In order to keep fans interested, most sports leagues implement policies to achieve " competitiv e balance
", such as zoning, player drafts, and salary caps. These aim to spread players around and make sure one team can't buy all the stars.

Teams rely on their rivals to produce their product, so keeping things from becoming too uneven is in their interests. This is especially so in a closed cartel where new teams cannot enter - the permanent demise of a club affects all of the league.

But not only do these policies cost players - in terms of how much they can earn, and where they can play, my research suggests they aren't actually effective at keeping or drawing fans.

Other factors are important in creating an audience, such as traditional rivalries, and local population growth and disposable incomes.

It's obvious why competitive balance policies exist - they make leagues less lopsided. Owners also benefit from reduced player costs and receive top players if their teams perform poorly. But perhaps it is time to learn from competitions like the English Premier League, which doesn't have many of these restrictions and maintains a healthy following.

The cost of "competitive balance"

Competitive balance policies have come in various forms. " Zoning " restricted players to only playing for their local club. The introduction of player drafts mean that players move around the country, but they still have little choice over where they play and live.

If a salary cap is to be effective, it must set wages at a lower level than would have been paid without it. Hence, the most obvious effect of a salary cap is that it lowers player wages. NBA star LeBron James would likely be earning tens of millions of dollars more per year if his salary were determined by a free market.

Some of these regulations also lead to perverse incentives and unintended consequences, such as encouraging teams to “tank” so as to receive top draft choices.

Read more: *How good draft choices can make or break AFL teams*

These labour market restrictions are almost unique to sport. Imagine, for example, last year's most sought after young actor being forced to work for the country's worst film company, and to have to move to the other side of the country to do so. Imagine also that the amount producers could pay was "capped" at a low level so that smaller firms could compete with larger ones for talented workers.

While this might seemingly keep the quality between firms more even, it would hardly be a normal and efficiently functioning market. Many actors would receive lower wages than they would in other fields, and so the profession would potentially lose many of its brightest stars.

Depending on their opportunities to earn elsewhere, the same might be happening with sportpeople. Earnings will determine to some degree which sports athletes might choose to play (say, cricket or AFL) or in some cases induce them to change codes (such as between rugby union and league).

Are the measures that effective?

In our research , we looked through the South Australian National Football League's crowds between 1920 and 1983 and found that attendance was driven partially by the closeness of previous encounters between two teams, which gives some credence to the importance of competitive balance. But a host of other factors were also important.

Over the long run we found that traditional rivalries were likely to pull greater crowds, particularly in finals. Other factors such as disposable incomes and population growth were also strong determinants.

European football, with its system of promotion and relegation (promoting clubs that play well and demoting those that do poorly to lower divisions), stands as an interesting contrast to most Australian team sports.

The English Premier League has no real binding salary cap, and teams can buy and sell players both domestically and internationally. It is also very lopsided - only six teams have won the title since 1992. Manchester United accounts for 13 titles since 1993, and Chelsea five.

Despite this, the English Premier League hasn't lost spectators . This could be because:

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The nature of soccer means winning is usually settled through a small number of goals. In a one-off match, the possibility of a weaker team upsetting a stronger one may be more likely than over lots of games.

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Fans do not solely care about sport based on closeness of competition. Traditional rivalry, local pride, and the desire to see the best talent may also drive fans.

In fact, the meeting of a giant and a minnow can be a great drawcard. Many lower-league teams in English football generate their largest home crowds when they play a Premier League team in one of the knockout competitions held in parallel with the league season. A recent example occurred when Fleetwood Town attracted 5,000 spectators for an FA Cup game against Premier League Leicester City, compared with a home ground average of just over 3,000
.

Read more: *How and why economics is taking over sports*

At the end of the day, leagues should make competitive balance policies with an understanding of the implications for players. While competitive balance measures are an accepted part of the landscape of most professional team sports, there are inevitably winners and losers.

It may be that these costs are worth it to achieve a level playing field, but we should not lose sight of how irregular in any other sector of the economy these rules would be. Some sports, such as European football, have systems of greater openness alongside more competitive labour markets. These provide an alternative way to ensure balance.

John Wilson does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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