



Preface

LANCE ARMSTRONG, Tiger Woods, LeBron James, or Roger Clemens—take your pick. Our demigods have let us down, but professional sports continue to flourish, intermittent sputtering notwithstanding. After all, Shakespeare’s heroes had tragic flaws and that only heightened our interest. And, besides, as a society we love sports. We love the competition, we love the community sports engender, we love to watch mortals stretch the boundaries of human physical achievement, and we love the distraction. These elements yield the strong, abiding demand to consume sports.

The supply side of sports is equally complex, encompassing salary battles between millionaire players and owners, compromises among feuding owners, intimations of team flight absent public subsidies to assist in the construction of a new stadium or arena, the emergence of team-owned sports channels and league-owned video streaming, flexible ticketing strategies, a robust secondary ticket market, and much more.

As the sports industry navigates the changing landscape of supply and demand, along with the opportunities and challenges presented by the ongoing revolution in communications technology, it does so

in its own special way. Sports leagues face the unique circumstance that while their teams compete on the field, the leagues must cooperate (and compete) off the field. They cooperate to set the basic elements of competition (rules of the game, length of season, postseason structure, etc.) and also to attempt to maintain a financial and playing balance among dozens of teams from vastly different cities. That is, teams in a sports league must collude among themselves in order to produce a successful product. This simple characteristic yields an economic dynamic very different from what occurs in other industries. Understanding this dynamic is the task of sports economists.

In my view, much of the work of sports economists has suffered from a professional deformation. Its theories have grown separate from the reality they purport to explain. Mathematical models are elaborated, based on simplifying assumptions, to identify tendencies in the industry's functioning. These models can be useful in the right circumstances, but only if they are based on a realistic sense of how the industry operates.

I have consulted in the sports industry (for public bodies, for leagues, for players, for teams) for some twenty years. It is remarkable and sad how little the hard work of sports economists finds its way into the front offices of teams and leagues. The tools and insights of economics are important and potentially can make significant contributions to the efficiency and effectiveness of the sports industry. But economists must be willing to get their hands dirty, and they must concern themselves with communicating not just with each other but also with the industry itself.

I have tried over the years to make my academic work reflect my experience in the sports industry. The essays in this collection are my most recent efforts to understand what the industry's biggest challenges are as it enters the second decade of the twenty-first century and where it is headed. The first chapter serves as an introduction, sketching out the landscape of the industry in 2010, delineating choices it confronts, and projecting some likely turns the industry will take. The following seven chapters are updates and elaborations upon articles I have published in the last few years. They cover a

broad terrain, ranging from the financial crisis in college sports and its reform, to antitrust policy, labor relations in professional leagues, the economic impact of the Olympics and other sport mega-events, trends in facility financing, and performance-enhancing drugs.

In researching these subjects, I have benefited enormously from superlative research assistance by Leigha Miyata and Jim Logue, as well as from ongoing dialogue with academic colleagues and individuals in the sports industry too numerous to mention. Thanks also go to Brad Humphreys and Judith Grant Long, each of whom co-authored with me an original piece upon which two of the chapters in this book are based. I am grateful to my editor at Temple University Press, Micah Kleit, for his experienced and confident guidance. My thanks also to Lynne Frost, who shepherded my book through the production process. As always, none of my efforts would be possible without the loving support from my family—Shelley, Jeff, Mike, Alex, and Ella—and to them go my eternal love and gratitude.