

Opening Statement of Ranking Member Ron Johnson
“The PGA-LIV Deal: Implications for the Future of Golf and
Saudi Arabia’s Influence in the United States”
Permanent Subcommittee on Investigations
July 11, 2023

Let me start by saying I love the game of golf. I enjoy playing and watching it.

Golf is a pure meritocracy. Golfers succeed or fail on their own. Every golfer can empathize with a pro who is trying to hold on to a one-shot lead, execute a difficult shot, or sink a crucial putt. We appreciate the moments of celebration and sympathize with the failed attempts.

The game of golf has developed a handicap system that allows golfers of different skill levels to enjoy competing with one another. But it is competition at the highest level that brings us here today.

Every professional sport faces the exact same challenges: How do you structure and maintain competition to attract large audiences and maximize the revenue base? How do you fairly compensate all the athletes, from the top stars to the journeyman players striving for the top? And in a global environment, how do you accomplish this with entities possessing dramatically unequal resources?

League sports in America provide a good example of this dilemma. How can small city markets, like Green Bay or Milwaukee, afford to field teams to effectively compete against cities like New York, Chicago, or Los Angeles that have much larger fan bases? The solution has been the formation of leagues and governing bodies that develop and enforce rules of the game and competition. Unfortunately, many of the rules and practices of these leagues may run afoul of the Sherman and Clayton Anti-Trust laws.

In researching the legislative and judicial history of sports in America, I must agree with the assertion of a 1987 University of Miami Law Review article that states, “...the precise law governing the relationship between professional sports leagues and the Sherman Act is so noticeably confused and unsettled.” A simple explanation for this confusion is that it is difficult to write a law that effectively addresses every situation and reality.

This hearing deals specifically with the reality the PGA Tour faced when Saudi Arabia decided to get involved and invest in professional golf. According to its 2021 990 tax form, the PGA Tour had net assets worth approximately \$1.25 billion. Saudi Arabia’s Public Investment Fund is estimated to be worth between \$600 to \$700 billion – 500 times larger than the PGA Tour.

Until the creation of LIV Golf, the multiple golf tours throughout the world competed in a commercial marketplace dictated by the normal market force of profit and loss. LIV is financed by an entity that was committed to competing for top players with little, if any, expectation of a direct financial return. From a commercial standpoint, it’s not a fair fight, and the PGA Tour accurately viewed LIV as an existential threat.

I have the deepest sympathy for the families of 9/11 and support their efforts of obtaining information currently being withheld by the U.S. and Saudi governments. Sportswashing is also a legitimate issue, but no amount of money can wash away the stain of the brutal Khashoggi assassination and other human rights abuses.

It would be grossly unfair to expect the PGA Tour to bear the burden of holding Saudi Arabia accountable. After all, anyone who drives a car or uses oil-based products has helped fill the coffers of the Saudi PIF. Foreign investment in the U.S. is generally a good thing, and I'd rather have the Saudis reinvest their oil wealth in America as opposed to China or Russia. Also, if the Kingdom's involvement in golf and other sports helps it modernize and offer more rights to women, wouldn't that be a good thing?

Although I believe there are much more pressing issues Congress and this Subcommittee should be focusing on, like many Americans, I have a great deal of interest in how this issue is resolved. As courts have indicated, Congress does have a legitimate role to play in settling the confusion in the law governing professional sports.

That said, I did not sign the requests for information or the memo issued by the majority because the parties are in the midst of what should be private negotiations and there is no deal to review. Inquiries and investigations conducted by this Subcommittee generally involve some measure of wrongdoing. There is nothing wrong with the PGA Tour negotiating its survival. Negotiations are often delicate, and I fear Congress getting involved at this stage could have negative consequences.

I hope that this hearing can be constructive and address the many legitimate questions the public has regarding the future of golf and how to preserve the purity of competition at the highest levels of the game. Although the various parties in this dispute bring different perspectives and objectives to it, my guess is that they do share a common love and respect for the game of golf, and want to see it succeed well into the future.