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An evaluation of an informal rule for the allocation of sports capital funding

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Abstract

Significant empirical research has highlighted the existence of pork barrel politics. This is where public expenditure is targeted at particular regions based on the logic of collective action: political entrepreneurs maximize their chances of re-election by searching for and implementing programs or projects characterized by 'concentrated benefits' for key constituents and broadly dispersed costs. Using data on capital grants to Irish sports teams for 1998–2015, this paper analyzes the extent to which an informal rule can correct this bias. The case of allocating sports capital grants is particularly interesting since academic research, media commentary, and ministerial statements all seem to confirm the existence of political bias with such allocations in Ireland. Specifically, the geographical distribution of the grants are clearly linked to the Minister for Sport: that minister's constituent county receives significantly higher per capita grant allocation than any other county. The grants were suspended in 2009 because of a fiscal crisis arising from the recession. When the grants were restored in 2012, a new informal rule for allocations was introduced. That informal rule was introduced to reduce the extent of pork barrel politics by ensuring that no county received less than 75% or more than 150% of the national average of the per capita grant allocations. The present study evaluated the effectiveness of that informal rule in reducing pork barrel politics in Irish sports capital grant allocations.

Keywords: Pork barrel; sport expenditure; fiscal rules; Congressional Dominance Model

JEL Classification: Z28; H5

1. Introduction

The study of what has become known as pork barrel politics, whereby public expenditure is targeted at specific regional areas based on political considerations—rather than economic or social needs (Young and Sobel 2013)—is a mainstay of political economy research. At least two mechanisms have been advanced to account for this phenomenon: they include politicians rewarding loyal constituents for voting for them, and enticing swing voters to support them (Leigh 2008). In this paper, we analyze whether pork barrel politics plays a role in the allocation of sports-related capital grants in the counties of Ireland. In addition, we examine whether an informal rule (introduced by politicians themselves following public criticisms of pork barrel politics) has curtailed the extent to which politics determines the allocations of those capital grants.

After the 1997 Irish general election, sport was included for the first time in the title of a government department, and responsibility for the allocation of sports capital grants fell to the Minister with responsibility for sport[1]. Over the next decade, the overall amount of funding followed the political cycle, peaking in election years and increasing continuously as the Irish economy experienced a period of rapid economic growth; however, a geographical bias was evident among the allocations, favouring the constituents of the sports minister and Minister for Finance (Considine et al. 2008). Subsequently, the situation changed. The impact of the international financial crisis of 2007–2008 was augmented in Ireland by the bursting of a domestic real estate bubble. There followed a fiscal crisis, a banking crisis, and Ireland entered a recovery program of the European Union and International Monetary Fund. Severe political consequences also followed as Fianna Fail[2]—the party that had dominated twentieth-century

[1] Note that hereafter we referrer to the individual with responsibility for allocating sports capital grants as the sports minister. The responsibility has fall under a number of different departments and to Ministers and Junior Ministers. Therefore, for consistency throughout the remainder of the text these Ministers will be collectively referred to as the sports minister.

[2] The English translation of 'Fianna Fail' is 'Soldiers of Destiny.'

Irish politics and been in government since 1997—suffered a heavy defeat in the general election of 2011: 70% of Fianna Fail's elected representatives lost their seats. A key element in the opposition's campaign in the 2011 election was political reform.

Owing to the fiscal crisis, annual capital grants to sports teams were suspended after the 2008 round of allocations and were not resumed until 2012. In 2011, Michael Ring was appointed sports minister, having responsibility for allocating sports capital grants. Reflecting the criticism directed at previous capital grant allocations—and possibly also the central role of political reform in the 2011 general election—a document entitled '2012 Sports Capital Programme—Assessment and Allocation Process' was produced by the Department of Transport Tourism and Sport (2012). The document presented two alternatives for the distribution of sports capital grants. One method was to allocate funding 'to each county on a pro-rata basis according to the 2011 census of population'. The second method, attributed to John Considine,[3] was a proposal whereby 'the funding to each constituency should be no more than one-and-a-half times the national average on a per capita basis' (Department of Transport, Tourism and Sport 2012). Minister Ring stated that 'the Considine rule'[4] should be applied so that no county (rather than constituency) would receive more than 150%, or less than 75%, of the per capita national average. The purpose of the present paper is to evaluate whether this informal rule for the allocation of capital grants made a significant difference in the geographical distribution of those grants.

This study uses data on the total capital grant allocations for sports facilities in all 26 counties of Ireland (a map of Ireland's counties appears in Appendix 1) over the period 1998–2015. Using a random-effects panel data model to control for the impact of various explanatory variables as well as county-specific random effects, we examine whether the informal

[3] Considine had previously published a number of pieces criticising the allocation of sports capital funding, notably Considine et al. (2004, 2008).
[4] This was how it was termed by the sports minister at the time.

Considine rule had an impact on the sports minister's decisions to allocate capital grants across Ireland. We found no significant relationship between the introduction of the Considine rule and the way in which grants were allocated; this suggests that the informal rule did not succeed in reducing bias with respect to the allocation of sports capital grants. This paper adds to the literature about the disproportional benefits from political institutions; however, the primary focus is the ineffectiveness of informal rules on public expenditure.

The remainder of this paper is structured as follows. Section 2 presents a brief review of the relevant literature on pork barrel politics as well as of previous work about how pork barrel relates to sports capital grants in Ireland. The data used and preliminary analyzes of the data are presented in Section 3. Section 4 outlines the methodology we utilize to model the effect of the informal rule; the results of the analysis are presented in Section 5. The final section is the Conclusion.

2. Research on pork, 'sports pork', and credit claiming

The political considerations related to pork barrel politics tend to be classified in a number of ways. One classification addresses whether the voters in the target area are predominately core partisan supporters of the incumbent or whether swing voters in the area hold the balance of power. Spending can target political supporters in areas where they predominate: it is then a reward for core partisan supporters. Alternatively, the expenditure can target areas where the political outcome hangs in the balance: it is then an attempt to encourage swing voters to support those politicians responsible for the spending. Clemens et al. (2015) provide a good account of the literature on each classification; they also cover more recent work that incorporates the insights offered by both possible explanations.

Another approach focuses on the influences of the legislative and executive branches of the (US) government. Young and Sobel (2013) examine the allocation of US Recovery and

Reinvestment Act spending using economic variables (Keynesian) and political variables (legislative and executive). In the congressional dominance model, the legislative branch is seen as influencing spending. This results in the activities of executive branch agencies being shaped by the policy preferences of Congress, especially those of the members of specialized oversight committees. In this way, spending is more closely identified with specific politicians. Young and Sobel (2013) find empirical support for this model. Hall et al. (2015) list the more prominent contributions to the literature that support the predictions of the congressional dominance model. Those authors then proceed to show how congressional oversight plays an important role in the funding received by a congressional district under the Essential Air Services program; this was designed to mitigate temporarily the impact of the 1978 Airline Deregulation Act. Hall et al. (2015, p. 148) note, 'When the political structure of the bureau system interacts with the institutional structure of geographically based political districts, the result is geographically based benefits disproportionate to what would be expected based on a public interest reading of the bureau's activities'.

Pork barrel explanations also feature prominently in the literature on US sport; however, the emphasis has tended to be on city, rather than state or national, expenditure. Some of the more important early works were published by think tanks in Washington (Noll and Zimbalist 1997; Keating 1999). Unsurprisingly, those publications and others drew heavily on the relationship between sport and politics in the United States (e.g., Siegfried and Zimbalist 2000; Long 2005). The main theme in this literature has been how major professional sports leagues extorted money from cities by manipulating the supply of teams. The ineffectiveness of these subsidies in promoting urban development is illustrated in Coates and Humphreys (2003) and Coates (2007).

In Ireland, the final decision on the allocation of sports grants is made by the sports minister. The sports minister is nominated by the Taoiseach (prime minister) and approved by

the government from elected members of parliament. Members of parliament are elected to represent their constituency in a general election. Prior to the general election of 2011, when a new government entered power, there was substantial criticism of various sports ministers and their engagement in pork barrel politics. Suiter and O'Malley (2014a, b) examined if Irish sport expenditure for the period 2002–2007 was directed towards government-dominated constituencies, marginal constituencies, and the constituency of the decision-making minister. They found that resources were directed towards the constituency of the ministers making the decision and that the constituency of the sports minister obtained significantly more funding—as did the minister who decided how much funding was to be given to sport, i.e., the Minister for Finance. Suiter and O'Malley attributed this finding to the fact that there is greater discretionary power in the allocation of sports grants. The findings of Suiter and O'Malley (2014a,b) are in line with those of Considine et al. (2004, 2008), who presented evidence suggesting the existence of pork barrel politics in allocating sports capital grants in Ireland. Considine et al. (2008) suggested that a rule should be put in place (the Considine rule) to limit the bias in the funding.

By the time the recession stopped Irish sports capital grant allocations in 2009, the allocations were widely seen as 'sports pork'. Before the grants were reintroduced in 2012, ministers and government officials discussed the possibility of a criterion for distributing the grants among the counties. Reflecting the criticism directed at previous sports capital grant allocations—and possibly the central role of political reform in the 2011 General Election—a document titled "2012 Sports Capital Programme—Assessment and Allocation Process" was circulated (Department of Transport, Tourism and Sport, 2012). The document proposed an equal per capita distribution among the counties for those grants. The alternative offered to politicians by those officials was based on the research and media coverage of Considine et al. (2008); the sports minister agreed that it 'should use the Considine rule' (Department of

Transport, Tourism and Sport 2012). The Considine rule was defined so that no county would receive more than 150%, or less than 75%, of the per capita national average sports grant allocation. The rule was informal and was not originally made public. It only came to light after the state broadcaster (RTE) made a Freedom of Information request. The sections below examine whether this informal rule made a difference to the bias in sports capital funding.

3. Data and preliminary analysis

3.1 Data sources

The data utilized in this study are derived from a number of sources: a complete list of the variables is presented in Table 1. All variables are measured at the county level, of which there are 26 in Ireland, and for the period from 1998 to 2015. Appendix 1 presents a county map of Ireland.

The key variable of interest to us was the per capita sports capital grant allocations to Ireland's counties; we downloaded these data from the website of the Department of Transport, Tourism and Sport. Two points should be noted here. First, the data refer to sports capital grant allocations rather than actual payments. The allocations are promises made to sporting organizations based on their applications. Those allocations are readily identified with the minister who announces them. Moreover, there may be a considerable gap between the time of the promised allocation and when the club receives payment. For example, after the February 2016 general election, Minister Ring was no longer the sports minister yet many of the grants allocated in 2015 are yet to be drawn down.

The second point to note is that the data related to our dependant variable are based on counties, not political constituencies. Sports capital grant allocations are made on a county-by-county basis, and the allocations are made by county groupings. No breakdown of the grants on a constituency basis was available for the full period of our study. In Ireland, political

constituencies are based on county boundaries; however, the fit is not exact. Therefore, when using county grouping, any political bias is likely to be understated. We believe it appropriate to use county data in evaluating the Considine rule because in official discussion of the rule, it was noted by government officials that the data and applications were not decomposed by constituency.

We derived the data for our independent variables from a number of sources. We obtained data relating to population and unemployment from the Irish censuses of 1996, 2002, 2006, and 2011. Therefore, the population and unemployment data, unlike the per capita sports capital grant data, are not truly annual but have limited variability across time. For 1998–2001, we used the 1996 census data; for 2002–2005, we used the 2002 census data; and so on. We created a series of dummy variables indicating whether the Taoiseach (prime minister), Tánaiste (deputy prime minister), sport minister, or Minister for Finance were from a particular county or not. Those variables took a value of 1 if the individual was from county i in period t (where $i=1…26$ and $t=1998…2015$), or 0 otherwise. This allowed us to isolate the impact that a particular political office holder might have on the per capita allocation of sports capital grants to their constituent county.

[Table 1 around here]

3.2 Preliminary analysis

In this section, we present a preliminary analysis of our data. We began by considering the spread of the per capita grant data among the counties during three periods: 1998–2002; 2003–2007; and 2012–2015. The rationale for this choice is that they cover the periods of the three

longest-serving sports ministers and cover all but 1 year of grants.[5] Figure 1 shows the allocation of funding throughout Ireland during these periods (with each period normalised to 100, the national average). It is notable during the period 1998–2002 Jim McDaid was Minister for Tourism, Sport and Recreation; he was elected by voters from the county of Donegal. For 2003–2007, John O'Donoghue was Minister for Arts, Sport and Tourism; he was elected by voters from Kerry. From 2011, Michael Ring was the (junior) minister with responsibility for sport allocations; he was elected by voters from Mayo. Those counties appear on the map of Ireland in Appendix 1. We can note that in the period each Teachta Dála[6] (TD) served as sports minister, the per capita grants to their county were amongst the highest in the country. This is consistent for each period.

A more formal analysis of the grant applications is presented as a series of box plots in Figure 2. The box plots confirm that Donegal, Kerry, and Mayo are outliers in the three periods. Interestingly, in the 1998–2002 period, Kildare was also identified as an outlier, when the Minister for Finance represented that county. In the 2012–2015 period, Leitrim and Carlow were identified as outliers. This may be due to their relatively small populations combined with a few relatively large grants. We note that there are no outliers in the lower half of the distribution: this suggests that sport capital grants in Ireland appear to suffer from outliers at the upper end of the allocations spectrum (i.e. some counties receive more than would be anticipated) rather than the lower end.

[Figure 1 around here]

[5] For the period around 2008, Martin Cullen was sports minister; he was elected by the people of Waterford. That county was fifth in per capita funding for 1998–2007; it was sixth in 2008.

[6] The English translation of this is Deputy to the Dáil, where the Dáil refers to Dáil Éireann, the lower house of the Oireachtas (the Irish Parliament). It is the equivalent of terms such as Member of Parliament (MP) in the United Kingdom.

[Figure 2 around here]

4. Methodology

The methodology we employed was a random-effects panel estimation. Specifically, we related a variety of factors that may have affected the per capita grant allocation a county received from 1998 to 2015. The model to be estimated is presented as Eq. (1):

$$GRANT_{it} = \alpha_0 + MS_{it}\alpha_1 + CR_{it} * SM_{it}\alpha_2 + OM_{it}\alpha_3 + Z_{it}\alpha_4 + \alpha_t + \varepsilon_{it} \quad (1)$$

where $GRANT_{it}$ is the natural logarithm of the allocated per capita sports grants received by county *i* in period *t*; α_0 is the constant term; MS_{it} is an (N*T)*1 vector, consisting of a dummy variable indicating whether the sports minister was based in county *i* in period *t*; α_1 is the associated coefficient. It was anticipated that α_1 would be significant and positive; that would indicate that the sports minister allocated greater funding to their constituent county ceteris paribus. CR_{it} is a dummy variable that takes a value of 1 when the Considine rule was implemented (post-2012), and 0 otherwise. Therefore, $CR_{it} * SM_{it}$ can be thought of as an interaction term, showing the impact of the Considine rule on the grant allocation decisions of the sports minister. α_2 is the associated coefficient. Therefore, the coefficient α_1 shows the impact of the sports minister being from county *i* on the grants received by county *i*; the coefficient α_2 indicates whether this effect changed following the introduction of the Considine rule in 2012. If α_2 is significant and negative, this implies that the Considine rule has resulted in reducing the sports minister's (α_1) bias; if α_2 is significant and positive, this

means that it has increased the α_1 bias; and if it is insignificant, this indicates that the introduction of the Considine rule has had no statistical effect on the α_1 bias.

Regarding the remainder of our model, OM_{it} is an (N*T)*3 matrix of dummy variables, representing whether county *i* had one of three possible other senior ministers in period *t*. The three other senior ministers considered are the Taoiseach, Tánaiste, and Minister for Finance. α_3 is the 3*1 vector of coefficients. Z_{it} is an (N*T)*k matrix of *k* control variables (a full list of variables appears in Table 1) that may affect the level of grants received by county *i* in period *t*, with α_4 as the associated *k**1 vector of coefficients. α_t is a series of time dummy variables controlling for year-specific effects. ε_{it} is the error term.

5. Results and Discussion

The results of our analysis appear in Table 2. We present four alternative regression estimations. The first column is the estimation of Eq. (1) without the interaction term for the Considine rule; the second is an estimation of Eq. (1) incorporating the Considine rule. Both these estimations use the natural logarithm of the euro value of grant allocations per capita as the dependent variable. The third and fourth columns employ the value of grants per capita as a percentage of the national average as the dependent variable. We present the alternative measures to demonstrate that the results are robust to different specifications of our dependent variable.

With all estimations, we observed a significant, positive coefficient on our sports minister dummy variable. This suggests that the sports minister will allocate a higher level of per capita grants to their constituent county ceteris paribus. Since the dependent variable (grants per capita) is expressed as a natural logarithm, we can interpret the coefficient on the

sports minister dummy variable as a semi-elasticity. This suggests that on average, the sports minister allocates to their county 121% more per capita in grants than to other counties.

With our interaction variable, which indicates the impact of the Considine rule on the sports minister's grant allocation decision, it is evident that this is statistically insignificant. The insignificance of this interaction term indicates that the introduction of the Considine rule did not affect the grant allocation. Therefore, the 121% bias (on average), identified earlier, persists after 2012.

Regarding our other minister dummies, we find a significant positive effect for the Minister for Finance. This is consistent with the results of Suiter and O'Malley (2014a, b) and Considine et al. (2008), who highlighted the significant role of the Minister for Finance. Our remaining controls indicate that larger counties did not receive higher or lower levels of grant allocations. Likewise, we did not observe a city effect.

[Table 2 around here]

One possibility for the statistical insignificance of the Considine rule is the way it was interpreted and implemented. After the 2012 round of allocations, grant allocations have been classified in various ways. They have appeared as 'local grants', 'non-local grants', 'special grants', and 'other grants'. For example, in the 2015 round, which was the last before Minister Ring left office, two grants totalling just under 4 million euros were classified as 'Other'. Both were allocated to the minister's constituent county of Mayo. Some statements by Minister Ring suggest that he applied the Considine rule only to local grant allocations. In a parliamentary debate on 15 May 2014, Minister Ring made the following statement:

> "When the most recent round of funding [2012] under the sports capital programme was announced, journalists immediately tried to find out if County Mayo had received a greater allocation than other counties. The county was allocated, pro rata, the amount to which it was entitled, as were all other counties. I did what Dr John Considine wanted me to do and when he found no reason to criticise the local schemes, he examined the regional schemes."[7]

However, other statements made by Minister Ring suggest otherwise. In another parliamentary debate on the Sport Ireland Bill 2014 on 24 September 2014, Minister Ring requested that the opposition spokesperson might give him 'credit for the per capita grant … Even Professor Considine approved of it'. There was then no mention of local, non-local, regional, or other grants.

Figure 3 provides some evidence to suggest that Minister Ring applied the Considine rule only to 'local' grant allocations. The figure shows that all 26 counties come within 75%–150% of the national average. Figure 3 also shows a number of counties receiving higher per capita grants than Mayo. However, one could argue that the publication of grant allocations with those local, non-local, special, and other classifications suited Minister Ring. When all sports capital grants (local, non-local, special, and other classifications) are combined, Mayo (Minister Ring's constituent county) maintains the highest per capita allocation and exceeds the 150% national average threshold. The reasons for the classifications have not been adequately explained. One could then argue that the informal Considine rule succeeded only in reducing the transparency of the grant process and that there was little change in the actual political bias.

[7] The opposition spokesperson made the response, 'That was where the Minister was found out.'

[Figure 3 around here]

6. Conclusion

There is no statistical evidence to suggest that the Considine rule succeeded in reducing the bias in the sports capital grant allocations to Ireland's counties. Our results support previous findings whereby the county represented by the sports minister is a significant explanatory variable in the allocation of those grants. Previous studies have also indicated that the county represented by the Minister for Finance received statistically significant more per capita than might otherwise be expected. Our evidence supports this finding.

One possible impact of the Considine rule is that it may have resulted in decomposition in the classification of the allocations. During Minister Ring's period in office, the allocations were published under four distinct headings. Some ministerial statements suggest that Minister Ring interpreted the Considine rule as applying only to 'local' allocations. However, other ministerial statements appear to contradict this view. Figure 3 indicates that the Considine rule was interpreted to apply only to local grants. However, there are two problems with this interpretation. First, the Department of Transport, Tourism and Sport (2012) documentation shows no reference to the Considine rule applying only to local allocations. Second, another allocation criterion—outlined by Minister Ring in a radio interview in December 2012 and supported by data in a press release of the previous day—involved the minister rebalancing the previous allocations. Those allocations were not decomposed into 'local', 'non-local', 'special', and 'other'. It is in the latter three categories that Mayo received allocations greater than might otherwise have been expected.

Our results suggest that the informal Considine rule failed to reduce the extent to which Irish sport capital grants are used as sports pork.

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Appendix 1: Map of Irish counties

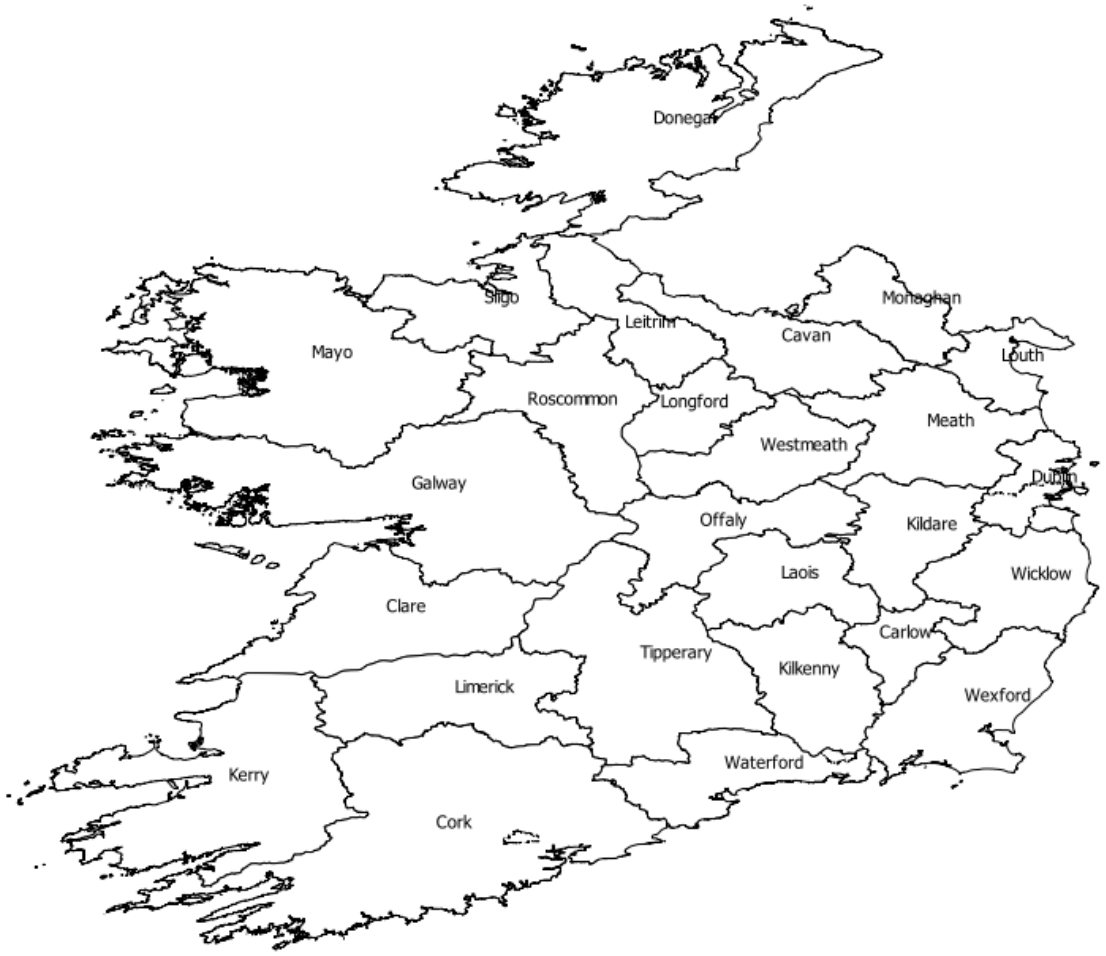


Table 1: Variable Definitions

Variable Name	Description	Source	Unit of Measurement
Dependent Variable			
ln Grant per Capita	The natural logarithm of the € value of grants per capita	Grant data: Department of Transport, Tourism and Sport website.	€ natural logarithm
Decision Rule			
Taoiseach (PM)	Is this the Taoiseach's constituency.	Various Sources	1/0 dummy variable
Tánaiste (Deputy PM)	Is this the Tánaiste's constituency.	Various Sources	1/0 dummy variable
Sports Minister	Is this the Sports Minister's constituency.	Various Sources	1/0 dummy variable
Finance Minister	Is this the Finance Minister's constituency.	Various Sources	1/0 dummy variable
Control Variables			
ln Population	The natural logarithm of the population of the county.	Irish Census of Population 1998; 2002; 2006; 2011	natural logarithm of number of people.
ln Unemployment	The natural logarithm of the number of people looking for work in the county.	Irish Census of Population 1998; 2002; 2006; 2011	natural logarithm of number of people.
Informal Rule			
Considine Rule	A dummy variable taking the value of 1 post-2012 when the Considine rule was adopted.	Na	1/0 dummy variable
Sports Minister *Considine Rule	An interaction term showing the effect of the Considine rule interacted with the Sports minister	Na	1/0 dummy variable

Table 2: Random Effects Estimation of Equation (1)

Variables	Nat. Log of Grant per Capita	Nat. Log of Grant per Capita	Per Capita Grant Relative to National Average	Per Capita Grant Relative to National Average
City	-0.060	-0.063	0.995	1.338
	(0.317)	(0.318)	(22.323)	(22.264)
Nat. Log of Unemp	0.411	0.405	-1.485	-0.569
	(0.476)	(0.484)	(27.559)	(27.266)
Nat. Log of Pop	-0.250	-0.245	5.884	5.063
	(0.534)	(0.540)	(38.046)	(37.798)
Taoiseach	-0.022	0.034	-25.697	-34.906
	(1.051)	(1.304)	(37.588)	(41.061)
Tanaiste	0.875	0.847	32.718	37.299
	(0.662)	(0.766)	(24.183)	(25.498)
Sport	1.217**	1.259**	102.247***	95.477***
	(0.579)	(0.506)	(30.440)	(34.496)
Finance	1.347*	1.352**	68.871	68.066
	(0.692)	(0.682)	(45.499)	(45.475)
Sport*Considine Rule		-0.256		42.187
		(1.175)		(53.160)
Constant	-1.471	-1.485	34.288	36.575
	(3.172)	(3.179)	(210.834)	(210.130)
N	468	468	468	468
R2 (Overall)	0.77	0.77	0.04	0.04
Chi2	24,364.39	28,549.08	234.95	157,038.22

Note 1: ***, **, and * indicate significance at the 99, 95 and 90 percent level respectively.

Note 2: Data based on 26 counties and 1998 to 2015.

Note 3: Year dummies are included in the estimation but not presented in the table due to space constraints. To summarize their effect the coefficients show increasing allocations between 1998 and 2008, decreasing allocations between 2009 and 2012 and increasing allocations following 2012.

Figure 1: Distribution of Per Capita Sports Capital Grants by County (select time periods)

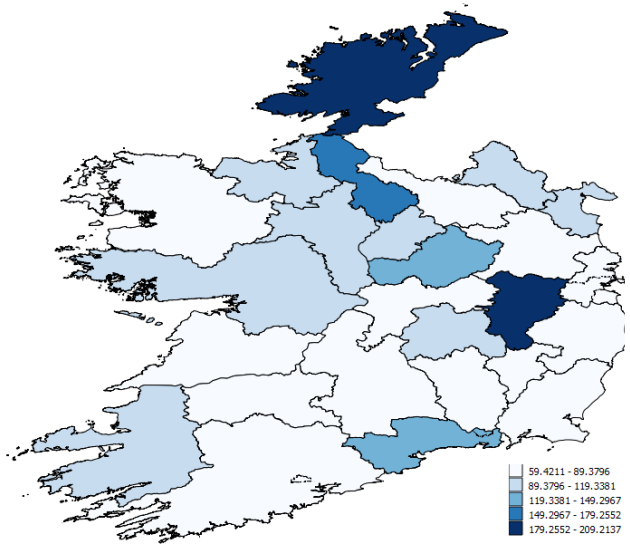
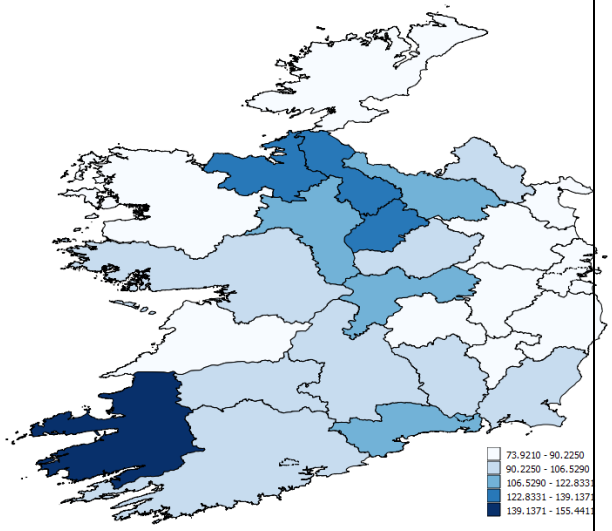
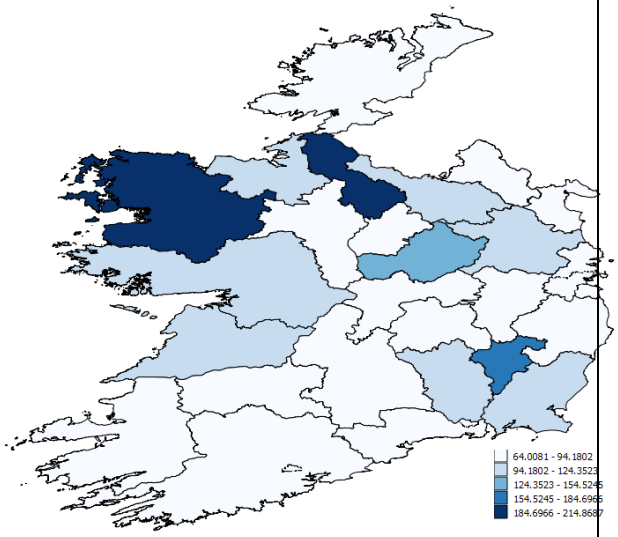
1998-2002	2003-2007	2012-2015
		

Figure 2: Box Plot of Per Capita Sport Capital Grant Allocations

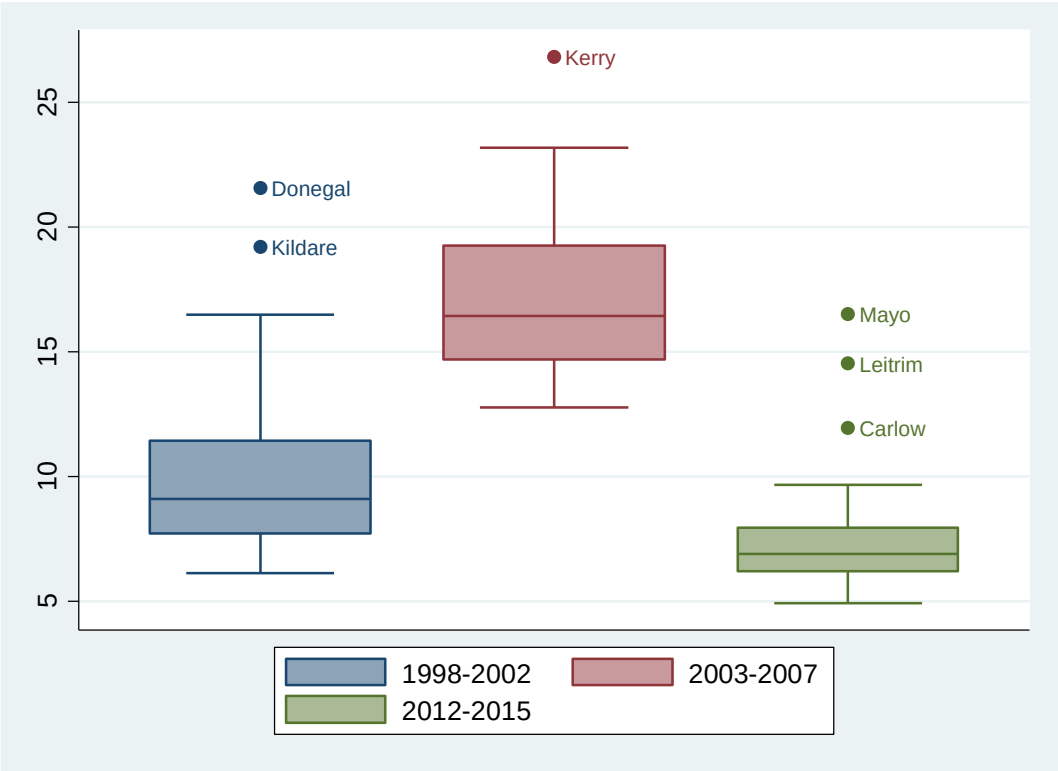


Figure 3: County Per Capita Sports Capital Local Grant Allocations Relative to National Average, 2012-15, National Average = 100.

