

## The Political Economy of World Heavyweight Boxing during the Great Depression

Vlad ROȘCA

Bucharest Academy of Economic Studies  
vlad\_rsc@yahoo.com

**Abstract.** *The purpose of the paper is to show how boxing managed to remain an affordable and consumable good for the US-American citizens in the times of the Great Depression of 1929-1933, when industrial production was closing. Moreover, while other economic activities faced problems, boxing continued to produce money. The research analyzes the economic market of professional heavyweight boxing, presenting some of the tools that helped promoters produce and sell the fight shows to the consumers – like price discrimination and cartel agreements, for example, and, thus, helped generating incomes and assured money circulation in the economy.*

**Keywords:** economy of boxing; sports economy; Great Depression; sports marketing; cartel agreements.

**JEL Codes:** G01, Z19.

**REL Code:** 5Z.

## 1. From amateurism to professionalism

During some forty years, from the 1880's to the 1920's, boxing has risen from a „backyard” sport, a circus entertainment (Barnum, 2000) and an illegal fight to a social phenomenon that attracted masses of people (Boddy, 2009). Tens of thousands of people stormed to bouts, putting stadiums or arenas which hosted boxing next to theater and cinema halls, variétés, cabarett and ballrooms in the top of the most frequented locations in the 1930's United States of America (Pfeifer, 2005), even with the Great Depression worrying people. Or may be it was the Great Depression that attracted the masses to boxing bouts? Due to its high social implication, boxing had a major influence on the American economy too. Promoters, fighters, national states, as well as private businesses and economic agents profited thanks to boxing, which returned to them a part of the clients and of the incomes which the Depression had taken away.

The paper aims to present how the economy of professional heavyweight boxing functioned during the Great Depression of 1929-1933 and in the following years prior to the Second World War. The main focus will be set on the US-American market. Interdisciplinarity of sciences is used in order to make the topic of the paper more comprehensible. Thus, economic, cultural, social and psychologic ideas and theories are combined in the research. In order to understand why boxing had such a great success during crisis years and how it managed to contribute to the US economy in times when banks and other businesses went bankrupt, we have to understand that boxing consumption was based on the „panem et circenes” („Bread and games”) principle. The phrase „panem et circenes” was used by the Roman poet Juvenal in order to criticise the Roman population for its loss of courage and civic spirit. Juvenal mentioned that people who once fought for their Roman Empire (even in military wars) and for their own status, now were too anxious to enterprise anything anymore and hoped for just two things: bread (something to eat) and games (cheap entertainment, mostly circuses). The same metaphor can be used to describe the US civil society during the Great Depression. The people who in the previous years contributed to the development of the US-American business environment and economy were now too frightened by the sumber realities and perspectives of the crisis. As people had to struggle for their lives and as jobs were hard to find, among their sole satisfactions left were attending sporting events. And having something to eat on their tables. So, bread and games. With games often coming first on the priority list.

## 2. Bread, boxing and private businesses

In the present research, the focus falls on the „games“. The games are the heavyweight boxing fights organized in the USA during the years of the Great Depression. At a first look, it may be surprising that in times when more and more businesses and banks went bankrupt and when unemployment rates grew, the boxing market – with its supply and demand for fights – still produced valuable fights and huge monetary incomes. The people chose the immediate joy and the sense of belonging that a boxing fight induced to them, rather than the long-term saving of money. When a boxing fight was at one end of their opportunity cost, citizens made choices that may be interpreted as bizarre, which were not so as they seem to be. Because the economy did not offer a promising perspective, people rather invested their few money in attending boxing bouts, because they knew they would win immediate incomes: the joy of attending a fight and of witnessing something big. Because boxing was big in those days, offering many highly valued heavyweights. For the American citizens, buying fight tickets was a rational decision. A decision which demonstrates just what a high status boxing had in those days.

No wonder that not only promoters, but also city councils offered help into organizing bouts, because of the economic benefits that fights brought to the community. On the 17th of February 1937, Max Schmeling met Heinrich Esser – the President of the Nazi Committee for Foreign Trade – in order to talk about the financing which would enable Schmeling to bring James Braddock to Germany and fight him there. Esser, through Dr. Schulze-Schlutius, a member of the Nazi Party (Kluge, 2004), promised a budget of 350 000 US Dollars (Luckey, 2007), about five million US Dollars adjusted in 2009's value, and insisted that the bout should be organized in Berlin, in the newlybuilt Olympiastadion. Two were the reasons that made Esser dream of a fight in Berlin: on the one hand side, with a capacity of more than 70,000 seats, the Olympiastadion would bring high gate incomes from ticket sales. On the other one, foreigners which would travel to watch the fight – mainly US-Americans who would come to support Braddock, but also Frenchmen and Englishmen – would have the occasion to spend several days in Berlin, but also spend their money in the city (Pfeifer, 2005). As air-transport for passengers was almost inexistent at that time, the travels between USA and Europe were done through ocean liners. The liners didn't set away from the docks each day, so, whoever wanted to catch a line, had to wait some other days. What Esser wanted was that these spare days were spent in Berlin, even if the tourists needed to shorten their visit in the capital city of Germany in order to make the train trip to Hamburg, from where they had to embark on the liner. And, for a mini-vacation

in Berlin, boxing fans who were coming to watch the fight had to pay their hotel rooms and their meals, and they also spent money on visiting tourist attractions or on buying souvenirs. So, a boxing bout had the ability to contribute to the development of the local economy. Unfortunately for Esser, Hitler and their National-Socialistic Worker's Party (NSDAP) – which could have enriched its Nazi-propaganda-budget thanks to the spendings of the consumers on the Schmeling-Braddock fixture –, Atlantic City in the USA has offered 400,000 USD to host the fight and secured itself the right to organize it.

The same economic principles around a boxing bout were met on the other side of the North Atlantic Ocean, just that the USA had a democratic and capitalist market, no trace of the German National Socialism. Therewith, it should be no wonder why the most first-class heavyweight bouts during the Great Depression were hosted by the USA, even though Germany had its own valuable boxing market. The sole problem was that Hitler didn't want Schmeling – who, as a world class boxer, was a propaganda tool for the Nazi regime – to fight Jews and blacks in Germany, considerably reducing the possibilities to generate financial income through the staging of fights. US-Americans took this opportunity and didn't let it slip, not at least because it was an income source in the tumultuous era of the Depression. Still, Hitler agreed with Schmeling fighting whatever boxer outside Germany, and in an interview he gave for the Denver Post in April 1936, Schmeling stated that „I expect to bring home a couple of hundred thousand dollars” (Margolick, 2006, p. 128).

Politically, boxing presented a huge interest in Germany (Luckey, 2007, Myler, 2005, Stradling, 2009). Having the most powerful role in the national economy, the German Nazi State used boxing fights in order to generate incomes to the party budget. Contrary to this situation, in the USA, with its free, capitalist market, boxing bouts were organized by private agents. The American state didn't directly earn incomes from boxing – although it had its shares of interest in the sport –, but the private economic agents were the ones who did. Indirectly, however, the national economy was helped by the staging of boxing fights, as connex activities, such as the trade with memorabilia branded with the names of the fighters, were offered to the boxing fans, thus developing the private businesses sector. Margolick described the influence of boxing upon the national US-economy by presenting some happenings with socio-economic character which were met at the 1936 Louis - Schmeling fight:

*“Harlem's better hotels were mostly filled, the pawnshops had been cleared of field glasses, the liquer stores had upped their stock, the larger restaurants had added waiters. According to one purveyor, on fight day Harlem ordered ten thousand chickens”* (Margolick, 2006, p. 145).

Even during crisis times, a high-interest fight had the power to boost various sectors of the private economy, by bringing additional consumers to hotels, restaurants, stores, newspapers and many others. The consumers that overnighed in hotels did so because they were on a trip especially made to attend the fight. The ones who went to restaurants did so because the owners installed radios that broadcasted the fights which people wanted to follow and, while listening to the voice of Clem McCarthy from NBC reporting about the bout in the ring, they also ordered dishes and drinks that raised the incomes of the restaurant owners; stores in town were visited by tourists who were there to watch the fight, while the newspapers and magazines writing about the boxing bout sold enormous numbers of copies to the “electrified” Americans, who were nothing else than addicted to boxing.

Many economic activities, especially trading, catering, hospitality, transports and tourism, were advantaged by the staging of a fight. When it came to boxing and to the means of enjoying it (e.g.: by buying newspapers in order to get the latest news about the event or by gathering with the friends in a restaurant in order to have a meal and to listen to the live broadcasting of the bout), the Americans didn’t think too much before giving money away, eventhough they lived in crisis times.

That boxing-madness was described as “Fistinia”. Fistinia (coming from “fist”) was the word used to describe the boxing market during the years of the Great Depression, and it included offer and demand of and for boxing fights, as well as all the other managerial principles which were related to boxing, such as athlete branding, bout organization, ticket sales, revenues collection and many more. One in all, “Fistinia” was the word used to describe the boxing world.

### **3. Political economy and heavyweight boxing**

In this research, the political economy can be used as a tool to help explain the business of boxing from the times of the Great Depression. There are at least two principles that political economy is based on:

a) Community forming - People form communities because they hope that by acting together in group, they can achieve better (living) standards than those that they would have reached by living alone (Phelps, 1985). Two phenomena occurred during the Great Depression. One was that because of unemployment, of job instability and of low wages, people tended to become more egoistic when it came to finding and administrating an income source. As competition between individuals for finding a workplace grew bigger and bigger and as spendings on fast moving consumer goods reduced more and more, another phenomena, quite bizzare at a first look, appeared: people didn’t

quit paying for attending mass events in order to save money for something that may have been more important, like food, for example. Through mass events we understand events where affluences were high – not just once, but succesively, all over the interbellic years –, such as boxing fights, baseball games or jazz concerts. An influence that persisted from the Roaring Twenties was the pursuit of happiness (Fitzgerald, 1998). Boxing fights offered happiness to the spectators, who were glad to be part of the community of fans visiting the events.

b) Reward Structures - The political economy also studies the „reward structures that society can [...] choose among” (Phelps, 1985, p. 4). A boxing fight was a reward for its spectators, because it satisfied the citizens’ wants of entertainment, communion and joy. Such needs were high in times when insecurity, starvation and poverty characterized the society (Edsforth, 2000, Parker, 2002, Watkins, 2000). People chose to attend fights even if it ment to spend their last dollars, because boxing events were an opportunity to break out of the daily worries.

After studying these two principles of political economy, a question arises: Did the boxing consumers make a good choice when deciding to buy fight tickets? The economic theory states that people, having limited ressources – as was the case during the Great Depression –, rationally decide upon how to use the ressources in order to cover their needs. Among others, what people in America’s 1930’s needed was entertainment, as it was a way to relax and to forget the daily worries. Because people were consciuous about their desire to attend a boxing fight in the moment they bought a ticket – otherwise, they wouldn’t have bought it anymore –, we can say that their decision was rational. Consumers quit buying another economic good or service in order to buy themselves a night out at boxing. But, did consumers make good choices? Many consumers spent their last money on fights and on connex activities, such as betting. This shows what an appeal boxing had in the 1930’s, but also that the decisions of boxing fans were, often, emotionally driven. When deciding to buy boxing tickets, many acted impulsive. Because boxing was an institution of the American interbellic society, many people spent their savings or their last dimes on buying fight tickets and placing bets.

The economy is a result of human behaviour (Beardshaw, 1992, Begg et al., 2005, Begg, Ward, 2003). Because the humans are the ones who make economy exist, there is a strong bond between economy, society and culture. As a matter of fact, economy is a social science, with a complex evolutive system (Marinescu, 2004). Boxing, as part of the 1930’s society, was therefore influenced by economy. Moreover, because boxing was a trend in those years, a social phenomenon that would nowadays be described as “hollywoodian”, the

ring-sport was a driver of economy. Of a “dead” economy. What hard goods producers and many sorts of enterprises couldn’t do, boxing did: it sold to the people and it guaranteed money circulation. It helped an economy finding itself in crisis produce money and it gave hope to the people.

Economy helps the human adapt to the natural and social environment he is living in. Professional boxing had its own economic market through which it helped people adapt to their society. Boxing fights were produced by athletes and their staff, who acted as production factors, whereas the spectators – who were the consumers – paid a ticket and received instead the product: the boxing bout. Consumers bought themselves the right to watch a fight. In the meantime, the money the spectators paid for the tickets entered the boxing market and boosted the development of “Fistinia”, which emerged to a private services sector.

#### **4. The emergence of boxing to a social institution**

The immediate post-war era (1919-1929) was flourishing for the US society. The Roaring Twenties were times of joy, hope and success (Idema, 1990). Consumers spent more and more, permitting corporations to boost their profits. Thanks to the higher profits, entrepreneurs were able to offer higher wages, and the welfare of the employees improved. Also, unemployment rates diminished, as new businesses were opened. The Share Market also climbed, but the growth was faster than the implementation of control instruments, and as a result, the New York Stock Exchange crashed in 1929. But, until 1929, the third decade of the century was a great period for the US economy. And for boxing.

The needs met by the Army in the First World War developed the industrial capacity of the USA and improved the states’ economies, which rapidly grew in the first postbelic years. During 1922 and 1923, the US economy stabilizes, with the country leading the world in what concerns technology (Mureşan, Mureşan, 2003). Because the technical capacity improved, more goods were produced in less time and at lower costs, the classical example being Henry Ford’s assembly line (Ford, 2008), which, by 1931, was used by other companies – such as Chevrolet – as well (Lewis, 1976). More goods were also sold, and the financial disponibilities of the private economic agents and of the country grew. A state of welfare was achieved. The private and public investments in all the fields of the society, including investments in professional boxing, prospered.

The leading industry in the 1920’s USA was the automotive one. In Detroit, cars were produced in masses and sold at lower prices than ever before, thanks to the scale economies (Babson, 1986, Poremba, 2005, Woodford, 2001).

The car becomes an affordable good, and citizens begin to buy it more and more. During the 1920's, the price of a Ford was 290 US-Dollars (American Cultural History, 1920-1929, <http://kclibrary.lonestar.edu/decade20.html>), no more than about 3,700 US-Dollars in 2009's value. Urban transportation becomes easier and an effect is that people can now faster reach the fighting venue, by driving their cars. Thus, attendances at boxing bouts grow, and so do the gate incomes too. The additional income brought by the evolution of technology is reinvested into boxing, developing the sport and its economic market. No wonder that the first million dollar gate boxing event ever witnessed occurred in 1921. Then, the Dempsey-Carpentier fight in Jersey City produced \$1,6 million from ticket sales. Between 1921 and 1929, 1,488,900 spectators watched boxing fights around New York alone, contributing with \$ 14,247,313 (about \$ 176,805,295 in 2009's value) to the professional boxing market (Fight Toys, 2010). Now that their wages were higher, citizens afforded to attend boxing fights more and more. The contribution of the fans, among with the economic, social and technical developments, improved the boxing market in such a way that, when the Great Depression came, boxing already had a consolidated position, from which it could not be beaten very easy. The tradition that boxing created in the first thirty years of the twentieth century (also thanks to the growth of investments made after the First World War) helped the fist sport to easier get out of the Great Depression. As a matter of fact, due to the "panem et circenes" principle, the economy of boxing did not suffer too much during the depression.

On October 29<sup>th</sup>, 1929, after severe fluctuations of trade (Robbins, Weidenbaum, 2009) the stock prices at the New York Stock Exchange (NYSE) drastically fall, and the NYSE crashes (Streissguth, 2007). The savers withdraw their savings from the banks. The banks cannot cope with the amount of withdrawals and many of them go bankrupt. Next to the big banks, the USA had a complex network of small banks (Mureșan, Mureșan, 2003), which helped the local communities. Most of the citizens collaborated with their "street corner" bank. The crash of the small banks drove the ordinary citizens into scarcity. As fast as the incomes of the households and the individual purchase power grew after the first World War, as fast they declined after the "Black Thursday". In 1931, the USA count 2,298 bank bankruptcies, as compared to 642 in the first year of depression, 1929 (Mureșan, Mureșan, 2003).

However, the boxing economy did not suffer from the Great Depression as much as other economies. And under no circumstances did it enter bankruptcy, as the banking did. Next to its consolidated position and to the "panem et circenes" principle that were already discussed in the paper, the boxing world was saved by its own form of cartel agreements.



## 5. Cartel agreements on the boxing market

During 1929 and 1933 – and, as a consequence, also in the rest of the years prior to the Second World War – an industrial production crisis hit many sectors of the American economy. But it did not hit the boxing economy. Excepting punching in the ring, many boxers hardly knew anything else what to do. Boxing was their job, and if they wouldn't have boxed, they would have struggled in life. Paradoxically again, this limited qualification to a sole piece of knowledge (knowing how to fight) saved the boxers and their sport.

Other American industries and businesses layed a seal on their doors during the Great Depression. Still, former employees, now unemployed, had a hope left: professional reconversion. The hope of reconversion made the citizens think that there may be a chance, even if it was small, to find another job. As a consequence, employees didn't struggle to keep their current job, and this was fatal to them. Because of the lack of citizen involvement into the community that Juvenal satirized through the „panem et circenes” metaphor as early as in the year 100 AD, the power and the influence of the labor unions was drastically reduced. Labor unions couldn't negotiate profitable agreements for their members and neither the employers didn't try to hard to help their employees, as they thought that employees would somehow find a new job and survive.

This passivity wasn't to be found in boxing. Boxers knew that if Fistinia was going to crash as the NYSE did, they wouldn't have had much left to do and they would have hardly made some money in order to live. Promoters were also aware of that. James Braddock's case speaks for itself, being one of the most remarkable stories of world's sport. Braddock was born June 8, 1905, in Hell's Kitchen, New York's district of Irish immigrants (Schaap, 2005). At the age of 21, Braddock turned pro, and his fulminant career debut was highly promising: 44 wins and just two losses in three years. However, in 1928, Braddock lost a championship fight to Tommy Loughran and entered in a mental state of depression. Braddock couldn't return to his winning series and became a mediocre boxer. Because his family suffered of poverty during the Great Depression, Braddock gave up boxing and began working on the docks, as a longshoreman. Because he had just few business practice, as a child, and no higher qualification, the poor paid job in the docks was among the few Braddock could do in order to earn some money and save his family. Eventually, due to the longshoreman work, Braddock strengthened his left arm. This physical evolution and an improved state of mind made Braddock return into the boxing ring. After only one year from his comeback, Braddock defeated Max Baer and became heavyweight champion of the world. But, if he wouldn't

have had boxing, Braddock wouldn't have found too lucrative jobs. Maybe just some ones like errand boy or courier boy for the Western Union, jobs he had done in his youth. Other US citizens weren't even so lucky as Braddock had been.

The summer perspective of loosing the boxing and of entering unemployment made boxers and promoters unite and work together in order to save their income source. The cartel agreements helped them in their actions. Forming a closed circle, promoters aided each other, by offering boxers who to produce fights, which were to be sold to consumers who wanted to attend them. Thus, the existence of boxing events was granted, and parts of the incomes were used for offering purses to the boxers.

Cartels are formed when two or more economic agents come to an agreement. Such was the case in the boxing economy of the 1920's and 1930's. Promoters acted in unison, agreeing about how and when to stage the fights, which boxer to meet which other boxer, what purses to offer for the fighters, at which venue to organize the fight or what admission fees to set. And, last but not least, how high would be their own commissions: what percentage of the fight incomes would remain to them, the promoters. Because boxing is also an economy, setting the percentages each one has to receive is one of the main characteristics of sharing a market. If prior to the First World War, a promoter managed few or even just one boxer, beginning with the 1920's, promoters (also known as agents) build themselves portfolios of more boxers, for whom they agree to stage fights, making "boxing promotion an art form", which was "carefully orchestrated [...] by slick press-agentry" (Sammonds, 1990). Because the collaboration between them becomes more powerful, promoters manage to limit the number of agents around the boxing world and to enclose the circle of the boxing market, which becomes more concentrated, more professionalized and more lucrative. More money is being made, and it circulates between the „pockets” of the promoters. For the promoters, who acted as the cartels, the market of professional heavyweight boxing was becoming an oligopoly market, controlled by a few economic agents who had high financial and influential power, and who could easily anticipate the other's thoughts and decisions. Eventhough the boxing market had a private character, the gross of the investments being done by nonstatal agents, the United States of America had all the interest that the sport developed properly. Indirectly, the States also had something to win thanks to boxing. First of all, there were the incomes and the taxes that had to be paid to the government when organizing an event. Second, the private sector of the economy was boosted by a fight. As already mentioned, boxing fans spent money around a fight, buying, next to the tickets, various connex goods or services, like for example food,

drinks, newspapers, transport services or hotel rooms. When a fight was staged, bars, restaurants, gas stations, hotels, transport operators like taxi drivers or the railway system, theater halls that presented filmed images of the fights, ballrooms where parties were started after the fights, as well as newspapers and magazines, all had to win thanks to the connex spendings of the boxing fans.

## 6. The demand for fight tickets during the Great Depression

To better understand the demand of tickets, it is useful to know how the organization of bouts took place. Each boxer had a promoter, which acted as his manager/agent. The promoter was in charge of finding partners, organizing the fights and managing all issues that concerned the finances of the fights: How much would a bout cost, what were the taxes and what would be the purse of the fighter?

To give just a single example, after setting foot in the boxing industry, Mike Jacobs founded the Twentieth Century Boxing Club in 1933. It was a company that organized events, and with the help of his relations in the boxing world and of the fighters that Jacobs managed – among them Joe Louis – the Twentieth Century Boxing Club emerged into a highly lucrative company and became a rival for the Madison Square Garden, an event organizer which had the advantage of owning the well-known sports arena in New York.

The demand represents the given quantity of a product a consumer wants to buy at a given maximum price. In the case of the 1930's heavyweight boxing, the core product a promoter offered was the entry ticket. Through the ticket, the promoter was selling the boxing show on the canvas. The ticket was the proof that the consumer bought the right to watch the fight.

The demand law helps demonstrate the behaviour of the boxing spectator during the Great Depression, by using two economic tools: demanded quantity and the price of the good. In general, if the price of the good reduces, the demanded quantity increases, and vice-versa. Next, the paper will concentrate upon the reasons which led to the mass consumption of boxing during the Great Depression.

Although times were hard, the tickets for boxing bouts, as well as food, clothing or electronics, weren't so expensive as one might think. In fact, all those products were cheap, but for those who had a job and who could afford them. For the employed Americans, buying themselves a night out at boxing was an extra they could afford next to the daily basic products. For example, a lawyer or a doctor earning about \$50 a month (that is about 630\$ in 2009's value), afforded to buy a \$5-\$7 (about \$70-\$100 in 2000's value) ticket at a bout. And this wasn't even the cheapest type of ticket. Not ticket prices were

high, but the purchase power was low. Many people didn't have the money to spend on fights. They spent their dollars on what was really necessary and saved the rest. Still, venues were mostly sold-out at heavyweight fights, with people from all the social categories attending (Young, Young, 2007). The following economic principles permitted mass-attending to occur even during crisis times:

*1) Price discrimination:* Nellis and Parker define price discrimination as “the practice of charging different prices for various units of a single product or service when the price differences are not justified by differences in production/supply costs” (2006, p. 269). So, in boxing, price differentiation means to charge different prices for the same fight. The practicing of price discrimination assured sold-out venues.

At a lower price, the demanded quantity ( $Q_D$ ) generally grows. Promoters used price discrimination in order to have the possibility to offer low prices, and, thus, to increase the quantity of spectators at fights. The ticket values of the Louis-Schmeling fight in 1938 were \$5,75 and \$30. The expensive tickets had a low demand, because they were affordable only to people with a decent income or to snobs. Even though demand for the \$30 tickets was lower than the one for \$5,75 tickets, promoters made profits thanks to the higher prices of the expensive tickets. The low priced tickets had a high demand, being affordable to the majority of the US-American society. Promoters made profits also in this case, thanks to the quantity of sold tickets.

Managers and promoters were the ones who had to be praised for assuring sold-out stadiums. As organizers of the bouts, they had a personal interest to sell as many tickets as possible, because they would keep a share of the revenues. Their habit was to organize fights in big venues, which could host more than 80,000 people, such as the Yankees Stadium in New York or the Soldier's Field in Chicago. The architecture of such arenas permitted price discrimination. The boxing ring was set in the center of the stadium. Thus, the best visibility for spectators was offered by the rows next to the ring and some of the rows further up. As distance to the ring grew, visibility quality diminished, with the lowest visibility at the far away seats. Thanks to this architecture, promoters could sell the fight “at different prices to different customer groups for various reasons” (Nellis, Parker, 2006, p. 268). Generally, the seats which offered best visibility were bought by wealthy, employed people, while the seats with low visibility were the offer promoters made to the unemployed or to the people with low wages. Prices were direct proportional to visibility. The better the view, the higher the price. Even if they couldn't see well, spectator bought back-rows tickets because those tickets offered the

possibility to be part of a social event and to feel the atmosphere, all at an affordable price. High incomes from the sell of expensive tickets permitted the organizers to lower the ticket prices for other seats in the arena, thus to offer correct prices for each category of consumers. The snobs had “their” expensive prices, the wealthy middle-class had expensive but affordable prices, while the unemployed and the poor had the low prices. The preoccupation of promoters to make fights affordable to poor people was one of the factors that contributed to boxing’s success in the 1930’s. Snobs were the “big spenders” and because they paid so much for a ticket, they guaranteed a significant part of the gate revenue. But, as significant as that was also the contribution of the poor, who were the “mass spenders”. Quantitatively, poor spectators outnumbered the wealthy and the snobs at a fight. Snobs bought few tickets for much money, while poor bought many tickets for few money. Given the quantity of tickets they purchased, poor also guaranteed a significant part of the gate revenues.

For the Schmeling-Gora fight in 1931, prices varied from \$1 (about \$14 in 2009’s value) at the gallery, \$2 (\$28 in 2009) at the balcony, up to \$5 (\$70 in 2009) at the ringside. This was a minor discrimination, as the prices varied in a margin of four dollars (between \$1 and \$5), but there have been bouts in the 1930’s where tickets started from \$2 and went up to \$30 (\$450 in 2009) or \$40 (\$600 in 2009).

2) *Snobbism*: According to the theory of Veblen, also known as the snobbism paradox, consumers who want to show off their status in the society buy expensive goods or goods whose prices increase and aren’t affordable to everyone (Veblen, 2009). By doing so, the snobs want to demonstrate their purchase power and their greatness derived from it in front of the world. In boxing, the snobs usually buy tickets in the rows next to the ring, the most expensive ones. The expenditures of the snobs assured a significant part of the gate revenues at the fights of the Great Depression Era. Prominent names of the 1930’s American society, such as New York’s Mayor Fiorello La Guardia, blues interpret Duke Ellington, or baseball player Babe Ruth were regular spectators at heavyweight bouts in New York City. Eleanor Roosevelt, President Roosevelt’s wife, bought three tickets at the Louis-Carnera fight in 1935, but never showed up (Margolick, 2006).

3) *Few substitutes*: Boxing was a product with few substitutes in the 1930’s, other offers with similar entertainment characteristics – relaxation, socialization, joy, feeling of being part of a community – being theaters, ballrooms or cinemas. The availability of substitute goods influenced the demand for fight tickets. Generally, if the price of a good with many substitutes

increases, the demanded quantity of that good will diminish, as the consumer will turn to the substitutes and choose the particular good which offers him the best quality-quantity-price-relationship. For goods with few substitutes – such as boxing during the Great Depression – a modification of the price won't lead to a massive loss of consumers. Because there aren't any or just few substitutes, consumers will continue to buy the product, whatever the price.

4) *Inferior good*: During the 1930's boxing was an inferior good, this characteristic being one of the factors that guaranteed high attendance. Normal goods are the goods for which the demand modifies in the same way as the income: if the income increases, the demand also increases. The inferior goods, although, are the goods for which the demand modifies in a contrary way than the income: for example, if the income diminishes, the demand continues to be the same or even increases. The tendency during the Great Depression was that the income of households and of individuals lowered. The theory of the income effect states that, if the income diminishes, consumers will reduce spending and buy a lower quantity of the good. It didn't happen with boxing. Even if their incomes dropped during 1929 and the 1930's, the Americans continued to storm out in masses at fights and to fill out the hosting venues. Moreover, they gambled a lot.

5) *Rare, "enormous" events*: Two of the most important characteristics of heavyweight boxing were the rarity and the enormity of fights. Bouts between two heavyweights were the supreme shows a sports fan could think about. Although, for example, Joe Louis fought sometimes even more than ten times a year, his most bouts were against low-rated pugilists, many fights being organized as training for the important bouts. For a boxer, fights against rival boxers of at least the same quality were rare: one, two, or maybe three a year. When such "enormous" fights were set to find place, the society and the mass-media were wired up to them months before the first punch. Heavyweight bouts had an aura of greatness, and people afforded to save money in order to buy a ticket, because they knew something like that wouldn't come up again too soon. And, putting away some money once a year for feeling good wasn't that hard even in crisis times.

So, consumers invested into boxing, by buying tickets. This paper tried to demonstrate that even during times of economic crisis, sporting events can be produced and sold to the public. Each type of sport has its own economy and its own market, needing production factors in order to exist. Next to baseball, it was the most influential sport in the US-American society of the 1930's. Boxing also was among the few social activities of those years that managed to make money circulate into the economy.

## 7. Conclusions and further research

Back in the 1930's, as well as in our days, spectator sports were a Fast Moving Consumer Experience (FMCE). In order to sell the fights, promoters produced an aura of unique experience for the boxing bouts. The main selling proposition of a boxing fight was the unique experience of joy and happiness it offered to the spectators. Spectators who, due to the crisis, couldn't find joy in many other places. The search of joy was a positive consequence of the Roaring Twenties and one of the factors that made boxing exist and assure money circulation during the Great Depression and the rest of the years prior to the Second World War. One other factor presented in the research was the ability of promoters to understand and to use five economic theories/laws: the price discrimination theory, the Veblen Theory, the law of goods with few substitutes, the theory of inferior goods and the principle of rare events. Maybe the most powerful tool used by promoters was price discrimination. And, last but not least, another factor of boxing's success during the Depression was the existence of cartel agreements between the promoters.

The research made an attempt to explain how the economy of professional heavyweight boxing successfully functioned during the Great Depression. Further research may concentrate on the financial implications of boxing fights organized during the Great Depression. A research taking an inside look into the promoter's world, presenting how boxing agents organized fights and managed the boxing economy, would also be interesting. This research concentrated on a period in history, but further research can be done about the economy of boxing in general. Even a parallel comparison between the economy of boxing during the times of the Depression and the ones of the following decades would be interesting.

---

## References

- Babson, S. (1986). *Working Detroit: the making of a union town*, Wayne State University Press, Detroit, Michigan
- Barnum, P.T. (2000). *The life of P.T. Barnum*, University of Illinois Press, Champaign, Illinois
- Beardshaw, J. (1992). *Economics*, Pitman Publishing, London
- Begg, D., Ward, D. (2003). *Economics for Business*, McGraw-Hill, Berkshire
- Begg, D., Fischer, S., Dornbusch, R. (2005). *Economics*, 8<sup>th</sup> Edition, McGraw-Hill, Berkshire
- Boddy, K. (2009). *Boxing: A cultural history*, Reaktion Books, London
- Edsforth, R. (2000). *The New Deal: America's response to the Great Depression*, Wiley-Blackwell, Malden, Massachusetts

- Fitzgerald, F.S. (1998). *"The diamond as big as the Ritz" and other stories*, Dover Publications, New York
- Ford, H. (2008). *My life and Work*, BiblioBazaar
- Idema, H. (1990). *Freud, religion and the roaring twenties: a psychoanalytic theory of secularization in three novelists: Anderson, Hemingway and Fitzgerald*, Rowman&Littlefield Publishers, Maryland
- Kluge, V. (2004). *Max Schmeling: Eine Biographie in 15 Runden*, Aufbau-Verlag, Berlin
- Lewis, D. (1976). *The Public Image of Henry Ford*, Wayne State University Press, Detroit, Michigan
- Luckey, H. (2007). *Personifizierte Ideologie: zur Konstruktion, Funktion und Rezeption von Identifikationsfiguren im Nationalsozialismus und im Stalinismus*, Vandenhoeck&Ruprecht, Göttingen
- Margolick, D. (2005). *Beyond Glory: Joe Louis vs. Max Schmeling, and a World on the Brink*, Bloomsbury Publishing PLC, London
- Marinescu, C. (2004). *Economie instituțională*, Editura ASE, București
- Mureșan, D., Mureșan, M. (2003). *Istoria Economiei*, Editura Economică, București
- Myler, P. (2005). *Ring of hate: Joe Louis vs. Max Schmeling: the fight of the century*, Arcade Publishing, New York
- Nellis, J., Parker, D. (2006). *Principles of Business Economics*, Financial Times Prentice Hall, Essex
- Parker, R.E. (2002). *Reflections on the Great Depression*, Edward Elgar Publishing Limited, Cheltenham
- Pfeifer, D. (2005). *Max Schmeling – Berufsboxer, Propagandafigur, Unternehmer: Die Geschichte eines deutschen Idols*, Campus Verlag, Frankfurt/New York
- Phelps, E. (1985). *Political Economy*, W.W. Norton & Company, New York
- Poremba, D.L. (2005). *Detroit: A Motor City History*, Arcadia Publishing, Charleston, Chicago
- Robbins, L., Weidenbaum, M. (2009). *The Great Depression*, Transaction Publishers, New Jersey
- Sammonds, J. (1990). *Beyond the Ring: The Role of Boxing in American Society*, University of Illinois Press, Illinois
- Schaap, J. (2005). *Cinderella Man: James J. Braddock, Max Baer, and the greatest upset in history*, Houghton Mifflin Company, New York
- Stradling, J. (2009). *More Than a Game: When Sport and History Collide*, Pier 9, Millers Point, N.S.W
- Streissguth, T. (2007). *The Roaring Twenties*, Infobase Publishing, New York
- Veblen, T. (2009). *Teoria clasei de lux*, Editura Publica, București
- Watkins, T.H. (2000). *The hungry years: a narrative history of the Great Depression in America*, Henry Holt & Co
- Woodford, A. (2001). *This is Detroit: 1701-2001*, Great Lakes Books, Wayne State University Press, Detroit, Michigan
- Young, W. Young, N. (2007). *The Great Depression in America: a cultural encyclopedia*, Vol. 1, Greenwood Publishing Group
- American Cultural History, 1920-1929, cit: <http://kclibrary.lonestar.edu/decade20.html>, accessed: 04.10.2010, 14:01
- Fight Toys, cit: <http://www.fighttoys.com/Dempsey-Carpentier%20ticket.htm>, accessed: 11.10.2010, 12:27