

Stefan Szymanski and Stephen Ross: Bust Up Big League Sports



By Drake Bennett  09.21.09



Illustration: Michael Gericke

 **Major league athletes** are rewarded for talent, toughness, and single-minded dedication. Major league team owners, on the other hand, are rewarded for mediocrity. Having bought their way into a league, lackadaisical owners can extort hundreds of millions of dollars from their hometowns (and charge exorbitant ticket prices) under threat of decamping for another city. They can allow wretched teams to languish year after year and pocket the league's revenue-sharing money rather than invest it in talent, knowing that when they're ready to sell, a scrum of millionaire suitors will materialize. That's because big league teams in the US—and the leagues themselves—are, in effect, monopolies. Major League Baseball even has an explicit antitrust exemption. Without name recognition, fan loyalty, and access to top talent, an upstart league doesn't stand a chance.

How to spark owners with the same competitive fire they demand of their players? [Stefan Szymanski and Stephen Ross](#) have a plan: Make teams compete for a spot in the majors.

Szymanski, an economics professor at City University London, and Ross, a law professor at Penn State, borrowed their model from European soccer. In that system, no team is assured of a place in the top national league. Instead, each league has multiple levels: England's Premier League, Spain's La Liga, and Italy's Serie A are all the top rungs of their respective ladders. At the end of each season, the bottom few teams at each level are relegated to the rung below and are replaced by that level's winners.

Applied to American pro sports, the European system would eliminate the artificial scarcity that owners exploit. Anyone with the resources could simply start their own team and play their way up into the top tier. As a result, owners looking to boost their take by threatening to skip town would find they had no leverage, since other cities big enough to support a serious contender for the top tier would already have one. And there would be no such thing as a perennial cellar dweller; teams that performed poorly would be demoted. Demotion would cut their value, driving even the most complacent owner to do what it takes to get competitive. "You're sharpening the incentives," Szymanski says.

Of course, team owners wouldn't like it, but they could be convinced. Szymanski holds out hope that a bit of moral suasion from high places would suffice. "It's possible for courts and the legislature to decide the public has had enough of this monopoly system. The government can tell the leagues that if they don't sort themselves out in a sensible structure, government will do it for them," Szymanski says. "It would be very Barack Obama, I think."