

Inter-League Competition and Revenue Sharing

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Abstract

The purpose of this paper is to discuss the distribution of broadcasting revenues by sports leagues. When sports leagues have monopolistic status (for example U.S. sports leagues), the optimal revenue sharing rules of the leagues are equal sharing. In contrast, when sports leagues operate in a competitive environment (for example football leagues of European countries), the optimal revenue sharing rules of leagues are performance-based reward schemes. Furthermore, each league under a competitive environment is trapped in a 'prisoner's dilemma'. Therefore, this paper also introduces two ways of slipping out of the prisoner's dilemma.

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