

# [Salary caps for professional athletes essay sample](https://assignbuster.com/salary-caps-for-professional-athletes-essay-sample/)

There are numerous laws that already exists in witch to prevent similar business to restrict pays and limit the command for their companies. This allows employees to not be bribed or feel obliged to work for one company over another. The same concept is included in professional sports in the idea of a salary cap. A salary cap is a mechanism that allows owners of companies to control and quash an athletes wages. Very wealthy owners of companies with shell out a lot of money to have certain players on their team. If one owner happens to be generally more wealthy than anther, then you would start to see many star players joining the same program because of the wages they are offered. The salary caps allow one very wealthy organization to not overpower the rest. By limiting the amount of money a certain player can make to a certain amount, one single team cannot out bid another. Salary caps are necessary in professional sports for them to function.

By not limiting the amount of money a team can spend on a player the odds of a team winning increases and level of competition decreases, witch leads to decrease in value of an organization as a whole. Many different sports organizations use a salary cap today including the NFL, NHL, MLB, and NBA. The NFL and NHL use a very strict cap that has caused controversy such as lockouts, but is rarely exceeded. The MLB uses the idea of a luxury tax, in which for every dollar that is payed over the cap they will be fined a certain amount. The NBA runs it a little differently with the Larry Bird Exception allowing owners to raise the wage of certain players to keep them on their team for an extended period of time. Regardless of exceptions or not, each league has the cap for one reason, and that is to keep the level of competition equal throughout the franchises.

“ The key difference between sports and other industries is that competition is the product that leagues sell. If teams could purchase victories or if the Vegas odds always favored the same teams, then the value of that competition would decline”. Caps are essential and very effective when it come to the league as a whole. Although one team may not be dominating the rest, the balance of competition allows for a large varying fan base witch draws in a larger sum of profit to the league. Many have stated arguments In both directions when it comes being for Salary caps or against them. Some say it varies by the sport and others it vary by how different the values of the players actually are. It has been studied that in a league like the NFL, witch talent is said to be more relatively close, the absence of a salary cap would in theory not effect the league as a whole compared to a league like the NBA where the skill of players is diverse. If the Better players in the NBA were allowed more money, you see a sprout of super teams in the more wealthier organizations.

Now, these studies are just based off correlation between wins and payrolls, and although the effect of no salary caps would be more dramatic in the NBA, That does not mean there would just be absolutely no effect on the NFL. If all salary caps were dropped, we should see overtime the rise of wealthier teams no matter what sport, and the decrease of balance of competition. This idea that the loss of salary caps being so negative seems to be like an unjustified statement, but really many cases have proved the significant causes it can have. In the early 1900’s and even as far back as late 1800’s numerous teams in different sports and leagues have dominated due to no type of restriction on payouts. Many of them leading to a very short lived life and every one of them almost single handedly ruining the league they were in as a whole.

This negative effect can even be seen today in European football or more formally known as soccer in the English Premier League. Four of the main wealthiest teams have reached a point of overall dominance and each of the four teams have placed first in their league since 1995. This resulted in an average revenue of the League to just half of what the NFL makes alone. A salary cap is essential and completely necessary in a league to prosper as a whole and sustain an increased revenue throughout. If all teams can spend the same amount of money, then this eliminates the idea of a super team ever erupting. If this was aloud to happen, then overall value of a team and a league as a whole would decrease and revenue would be drastically lost.

Although arguments are made against salary caps, it is clear through history and common sense that they are needed to keep a league from crumbling all together. For a league to prosper you must keep the competition balanced to draw in as many fans as possible and the one way to keep the talent just is through salary caps. Players may argue that they seem this idea to be unfair or unjust to them and their talents, but when we look at there wages and the millions they deal with everyday, it seems they just lose sight at the amount of money there actually dealing with.