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Why The Capitalism Argument on Pay for Play Doesn't Work

“This is America! Of course student-athletes should be paid for playing sports. They are the ones who sweat out the wins and the losses. They are the ones who produce all the labor. Did you ever hear of capitalism, for crying out loud? The laborer should be paid for his work.”

That is the more strident version of the capitalism argument for why student-athletes in intercollegiate athletics should be paid, and pay for play is one of the most frequently asked questions I encounter from audiences during speaking engagements. There are other arguments for pay for play (the fairness issue is one I'll take up in another posting), but capitalism is usually the first one.

It has merit.

This is America, and we do believe in capitalism. We see it as the best and fairest way to generate consumer product. We are convinced it promotes hard work, competition, innovation and quality of life. And it does. It has its flaws. It has a tendency to produce large gaps between the haves and the have-nots; but it does encourage a strong work ethic, and I wouldn't trade capitalism for any other economic model as a structure in which business operates.

But it isn't a workable approach for every aspect of American life. We don't apply it, for example, to churches or charities. And we don't use capitalism as the model for how education works. With some few exceptions, American higher education does not function within a capitalistic structure.

It isn't that money is not important to higher education. It is; even big money. It's not uncommon for large state universities with hospitals for teaching future doctors to have annual budgets in the \$3 to \$4 billion range. It takes a lot of money to run a large university and provide a quality education. But they do not operate within a capitalistic structure. They are purpose driven; not profit driven.

If they were profit driven, campuses would have to give up many courses of study that are essential to a university education, including (God forbid!) my discipline — philosophy. Why would they have to give up some studies? Because they are “loss units” that have to be subsidized from other revenue-generating courses of study or other services, and that isn't a sound capitalistic approach.

Higher education offers a comprehensive range of study because its purpose is to educate a population of future leaders who will enhance society as a whole based on a broad body of knowledge and skills. There is educational value to offering even that which is not profitable.

The same is true of intercollegiate athletics. Football and men's basketball are the only two college sports that consistently have revenues that exceed expenses; and even then, not all football or men's basketball programs generate enough revenue to cover costs. All the other sports have to be subsidized. And all but about 20 Division I universities have to subsidize from their general funds because athletics doesn't generate enough to cover expenses.

That flies in the face of the popularly held perception that intercollegiate athletics — think of all those television contracts, all that bowl money, all the merchandizing — are awash in excess revenue. It just isn't so.

The money from football and men's basketball (and only 60 to 70 percent of those programs actually cover their own costs) are helping pay the way for the other sports. Adding a budget line for salaries in those two sports would undoubtedly mean cutting sports — first for men and then for women.

So what! Why worry about the other sports?

Here is the answer and the critical point: Because there is educational value in participating in sports. Athletics is one of the essential co-curricular activities that teaches important life skills — team work and hard work, persistence and resilience, self-sacrifice and self-discipline and pursuit of excellence in life. Those are skills that are important to the individual and to society at large. We want to maximize the number of students who learn these skills, not cut programs in order to pay salaries to a few.

So, the capitalism argument doesn't work for a variety of reasons. It favors the few over the broader interests of the many. It is based on a false perception that there is sufficient revenue to pay student-athletes even in football and men's basketball to play the sports. And most importantly, it tries to impose an economic structure on higher education and intercollegiate athletics that runs contrary to the way in which they do business.

The critic will respond, "But it just isn't fair. What about everyone who is making money?" That's the topic for the next post.