

Do we pay athletes too much?

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Do professional athletes get paid too much? In my personal opinion: No. In this modern era this is an ethical issue that comes up more and more often. This has been brought up especially in times of economic hardship and the recession whereby families are really struggling to make ends meet with unemployment, delay of retirement and general reductions in disposable income. During this paper it shall be discussed how the ethical issue of high wages came about, why it is an issue, who is affected and what actions can be taken. Why is there this ethical problem?

To put it simply, it is a matter of personal opinion and knowledge on whether you believe professional athletes in the United States should get paid the level of wages that they do. Below is a chart produced by Cambridge University which gives an introductory representation of the salaries professional athletes earn annually. From June 2008 to June 2009, the highest paid professional athlete, Tiger Woods, made \$110 million according to Forbes. Also on their list, at number two, was Kobe Bryant making \$45 million, and Michael Jordan with the same amount (and Michael Jordan hasn't played in quite a while! . According to Forbes Magazine, the highest paying "regular" job in the U. S. during 2009 was that of a surgeon. The average annual pay of a surgeon last year was \$206, 770 (also out of Forbes). While the average pay for classroom teachers in the United States is \$38, 000 per year. At that rate, a teacher would need a little more than 27 years to make \$1 million — less than half what a basketball player makes, on average, in just one year. The average pay for fire-fighters in the United States is around \$40, 000. The starting salary for police officers in the United States is around \$29, 000.

Do athletes deserve more money than fire-fighters or teachers — people who hold what many consider being more valuable jobs? This is the basis of where this ethical problem comes about. Some people work their entire life trying to make a living to support the families they have and have a very hard time trying to live near the poverty line. Some of the jobs they have to take to support their families are hard, manual labor jobs that they have to work at for 12 hours at a time. For example, adults that work in fast food restaurants usually work long days so they can make enough money to support a family, because minimum wage doesn't go far in today's world. Single parents usually work even harder than families that have two incomes helping to support them. The average professional football player gets paid almost \$2 million and they're not even the highest paid professional sport. Basketball players make the most out of all pro sports with the average salary being \$5 million and the only thing they have to do is practice and play in games (FreeMoneyFinance).

However it is rarely considered how much tax and good these athletes do in helping our economy. In the banking business it is known as the 'jock tax' and when understood, people will not be so judgmental. For federal purposes, professional athletes are taxed in the same manner as other taxpayers: gross income less deductions equals taxable income. Federal tax is computed without regard to your state of residency (home state), or where the employer/team is located (team state). The current top federal tax rate is 35%, starting at taxable income of \$319, 101 (2004, single filing status) (ZZLR. om). Now to tax that level for an athlete that earns millions of dollars a year is creating some useful revenue for states and the government that

no one can argue with. Another reason why athletes do not get overpaid is the wrong attitude that some people possess. For example people say, " Oh, I would hit a baseball for millions of dollars a year. " Well, I'm sorry you can't. These athletes are unbelievably blessed with talent. All of these players have such immense and extraordinary ability that they make the game look effortless.

In fact, good luck hitting a 96 MPH fastball moving down and in on your hands with a wood bat. If you were to put one of these players with a cluster of amateurs, they would stand out to such a degree, it would be astonishing. So, is nine months out of the year devoid of a vacation easy for you? Is travelling to different cities approximately every three days across the nation undemanding for you? Is being away from your family for most of the year trouble-free for you? Is hitting a 96 MPH fastball effortless for you? You are starting to deserve that pay check.

People say it is just a game and athletes shouldn't be paid so much. It is not just a game. Billions and billions of dollars get dumped into professional sports. In fact, professional sports are the 11th most lucrative business in the entire world (UPENN. EDU). It is a form of entertainment and people are willing to pay the big bucks to watch these athletes perform. If nobody came to watch, they wouldn't get paid what they do. The fans pay the wages after all. In economical terms demand for high performing sports stars is high while there are a few numbers of them.

This makes their wages high. Direct affect this issue applies to, of course, is professional athletes... along with their respected affiliated clubs/teams who pay their salaries. In certain examples such as that of soccer team Manchester
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City, which runs with a loss, is kept afloat by a Middle Eastern royal family so in that case they pay player's wages. Indirectly effected parties include those who contribute to the funding of high wages. Examples of these include supporters going to games, television networks paying licence fees, the public paying for cable to watch the games.

One of the options discussed would be to cut player's salaries. Now this could have profound consequences for many directly and indirectly involved. Firstly, the quality of sportsman would diminish. This is a general mental happening that when you reduce a person's reward for something, more often than not, they will reduce their work ethic consequently. The knock on affect of this would be that people would then find sports less entertaining which is a social consequence as people need entertainment.

After this it would probably be assumed that this industry that employs millions of people, the 11th largest industry in business, could start to struggle with the consequential fall in demand... due to a fall in quality. People would indirectly be affected as the level of taxation that these athletes would drop and consequently affect the economy negatively not to mention the reduced spending the economy would see as they would have less disposable income. This would affect other people through jobs and welfare.

For example, if a professional footballer does not buy a boat in Florida then the company who makes the boat would lose out. Welfare wise, the federal governments would have less money to put towards benefits to help those less fortunate. Similar to this charities would find themselves losing out also as the athletes would probably donate less as they would have less wealth to

offer. This would, again, influence people negatively. To partly reduce this ethical dilemma however it can be seen that wage caps could be introduced.

These have been introduced in major competitions including: NFL, NHL, English Rugby Union and NBA. However there are pros and cons to the idea. For example, the NBA salary cap is the limit to the total amount of money that National Basketball Association teams are allowed to pay their players. It is defined by the league's collective bargaining agreement (CBA). The actual amount of the salary cap varies on a year-to-year basis, and is calculated as a percentage of the league's revenue from the previous season; for instance, in 2007-08, the NBA's salary cap was approximately US\$55. million per team, and for the 2008-09 season it was \$58. 68 million (NBA. com). Now, before it is discussed how the cap could be deemed pointless, it must be considered that if this system is done properly then wages would not go above and beyond relative figures when considering a league's income. If a league sees more demand (television rights, franchise, etc) and therefore gains more revenue then it should be passed onto the players, surely. The issue here is that the actual problem of high wages is not stopped... only in certain situations capped.

To put across this point, in all but one season the revenue of NBA has been reduced. The reaction to this is that wages have also, in respect, gone up in a positive correlation. In conclusion, it is well documented that NBA stars are one of the best paid sports people in the business, even with a salary cap. The cap itself only stops certain individuals receiving ludicrous deals relative to the rest of the industry and does not mean the average wage would not

still be high. Again, there is the demand to watch these athletes and the result of this is the money that is made from that demand sustains high wages.

It is basic economics. In terms of punishment for breaking of the salary caps, at the moment, only include fines. Examples of this include in 2012 where the Cowboys will be penalized \$10 million, paying \$5 million a year for two years. The Redskins penalty is much harsher at \$36 million (\$18 million a year for two years). While the Cowboys are unlikely to feel that much of a pinch, the penalty puts the Redskins in a world of hurt. That \$18 million a year is significant money. The Redskins have a decent amount of young talent. Those not already signed to deals may be lost.

Tight end Fred Davis, a burgeoning star, is on a one-year contract. And Kory Lichtensteiger, a left guard, may not be a Pro Bowler, but he's worth keeping around. He is also on a one-year deal (forbes.com). Personally, if I was a leader of an organization who had power over such an ethical issue such as a governing body or the government itself I do not believe I would enforce or change anything at present. In fact, the idea of a salary cap is off putting. I believe strongly that if an individual is worth a sum of money to a team that is natural in a market situation, i.e. he can generate that revenue back for the team and the demand for him/her is there then why shouldn't they get paid that money. Regardless of whether they save lives or not the quality of their labor is just as important. Perhaps not on a life-saving level however in terms of entertaining millions of people after thousands of hours of practise I believe to pay high wages is natural in the business environment professional athletes find themselves. Citations Badenhausen, Kurt. Top 100 paid

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