

Here a Cartel, there a Cartel



The Government as a Creator of Cartels

- Lemon Growers

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- Milk production

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- Bidding on government contracts

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- 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.

The Football Cartel

- Not a monopoly but a monopsony
- Remember the two problems:
 - Cheating
 - Entry

The Football Cartel

- Cheating

The Football Cartel

- Cheating
- The huge NCAA rulebook on recruiting.

The Football Cartel

- Cheating
- The huge NCAA rulebook on recruiting.
 - Limits on summer jobs
 - No alumni support

The Football Cartel

- Cheating
- The huge NCAA rulebook on recruiting.
- 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.

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

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