Here a Cartel, there a Cartel

The Government as a Creator of Cartels
- Lemon Growers
- Milk production
- Bidding on government contracts
  - Smith and Wilson are contractors, who agree to fix prices
  - Public bids makes it hard to cheat.
  - But secret bidding makes it easy to cheat.

The Football Cartel
- Not a monopoly but a monopsony
The Football Cartel

• Not a monopoly but a monopsony
  – This is designed to keep player “salaries” down.
  – The reason is obvious- keep costs down.

• Remember the two problems:
  – Cheating
  – Entry

The huge NCAA rulebook on recruiting.

• Cheating
  • Limits on summer jobs
  • No alumni support

• Why no Department of Justice anti-trust enforcement?
The Football Cartel

- Cheating
- The huge NCAA rulebook on recruiting.
- Why no Department of Justice anti-trust enforcement?
  - This is academics, not a business

The Football Cartel

- Entry

The Football Cartel

- Entry

  It is hard to break into big time football.
  - Cannot compete on salaries
  - Cannot compete on NFL exposure
  - Side payments to other schools.

End