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Specious In Seattle

The city of Seattle is in federal court trying to keep new team owner Clay Bennett from moving the SuperSonics basketball team to Oklahoma City. In the ongoing trial, the city has called witnesses ranging from economists to superfans to talk about the financial and emotional impact of the Sonics leaving Seattle.

Pity for the fans that Seattle's based so much of its case on the dubious math of economist Lon S. Hatamiya–former California secretary of trade and commerce under Gray Davis.

At the heart of Hatamiya's claims–and the case against moving–is that the Sonics support 1,200 to 1,300 jobs in Seattle and are responsible for $188 million in local economic activity. This looms large, both in the current trial and in future litigation that would determine damages to the city should the team leave. The city claims the Sonics have to honor the two remaining years of their lease because Seattle paid $74 million in renovations to the arena over the last 10 years.

But when you dig into the numbers, you see Hatamiya's tossed an air ball. Let's start with the jobs claim. An NBA season has only 41 home games. The average basketball game lasts two and a half hours, so including time the arena is open before, during and after the game, that's seven hours per game. Even if an usher, hot dog vendor or ticket seller worked every game–which is uncommon–it comes out to only seven full workweeks a year.

Based on research from University of Washington professor William Beyers and GMA Research, a Bellevue Wash., marketing firm, KeyArena businesses directly employ 385 part-time workers, who would lose seven weeks' salary over the course of a year. Given that Seattle's metro area unemployment is 3.7%, according to the U.S. Bureau of Labor Statistics, flat from a 3.7% mark at this time in 2007, it's highly likely that those 385 people will be able to find seven weeks of work should the Sonics leave.

That leaves 206 full-time KeyArena employees who would be affected by the Sonics leaving, assuming that KeyArena doesn't book more concerts, events or alternate sports during the 41 days they lose as the result of a Sonics move. For the 206 full-time employees to all lose their jobs because of a Sonics move, KeyArena would have to completely shut down.

As a barometer of scale and economic impact, the average Wal-Mart store employs 350 people, and the part-time employees work 20-hour weeks year round.

To get to 1,200 or 1,300 jobs, Hatamiya, who declined to comment for this article, has to count every person who sold a bottle of water to a Sonics fan during a game or a beer to a fan after a game, and even then you're just talking about a few hours a week–hardly the difference between an existing or nonexisting job. There can be no doubt that if the Sonics leave, bars and restaurants around KeyArena will suffer on the 41 nights the Sonics would have played in their neighborhood, but it's hard to see how the city stands to lose $188 million, as Hatamiya claims.

The existence of the Sonics does not change disposable family income in Seattle. Residents of the city and the surrounding suburbs will still have money to spend. They might spend it on groceries or a Seattle Mariners game, on a new suit or a few more movies a year. Seattle residents will spend the same amount of money with or without the Sonics; it'll just be in different parts of town.

The theory of disposable income as a zero sum game with regards to sports has been proved empirically, again and again, in peer-reviewed economic studies–most notably by Andrew Zimbalist, an economist at Smith College, and Roger Noll, an economist at Stanford.

Close to 650,000 Sonics fans attended games last year. The only question is whether the minority of them who came from outside Seattle, and indeed outside of King County–which includes more than 50 suburbs–will decide to stop spending their cash on businesses and entertainment in Seattle or King County because their basketball team left.

That's a tough slog, and it hasn't been proved true in any American city. It'd be tragic for sports for the Sonics to leave their loyal fan base, but there's no economic argument to keep them.

Of course, the joke is really on Oklahoma City. While Bennett's economist Brad Humphreys, from the University of Alberta, argued down the Zimbalist and Noll line that a team doesn't add jobs or have a significant economic impact, Bennett convinced Oklahoma City to drop $120 million in public money on an arena. The rationale? You guessed it: economic impact. As far as corporate welfare goes, that's not a bad trick.

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