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Author(s):



Rank order tournaments are a fairly common

any of its players). Thus, this extreme position by the PGA TOUR, taken to dissuade players from defecting, was a departure from how its formal policy was implemented in the recent past.

When LIV Golf played its first event in London, England in early June 2022, the PGA TOUR immediately suspended its members who participated in the event. Shortly thereafter, dueling lawsuits were filed. LIV golfers filed a lawsuit against the PGA TOUR, claiming that the organization was a monopoly engaging in unlawful restraint of trade. The PGA TOUR countered with a lawsuit alleging that LIV Golf unlawfully interfered with the labor contracts it had with its players.

Since LIV Golf was first launched and increasingly so since it began play, the public discourse between players, commentators, and fans about the new circuit and its relation to the PGA TOUR (and to a lesser degree the DP World Tour – aka, the PGA European Tour) has been quite heated and filled with vitriol. Because of this, it came as a shock when it was announced on June 6, 2023 that LIV Golf, the PGA TOUR, and the DP World Tour would be merging and forming a partnership, with all litigation between the entities dropped. LIV Golf CEO Greg Norman only learned of the merger when he received a phone call from Yasir Al-Rumayyan (head of Saudi Arabia’s Public Investment Fund) minutes before a public announcement was made.

As of now, the future landscape of professional golf is still uncertain. It is not clear if LIV Golf will continue as a series long-term. Will LIV golfers will be allowed to re-join the PGA TOUR? And if so, will they need to pay penalties to re-join, perhaps with some of the money going to “loyal” PGA TOUR players who didn’t defect and take the cash grab offered by LIV)? If joining LIV golf no longer triggers a ban from the PGA TOUR, we’d likely expect additional current PGA TOUR players to want to participate in the LIV circuit, especially if appearance fees in the form of large signing bonuses are still offered. While much remains up in the air, we can use some insights from the economic theory of tournaments to make some general insights on the interrelations between the competing golf tours, their players, and fans of professional golf.

Let’s focus on the fans. Fans of professional golf clearly enjoy watching (either in-person or on TV) the best players in the world compete. They would also presumably want competitions in which the players are exerting a lot of effort (performing to the best of their ability) and very likely with an outcome that is as compelling or uncertain as long as possible (that is, up to the end of the tournament). However, it is not obvious if fans would prefer to have the best players in the world competing against each other in the same events or spread out over multiple events.

For example, consider a simple environment in which there are only two tournaments and twin

However, fans also clearly care about the identities of the competitors (if they didn't, LIV Golf would not have bothered offering a \$200 million signing bonus to Phil Mickelson who, while still an above average professional golf talent, is past his prime). In any one tournament, fans always like having an additional high quality player in the field. But, returning to our two-tournament example with just two premier players, if the players each only enter one event, setting prizes or offering appearance fees that induce them to choose to play in the same event is not necessarily what all fans want.

Offering compensation that induces the high-quality players to "pool" increases the