Regulation of Professional Sports Leagues

Competitive imbalance leading to boring games and the ruinous escalation of player salaries play the dominant role among the dangers cited in all attempts to regulate professional team sports leagues. Throughout their history, sports leagues have employed a wide array of regulations against these dangers. There are two major areas in which leagues have intervened: regulations in the sporting labor market (reserve clause, transfer system, salary caps, and luxury taxes) and regulations regarding the distribution of revenues between clubs (gate and local TV sharing). This presentation will explain the peculiarities of the team sports industry, present the organizational differences between the North American and the European model as well as their regulatory interventions.

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