

A Sporting Chance

The Economics of contemporary sports topics

Leading Off:

As the 2015 Cubs and White Sox whet our appetite for playoff action, or even .500 baseball, what are the chances one of them will bring home the Commissioner's Trophy? Getting to the playoffs is one thing—15 teams in each league, 5 make the playoffs; winning the World Series is quite another matter. In the last 10 years, 20 teams have played for the championship. Only five had the best regular-season record in their respective league that season. (Last year, neither team—Giants or Royals—won its division.)

Why? Most competitions contain a mix of skill and luck. At one end of that spectrum is chess—all skill; at the other end, buying a lottery ticket. Over a 162-game season, the strongest team will likely rise to the top, but in a 5- or 7-game series, the element of luck looms large.

In the Kentucky Derby, a premier horse race held in early May at Churchill Downs, the favorite rarely wins. Why? While that thoroughbred may indeed have the most ability, a crowded field, a muddy track, and drawing an unfavorable starting gate can reduce its odds considerably.

The same is true for the just-completed Masters Tournament in Augusta. Every golfer has to play against the whole field; by contrast, in tennis a top player faces only one (lower-seeded, weaker) opponent at a time. Chance is more of a factor in golf, and thus it is not surprising to observe far more repeat champions in major tennis tournaments than in golf.

In the National Football League (NFL) in the last 10 years there have been 7 different Super Bowl winners and no back-to-back champions. In baseball over that same time span: 6 different World Series winners and no champion repeated.

Hitting Second:

From April 30 to May 2, NFL executives and top college prospects will gather for three days at the Auditorium Theatre in Chicago to conduct a player draft. The worst 2014 team, the Tampa Bay Bucs, will draft first and Super Bowl XLIX champion New England will draft last (32nd), allegedly to create competitive balance. But the real purpose is to redistribute income from players to franchise owners and the league by reducing players' employment options from 32 to just 1. Competitive balance is unaffected. Why? Doesn't the worst team get the first pick? Yes, but follow it through all draft rounds:

BY ALLEN R. SANDERSON The Buccaneers will get the 1st, 33rd, 65th, 97th, 129th,....pick. The Patriots will get #32, #64, #96, #128, ...Assuming players #32 and #33 are equal, and ditto for #64 and #65, etc., the only difference between the best team and the worst



one is that the latter gets one additional player, hardly enough to turn a sow's ear into a purse.

In terms of economic impact on the city from this three-day cattle auction, if one takes the dollar estimate trotted out by Choose Chicago or the Chicago Convention & Tourism Bureau and moves the decimal point one place to the left, then it's close to the truth.

Batting Third:

In Major League Baseball (MLB), older managers have higher winning percentages than younger ones. In their search to replace Rick Renteria, why didn't the Cubs hire from the Social-Security-eligible pile of managerial candidates? And in the NFL, the best field-goal kickers, based on percentage of attempts made, are the oldest. So why are teams always looking for young, fresh legs?

The answer to both questions turns on sample selection bias. What do we call MLB skipper who don't win? Ex-managers. And field-goal kickers with low success rates? Former NFL kickers.

Participants in the Home Run Derby at baseball's All-Star game each summer end up hitting fewer home runs after that contest than before it. Why is that? Google "*Regression toward the Mean.*" And that's also why one might expect White Sox Phenom José Abreu to have a less stellar season in 2015—not a "sophomore slump" but simply convergence to his likely long-run average production at the plate.

And In the Clean-Up Spot:

With "March Madness" in the rearview mirror and time to kill before Bears' training camp opens, four engaging books for the intelligent sports fan: *Scorecasting* by Tobias Moskowitz and L. Jon Wertheim; *15 Sports Myths and Why They're Wrong* by Rodney Fort and Jason Winfree; *Circus Maximus* by Andrew Zimbalist; and *Beautiful Game Theory* by Ignacio Palacios-Huerta. And to understand the case for paying college athletes, see the *Journal of Economic Perspectives*, Winter 2015 (article by Sanderson and Siegfried). □