

**Frank P. Jozsa Jr. and John J. Guthrie Jr.** *Relocating Teams and Expanding Leagues In Professional Sports: How the Major Leagues Respond To Market Conditions.* Westport, Ct: Quorum Books, 1999. xii + 206pp. \$59.95 ISBN 1-56720-193-8

What determines the size of, or how many teams play in, a particular professional sporting league? Why do leagues expand or decrease in size? Why do clubs relocate from one area to another? Economists would tell us that league officials would make such decisions based on calculations of how best to maximise revenues and/or profits.

The provision of suitable stadiums will be crucial to the making of such decisions. The (re)location of clubs in North American professional sports, such as baseball, football and basketball, has been associated with various cities and states engaging in bidding wars against each other, in attempting to hold onto or attract clubs to their "locales"; enhancing, apparently, their status as "major league" communities. In the 1990s, there have been a number of works published, which have described this phenomenon as nothing more than the public purse being used to subsidise and enhance the incomes of wealthy owners and players. These studies, moreover, challenge (owner) notions that the presence of major league teams (in subsidised stadiums) enhances community income and welfare. Rather, such communities find themselves saddled with long term debt and the opportunity cost of reductions in services, such as for schools, libraries, roads, street maintenance and so on.<sup>1</sup>

Frank P. Jozsa and John J. Guthrie are concerned with providing information on and examining various issues associated with relocating teams and expanding leagues in baseball, football and basketball in the period since 1950. In their introduction they state 'no work focuses exclusively on the dynamics of why, where and to what extent professional teams have moved or how leagues have expanded during the second half of the twentieth century' (pp.1-2). In making such a statement they have downplayed Michael N. Danielson's *Home Team: Professional Sports and the American Metropolis* published in 1997<sup>2</sup> (it is included in the bibliography and referred to in a footnote – pp.193 and 12). Danielson employs more of a political economy/urban studies approach, and includes (ice)hockey, in comparison to Jozsa and Guthrie's dry descriptive economics.

*Relocating Teams and Expanding Leagues in Professional Sport* contains an introduction, six chapters and a conclusion. The introduction provides a survey of some writings on the economics of professional team sports and on team relocation and league expansion. The presentation of material concerning relocation and expansion is broken down into two separate periods. The first period is 1950 to 1977, the second 1977 on. No explanation is provided – such as ease of presentation – for this decision. Chapters one and three present information on relocations, while two and four on expansion. Chapter five

compares the respective success of relocated and expansion clubs in each sport, and is presumably meant to serve as a summary of material presented in previous chapters. Chapter six provides information concerning developments in two women's basketball leagues which were formed in the second half of the 1990s, and a brief (seven page) summary of issues associated with the public purse subsidising the building of stadiums for owners. The major themes of *Relocating Teams* are drawn together in the conclusion.

*Relocating Teams* is descriptive and non-analytical. In the first four chapters, which represent the main body of the book, Jozsa and Guthrie present information on the ownership structure and finances of the various relocating clubs. They then present a series of tables, providing data on population size, population growth, average income levels and number of existing major league clubs (in different sports) in various localities; playing success, attendance and changes in the franchise values of clubs. The material provided in tables is then described and commented upon in the text. There are 51 tables in all, in 103 pages. The presentation of so much descriptive information makes for dull and tedious reading.

Chapter five is odd, serving no real purpose. Jozsa and Guthrie say that its function is to 'rank and analyze...teams...based on team performance, home attendance, and estimated market [franchise] value using data collected since 1990' (p.136). Teams can fall into one of three categories – superior, average or inferior. Teams are ranked according to the above indicators in order and the various scores for each category are summed to determine overall performance. Data has only been gathered for relocated and expansion clubs. There is no *control* for, or comparisons with "stationary" clubs who were members of their respective leagues prior to 1950. In saying this, however, it should be noted that new and relocated clubs performance on the field of play tends towards an average score of fifty percent (pp.23, 90, 91, 92, 104, 106, 113, 116, 117, 125, 141 and 149).

There is an implicit assumption that the three performance indicators should be equally weighted; and that the equality of such weighting should apply across and within sports. With respect to the latter, no consideration is given to how a particular club's performance fits into other assets, or the portfolio, of owners. Concerning the former, football tends to have sell-out crowds in comparison to baseball and basketball. Also, to what extent should attendance data be adjusted according to whether or not broadcasting income is more or less equally shared in the respective leagues? Different cartels with different internal rules may place quite different spins on performance indicators of different sports.

If we have three categories of overall performance we would expect one-third of teams to be superior, one-third average and one-third inferior. This is

the simple logic of mathematics. Teams who had a combined score of one-third or less would presumably be designated as superior, those whose score fell in the second third average, and those in the last third inferior. Jozsa and Guthrie don't follow this approach. The weighting they use for the three sports is inconsistent – biased towards “success” in baseball and “failure” in football.

Table One reproduces their summary of performance of relocated and expansion clubs in the three sports. Jozsa and Guthrie say the table reveals that a ‘greater proportion of superior teams existed in baseball, average teams in basketball and inferior teams in football’ (p.152). Table Two, which readjusts their data according to the logic of mathematics described above, shows that the performance of teams in the three leagues is strikingly similar. But, have Jozsa and Guthrie told us anything more than what would flow from a priori reasoning? Moreover, given the issues raised above, especially the lack of comparators, what real purpose is served by this chapter?

### Table One

*Relocated and Expansion Teams Ranked by Sport, 1990 to 1997.*

Sport	Rank		
	Superior	Average	Inferior
Major League Baseball	33%	39%	28%
National Football League	21%	21%	58%
National Basketball Association	21%	42%	37%

Source: Jozsa and Guthrie, p.152.

### Table Two

*Adjusted Relocated and Expansion Teams Ranked by Sport, 1990 to 1997*

Sport	Rank		
	Superior	Average	Inferior
Major League Baseball	28%	44%	28%
National Football League	27%	40%	33%
National Basketball Association	29%	38%	33%

Source: Jozsa and Guthrie, Tables 5.1 to 5.5.

In the preface Jozsa and Guthrie say that ‘with historical facts to explain when and where professional baseball, football and basketball teams relocated, and leagues expanded, readers should appreciate and respect the decisions made by owners to earn maximum profits for their teams, which consequently enables

them to survive and prosper' (p.ix). In their introduction they say:

we argue that the market alone should determine the course and development of professional sports leagues. We discourage intrusion from nonmarket sources and oppose government intervention in, or regulation of the business of sports...Likewise, we oppose extensive revenue sharing or the reallocation of revenues from profitable to less profitable, or from large to small market, teams. Instead of successful franchises subsidizing their league opponents, we favour free-market incentives. Franchise relocation is a natural adjustment to market conditions, and no person or institution is better equipped than an owner to make such decisions. After all, owners want to maximise their profits. To do this, they must respond to market conditions (p.2)

Elsewhere in *Relocating Teams* they contradict themselves. In talking about basketball, for example, they state 'it behooves NBA franchise owners to prod local politicians and community leaders for subsidies to pay for the construction costs of a new arena' (p.166). Their endorsement of such behaviour – of how "it behooves" NBA owners to chase money from the public purse is the antithesis of persons who celebrate market forces and oppose government intervention. In rejecting the proposition that because of subsidised stadiums, sports franchises should be publicly owned Jozsa and Guthrie say 'we prefer a limited role for government in the industry and thus recommend a gradual phase-out of any public subsidies to teams' (p.167). Another example of their facility for contradiction involves the issue of relocating baseball teams to large cities, such as Chicago, Los Angeles and New York. On page 75 they advise against such relocations 'It seems unlikely', they say 'that these...cities could, or would, support another MLB franchise'. However on pages 177 and 180 they endorse the movement of franchises into such largely populated areas.

We can also find contradictions on revenue sharing. On both pages 95 and 145 they advocate revenue sharing so that 'even the small-city team may co-exist and compete with teams located in larger and medium sized cities' (p.95).

More generally, Jozsa and Guthrie, have not confronted the meaning of "supporting market forces" in the context of a cartel. How are decisions to be made in a league? Are individual clubs allowed to do what they like? Should decisions be made by the league as a whole, by simple, or weighted majorities, by a commission "above" clubs or by a "cabal" who "work" at maintaining their control and dominance? Jozsa and Guthrie ignore and abstract from the internal dynamics that exists between leagues and their constituent member clubs in their examination of relocation and expansion of leagues in professional sport.<sup>3</sup>

*Relocating Teams and Expanding Leagues in Professional Sports* is a slight work. Its only contribution is the marshaling of data which describes various demographic, economic and performance indicators associated with relocating and new clubs in three sports. It eschews a theoretical and conceptual focus and, at crucial points, is contradictory and confused.

### Notes

- 1 See for example Andrew Zimbalist, *Baseball and Billions: A Probing Look Inside the Big Business of our National Pastime*, Basic Books, New York, 1992; Charles C. Euchner, *Playing the Field: Why Sports Teams Move and Cities Fight to Keep Them*, John Hopkins University Press, Baltimore, 1993; Kenneth L. Shropshire, *The Sports Franchise Game: Cities in Pursuit of Sports Franchises, Events, Stadiums and Arenas*, University of Pennsylvania Press, Philadelphia, 1995; Mark S. Rosentraub, *Major League Losers: The Real Costs of Sports and Whos Paying for it*, Basic Books, New York, 1997; Michael N. Danielson, *Home Team: Professional Sports and the American Metropolis*, Princeton University Press, Princeton, 1997; and Joanna Cagan and Neil deMause, *Field of Schemes: How the Great Stadium Swindle Turns Public Money Into Private Profit*, Common Courage Press, Monroe, 1998. For a work which analyses such issues in minor league baseball see Arthur T. Johnson, *Minor League Baseball and Local Economic Development*, University of Illinois Press, Urbana and Chicago, 1995.
- 2 Danielson, op. cit.
- 3 For an excellent example in baseball see John Helyar, *Lords of the Realm: The Real History of Baseball*, Ballantine Books, New York, 1994.

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