

Tanks for the Memories

Winning and Losing in Sports and Life

The first academic article ever written on sports economics was by Simon Rottenberg, then at the University of Chicago. In his seminal 1956 work, he said that: “The nature of the [sports] industry is such that competitors must be of approximately equal size if any are to be successful.” By “size” he was referring to teams having the same number of players and approximately equal payrolls and other germane factors, though in boxing, tennis, and youth sports we also segment by age and gender to ensure that there is some modicum of fair play.

He went on to say that some inequality is desirable; that is arguably true in life as well.

BY ALLEN R. SANDERSON

Another ingredient for successful competitions is that the outcome is perceived as uncertain. Thus we go to some lengths to ensure that the matches are not fixed and that players or teams are trying to win—but not trying too hard, such as in the case of steroid use, intentionally injuring an opponent or, let’s say, the New England Patriots.

This last assumption—that both sides are trying to win—has received mention this year, as some franchises have been accused of losing on purpose—“tanking”—to gain some advantage in subsequent years, including receiving a better prospect in the draft. The 2017 World Series champion Houston Astros are one example of this strategy, losing more than 100 games in three consecutive seasons (2011–2013), followed by 92 losses in 2014 before beginning their ascent.

Locally, the Chicago Cubs finished last in their division from 2010 to 2014 before their recent rise to glory. The rest of our local franchises have substituted the term “rebuilding” for tanking but otherwise

appear to be following the same game plan.

But is this an effective way to win games and fan’s hearts and wallets? Last November a *Sports Illustrated* cover proclaimed with regard to the Astros that “this World Series won’t be their last.” Given that 13 different teams have won the World Series in the 21st century, and no team has ever won back-to-back championships, the smart money in Las Vegas won’t be on them to repeat in 2018.

The NFL Cleveland Browns have raised losing to an art form, stringing together ten consecutive losing seasons, and winning only a handful of games in total in the last three seasons. Tanking, and thus securing the top pick in the draft, doesn’t seem to have made them a Super Bowl perennial.

This behavior—losing on purpose—is not new, and all leagues have had to confront it. And police it. In the 2012 Summer Games in London, eight Asian female badminton players were disqualified for tanking their matches so they could receive a better seeding in a subsequent round of play. In the 2011 NFL season, fans of several woebegone franchises exhorted their teams to “Suck for Luck”—losing on purpose so they could move up in the draft and acquire the consensus best player, Stanford’s Andrew Luck.

Over time, the NBA has tweaked its draft several times to dissuade teams from sitting their stars and going on embarrassing season-ending losing streaks; there will certainly be yet one more adjustment in place for 2019.

Part of the problem, obviously, is the draft itself and the disincentive to win. The leagues award the worst team the first selection in each round and the top team the last pick. Thus we are rewarding failure and incompetence while punishing success, all in the name of parity. Maybe we should adopt the European sports leagues’



alternative: promotion and relegation, a process that demotes—that is, relegates—the worst teams in the higher division to a lower one, and the highest ranked teams in a lower division are promoted to the premier division for the next season.

When it comes to life or the economy, the same principles and traits apply. On one side of the table, tax attorneys and accountants make their livings in part by being able to find “redder” short-run pastures for their clients. On the other side, the IRS, Department of Labor, Social Security Administration and other government agencies monitor earnings and various public transfer programs to ensure compliance with statutes and that otherwise eligible recipients are reporting their incomes, looking for work, or are actually disabled. Our willingness to assist the less fortunate is tempered when there signs of tanking—“gaming the system”—among beneficiaries.

In sporting competitions and in life we struggle in deciding how much to take away from the successful and give to the less fortunate. We often don’t object to some level of inequality or redistribution as long as there is agreement and reasonable certainty that the process—at both the top and the bottom—is fair. □