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## Jerry Jones and Revenue Sharing - Lords of Baseball Fail on Settlement

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It is the week of the owners. In the NFL Jerry Jones, liege lord of Dallas, decided to take on his fellow owners in a challenge to one of the leagues oldest and most revered traditions, while at the same time signing Deion Sanders at the price of a king's ransom.

Meanwhile the Lords of Baseball met for three days to discuss the labor issue, the coming playoffs and World Series, and the price of ignorance. Nothing was resolved.

Among neither group is there much evidence of intelligent life or much hope for sport. We really are living in interesting times in sportsworld, and that can only mean trouble.

Let's start in Dallas where Jerry Jones has taken the bull by the proverbial horns and made three startling moves in the past few weeks. First he signed a \$40M ten year deal with Pepsi for exclusive advertising and distribution rights in Texas Stadium. The Pepsi logo will appear prominently in several locations on the field. Having done that Jones then sold Nike and Phil Knight the right to be the official sponsor of Texas Stadium along with other goodies.

There are several problems with these developments. First, the NFL has agreements with Coke and Reebok, and second, NFL teams have an agreement with NFL Properties for exclusive marketing rights and revenue sharing on team logos. Jones had already called for the owners to drop this arrangement when it expires in 2003, and Jerry is claiming that his arrangement with Nike and Pepsi is not covered under this agreement anyway.

To put some frosting on the cake Jones then went out and signed Deion Sanders to an outrageously enormous contract which will of course be financed in part by the income from these earlier deals.

This week the NFL countered with a \$300M lawsuit against the Cowboys which they graciously announced on the eve of the owners meetings, and served the papers to Jones as the luncheon special--Clam chowder ala court.

Jerry Jones has violated one of the sacred rules of the NFL and in fact has defied the culture of the league. Revenue sharing as a sacred league concept goes back to the 1950s when Bert Bell convinced owners to pool its television revenue and its product

to television. This strategy required congressional legal exemption, but it was adopted. The concept of revenue sharing was then extended to other league activity. This device is often cited to explain the success of the NFL, especially the ability of the small markets to prosper and compete with the big boys.

It has been argued by historian Ben Rader and others that NFL owners were willing to make this sort of arrangement because they came largely out of the Catholic immigrant culture. They were outsiders in America who had a tradition of sticking together to succeed, and therefore easily adapted to this pattern of corporate business. The success of the strategy has reenforced the tendency.

But now in the late 20th century comes a new generation of ownership, exemplified by the southwestern entrepreneurial hustler, the nouveau riche American convinced that he has succeeded by his own devices and equally sure that he now has a right to use his property and wealth in whatever manner he alone sees fit. Traditions mean nothing to this sort of hustler. He must and will continue to pursue all the wealth he can lay his hands on, inflate his ego as high as he can, and no one will tell him what he must, can or cannot do.

The free market has treated Jerry well, why would it not do the same for everyone and everything around him? He sees revenue sharing as a form of welfare or socialism. It perpetuates the survival of the weak and unfit in the competitive order who do not deserve to share in the wealth. Jones will not share his marketing money with these losers, but he is, at least for now, willing to share their TV money. See you in court.

As for the Lords of Baseball, those rugged individualists who want no part of revenue sharing, who believe in the return of a golden age in which players are compliant, TV networks play Santa Claus, and baseball is again the national pastime, time is running out and they don't seem to have a clue.

After three days of meetings last week they have no ideas for solving the labor problems, no notion of how to come to an agreement on post-season revenue distribution in the absence of a contract with the players, and apparently no inclination to try. If by some chance there are no playoffs no World Series, and no 1996 season, you can mark it down to this incredibly clueless ownership group that makes even Jerry Jones look enlightened.

On Sport and Society this is Dick Crepeau reminding you that you don't have to be a good sport to be a bad loser.

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