

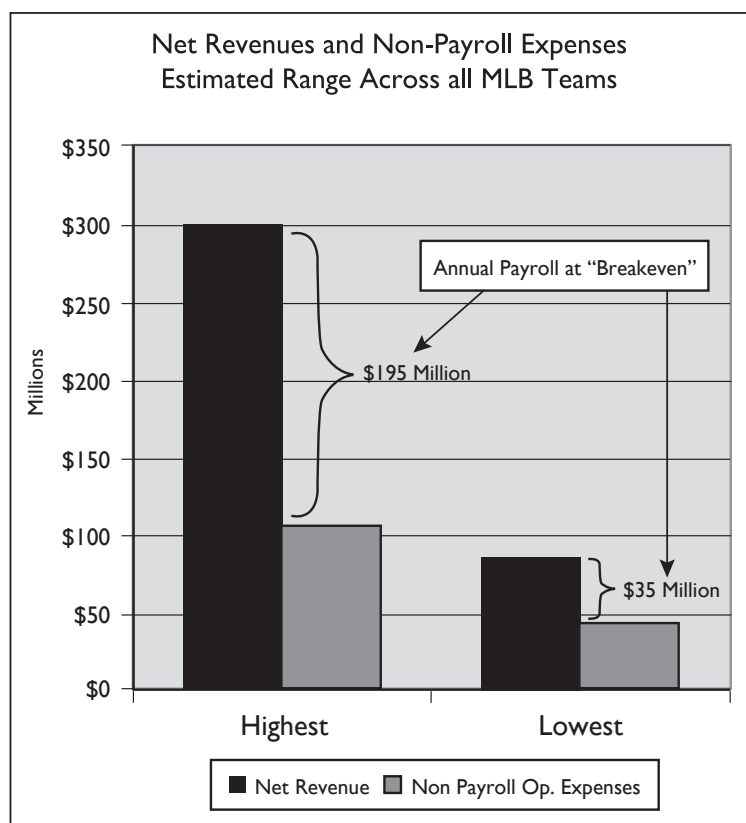


FIGURE 1.3 **Team net revenue versus operating expenses.**

the success or failure is declared, teams are tempted to shift their priorities elsewhere to try to get a more immediate payoff. A club always has the option of deficit spending, with payroll expenses elevated to a level that puts the club in the red for a period of time. However, there is little evidence that owners are willing to tolerate extensive losses indefinitely. To thrive over the long term, a team must have a financially viable proposition in which a team can be competitive without hemorrhaging cash. Gone are the days of the benevolent owner who runs the team as a public trust for the benefit of the city and the pleasure of its fans.

The harsh financial realities that confront MLB owners often cause them to turn to their state and local governments for support. Some owners exploit the notion that baseball is still viewed as a public good by many of its fans. In the same way one expects local government to fund and support bridges and tunnels to make it easier to navigate through town, some expect their city to provide economic support for a baseball team, for the