New Mutualism

A Golden Goal?

uniting supporters and their clubs

by

Jonathan Michie

The Co-operative Party is the political wing of the Co-operative Movement. It promotes the application of Co-operative Principles through elected representatives at all political levels.

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Foreword

This latest pamphlet in the series on the ‘new mutualism’ is timely. As football enjoys more prosperity than ever before, an increasing number of clubs are in financial crisis.

Football clubs are cherished community assets, built on generations of support by local people. But in the turbulent world of football economics, a few years of mismanagement can threaten a club’s future and throw all that history into doubt.

Many supporters have first hand experience of the shortcomings of traditional forms of ownership, where the club’s future rests with one individual who may or may not pull out at any time. Brighton and Doncaster Rovers fans in particular can talk from bitter experience of what can happen when a football club is run in the interests of a few rather than the many.

This is why supporters across the country are looking at new models of football club ownership. They take inspiration from Northampton Town and Bournemouth, both of which came close to collapse but have now emerged the stronger through the establishment of supporter trusts.

Football offers fertile ground for expansion of new forms of mutualism. Greater supporter ownership of clubs offers a solution to a number of perceived problems in the game and is an idea whose time has clearly come. And the example of Barcelona shows that there is no reason why these ideas should be limited to smaller clubs.

This pamphlet should be required reading for all involved in football, supporters and directors alike.

Tony Banks MP and Parliamentary Under-Secretary of State for Sport

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He is the author of numerous articles and books and co-edited (with Sean Hamil and Christine Oughton) *A Game of Two Halves? The Business of Football* (Mainstream Press, 1999). He submitted evidence to the Office of Fair Trading's 1998 consideration of BSkyB's bid for Manchester United plc and, along with nine other academics from across the country, submitted evidence to the Monopolies and Mergers Commission for their 1999 investigation of the same case. He is Chair of 'Shareholders United', an organisation formed to campaign for all interests (including emotional) that Manchester United supporting shareholders have in the club, and which seeks to make links with similar organisations at other clubs.

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This pamphlet draws heavily on joint work with Sean Hamil, Christine Oughton, Shay Ramalingam, Roger Sugden, Shraddha Verma and, in particular, Andy Walsh, to whom I am therefore grateful. [1] The ideas have been discussed with a number of other colleagues, including at a February 1999 conference at Birkbeck College and in the preparations for a July 1999 conference, also at Birkbeck, on 'The Governance and Regulation of Professional Football'. I am therefore grateful to all the participants and in particular to Brian Lomax of Northampton Town FC and the conference organiser Steve Warby. I am also grateful to Peter Hunt, Secretary of the Co-operative Party for suggesting this pamphlet and for making valuable comments on the draft versions (as well as for his assistance with the July 1999 conference and for the Co-operative Party's generous sponsorship of that event).

The central idea, of supporters attempting to exert some degree of influence over their clubs, is being pursued by shareholders in Manchester United through the organisation Shareholders United, of which I was elected Chair at the 1999 Inaugural General Meeting. I am grateful for discussions with - and the contributions of - my colleagues in that organisation, particularly Ernie Battey, Roger Brierley, Adam Brown, Michael Crick, Eric Downs, Duncan Drasco, Alastair Lees, Andrew Salton and Murad Qureshi. Some initial work has gone into considering the feasibility of establishing a trust as a method of pooling shareholders' votes, on which John Hurst has been particularly helpful.

Finally I am grateful for useful advice from Calderdale Council's Director of Leisure Services, Carolyn Downs, and football fans Alec and Duncan Michie.

Preface

As we approach the new millennium it is increasingly clear that new forms of ownership and control need to be developed. The free-market, 'greed is good', 1980s and '90s created massive inequality domestically and internationally without even the 'payoff' of increased economic growth. On the contrary, insecurity increased, both for the individual put on short-term or even zero-hours contracts, and globally as the successful economies of South East Asia fell to the contagion of financial speculation. [2]

The pressure on private firms to maximise shareholder returns, and on the public sector to mimic the private sector, has proved not just harmful but ultimately self-defeating. One of the problems with the attempt in the 1990s to get the public sector - particularly the NHS and local government - to mimic the private sector was that the model of private sector activity to be followed was one of short-term, arms length relationships where suppliers and customers were to be continually played off against each other in a never-ending spiral of tendering and re-contracting. Even in the private sector this is not necessarily how successful firms operate. Suppliers will often be cultivated through long-term relationships. Attention will be paid to what the customer wants, not just to how much they will pay. Thus the Labour Government was elected in 1997 committed to scrapping the internal market in the NHS and compulsory competitive tendering in local government. [3]

Many of these issues are highlighted in the case of football, where a social, cultural and sporting activity has become big business and clubs have become PLCs. The incoming Labour Government recognised this fact by establishing the Football Task Force whose remit included the 'problem' of plc status for clubs, and issues of over-commercialisation more generally. In addition to the series of reports from the Task Force we now also have the report of the Monopolies and Mergers Commission on the attempt by BSkyB to take over Manchester United. The problem of growing inequality between clubs was accepted both by the MMC and also by the Government as a serious cause for concern, and one which could actually damage the quality of the product - football. [4]

This pamphlet thus looks at what might be done to increase the involvement of supporters in their clubs. While there are a range of different initiatives that could be taken to improve on the current state of affairs, the most dramatic would perhaps be to 'mutualise' clubs, so that the customers - the supporters - become the owners.

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June 1999

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1 Introduction

The attempted take-over of Manchester United by BSkyB in 1998 highlighted what had been apparent for some time. Football has become increasingly commercialised. It is now big business [5]. Indeed, the fact that the game was becoming over-commercialised was one of the reasons for the Government establishing the Football Task Force [6] (see Box 1).

Associated with this increasing commercialisation has been a second worrying development. At most Premier League clubs in England there has been a gentrification or yuppification of the fan base, amounting to a form of social exclusion. Ticket price increases have priced many traditional football fans out of regular attendance. This is particularly the case with young fans.

On the positive side, there has at least been wide recognition not only of the dangers to the game from these twin developments, but also of the need for action to deal with the problem. The problem of social exclusion, and the need to tackle it, has been made a particular priority for action by this Government. There was also the welcome establishment of the Football Task Force that has issued useful reports and recommendations. It is to be hoped that these will be acted on by Government and the football authorities.

However, the BSkyB bid was more significant than simply having served to draw attention to existing problems. It also represented a serious additional threat to the game. Firstly, such a take-over would have exacerbated the various problems just referred to. And secondly, it would have create new threats to the game, most particularly the threat that the top, 'glamour' clubs would be taken over by media companies. This would result in these clubs being run in the interests of the media companies that own them. Indeed, it would be the legal requirement of the companies' Directors to so act, regardless of whether their actions were in the best interests of the football club or not.

According to British company law, if the Directors were presented with a course of action that would be in the interests of the parent company but not the football club, they would be legally obliged to adopt the course of action that was in the interests of the parent company of which they were Directors. The interests of the football club, and the supporters, would have to be sacrificed.

A practical example might have been when, in 1998, the Premier League threatened Manchester United with expulsion (along with the other clubs involved) if they joined the European Super League about which the clubs were in discussions. Had BSkyB owned Manchester United at the time, it might well have been considered to have been in the interests of the broadcasting company to go ahead with the European Super League, and to therefore use Manchester United to help launch it, regardless of the longer term damage which would have been done to the football club through expulsion from the Premier League.

Another example would be if BSkyB had been allowed to own Manchester United and had then merged with Canal Plus. Such a merger, between BSkyB and the French cable company was being seriously considered in February 1999 and it is quite possible that the talks between the two companies will resume in the future. (The talks in February were secret, but widely reported.) Canal Plus owns the French club, Paris St Germain. But under UEFA rules no owner is allowed to enter more than one club in the same European competition [7]. If both clubs had qualified for the Champions League it would then have been up to BSkyB/Canal Plus to decide which club to withdraw from the competition.

There would, though, be far more general, continual potential conflicts of interest between the football club and the media owners. Most obviously, over matters such as the amount of money to be put into the operation of the football club in lieu of the fact that nothing was being paid for the right to screen live matches, which otherwise would generate large revenues for the club. And there would always be the danger of asset stripping by selling players, or selling the club's football ground as commercial property.

The need to consider alternative forms of ownership and governance for football clubs is therefore urgent. This pamphlet aims to contribute to that task.

Box 1 The Football Task Force

The Football Task Force was established in July 1997 by the incoming Labour Government under the auspices of the Department for Culture, Media and Sport. Its remit was to make recommendations in pursuit of the following goals:

- To eliminate racism in sport and encourage wider participation by ethnic minorities in both playing and spectating
- To improve disabled access to spectating facilities
- Encourage greater supporter involvement in the running of clubs
- Encourage ticketing and pricing policies that are geared to reflect the needs of all, on an equitable basis, including for cup and international matches
- Encourage merchandising policies that reflect the needs of supporters as well as commercial considerations
- Develop the opportunities for players to act as good role models in terms of behaviour and sportsmanship, and to become actively involved in community schemes
- Reconcile the potential conflict between the legitimate needs of shareholders, players and supporters where clubs have been floated on the Stock Exchange

David Mellor was appointed to Chair the Task Force. The other members (including those who joined after the initial appointments) were:

Keith Wiseman (replaced by Graham Kelly, then Dave Wiseman), FA

Peter Leaver (replaced by Mike Lee), Premier League

David Sheepshanks, Football League

Gordon Taylor, Professional Football Association

Sir Rodney Walker, Sports Council (later Trevor Brooking, Sport England)

John Barnwell, League Managers Association

David Phillips, Association of Premier and Football League Referees and Linesmen

Graham Bean (replaced by Allison Pilling), Football Supporters Association

Tony Kershaw (replaced by Ian Todd), National Federation of Football Supporters Clubs

Steve Hennigan, Disabled Supporters Association

Chris Heinitz, Local Government Association

Sir Herman Ouseley, Commission for Racial Equality

Rogan Taylor, Liverpool University's Football Research Unit

Eleanor Oldroyd, Radio Five

Sir John Smith

Adam Brown, Manchester Metropolitan University

The Football Trust provided the Secretariat.

The Task Force has issued three reports, on *Eliminating Racism From Football*, *Improving Facilities for Disabled Supporters*, and *Investing in the Community*. The final report is expected later in July or August 1999. (For further detail and discussion, see Brown, 1999.)

2 Clubs or PLCs?

The establishment of PLCs in football is based more on the desire to take money out of the game than, as football club directors would have one believe, putting money in. The flotation of a football club is often accompanied by a club director or financial advisor talking the language of 'people's capitalism'. Manchester United's 1991 prospectus declared a wish to 'give employees and supporters a greater opportunity to invest in Manchester United' and talked of a desire to 'widen the ownership' of the Club.

Around one hundred years ago football clubs began to form themselves into limited companies - a move intended to protect those running the clubs from personal liability should the newly found professionalism of the era go awry. In an effort to protect the integrity of the game the Football Association imposed Articles of Association that debarred profiteering by club directors. Rule 34 imposed a maximum dividend payout and outlawed payments to club directors (see Box 2). It also laid down the provision that in the event of a club folding, the assets would have to go to other local sporting institutions. This principle was adopted abroad where the idea of football being organised into 'clubs' was enshrined in the constitutions of famous institutions such as FC Barcelona. [8] As can be seen in the case of Barcelona, the concept was developed to give the 'Club' a real link with its community and its supporter base (see Box 3).

This move for the good of the game stands in stark contrast to the FA's capitulation to the bigger clubs one hundred years later when the FA allowed itself to be used in the establishment of the Premier League, breaking away from the rest of league football.

Box 2 The FA's Rule 34

The Following Clauses have been approved by the Council, and must be accepted by Club Companies as a condition of Membership of The Association or a County Association and inserted in their Articles of Association:-

(i) Dividends - A larger dividend shall not be declared than the maximum dividend allowed from time to time by The Association and may be cumulative for a period not exceeding three years (that is to say, the past three consecutive years). Until otherwise determined by The Association the maximum dividend payable in respect of any year shall be fifteen per cent of the amount credited as paid up on such share.

(ii) Shares - A share will not be subdivided. No Club Company shall make any bonus issue without the written consent of the Council.

(iii) Remuneration to Directors (a) Save as provided in sub-clause (b) a Director (as defined by the Companies' Acts) shall not be entitled to receive any remuneration in respect of the office of a Director or as an employee of a Club. (b) Directors of any Club in Full or Associate Membership of The Association may receive remuneration in consideration of their appointment as Director, provided that the terms of such appointment are notified to and approved by The Association and the League of which the Club's First Team is a Member and that such appointment is in respect of full-time employment.

(iv) Disqualification of Directors - The office of Director shall be vacated if the Director be suspended by The Association from taking part in Football management.

(v) Winding-up of the Company - On the winding-up of the Company the surplus assets shall be applied, first, in repaying to the Members the amount paid on their shares respectively, and if such assets shall be insufficient to repay the said amount in full, they shall be applied rateably, so that the loss shall fall upon the Members in proportion to the amount called up on their shares respectively and no Member shall be entitled to have any call upon other Members for the purpose of adjusting the Members' rights; but where any call has been made and has been paid by some of the Members such call be enforced against the remaining Members for the purpose of adjusting the rights of the Members between themselves. If the surplus assets shall be more than sufficient to pay to the Members the whole amount paid upon their shares, the balance shall be given to The Football Association Benevolent Fund, or to some other Club or Institute in the (here insert the name of the appropriate city or county) having objects similar to those obtained in the Memorandum of Association or to any local charity, or charitable or benevolent institution situate within the said (here insert the name of the appropriate city or county), such Club, institution or charity to be decided upon and such property apportioned among all or any of such Clubs, institutions or charities by the Members of the Club, at or before the time of dissolution as they shall direct, or in default of any such decision or apportionment by the Members of the Club, the same to be decided upon and apportioned by a Judge of the High Court of Justice having jurisdiction in such winding-up or dissolution and as he shall determine, or such balance may be disposed of in such other manner as the Members of the Club with the consent of the Council of The Association, as then existing shall determine. Indeed, it is going to become prohibitively expensive for fans to travel to all away games should their team qualify for the Champions League, with the increased number of games to be played.

In 1983 Tottenham Hotspur became the first English club to go to the market. Few regarded it as a good idea; the City was unenthusiastic, and others in football were suspicious. It was not until the Hillsborough Disaster and the financial implications of Lord Justice Taylor's report that the idea of using the financial markets to raise investment capital really took hold. There are around twenty clubs now quoted on the markets with capitalisation ranging from a couple of million at Swansea City to over half a billion at Manchester United. In the meantime, as this development was taking place the vision shown by the FA in devising Rule 34 was being circumvented. The formation of PLCs as holding companies was used to allow clubs to appoint paid directors.

The incoming Labour Government set up the Task Force as a direct response to widespread public concern for the health of 'The Peoples Game', thus honouring its pre-election pledge. This new approach to football is in contrast to the attitude of previous Governments who thought that the problems of football should be resolved from within. There appears to be for the first time proper recognition that sports such as football play an important part in the social and cultural fabric of society. In addition the Government to date appears to have recognised the important role that all the various interest groups in football have to play. For the first time, fans' and players' representatives have a recognised place at the table and though there is still a great deal of cynicism about what the eventual outcome may be, a start has at least been made in tackling some of the most pressing problems.

Ironically the FA already has the power to carry out the role of regulator but appears unwilling to act. Rule 34 still stands but in the sixteen years since Spurs first floated the FA has failed to come up with a plan of how to protect the game from the commercial pressures that now threaten to suffocate it. The European governing body, UEFA, has become the latest target of attack from the big clubs. The insatiable desire of these clubs for more control and more money has forced the revamping of the European club competitions with more games to be played. This has been driven not by the wishes of the fans, players or managers, but by TV and commercial interests.

Yet there is still a tacit acknowledgement that the approval of the club's supporters for the actions taken in the boardroom is in some way necessary. This needs to be defended and extended.

Box 3 Barcelona FC

Barcelona Football Club is, in effect, a mutual, owned and run by its members. According to its Statutes, the Club exists for the pursuit of sporting excellence. It can be dissolved upon approval of the General Assembly of its members in which case its unmoveable assets are transferred to the local councils in which premises reside and movable assets, after payment of the Club's debts, are donated to the Catalan government.

The Club is run by an elected body for a term of five years. However, the annual reports of this elected body have to be reviewed and approved by the General Assembly of members' representatives and this latter body also fixes the entrance and subscription fees and has to approve various other matters including regarding TV rights, media agreements, and proposals in respect of mergers or take-overs.

However, with well over 100,000 members, the method of election of these representatives to form a General Assembly with a manageable number of delegates is key. There is disquiet amongst some supporters that the current management would like to move the club away from its democratic foundations towards increased commercialism, and that they have attempted to influence the composition of the General Assembly to make it conducive to such attempts. Thus a group of supporters have established the 'blue elephant' organisation to uphold the democratic traditions of the club in the face of these attempts to commercialise it (see L'Elefant Blau, 1999).

3 A Third Way?

We are faced with a choice. Allow the further commercialisation of the game, further weakening the social, cultural and sporting role of the local football club and exacerbating the current process of social exclusion. Or recognise the wider public interest, and strengthen the links between clubs and fans. How can the democratic choice be implemented? What would it mean in practice?

There are a number of ways in which aspects, at least, of the wider public interest have been recognised. Lessons can therefore be learned from some of these examples from the past, from other countries, and even from the operation of some English clubs today. This is not, however, to advocate a return to the past. On the contrary, that would be to return to the structure that created the current mess.

3.1 Mutualisation

The ultimate form of fan involvement would be to have a mutual structure. Here the fans would own the club itself. This would be through their membership of the club, and their involvement through attendance, rather than the ownership of share capital.

In the US, the Green Bay Packers have maintained local fan and community ownership whilst becoming one of the most successful teams in American Football history. The three time winners of the Superbowl (and runner up in 1998) represent a small Wisconsin city of a mere 100,000 inhabitants, in competition with the country's population giants. This has endeared them to the nation's football fans, many of whom are intrigued by the David vs. Goliath concept and the Packers' unique status as a publicly owned not-for-profit corporation. First established in 1919, the not-for-profit organisation has uniquely evolved through time to become a formidable force in American football. In 1935 a fan fell from the stands, sued and won a $5000 verdict and the insurance company went out of business. The Packers went into receivership and were just about to declare bankruptcy when Green Bay business people came to the rescue, raised $15,000 in new capital and reorganised the club. In 1949 a further $125,000 was raised in a giant stock sale all over the state. The team's 4634 shares are fixed in value at $25 and are subject to strict transfer rules. They can be left to relatives but cannot be sold to outsiders without first offering them to the team. Any one person can hold a maximum of 200 shares. If the team is sold, the proceeds must go toward a local war memorial.

In an era when the 'home-town team' routinely relocates based on the profit maximising whims of the wealthy owners, several major cities - particularly those with substantial public investments in sports arenas - now wish they had embraced Green Bay's foresighted ownership solution as a way to anchor these quasi-communty assets. [9]

What mechanisms are there, though, for getting from where we are now - with over-commercialisation threatening the future of the game - to where we want to be, with clubs being run in the interests of supporters?

3.2 Stakeholders United?

The term 'stakeholder' refers to individuals or companies with a legitimate stake in an organisation, where the term 'stake' is used in a rather broad sense. UK company law does acknowledge that the limited liability company does not simply represent the interests of the shareholders alone.

However, at present this wider remit extends only to creditors and employees. In reality the firm represents an arena in which there is a potential clash of many interests. Stakeholders include investors, creditors, employees, consumers and the general public, each having their own interests. Under the law as it stands, the directors of a company primarily owe their duties to the company as an abstract entity. Since this abstract entity potentially covers all of the interests mentioned above, the directors of a company have to weigh them up in practice and resolve any conflicts between them.

The law is presently unsatisfactory, however, in that if directors act in the interests of the consumer and/or the wider public interests on the one hand at the expense of, for example, shareholders, they may be held to have committed a breach of duty. Indeed this is also true if the directors concerned had merely yielded to government or other legitimate external agency pressure. Thus some stakeholders are certainly more equal than others.

Until the Companies Act of 1980, directors would have been in breach of duty by considering employees' interests at the expense of investors. Social responsibility and employee participation are only now, really, part of respectable parlance in modern industrial relations. The enfranchisement of other stakeholder groups in the name of social responsibility has not been widely accepted as yet. The slow development of the law is echoed in the findings of the Hampel Committee on Corporate Governance which in Chapter 24 of its findings states that:

> "To redefine the directors' responsibilities in terms of the stakeholders would mean identifying all the various stakeholder groups; and deciding the nature and extent of the director's responsibility to each. The result would be that the directors were not effectively accountable to anyone since there would be no clear yardstick for judging their performance. This is a recipe neither for good governance nor for corporate success." (Hampel Committee, 1998)

The logical implication of this is that if the interests of football supporters, a loyal and some might argue, the central stakeholder group, are considered by a board of directors to be in conflict with investors, the directors would be liable for breach of fiduciary duty were they to act in the interests of supporters. That this is the current reality is of course demonstrated with sickening regularity, most dramatically in the recent past with the taped conversations of the Newcastle United Directors deriding the fans, and gloating over the ease with which the club was able to exploit them. We would argue that directors are - or at least should be - de facto in a fiduciary role with respect to supporters of a club, and that this should be recognised in law. Whilst a change to the law in this respect would be welcome, in the meantime, to enfranchise supporters as stakeholders one must first make them joint owners.

Football clubs were originally organised to service a local supporter base. In this sense clubs can be viewed as being local monopolists especially given the few imperfect substitutes available for leisure consumption. Few other leisure options directly rival the characteristics of the consumption bundle that football offers in terms of branding. The role of brand is to create institutional stability in terms of loyalty amongst supporters. This gives particular power to the clubs vis à vis the supporters once a particular fan base of support has been won.

Supporters also have to deal with the co-ordination problem involved in marshalling a large body of actors. Most fundamental, though, is the absence in British company law of any legal legitimacy for fans in matters of key strategic interest. (This is discussed in detail by Branston et al., 1999)

Clearly agents that have a financial interest in the firm wish to maximise financial returns. Fans do not especially care about the size of net profits at a club - only that their club can carry on as a going concern and can thereby enjoy club success into the future. Indeed, success is likely to be maximised by increasing spending on players (transfer fees and wages, and youth development) beyond the point of profit maximisation. There is a parallel with the conflict discussed in the economics and management literature, between the interests of the owners of a firm, in maximising profits and the interests of the managers in maximising other variables such as sales growth.

Given this misalignment of objectives there exists a natural tension between different stakeholders in the organisation. Given the relative power of club owners vis à vis supporters it could be argued that there would be negative welfare consequences from allowing this conflict to continue unchecked. This misalignment of objectives could be lessened if the conflict between capital and consumers could be channelled more constructively. One way to overcome such a conflict of interest would be for clubs to be owned not by shareholders but by the 'customers' - that is, the fans. This idea has a long history in theory and practice, including through the development of 'mutuals'.

3.3 The 'Mutual Form' defined

There are many ways in which firms can be structured and the mutual form is just one. The mutual form has immediate resonance in football given the economic definition of a club as:

> "...a voluntary group of individuals who derive mutual benefit from sharing one or more of the following: production costs, the members' characteristics, or a good characterised by excludable benefits." (Cornes and Sandler, 1996)

Typically a mutual form is one where the customers own the business through their participation in the business. Voting rights and ownership stakes are assigned to members as per shareholders but no financial ownership instrument can be traded with third parties. Ownership can only come through active participation in the business or enterprise. Thus a mutually owned football club would be one owned by active supporters. Shares would not exist; a notional ownership would be conferred on all actively participating stakeholders in the business.

Ownership may only change in a notional sense when participants leave the business and new participants join. Ownership may only change substantively when a vote is carried for demutualisation. In this case shares are allocated to members and subsequently sold on.

The removal of the tension between stakeholders has yielded financial efficiency gains in mutual forms of organisation in the financial services sector. The absence of a tension between shareholders and customers at building society mutuals resulted in the spread between borrowing and lending rates being lower than at traditional banks. Indeed, even the Hampel Committee conceded that directors can meet their legal duties to shareholders, and can pursue the objective of long-term shareholder value successfully, only by developing and sustaining effective stakeholder relationships in an organisation.

In addition to providing sources of efficiency gains, mutual forms of ownership have particular advantages when social relationships in markets are important. The relative dominance of mutual forms of ownership in the mortgage market could thus be explained in terms of this ability to sustain long term relationships with consumers. This form of ownership would be particularly suited to football clubs given the long-term nature of the relationship between club and supporter.

However, in the financial services sector, consumers stand at both ends of the 'value process'. They demand cash from building societies in the form of loans, but also provide cash in the form of savings. Thus, there is no particular need for a third party supplier of capital - such as shareholders - to step in to supply funds.

In the football industry there is a rather different value process, relative to that involved in financial services provision. The consumers (fans) do stand at both ends of the value process in one sense, since by creating the atmosphere at grounds they contribute to the collective production of what is being 'consumed' both by those at the ground and by those watching on television (either simultaneously or at some other time) and on radio. Indeed, one of the problems with the over-commercialisation of the game is that the fans who do most to create this atmosphere are precisely those being squeezed out, being replaced with a different set of fans - for whom the term customer or consumer might be more appropriate - who do not so contribute.

Many fans do also contribute capital, at least in the sense of being creditors, both through buying their Season Tickets in advance, and also in some cases by paying to be 'members' of the club. However, in the case of football clubs there has been a need for additional capital. It may be that if clubs had been organised as mutuals then ways would have been found to have raised the necessary revenues with that corporate structure - for example through the issue of non-voting shares (on which, see Bourke, 1999). But as it is, there have historically been third party suppliers of capital to fund club development - be it local business, the local authority, government grants or, increasingly, the stock market.

Before considering how moves towards mutualisation could proceed in the face of large private shareholdings, it is worth stressing the point of it all - why stakeholding participation is valuable in itself. Supporters do feel that their club is, in some sense at least, just that. Firstly, a club rather than just a profit maximising firm. And secondly, their club, which they support and in turn have some sort of 'ownership' of, using the term very loosely of course. Now although this emotional attachment and feeling of ownership is still there, supporters are at the same time well aware of what has gone on commercially - not least the large sums of money that have been taken out of clubs by the owners, as clubs have been floated as PLCs and through other mechanisms. Moving towards some sort of mutual structure would allow this feeling of ownership to be translated into reality. The emotional investment (not to mention financial) that supporters make in their clubs would then be seen to be a worthwhile investment, not simply going to enrich already rich owners. [10]

The benefits of ownership and participation are more usually discussed in relation to people owning the company in which they work, or at least participating in its management. And certainly there is plenty of evidence that participation and a feeling of ownership amongst workers can have positive effects not only for the wellbeing of the individuals concerned but also for the organisations themselves. [11]

The more general benefits from supporters and even the local community having a stake in the local club have been demonstrated in the case of Northampton. In addition to the achievements described in Box 4, below, since its formation Northampton Town Supporters Trust has organised regular monthly Open Forums for all supporters with average attendances of over 100. In the time since the Trust joined the Board of Northampton Town FC average gates have more than tripled, from 2000 to 6500. Social exclusion has been tackled directly and energetically through the club's 'Football in the Community Scheme'. This has included initiatives targeted at sections of the community who due to cultural and work patterns have had little contact with local football in the past.

3.4 Is the mutual concept feasible?

In the context of the huge increase in commercialism within football in Britain, though, with increasing numbers of clubs going to the Stock Exchange to raise large amounts of capital, would it be feasible to establishing a mutual, given that there would then be no shareholders? In other words, how could the existing shareholders be bought out? Mutualisation would require the acquisition of all shares in the football club, the cancellation of these shares and the re-writing of the club constitution to reflect mutuality. In the modern joint stock company this would entail potentially redrafting memoranda of association and the articles of association, but more importantly, would require finding the resources to buy up the existing share capital. The central issue in this mutualisation process is thus the acquisition of shares.

Given the share capitalisation of clubs ranging from several hundred thousand pounds worth of shares to as much as £600-700 million the financial undertaking involved in a complete buyout of shares could prove too difficult for the largest clubs even with a willing sponsor. Government support for such schemes could only be regarded as realistic for the smaller community clubs.

A possible mechanism would be via the Football Trust which has already made large grants to clubs. Indeed the previous awards made by the Football Trust could be seen as a chance missed to secure ownership rights for supporters in return for this financial support.

Existing supporter-shareholders might be wary of supporting mutualisation given the implied loss of private benefits in the form of dividends, particularly if the equity held represented a significant proportion of their private savings. Mutuality would mean that private residual rights would instead accrue to the wider mutual membership.

At some clubs, a debt issue could be used as part of a capital maintenance plan to buy back shares and cancel them with the shareholders' approval. This would have the benefit of providing current shareholders with a fair price for their shares whilst capturing the voting power and benefits of ownership for all supporters. A clear disadvantage here is that a debt issue, even if on favourable repayment terms, brings with it the financial risks associated with a highly geared financial structure. When one considers that football is a particularly risky business with the majority of clubs struggling to break even, such a debt structure may be inappropriate. The majority of clubs are not financially strong.

4 Supporter trusts as a practical alternative

An alternative to full mutualisation would be to establish a supporter trust. The essence of a trust is that the owner of specific property is subject to personal obligations governing how is should be used and applied. [12] A Supporter Trust would act as a co-ordinating mechanisms. Voting rights associated with shares would be allocated by proxy to the board of trustees but the financial return from the shares owned could still be received by the owners. The board of trustees would act on behalf of the supporter collective. A trust is an ideal vehicle for supporter ownership because it provides for the sharing of ownership of property. It is a truly mutual instrument.

4.1 Trust status

Thus, apart from mutualisation, the other way to move from a PLC to an alternative structure that would avoid the continual danger of take-over by outside commercial interests wanting to use football clubs for their own ends, would be the use of trust status. (See Box 4 for a discussion of how a Supporters Trust works in practice, at Northampton Town FC, and for more detail see Lomax, 1999.) This for example is how the ownership and operation of the Guardian newspaper is structured. To have a football club operated as a trust has the added advantage over a PLC that no dividends have to be paid out to share owners. The club's revenues can be kept within the game. The problem, again, is how to get from here to there. The question can be posed in two ways. First, how to persuade the existing shareholders to accept the change in the status of their shares - into a form in which no dividends are paid? Or secondly, where to find the money to buy out the existing shareholders?

In the case of those clubs that are already PLCs, it seems unlikely that the institutional shareholders would agree to the change in the status of their shares. They would, presumably, need to be bought out. The bulk of the other shareholders would in most cases be fans of the club, either Directors of the club who may hold large shareholdings, or else the large number of small shareholders. Here it might be thought there would be more chance of the shareholders agreeing to the change in status of their shares, into shares in a Trust. For most of these shareholders the prospect of an annual dividend would not be particularly important. However, what would be important in most cases would be that the individuals would be able to sell their shares at any time, to realise the capital.

There are two issues here. Firstly, would one be able to sell one's shares in the Trust? To whom? And secondly, how much would one get? How would the price be determined, if the shares were not being traded on the stock exchange? To be a practical proposal, any move to Trust status would need to provide answers to both these questions. Firstly, it would have to be possible to sell one's Trust-shares. And secondly, there would have to be the expectation that one would receive as good a price as one would have, had they remained PLC-shares.

One way of answering these questions is to refer back to how the problem of the institutional shareholders would be dealt with. Ironically, what appears at first sight to be a problem might turn out, in the context of the British football industry, to instead represent the answer as to how Trust status might be a realistic and practical way forward. The problems just referred to arise in the context of the move from PLC to Trust being 'all or nothing'. With all the shares being Trust shares, how will these be valued? And who would buy them, if they pay no dividends, and if the question of whether or not one will be able to sell them again in the future - and for how much - is uncertain?

These questions would be answered if the company were to remain a PLC, with its shares still traded on the Stock Exchange. The problem of the institutional shareholders would be solved if it was ignored, by not attempting to bring them into the Trust, leaving them instead as they are, as holders of dividend-paying shares in a PLC traded on the Stock Exchange. So where does the Trust come in? The suggestion here is that a part, but not all, of the shares might be transferred to a Trust. One would then have a PLC in which a block of shares would be owned by a Trust. This Trust would have Trustees and might have one or more of their members as Directors of the PLC. They would certainly make it their business to ensure that the PLC Board had suitable Directors and that the Board acted in the interest of the club. One of the key points would be to have this block of shares held by the Trust sufficiently large to prevent a take-over of the PLC by outside commercial interests who might misuse the club for their own commercial ends.

Box 4 Northampton Town FC

Northampton Town Supporters Trust was formed in January 1992 following a public meeting attended by over 600 supporters. The meeting had been called by a group of supporters, including the fanzine editor and Brian Lomax (who later became Chairman of the Trust). This was in response to a financial crisis at the Club and a series of statements issued by the then Club Chairman that had been considered misleading.

The Trust was set up with two objectives. Firstly, to raise money to save the Club, although not under its then regime. And secondly to seek effective involvement of and representation for supporters in the running of the Club to ensure that such a situation would not recur.

The Club went into administration in April 1992 and the Administrator invited the Trust to elect two full Board members. This has since been reduced to one, but that place is guaranteed by Northampton Borough Council until at least the year 2019 as a condition of the lease and license to occupy the stadium. The stadium was built and is owned by Northampton Borough Council with the aid of a £1 million grant from the Football Trust.

The Trust has raised significant sums for the Club, and owns around 8% of the Club's shares. In addition to being Chair of the Trust, Brian Lomax was elected to the Board of Northampton Town FC. He stood down in March 1999 and Tony Clarke MP was elected to represent the Trust on the Board.

The Trust has been active in the 'Let's Kick Racism Out Of Football' campaign. Northampton Town FC became the first League Football Club to adopt an Equal Opportunities Policy. There is an active Northampton Town Football in the Community scheme that amongst other things has taken the lead in organising league football on a national level for players with learning disabilities. (When the England learning disabilities team won the European Cup in 1996, beating Germany 4-2, eight of the England squad were from Northampton Town.) In 1997 Northampton Town won the Football League Award for the best disabled spectator facilities.

Both sets of problems - those of how to overcome the objections of the institutional shareholders, and those of how to overcome the objections of the non-institutional shareholders - would thus be dealt with simultaneously. All shares would, in effect, continue to be treated in like manner, as they are now. This would require that those who had transferred their shares to the Trust would have to be able to sell them at any time, and to be able to receive the same as if they were non-Trust shares being sold on the stock exchange. But if those who held their shares within the Trust sold them on the stock exchange, the proportion of shares held by the Trust would diminish. The preferred method of dealing with this would therefore be for the Trust itself to automatically buy the shares from anyone who held shares within the Trust who wanted to sell. Where, though, would they get the money to do this?

The answer to this is also provided by the 'problem' of the institutional shareholders having prevented a wholesale transfer to Trust status. Because the company continues to be a PLC - albeit with a large block of the PLC shares held collectively in a Trust, administered by Trustees - all shares would need to be treated symmetrically in terms of dividend payments. One implication of having only a part-Trust structure is that the advantage referred to above, of not having to pay dividends, would not be fully realised. However, the Trust could be established as follows. When given the choice of whether to transfer your shares into the Trust, we have already said that it would be a risk-free option, in that you could still sell them outside the Trust, as PLC shares, at any time on the stock exchange. In addition, although dividends would no longer be receivable, they would have to be paid by the PLC to the Trust on all the shares just as they are individually on all the PLC shares. Thus each of the shares you transfer to the Trust would be paid a dividend, administered by the Trustees, and this annual income would be used to buy additional shares for the Trust, and could be allocated in proportion to all those holding their shares in the Trust. Thus, if one chose to transfer one's shares to the Trust, then instead of being paid a cash dividend of say five per cent a year, one could instead receive additional shares each year, to be added to one's existing shareholding within the Trust, equivalent in this example to five per cent of one's holdings. It would even be possible for the company to agree to issue dividends in the form of shares rather than cash. [13]

If a shareholder actually wanted the cash that would have come as a dividend then they could of course just sell the additional five per cent of shares. And rather than go through this slightly convoluted procedure, the Trust might ask as a matter of course which option each shareholder wanted to elect for - to take the dividend in cash, or in additional shares, or in some mixture of the two. The hope would be that the additional shares which the Trust would need to buy to add to the existing shareholdings of those whose shares were held within the Trust would outweigh any sales of shares by those whose shares were held within the Trust.

In addition to the annual purchase of PLC shares by the Trust - for allocation to Trust shareholders in lieu of dividends - it might be that other PLC shareholders would transfer to the Trust, so that the proportion of shares held by the Trust would rise by a greater amount than would be accounted for just by their annual purchase of PLC shares. Or perhaps more likely than PLC shareholdings moving to the Trust, new shareholders buying PLC shares through the stock exchange, might elect to have these shares held within the Trust. Indeed, the Trust would presumably continually campaign for local people to buy shares and have them held in this way.

One specific target for such a campaign might be the employees of the club, including the players. There are Government tax incentives for people to take up shares in their company. And in the case of the Premiership clubs - which are the ones where the scale of the sums involved make it particularly difficult to imagine a complete buy-out from PLC status to any other (Trust, mutual or the like) - the players often have large sums to invest to make provision for their post-playing days, and in any such investment it would make sense to receive the annual income in the form of additional shares rather than cash.

4.2 Whose game is it anyway?

These various ownership options should not be viewed mechanistically, as technical 'solutions'. Such options will only be as good as their implementation. Conversely, some progress could be made even within existing PLC structures. Proper representation of fans' interests could be required of football clubs by Government. This could be through a Code of Conduct, which clubs would have to comment on in their Annual Reports, or even by requiring appropriate Articles of Association to be incorporated by all companies whose business included owning a football club.

Again it would be crucial to pay attention to the detail. Most football PLC Boards would no doubt claim that the Directors are all supporters of the club. Such fan representation would therefore have to be seen to be genuinely elected and independent of the club.

The independence of a supporter on the Board is vital if the members of the club, the fans, are to have any faith in the system. The fans' representative must be seen to be independent and to carry the same authority as other Board members. This cannot be achieved when the level of authority in the boardroom is determined by the number of shares held by the individual as is the case today - unless of course the Director elected by fans also represented a block of shares held in Trust, as described by Lomax (1999) for the case of Northampton Town FC.

The Board of Directors should be a team of individuals put in place to achieve the best possible set of outcomes for the club and its members. In this respect any supporter representation at Board level must be meaningful. At Manchester City, Francis Lee used the carrot of a fan on the Board to show how different he was going to be when he took over from Peter Swales. The fans' representative on City's Board was Dave Wallace, editor of the fanzine King of the Kippax. The experience was not a happy one. Wallace was not treated as an equal by other members of the Board. He was seen as a means of demonstrating 'a new openness' but the Board merely wanted him to act as their PR agent amongst the fans. The Board did not allow Wallace to be present at all of their discussions and when Wallace refused to toe the line the post of fans' representative was abolished.

4.3 Northampton and Bournemouth

In 1992 Northampton Town were in receivership. The fans and the local community saved the club from extinction. As described by Lomax (1999), although the club is not wholly owned by its members, a supporters' trust now has approaching 10 per cent of the shareholding and elects a director to the Board. The local authority now owns the ground, freeing the club from expensive upkeep as well as preventing the threat of a speculative purchaser coming in and selling the land for development as has happened at other clubs.

When Bournemouth found themselves in financial difficulties in 1996 they looked to the trust fund set up at Northampton and called on the local community to help establish their own supporters' trust which now runs the club. The involvement of the wider communities in Northampton and Bournemouth in running their football clubs has definite parallels with the traditional continental approach to football as part of the community.

4.4 Local Government

Local Government has played - and continues to play - an important role in football clubs. This is usually most crucially with regard to the ground. This involvement by the local authority has often been used as a lever to try to tackle problems such as racism at grounds, for example at both Millwall and Leeds.

On the other hand it is important not to simply advocate greater local authority involvement to solve the problem of how to take account of the wider public interest, or in reaction to the success stories referred to above. Local authorities are already over-stretched. The reasons that the individuals concerned have become local councillors or local authority officers may be quite unrelated to the sort of issues referred to above, and the sort of skills required to tackle them. A vision for the future of football in Britain should certainly include a careful consideration of the role that the local authority could and should play. But this will be both more complex and varied than any simple ownership structure that could be set out in the context of the current pamphlet. Certainly, though, in cases where local authorities currently lease the football ground to the club, the Department of Culture, Media and Sport could brief local authorities on the sort of arrangements for supporter involvement that might be proposed to football clubs as part of the agreement when clubs seek to negotiate, or renegotiate, the lease on the ground. Such considerations might also include introducing the role of 'golden shares'.

4.5 Golden shares

During the privatisations of the 1980s, the practice of the Government retaining a 'golden share' was used to prevent, for example, foreign interests buying up newly-privatised concerns that were considered to be of strategic importance to Britain. There can surely be few companies where the importance of maintaining a degree of local ownership is more important than the case of local football clubs. Thus while it is not intended to be prescriptive here about what role local and national government might play in the ownership and management of football clubs, there is clearly a strong case for using this sort of notion of 'golden shares', held perhaps by both local and central government. These would serve more as a blocking mechanism, as with their use in the 1980s' privatisations, than as a real ownership stake. The most obvious purpose would be to prevent take-overs of football clubs, at least without explicit consideration and approval by local and central government.

5 Next Steps: Beyond the Task Force

The above discussion has not been intended to be prescriptive. Rather, it has considered various options and has suggested that there are a variety of lessons that can be learned from examples of different football clubs.

- The first general point that needs to be stressed is the importance of staying focused on the goal, and the key danger to it. The goal is to develop football as an important part of Britain's social, cultural and sporting life. And within that, to strengthen and further develop the links between the clubs and the local communities. It may prove no exaggeration to say that whether or not this Government succeeds in one of the key goals it has set itself - namely to overcome social exclusion - will depend to a significant degree on whether it can rise to the challenge facing football in Britain. Football has perhaps been, in a small way, part of the problem. It threatens to become part of the problem in a big way. Yet there is no doubt that given the political will, it could become part of the solution to many of the problems of social exclusion, not just by encouraging young people back into football grounds but also through the wider community programmes.

- The second point is that it is not just what is done that is important, it is how it's done. While a proper elaboration of the legal and institutional mechanisms are important, equally vital are matters such as the representation of fans' views and interests. Any proposal needs to be specific about ensuring that such representation is arrived at democratically, and that the process is not subverted by the Board of Directors at a club unenthusiastic about having any input from the fans.

- Thirdly, while some of the general principles need to be applied throughout the game, when it comes to specific ownership structures there may be no 'one best way'. In some cases the ideal of a mutual, with the club owned and run as precisely that - a club - may be achievable. In other cases the existing ownership structure may be acceptable provided the sort of general principles referred to above - relating to the representation of fans' views, and the protection from take-over - are acted on. Then there are the existing PLCs for which the big question is how to get from here to there when that might involve buying out the existing shareholders. Where would the money come from? As discussed above, there may be ways of overcoming even these problems. But the answers may be different from club to club. Box 5 suggests various forms of action.

- Fourthly, there are practical legislative and regulatory measures the Government could take, both to advance the general goals of overcoming social exclusion, and also to underpin and assist the various specific action that might be taken from club to club. Thus, a golden share could be taken in all PLCs that own football clubs to at least prevent their take-over and misuse by outside commercial interests. And the proper and independent involvement of fans in the running of clubs could be made a requirement through specified Articles of Association for such companies, or at the very least through guidelines that had to be commented upon in the companies' Annual Reports.

6 Conclusion

The aim of this pamphlet has been to consider the various ownership and governance options for football. This is an important issue given the increased commercialisation that has been generally recognised as having, to some degree at least, taken the game away from the fans and the fans away from the game. But the problem over these past few years has not been fan apathy. On the contrary, this period has witnessed the emergence of an independent culture, with the launch and growth of fanzines, and the founding and growth of independent supporters' associations. Alongside the growth of the problem has developed activity that could be crucial to the solution.

There is a great deal more work needed to flesh out the ideas raised here, and to implement the sort of proposals suggested by the Football Task Force. What is clear, though, is that there is an urgent need to develop the game positively, to overcome the damaging effects of commercialisation and social exclusion. Without such work to take the game forward, the 'glamour' clubs will be left sitting on the Stock Exchange waiting for the next corporate raiders to come along. And even small, local clubs risk take-over by asset strippers, usually wanting to use the stadium (or rather the ground on which it sits) for other purposes. The immediate issues of ticket price rises and over commercialisation thus need to be seen as inextricably linked to the longer-term vision of an alternative ownership structure, with clubs becoming just that - 'clubs', owned by their supporters and run in their interests.

Mutualisation is an idea whose time has come. How, finally, can this be squared with continued demutualisation? As described above, a mutual is owned by its customers. This is in contrast to a company owned by shareholders. Being owned by its customers means it can concentrate on providing what the customer wants at the lowest possible price, since the organisation does not have to worry about satisfying shareholders, and doesn't have to pay out shareholder dividends. Certainly that has been the experience with building societies in Britain. They have been able to charge lower mortgage rates than other financial institutions.

So why demutualise? By becoming a public company the members of the mutual sell their ownership to those who buy shares. The members get a 'windfall' payment. The temptation to demutualise is thus due to the fact that one cannot have one's cake and eat it. Demutualisation is an orgy of cake eating. It is just one more example of short-termism in the British economy. Short term gain in the form of a windfall payment at the expense of long term pain in the form of higher mortgage payments as the new owners extract their pound of flesh.

It is thus not surprising that we should witness demutualisation even as the benefits of mutual ownership are being rediscovered. Mutuals are a sensible and efficient method of corporate ownership and governance. The problem is the temptation to sell out and cash in. This is like any privately owned company, where the owner builds the organisation up and then takes the money by floating on the stock exchange - selling all or part of the company to those who buy shares.

Here the floating of football clubs is illustrative. The private owners - those who owned shares in the club prior to flotation - cash in on the value of the company, built up since the club's foundation. But who created the wealth that the current owners are now selling? Some credit must go to the past and present players and managers, and as in any organisation, the other workers. The individual owners now cashing in may also have made a contribution. But looking back over the history of any of the clubs, it has also been the supporters, the fans, who have loyally followed their team over the years and decades. Supporters both of this and previous generations. It is their past loyalty, their turnstile and season ticket payments, their contribution in urging their team on during the matches - in effect joint producers of the product - that is being sold on the stock exchange when clubs float.

What is needed is the mutualisation of football clubs so that they are owned and run by their supporters. But there would still be the problem illustrated by the demutualisation of building societies. Such demutualisation is against the long term interests of the organisations and the customers. But it is always going to be tempting to cash in today what has been build up over the years by others. What is needed is some structure to prevent this.

The question is not just how to democratise the ownership and governance of organisations today. Mutualisation is certainly a good answer to that question, hence the current interest in mutuals as an alternative ownership structure. The question is also how to prevent future demutualisation for the short-term benefits of the windfall gainers. With the right answers these are issues which could have huge significance far beyond football.

Box 5 DIY Guide to fan control

1. Get together with other supporters

- Contact the fanzine or fanzines (many of these are listed in the national publication When Saturday Comes, 4th Floor, 2 Pear Tree Court, London EC1R 0DS, telephone 0171 251 8595, fax 0171 490 1598, email editorial@wsc.co.uk)
- Contact the Football Supporters Association, PO Box 11, Liverpool L26 1XP
- Contact your Independent Supporters Association. If there isn't one then establishing one may be an important first step. You could seek advise from existing ISAs, such as the Independent Manchester United Supporters Association, P.O. Box 69, Stretford, Manchester M32 0UZ, www.imusa.org.uk
- If your club has shareholders, contact them. Ask the club for a list of shareholders. For Public Limited Companies this information is available from Company's House (although a charge is made, so still better to get the list from the club; and the club should be co-operative - see below)

2. Approach the Club and other organisations

- Approach the club. It is likely that the Football Task Force will recommend a Football Code requiring all clubs to seek to involve their supporters
- Approach your local authority - presumably the Leisure Services Department.
- Approach 'members' (elected councillors) - such as the Chair of the Leisure Services Committee - and 'officers' (the Council officials) - such as the Director of Leisure Services
- Contact your local MP for support (House of Commons, London SW1A 0AA, telephone 0171 219 3000)
- If you decide to hold a public meeting, make sure it's well publicised by the local media (TV, radio and newspapers). If appropriate, invite the club and ask them to publicise it. If appropriate, invite the local authority, MP etc.
- Contact the Football Trust (1 Waterhouse Square, 138-142 Holborn, London EC1N 2ST, telephone 0171 832 0100, fax 0171 832 0119). There has been talk of them providing funding to supporters seeking to establish a Supporters Trust
- Contact the Minister for Sport, Tony Banks MP, and the Department of Culture, Media and Sport for advice and assistance (Trafalgar Place, 2-4 Cockspur Street, London SW1Y 5DH, telephone 0171 211 6000)
- Use the national media, eg Radio 5 Live's 606 phone-in programme

3. Contact other supporters' shareholders associations, for example:

- Brian Lomax, May Day Trust (Northampton Town), 75 Albert Street, Rugby, Warwickshire, CV23 8TN
- Jonathan Michie, Shareholders United (MUFC), 4 Heath Villas, Halifax HX3 0BB

Notes

1 See in particular Branston et al (1999), Hamil, Michie and Oughton (1999), Michie and Oughton (1999), Michie and Ramalingam (1999), Michie and Verma (1999) and Michie and Walsh (1999).

2 On which, see Michie and Grieve Smith (1999).

3 For a detailed discussion of these issues, including the outcome of a major five-year research programme on contracts and competition, see Deakin and Michie (1997) and Milne (1997); the latter is available free of charge from J.Michie@bbk.ac.uk

4 On which, see Lee (1999) and Michie and Oughton (1999).

5 This is discussed in detail by Hamil (1999) and Conn (1997, 1999).

6 As detailed by Task Force member Adam Brown (1999).

7 This is currently the subject of a court case.

8 See the book chapter written by the Barcelona supporters' group L'Elefant Blau (1999).

9 Gates (1998, p. 69). For an excellent discussion of the abuse of fan loyalty by club owners in the States, see Moore (1997).

10 For a discussion of such investment, and the related idea of 'fan equity', see Hamil (1999).

11 See for example Michie and Sheehan (1999) for an analysis of the likelihood of firms being innovative if they encourage participation.

12 For an analysis of the law of trusts and equitable obligations see Pearce and Stevens (1998)

13 So-called script dividends.

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