competition pitting the winners of the domestic cup competitions against each other in a two-legged affair. It was abolished following the 1998/1999 season when it became absorbed in the UEFA Cup. That competition changed its name to UEFA Europa League at the start of the 2009/2010 season. In short, the European trophies will be divided between Champions League victories (CL) and Europa League (EL) victories.

Liverpool ³⁶⁵	0	3	1 (CL); 1 (EL)	5
Arsenal	4	4	1 (EL)	9

What stands out most poignantly is that the most successful clubs are also the most popular clubs. Although correlation does not imply causation, club success is generally understood to be a main driver of a growing fan base. In the Far East, many new football fans support MU because they are admired as a consistently successful club. Liverpool's presence in the top-7, despite not having won a domestic league title since the 1989/1990 season, may reveal that its popularity does not exclusively depend on its trophy shelf. This is also the view of Paul Gardner from SOS, the supporter union that designates Liverpool FC as a global club with a Scouse heart.³⁶⁶ And it is the Scouse heart, it believes, that the global fan base is buying into and what drew them to become Liverpool FC supporters in the first place.

The former suggests that globalization provokes a variety of reactions that feed back and transform globalization, and thus produce glocalization. However, it also seems to indicate that the global can actually buy into the local. More salient, if applied correctly, the local can leverage the local in order to succeed globally, which implies that local institutions do not merely react defensively against globalizing dynamics, or can only aim for a form of hybridization by combining the global with the local. The aforementioned power of the LFC brand premised on its tradition (itself a function of its socio-cultural, local heritage) is another example. King hinted at this possibility as well when he assessed the evolution of identities in his study of MU fans. The construction of sub-national identities (and post-national as well), he contended, makes sense in a European landscape that is increasingly characterized by competing cities and

³⁶⁵ The last league title won by LFC was in the 1989/1990 season and therefore falls just outside the scope of this table. Even when included, LFC's playing success is limited compared to the other clubs in the table.

³⁶⁶ Interview with Paul Gardner for this dissertation.

regions (for example, see Sassen 1991). It is undoubtedly the case that major cities (and regions) have grown in importance in Europe in recent years. Examples include Barcelona/Catalonia in Spain, Antwerp/Flanders in Belgium, Munich/Bavaria in Germany, etc. While it is premature to make grand projections based on a single case study, the potential exists that glocalization and globalization do not comprehensively capture the exact relationship between global and local forces. Concretely, they do not allow for the opportunity that local entities can be the *driving force* in transforming globalization by leveraging the local in an attempt to succeed globally.

The club's recent proposal to have the overseas television rights³⁶⁷ sold on a club-by-club basis (Hunter 2011) following the (potentially) monumental decision by the ECJ in the Murphy case discussed in chapter four – the ECJ ruled that selling broadcasting rights on a country-by-country violates EU competition law – constitutes another sign that local institutions can be the driving force in employing the local appeal to succeed globally. The plan to allow clubs to negotiate individual contracts is aimed at capitalizing on the club's popularity overseas since most fans in Asia and North America tune in to watch Liverpool FC (as well as Arsenal, MU and Chelsea) rather than the likes of Bolton Wanderers or Newcastle United. This step, according to managing director Ian Ayre, is imperative if LFC wants to maintain some level of parity with the likes of FC Barcelona and Real Madrid who sell their television rights individually and subsequently accrue tens of millions of pounds more than LFC annually. While it is unlikely that LFC's proposal will pass in its current form – to establish a new commercial arrangement, 14 of the 20 PL members need to vote in favor –, it represents a local institution leveraging globalization by upending a collective, nationally organized revenue agreement to strengthen its

³⁶⁷ The former implies that LFC has no intention of altering the domestic television contract, which is sold collectively and ensures that the differential intake between top and bottom teams does not exceed a 2:1 ratio (as discussed earlier, 50 percent is divided equally among all 20 PL clubs; 25 percent of the total is allocated based on how often teams are broadcast; and the final 25 percent is allocated based on teams' standing at the end of the season).

position locally. In short, it seems that LFC, and potentially other clubs like FC Barcelona, are able to strengthen their localness in a globalized era. As such, the potential for a third school of thought that can be designated as ‘localism anew’ may offer an important corrective to measure the manner in which global and local forces interact, and transcend the dichotomous relationship between glocalization and grobalization.

The theoretical underpinnings of what I have coined ‘localism anew’ are traceable to Samuel Huntington’s criteria of institutionalization. Concretely, ‘localism anew’ is premised on three institutional characteristics: unity, strong heritage and accountability. In other words, these characteristics constitute the generalizable conditions on the ground, which underpin the proposition that local institutions possess the capacity to leverage the local to succeed globally. Unity, and closely related, the emphasis on collective effort have been distinguished characteristics of LFC following the arrival of Bill Shankly as manager in 1959. Chapter four revealed that Shankly upon his arrival created a sense of unity and the belief that everyone had a role to play in the success of the club. This did not apply solely to the manager and his dedicated back-room staff who formed the core of the ‘boot room’ tradition. Instead, it applied to everyone within the organization, from the star striker down to the kit man. The need to have unity can also be discerned in the Liverpool Way, which holds that it is essential to act united when facing the external environment (keep one’s dirty linen out of the public view). The value of unity is recognized by Huntington, most notably the measurement indicator of coherence, about which he states the following: “the more unified and coherent an organization is, the more highly institutionalized it is.” (1968: 403) The second characteristic of localism anew is a strong heritage: LFC realizes presciently realizes what it is, who its stakeholders are, and the city it resides in. Put differently, because of the political orientation of the city and its fans, the

socialist beliefs of Shankly and the culture of the Kop, the club has always treaded carefully when pursuing commercial opportunities. Given this fact, it is no surprise that its turnover was around 50 percent less than that of its main rival, MU at the start of the 1990s at a time of unparalleled domestic and European Liverpool dominance. What the former implies is that while institutions have to respond to, and anticipate, environmental challenges – i.e., have to be adaptable using Huntington’s terminology –, they need to do so in a way that will not sacrifice its heritage. Rick Parry’s comment highlighting the strategic need for Liverpool FC to stay close to its roots even in an age of increasing internationalization is testimony to this policy. This last point, in addition to being an issue of adaptability, is also one of autonomy, which refers to the distinctiveness of the norms and values of an organization. In short, LFC’s heritage, centered on tradition – a key fact recognized by the new owners also – is an important aspect of its autonomy and what makes it distinctive from other clubs. The third component of localism anew is local accountability. At LFC while managers and executives possess a degree of independence when purchasing players or designing strategies to take the club forward, they are also aware of the need to be accountable to the fans and those who support the club. This requirement is a function of the vocal nature of the club’s fans as the former examples will reveal. First, the campaign against Hicks and Gillett by SOS revealed fans’ ability to influence actors, in this case banks approached by Hicks and Gillett to extend them additional financial tools to hang on to the club. Second, during the author’s visit to Liverpool, it was noted by many fans that Roy Hodgson’s job was gone when fans started chanting “Hodgson for England,” a reference to the England national team which is widely reviled among sections of the Kop. Although the relationship between fans and the club is not institutionalized – compared to corporatist arrangements prevalent in many European countries that are based on regularized meetings

between representatives from the government, employers and employees – recent invitations extended to SOS to discuss various club affairs may represent a first step in this direction. In short, at LFC a balance thus exists between autonomy and local accountability.

Recommendations for Further Research

As with most research, the case study of globalization's impact on local institutions provided answers but simultaneously raised new questions and suggestions for further research. First, and most importantly, more research is needed to determine if the proposition that the local can leverage the local to succeed globally is viable. To this end, survey research of Liverpool FC's foreign fan base to decipher what proved definitive in their decision to become LFC fans can serve as one strategy. It would also require interviews with current senior executives at the club to gain comprehensive insight into the strategies adopted by the club and the foundations upon which they are built.

Second, to expand on this case study, a comparative study can be conducted to compare whether or not globalization impacts local institutions differently based on a country's socio-cultural, political and economic context. In addition to providing additional testing of the theories of glocalization and globalization, this effort could also shed light on which factors carry more relative weight in this process. That is, it would help answer the question if socio-cultural, political or economic factors are the driving force, which help explain institutional change. The case study chapter revealed that the precise impact of globalization on Liverpool FC was a result of various socio-cultural (Liverpool's legacy as a port-city, Shankly's philosophy), political (European integration) and economic (Thatcher's policies, most notably

privatization, deregulation and liberalization) developments. The power of the domestic political framework proved especially relevant in this regard. As was noted in chapter four, a primary reason why foreign ownership is prevalent in England is because of the ease with which foreign investors can gain control of a football club. In Germany, laws prohibit foreign investors from owning Bundesliga clubs while in Spain and Italy only three and one club respectively are foreign-owned. The following table will display the number of clubs owned by foreign investors in these three countries:

Domestic League	Clubs Owned by Foreign Investors
England	Arsenal, Aston Villa, Birmingham City, Blackburn, Chelsea, Fulham, Liverpool FC, Manchester City, Manchester United, Sunderland
Germany	None
Italy	AS Roma
Spain	Malaga, Racing Santander, Getafe

Although chapter three noted that it is difficult to find ‘similar cases’, some initial research coupled with interviews with stakeholders indicated that a number of clubs fit the profile of LFC. According to John Williams (2010), for example, Liverpool FC shares many characteristics with FC Napoli of Italy and Olympique de Marseille of France. All are port cities with a strong industrial base, a complicated relationship with the country’s political center and passionate, vocal fans. A comparative study that involves multiple clubs will also afford the opportunity to research more accurately the proposition that football clubs are ‘agents of change’ who enjoy causal powers. The findings of the case study as well as the literature review in chapter two suggest that football clubs do significantly impact fans’ identity as a result of the

increasing transnational movement of players and technological innovations, which have blurred the traditional distinction between what is considered sub-national, national or transnational. Additional study of similar local institutions can lend credence or disprove this proposition.

Third, future research can be aimed at quantifying Huntington's indicator so as to more authoritatively measure an institution's level of institutionalization. The case study of LFC showed that the indicators of adaptability, complexity, autonomy and coherence can be leveraged not merely towards political organizations (Huntington's intention) but football clubs as local institutions as well. Also, Huntington's indicators – especially the concept of adaptability – can be employed to ascertain how institutions are impacted by globalization. The next task will be to quantify these measures and assign them relative weight, which would allow for more accurate comparison of organizations' degree of institutionalization on a wider scale.

In the end, this dissertation is suggestive of the possibility that the beating of the Scouse heart maybe the central factor behind a vibrant localism that does not merely flow in, through and around globalizing external forces, but shapes and leverages globalization to give life to a localism anew. LFC's great manager Bill Shankly once commented that 'football is not life and death; it is much more important than that.' Perhaps in the interplay between the global and the local, Shankly might be right.

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LIST OF ABBREVIATIONS

BBC: British Broadcasting Corporation
CL: Champions League
DAR: Deloitte Annual Review of Football Finance
DIC: Dubai International Capital
EC: European Commission
ECJ: European Court of Justice
ECSC: European Coal and Steel Community
EEC: European Economic Community
EU: European Union
EFC: Everton Football Club
FA: Football Association
FDI: Foreign Direct Investment
FIFA: Fédération Internationale de Football Association
FL: Football League
FLN: National Liberation Front
FRG: Federal Republic Germany
GB: Great Britain
INC: Indian National Congress
IOC: International Olympic Committee
ITV: Independent Television
LFC: Liverpool Football Club
Liverpool FC: Liverpool Football Club
MNC: Multinational Corporation
NESV: New England Sports Ventures
NGO: Nongovernmental Organization
NI: Northern Ireland
OECD: Organization for Economic Cooperation and Development
PL: Premier League
RBS: Royal Bank of Scotland
SC: Standard Chartered
SOS: Spirit of Shankly
TNC: Transnational Corporation
UEFA: Union des Associations Européennes de Football
UK: United Kingdom