SCULLY, GERALD W. *The Market Structure of Sports* Chicago: The University of Chicago Press, 1995. Pp. 207. Notes, graphs, index. $39.95 cb., $14.95 pb.

I once attended a panel on sports history which heatedly debated the nuances of a .080 change in baseball batting averages. Yet no one mentioned how that alteration affected the game. While wrangling over statistics may be an excellent intellectual exercise, it seems pointless if no one charges them with significance. A similar situation presents itself in *The Market Structure of Sports.*

It must be noted that this reviewer is a cultural historian and the book seems clearly intended for economists like its author. Gerald Scully has written what the book's jacket-blurb describes as an analysis of "recent trends in the markets for players, coaches, managers, and sports franchises in baseball, basketball, football, and hockey." The book is also described as a "detailed economic assessment" focusing on "factors that determine players' salaries; management practices and franchise values. . . ." This is exactly the benefit and the problem of this book.

Scully attempts to explain some of the most important economic mysteries occurring in the world of professional sports. Why are salaries skyrocketing? Why are the prices of the most talented players so amazingly high? What reasons cause managers to be retained or fired? What role does an owner play in his team's success? Thus Scully tries to illuminate the financial black hole that is professional sports. He should be applauded for examining one of the most powerful and important businesses in American culture.

Scully's technique is to introduce a chapter with a question/problem, such as is changing a manager "useless strategy to improve club performance?" (p. 143) As he mathematically constructs his answer he covers many factors, such as mentioning that the object of a manager is to "win as many games as possible with the playing talent at hand" (p. 148). He then offers conclusions drawn from his computations—changing managers usually does increase wins.

The main problem with this book is that while Scully tries to cast light into the dark, it is not clear what he wants to illuminate. The book does not have a clear and consistently argued thesis. While Scully does address important questions, it rarely offers substantive answers. His work often presents few insights into how his statistics are significant for society or even for sports. The many graphs and tables, although usually fascinating, seem just as commonly unclear in their purpose. Consequently Scully's book is an exquisite example of statistical sophistication which lacks meaning (great talent, but it loses more than it wins).

Other problems also lessen the value of this work. Anyone not familiar with economic theory and its nuances will have difficulty staying with the complex

statistical formulas that abound throughout Scully's text. In fact, he devotes entire pages to formulas and how they were derived with a little explanation of their importance (pp. 145-147, pp. 46-48). Thus the text often bogs down; theory and math overpowering the thesis.

Readers also are often stopped cold by awkward words and phrases from economic jargon such as "scalar multiple," "pigouvian tax," and "linear homogenous production function," too clunky words like "substitutability" and "endogenously." Also there are too many truisms offered up as insights, such as managers needing to win more games than they lose; that "club performance [and a player's (p. 56)] reaches a peak, and then a period of serial decline sets in," (p. 84) and that "higher [player] performance has greater value to a club" (p. 60).

While some of these problems may be due to the book's economic focus and thus defensible, others seem more difficult to accept when made by an economist. For example, Scully compares the annual appreciation of sports teams to corporate profit rates. Though statistically 27 percent versus 3-10 percent seems to make sports unrivaled in their profit, Scully infers the opposite (pp. 130-134). He even shows that the sports return today is more than the piracy of the Standard Oil trust of the 1890s—27 percent versus 19 percent. Despite these figures he bases his contention on an amazingly strained comparison of sports to Hong Kong real estate (26 percent appreciation). He concludes that by utilizing this standard and not Fortune 500 businesses, "the average return to ownership of sports franchises should not be judged excessive" (p. 134). In addition to such maneuvering is a glaring math problem. He states that a team win will generate a gain in attendance of 3,478 people. With an average $10 ticket cost that will increase "gross gate receipts" by "$43,000" (p. 157). Is an $8,220 oversight all that accurate in economics? Such a simple math mistake of nearly 25 percent raises questions about other computations.

While this work may be a fine statistical examination, it can not be recommended for anyone attempting to understand what the economics of professional team sports means for American sport or culture.

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