

# Blame the Government, not Ashley; Opinion.

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Byline: Paul Benneworth

NEWCASTLE United's recently announced sponsorship deal with a payday loans company has provoked a tidal wave of editorial comment. Opinions are heated as to whether this is the ultimate embarrassment or better than being owned by dubious robber barons.

Part of the deal has involved the reintroduction of the St James' Park name for the football ground, and that is rightly being heralded as a stroke of genius. Having a historical city landmark named after a discount sports retailer generated huge fan hostility, and makes the current deal greatly more palatable for undecided fans.

Unlike France, the UK still has a fairly relaxed attitude to regulating sponsorship deals with sports clubs. Private gambling firms and drinks companies are banned from sponsoring French teams, and foreign clubs playing in France are forbidden from displaying overt logos for foreign companies.

The UK government has tightened up regulations slightly recently with the banning of tobacco advertising in sport. It is hard to believe in today's climate that as recently as 1996 both of Rugby League's cup competitions were sponsored by cigarette manufacturers.

Nottingham University attracted harsh criticism in 2000 from its decision to accept nearly PS4m from a tobacco company to fund a research centre studying corporate social responsibility.

The criticism hinged on the fact that accepting research funding from cigarette manufacturers gives an impression that they have a legitimate interest in public affairs.

Nowadays it is beyond the pale in the UK to accept research funding from tobacco companies.

But clearly a payday loan company is not the same as a tobacco firm, even if you think payday loans companies are morally repugnant. Tobacco companies deliberately manipulated research and public policy to continue selling products they long knew killed their customers.

By contrast, a payday loan is simply another example of the truism that it is easier to take money from the poor than the rich. Just like non-bank cash machines that charge a totally unnecessary handling fee to allow you to access your money, payday loans firms charge people exorbitant rates to access loan services that the rest of us take for granted.

The reality is that with the Government hell-bent on taking the axe to public services, increasing numbers of people have found accessing normal financial services increasingly difficult. An austerity programme needs payday loans companies, just like it needs slum landlords and corner shops selling overpriced and unhealthy processed food. These services spring up wherever the free market is allowed to run riot in the public realm.

Payday lenders at least have the benefit of keeping individuals away from dubious or even criminal informal lending, even if they charge an eye-watering 4,000% interest rate. Before we criticise Mike Ashley and Newcastle for their commercially sensible decision, we should instead criticise the Government for making payday loans a normal part of life for many.

Dr Paul Benneworth is a senior researcher at the Center for Higher Education Policy Studies,

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