The Economics of Sportsmanship

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The Economics of Sportsmanship

Abstract
Cheaters never win and winners never cheat. Most children have heard this simple admonition at some point. It is truly unfortunate that it is not true. Sometimes athletes cheat and win, at least for a while. But it is rarely a good long-term strategy. And given the desire to win evident in athletes at all levels, maybe we should not be surprised at the occasional act of cheating, but rather at the rampant cooperation and sportsmanship that in fact transpires each day in professional sports stadium, high school and college facilities, and parks and sandlots across America. In this essay, we will use the tools of economics to examine and explain this epidemic of sportsmanship and good behavior.

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Cheaters never win and winners never cheat. Most children have heard this simple admonition at some point. It is truly unfortunate that it is not true. Sometimes athletes cheat and win, at least for a while. But it is rarely a good long-term strategy. And given the desire to win evident in athletes at all levels, maybe we should not be surprised at the occasional act of cheating, but rather at the rampant cooperation and sportsmanship that in fact transpires each day in professional sports stadium, high school and college facilities, and parks and sandlots across America. In this essay, we will use the tools of economics to examine and explain this epidemic of sportsmanship and good behavior.

**Why Economics?**

What does economics have to do with sportsmanship? Perhaps more than you think. Economics is much more than stock prices and GDP. Economics is the study of constrained choice in all aspects of life. As Alfred Marshall described in his 1890 textbook, “Economics is a study of mankind in the ordinary business of life” (Marshall 1890:1). Ludwig von Mises named his book on the subject simply but accurately *Human Action* (von Mises 1996 [1949]). Both of these definitions highlight the broad subject matter of economics. When a basketball player makes a split-second decision on whether to drive to the hoop, to pull up and shoot, or to pass to a teammate, she is weighing the expected costs and benefits of various actions—and making a decision we can analyze with the tools of economics. When the tennis player chooses whether to return the ball hard to the back corner of the court or to tap the ball over close to the net, he too is making an economic decision based on the expected benefits and costs of each course of action. Similarly, when neighborhood kids playing first base on the sandlot honestly call the ball fair or lie and say it was foul, they too are making an economic decision.

So how does economics have room for sportsmanship? Economists just preach self-interest, greed, and ruthless competition, right? In the 1987 movie *Wall Street*, Gordon Gekko gives a now famous speech about greed.

The point is, ladies and gentleman, that greed, for lack of a better word, is good. Greed is right, greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms; greed for life, for money, for love, knowledge has marked the upward surge of mankind. And greed, you mark my words, will not only save Teldar Paper, but that
other malfunctioning corporation called the USA. Thank you very much [Stone and Weiser 1987].

Adam Smith is often considered the father of modern economics, and writes extensively in his 1776 treatise *The Wealth of Nations* about the importance of self-interest.

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages [Smith 1981 (1776):26-27].

Economists, following in Smith's tradition, continue to emphasize the role of rational self-interest in describing human action and the functioning of the economy. Economists generally assume that people make purposeful choices in an effort to make themselves better off. But the economist's nuanced understanding of self-interest is often incorrectly reduced in popular perception or understanding to an elevation of visceral greed. This common but misguided caricature of Smith and subsequent economists ignores most of what he discussed in both the *Wealth of Nations* (1776) and his previous book, *The Theory of Moral Sentiments* (1759).

**What Adam Smith Really Said**

Many people think they know what Adam Smith says, but few have actually read his work. That is at least understandable, if not excusable, as *The Wealth of Nations* alone runs over 900 pages. And that does not include the 300 pages of important foundation laid in *The Theory of Moral Sentiments*. In these works he does not condone the idea of greed; Readers will not find Gordon Gekko's ode to greed in any of Smith's work. Instead of a ruthless, win-at-any-cost competition, Smith describes a furthering of one's personal interest—both financial and otherwise—within the bounds of moral and ethical conduct. And while not all economists embrace the totality of Smith's views, the concept of self-interest in economics is quite broad and garners near-universal acceptance. Self-interest encompasses monetary gain as well as acts of charity and other good works that a person finds worthwhile. Economists of all stripes believe that individuals can maximize their well-being on many margins, not just financial. Some may seek money, power, or fame, while others seek health, spiritual fulfillment, or clean water for residents of third-world nations. And within the bounds of moral conduct, all of these are consistent with the economic idea of self-interest that Smith described and generations of economic thinkers since have espoused.

Thinking like an economist does not require that one adopt a win-at-all cost view of competition. The pursuit of self-interest allows for the inclusion of additional goals, like fair play and good sportsmanship. One way that Smith articulates a moral constraint on competitive behavior is through his "Impartial Spectator." In describing how we can ascertain the moral appropriateness of our conduct, he envisions that we reflect upon our conduct as if from an impartial third-party perspective:

We suppose ourselves the spectators of our own behavior, and endeavor to imagine what effect it would, in this light, produce upon us. This is the only looking-glass by which we can, in some measure, with the eyes of other people, scrutinize the propriety of our own conduct. If in this view it pleases us, we are tolerably satisfied [Smith 1982 (1759):112].
This is essentially a Smithian version of the Golden Rule: Treat others as you wish to be treated. Or perhaps more precisely, treat others in a way that an impartial third-party spectator would find to be acceptable conduct.

The world of sports at all levels—from neighborhood sandlots to professional arenas—works better and provides greater benefits when operating on the foundation of ethical action that Smith espoused. It is good to work hard for oneself and one’s team, but one should do so within the bounds of legal and moral conduct. One might sum up what Smith describes with phrases more likely to come from scores of coaches at all levels across the land: “Play hard; Follow the rules.” But saying that economics allows for good sportsmanship and that good sportsmanship is a great idea still does not explain why we see so much of it. For that we need to continue our discussion of economics.

One More Economist: F.A. Hayek

Another important economist that should be considered in this discussion on economics and sportsmanship is Friedrich A. Hayek. Hayek is less known than Smith, but he surely is no lightweight, winning the Nobel Prize in Economics in 1974. His thoughts are especially relevant here because of his extensive consideration of moral, social, or cultural constraints on human activity.

Hayek makes a careful distinction between what he calls law and legislation. For Hayek, legislation is manmade rules, like state and federal statutes and regulations. The “Clean Air Act,” speed limits, parking regulations, and local zoning ordinances, all constitute examples of legislation. Sports are also riddled with official regulations, or in Hayek’s classification, legislation. Examples of sports regulations include the official National Collegiate Athletic Association (NCAA) rules governing all aspects of college sports, as well as your local Little League’s rulebook. These man-made rules are purposefully designed to constrain conduct, and there are designated consequences for breaking these rules. If a police officer catches you exceeding the speed limit or the referee catches you moving both feet without dribbling the ball, you have violated the recorded rules and will face the consequences as a result.

“Law,” in Hayek’s admittedly unorthodox distinction, is different. As Hayek expert Don Boudreaux (2006) explains it, “law is emergent patterns of behavior that [are] incorporated into people’s expectations.” While in common parlance law can be used as a synonym for legislation, Hayek’s use is distinctly different. For him, law is the unwritten and unplanned rules by which we live. Boudreaux goes on to offer a telling example. When you place your coat on a chair or books on the table in cafeteria, it signals a kind of temporary right to that seat (Boudreaux 2006). Others recognize this and refrain from sitting at that spot. This rule is not recorded anywhere; there are no formal sanctions. Yet as participants in a shared society we recognize this “law” and our interactions function a bit more smoothly because of it. Hayek himself notes, “Only the observance of common rules makes the peaceful existence of individuals in society possible” (1973:72). So when we hold the door for someone just a couple steps behind us, we are upholding cultural and societal “laws” that on net make our society function more efficiently. When a high school coach refrains from running up the score in a game of extremely mismatched talent, he or she is conforming to unwritten laws that guide action. In fact, a California basketball coach served a two game suspension after his high school team won a game 161–2
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(USA Today, 2015). While the coach did bench his best players in the second half and instructed them not to shoot until the shot clock was winding down, many found his use of a full-court press throughout the entire first half (yielding a halftime score of 104–1) to be too much.

One final point on law and legislation should be made. It is possible for there to be an overlap between the specific written rules (legislation) and the unwritten norms and customs (law.) Hayek notes that law can be codified in legislation. When a common practice or social “law” is recorded in a statute or regulation, it becomes legislation. Most every civilization recognizes some kind of prohibition on murder. In many cases it is also codified in a particular criminal statute. The official rule book captures some of the “law” that governs sports interaction, but rarely does it cover all the scenarios and nuances that players face and understand.

“The Code” Is an Example of Hayek’s Understanding of Law

What Hayek refers to as “law” is descriptive of what Ross Bernstein has called “The Code” in sports. Bernstein (2006; 2008; 2009) has written extensively about the code in hockey, baseball, and football. In each case he interviews hundreds of players and coaches to get an understanding of the constraints on their action and what unwritten rules they live by. And in each sport he finds that the unwritten rules—“the code of honor” as he calls it—is as important if not more important than the official written rules. As he uncovers “the code” in professional sports, he finds that different players have variations on the theme, but that the essential elements are consistent.

In attempting to define the code in football, he quotes from a number of player interviews. Players talked about “putting the team first,” not playing dirty, and earning respect through conduct (Bernstein 2009:3, 5, 8, 12). They described that even legal hits could be dirty, and this would lead to retaliation at another time, sometimes several games later. (This distinction between legal hits and dirty hits is a pertinent example of the overlap and nuance of the official rules [legislation] and the code [or law] that guides player behavior mentioned above.) Throughout Bernstein's interviews, players frequently related that “putting the team first,” a key part of the code, means protecting your teammates, both on and off the field.

Retaliation is an especially important part of the code in the world of hockey. In his first in the series of code books, Bernstein investigates the purpose of fighting in hockey. And while there may be several reasons that fights break out in the course of hockey games, he finds that retaliation for unacceptable conduct on the ice is the common underlying theme. Players that he interviewed assert that the division of labor on an NHL team includes enforcers whose main job is to maintain an intimidating force that prevents opposing players from taking cheap shots on key players (Bernstein 2006).

The concept of unwritten rules may be most widely known and discussed in the area of baseball. Bernstein offers his book on the subject (2008), but there are others as well. Here are ten unwritten baseball rules drawn from Jason Turbow's book, The Baseball Codes (2010):

1. Don't swing at the first pitch after back-to-back home runs.
2. Don't work the count when your team is up or down by a lot.
3. When hit by a pitch, don't rub the mark.
4. Don't stand on the dirt cutout at home plate while a pitcher is warming up.
5. Don't walk in front of a catcher or umpire when getting into batter's box.
6. Don't help the opposition make a play (bracing them from falling into the dugout, etc.).
7. Relievers take it easy when facing other relievers.
8. Follow the umpire's code when addressing them on the field.
9. Pitchers stay in the dugout at least until the end of the inning in which they get pulled.
10. Pitchers never show up their fielders.

Other accounts of unwritten rules in baseball may offer a top-ten list that varies a bit from this one, but the similarities and underlying continuity will be remarkable. The list offers direction on how to act toward one's own teammates, the officials, and the opposing team. And while not generally codified in an official rulebook, these principles of good conduct constrain how professional players interact on the field—providing a kind of order that facilitates productive activity in the game.

Here we have considered the existence of an unwritten code of conduct in football, hockey, and baseball. And it surely exists in most other sports as well. But as evidenced by the ten examples from baseball, there are fairly specific norms that generally constrain professional athletes in their unique sport. For example, spectators in tennis are generally quiet and reserved, and customarily cheer only good play. Yet in the Australian Open in 2013, top-ranked female tennis player Victoria Azarenka had to endure loud applause each time she made a mistake (The Economist 2013). This unseemly behavior was reportedly retaliation for her perceived abuse of medical timeouts to regain her composure in a semi-final match two days earlier. This example is especially interesting because it shows the intentional breach of the norm of quiet civility from fans due to a perceived abuse of a kind of timeout loophole in the official rules based on urgent medical need.

Most of us are not professional athletes. We are not necessarily bound by the professional codes of conduct that Bernstein explores. Yet many of us play sports at some level, or at least did when we were kids. So whether it is volleyball at the company picnic, church league softball, or any of the thousands of community recreation programs for children, is there a more general “law” that affects how we play and interact in these situations?

**“The Law” in Sports More Generally**

My kids, when playing t-ball at the local Little League park, are oblivious to the unwritten rules of baseball that Turbow describes. Yet they have some sense of the rules—both formal and informal. Their understanding of the official written rules is incomplete, as is their comprehension of “the code” or whatever we might want to call the general unwritten norms that govern our behavior. But they are developing a sense of what is acceptable and what is not.

They are unlikely to “boo” or otherwise reprimand teammates who cannot seem to
connect with the ball no matter how carefully they swing. They are unlikely to do this because they know that kind of behavior is “not nice.” They would not want to be treated that way. Adam Smith's impartial spectator would not approve of their “dissing” of a teammate. And treating teammates and opponents appropriately makes learning to play baseball tolerable or even fun. And as I hope to explain, it is what makes sports possible at all.

That sense of right and wrong—what is acceptable and what is not—continues to grow as one continues through sports. When running a 10K it is perfectly acceptable to pass other runners. But it is not appropriate to cut them off. These general norms of behavior—“laws” in Hayek's view—affect and govern how we play sports and interact one with another. These norms are, at their essence, what we refer to as good sportsmanship. Sportsmanship is more than just following the written rules in the official rulebook for a particular sport at a particular competitive level. It encompasses how players treat members of their own team, the opposing team, the officials, and even the fans.

And sportsmanship enhances the enjoyment of the game at all levels. In fact, it makes the playing of sports possible. At the higher levels of competition there are officials to referee the activity. But if players did not generally follow the rules, there would be a continual series of breaks in the action while penalties are assessed based on the latest infraction. And what of the unregulated levels of competition? Sandlot baseball. Pickup hoops. Friendly tennis matches. These are only possible when there is a general predisposition to follow the rules.

In a pickup basketball game, for example, a player may be expected to call one's own fouls. Repeated “errors”—that is the failure to admit to fouling another player—may lead to the breakdown of the game, a physical altercation, or the exclusion of the offending player from future games. So while “cheating” by not calling one's own foul may have a very short term advantage, it may ultimately lead to the dissolution of the game. If I want others to play by the rules and I want to play in the future, I learn that it is ultimately in my best interest to play by the rules.

The same thing happens in nearly every other sport. When most people play tennis they lack the luxury of a line judge. The players have to make calls regarding whether the ball was in or out. Some calls are not clear cut, and players may sometimes make mistakes, but if a player gains a reputation for cheating by dishonest line calls, that player may find it harder and harder to find someone to play. We could go on with specific examples from other sports, but the punchline would be the same. The very existence of enjoyable recreational sports depends on largely sportsmanlike conduct. Without widespread adherence to the rules, play would break down altogether.

This can be expanded beyond the world of athletics. People can traverse a busy city sidewalk only because most people observe common norms and niceties that make social coexistence possible. Generally, people do not knock over or walk on top of other pedestrians. If one person tried this, they might initially get where they were going faster. But their clearly antisocial behavior would invite retribution from an enforcer of social norms in the crowd. “The Code” that Bernstein describes in the NHL (2006) exists on Manhattan sidewalks as well. And furthermore, if everyone adopted this me-first kind of excessive pedestrian competition all order on the sidewalk would break down completely. And what if this level of self-centered “greed” extended to the streets and highways? Imagine then the level of destruction we would observe.
Exceptions to the Rule

As discussed before, sports are a specific application of how we interact with others in society every day. As we navigate rugby pitches, soccer fields, volleyball courts, and grocery stores, there are millions of peaceful interactions and exchanges between and among self-interested individuals each and every day. These competitive interactions are guided by social norms and conventions that allow us to fairly and productively engage. So as I mentioned early in this essay, I think the most interesting thing about cooperation and sportsmanship is its widespread existence. Our daily social interactions, athletic and otherwise, are built upon a foundation of generally good, appropriate, sportsmanlike conduct. Are there examples of bad sportsmanship? Definitely. But these are still the exception, not the rule. And I hope that the tools of economics have been useful in shedding some light on this subject. But I would be naïve and this essay incomplete to not acknowledge the instances of bad behavior and unsportsmanlike conduct.

There are in fact instances of dirty hits below the knees, uncalled fouls, and fabricated line calls, just as we observe rude behavior, arguments, fights, and other antisocial behavior at the mall or on the street. Perhaps most concerning is the occasional display of bad sportsmanship at youth sports events—from the parents. Simply use your favorite search engine to look for videos available online using search terms along the lines of “parent bad behavior at youth sports.” How do we explain the atrocities produced from this search? Is economic theory wrong?

I have tried to show over the course of this essay that even in a competitive game and in a competitive world we have reason to cooperate. We can enjoy both recreational and professional sports only when most players play by the rules most of the time. But we know there are exceptions. Sometimes people cheat. And the economist, if she is consistent and believes that people generally make choices that they expect to make themselves better off, must say that in that instance a person believed the benefit of cheating was greater than the cost. Maybe there was a lot riding on the outcome. Maybe they had an unusually short time horizon and did not think much about the consequences. Maybe their sense of ethical or moral foundations was not as well developed as most other players. Maybe they lost control of their tempers. Whatever the reason, they chose to violate the rules or norms in that instance. And if there are any consequences, they will bear those costs.

Most of us would agree that sports (and life) function better when people are generally playing by the rules and demonstrating good sportsmanship. I will leave it to others to suggest how best to achieve that goal, except to say these two things: We are fortunate that there is a long-term incentive to abide by the code of sportsmanship, and wise coaches in youth sports may be able to demonstrate and help develop an understanding of sportsmanship as young people grow and mature.

The Role of Game Theory

There is one last but important concept that we must consider in this economic look at sportsmanship, and that is game theory. A simple application of game theory provides a theoretical foundation for both why people might sometimes cheat, and an explanation for why people generally do not. Game theory is the consideration of the
optimal strategy choice when the outcome depends on the combination of choices made by multiple players. (See Aumann 2008.) The common example of the “Prisoner’s Dilemma” is a fruitful place to start.

In the traditional Prisoner’s Dilemma, two criminal suspects are picked up by the police and taken to the station for questioning. The authorities have enough circumstantial evidence to likely convict them each for lesser crimes, but to nail anyone with the more serious crime of which they are suspected, they need to elicit a confession. This leads to the setup familiar on most TV cop shows, where the suspects are interrogated separately and offered deals to reduce their sentence if they confess and provide the damning evidence against their criminal partner. Essentially the same deal is offered to each of the suspects, but the benefits are greatest where one suspect’s testimony is critical because the other has not confessed. Similarly, the penalty is greatest where one does not confess to the crimes but the former criminal partner does.

The essence of the Prisoner’s Dilemma is that, collectively, both parties would be better off if no one confessed; the aggregate jail time is smallest with this scenario. This is considered the cooperative outcome. The problem is that each player individually could gain by confessing to the crimes. No matter what the criminal partner does, a player is strictly better off by confessing. This leads to the outcome of mutual confession, the scenario with the greatest aggregate jail time. Yet this is considered the most likely outcome. Or more completely, this is the most likely outcome absent some kind of enforcement mechanism that allows or encourages the two suspects to cooperate. In the traditional prisoner’s dilemma, one method of enforcement might be “extra-legal” means. Suppose that both suspects were part of a criminal conglomerate or mob. There may be penalties exacted by the mob leaders on anyone who “snitches,” and those severe penalties may serve to keep anyone from confessing.

A variation on the Prisoner’s Dilemma is directly applicable to our discussion on sportsmanship. For any two players of a game, they could either exercise good sportsmanship or cheat (where “cheat” means in this case to violate either the written rules of the game or the unwritten rules of good conduct.) The best overall outcome occurs when both players exercise good sportsmanship. But each has a short-run incentive to cheat. That is, in a specific instance, there is some immediate gain to violating an official rule or norm of good conduct. Understanding why most players choose to exercise good sportsmanship in most instances in spite of the short-term gains from cheating requires a longer-term perspective, where reputation and repeated interactions are required.

Interactions in life represent a repeated game, not a one-shot deal. The same is true on the athletic field. Athletic success leads to continued play. One player’s success generally requires the cooperation of opposing players: I want my opponents to play clean and fair. And opponents are less likely to offer clean and fair play to someone known to cheat or play dirty, if they are willing to play them at all. There is an old expression that goes something along the lines of “Burn me once, shame on you; burn me twice, shame on me.” This colloquial expression sums up the power of reputation in sports and life. When someone is known to be a cheater, he or she is no longer afforded the same trust or respect, or is eliminated from play altogether.

In the terminology of game theory, reputation in a repeated game creates an enforcement mechanism that encourages cooperation. Players find that it is in their best long-term interest to forgo any short term gains from bad behavior in favor of the long-term gains from cooperation and sportsmanlike play. One of the important themes that emerge
from Ross Bernstein’s books on “the code” in professional sports is how players get a reputation for good conduct or dirty play. He suggests that players who become known for dirty play do not generally last long in professional sports (Bernstein 2009). The code calls for retaliation against such action, and few teams will want a player who is destined for serious injury. This underscores the importance of reputation in professional sports.

Conclusion

There are good reasons to follow the rules. Sports work better in an environment of good sportsmanship and fair play. And economists, even as personified by Adam Smith’s description of self-interest and competition, are also on board. Smith believed that a sound moral foundation is a necessary condition for the efficient and practical functioning of a market system. The public benefits created by the self-interested action of individuals must happen within the constraints of morality and sportsmanship. Each individual must develop some ability to self-regulate his or her actions for the long-term benefit of both themselves and everyone else. And whether one uses Smith’s impartial spectator or the tools of game theory, economics predicts the widespread existence of good sportsmanship. In this context, I refer to good sportsmanship as adhering not just to the formal written rules of the game, but to the unwritten code of conduct that supports it as well.

Looking forward, economic theory and empirical observation provide a basis for optimism, despite the occasional acts of bad sportsmanship that make the news or circulate the internet. Others writing in this volume may be better equipped to offer suggestions on decreasing the instances of bad behavior that we observe. Yet this author finds that there are strong incentives for the continued widespread practice of sportsmanship. When parents, teachers and coaches model and teach good sportsmanship they can strengthen the moral foundation on which competitive activities like sports succeed, only increasing the odds of a continued epidemic of good behavior.

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