The Washington Post
Democracy Dies in Darkness

Opinion
Daniel Pink

Why not sell major league baseball teams to their fans?

March 26, 2024

Opinion

Daniel Pink

Why not sell major league baseball teams to their fans?

March 26, 2024

(Rob Dobi for The Washington Post)

Let me root, root, root for the home team

If they don’t win it’s a shame.

— “Take Me Out to the Ball Game” (1908)

Opening Day of the baseball season offers a moment for Washington sports fans to face the truth: Our home teams don’t win. And it’s a shame.

But here at Why Not?, we’re all about possibility. So, let me propose an idea that could revitalize the Washington Nationals and our other franchises — and, while we’re at it, address some glaring inequities of late capitalism.

Two years ago, the Lerner family, who purchased the Nationals in 2006, began exploring selling the team. This month, the family took the Nats off the market.

But if the Lerners really want to achieve something big — for the city, for baseball, for their own legacy — they should consider an alternative. Instead of selling the Nats to a fellow billionaire, why not sell them to us fans?

The path to such a plan is bumpy, but its logic is smooth and the timing might be fortuitous.

For the past two decades, three families have controlled D.C.’s major professional teams: the Lerners; the Leonsises, who own the Capitals, Wizards and Mystics; and the don’t-let-the-door-hit-you-on-the-way-out Snyders, who until recently owned the Commanders.

This threesome has brought Washingtonians moments of glory — particularly during a sublime 17-month stretch between June 2018, when the Caps captured the Stanley Cup, and October 2019, when the Mystics nabbed the WNBA title and the Nats won the World Series.

The Why Not? Project

But otherwise their records have been dismal. Since the Lerners bought the Nats for $450 million 18 years ago, the team has lost more games that it has won (a .483 winning percentage). Since Ted Leonsis purchased the majority share of the Wizards in 2010, our hometown NBA team has posted 493 wins and 683 losses. And in the 24-year period following Daniel Snyder's 1999 purchase of Washington's NFL franchise, the Commanders had a 164-220-2 record and played in the Super Bowl … let me check … zero times.

Yet these families have scored financially.

Last year, Forbes estimated the Nats' worth at $2 billion. The Wizards are worth $3.5 billion, a nearly sevenfold increase from 2010. And the Commanders — oh, the Commanders — recently sold for just over $6 billion, a whopping $5.2 billion more than Snyder paid for the team.

The fans get steady losses on the field. The owners get massive gains to their net worth.

"What's underlying all of this is that sports leagues are a monopoly," Smith College economist Andrew Zimbalist told me. Owners hire the commissioners. Owners approve the sale of teams. Owners authorize the (infrequent) addition of new teams. With the number of pro teams mostly fixed (about 150 in North America) and the number of uber-wealthy individuals inexorably rising, demand outstrips supply, sending prices skyward.

"The compound annual growth rate of professional sports franchises over the last five, 10 and 20 years exceeds virtually every asset class on the planet," says Charles H. Baker, the lawyer who represented Mitchell Rales, Earvin "Magic" Johnson and other investors in the group that recently purchased the Commanders.

Worse, the financial bounty is provided, at least in part, by public subsidies — the tax dollars and government borrowing that help fund stadiums, arenas and other facilities. Studies by Zimbalist and others have shown that large subsidies for sports venues rarely pay off for states and municipalities. Yet here we go again, as Virginia contemplates borrowing nearly $1.5 billion and chipping in $300 million cash to lure two Leonsis teams to Alexandria.

The costs are socialized among the many, while the benefits are privatized to the few. In this way, pro sports reflect the crudest defects of the modern U.S. economy. A small cluster of individuals and enterprises reap outsize rewards — often because of their ingenuity but also by working the system to their advantage, restricting market access and rewriting the rules. These distortions stoke discontent. A majority of young Americans now hold a negative view of capitalism.

Fan ownership might offer an alternative. And this is not some fever dream conjured by AOC and Noam Chomsky over lunch at a vegan co-op. It's the business model of one of the most successful franchises in American sports.

For the past 100 years, the Green Bay Packers, a storied NFL club, has been a nonprofit corporation owned by more than a half-million shareholding fans. Shares confer the right to vote on certain matters and to attend an annual meeting but don't pay a dividend and can't be cashed in. The Packers also cap the number of shares any one person can own. The team has issued stock six times in its history, usually to finance new facilities directly rather than charge taxpayers.

The Packer bylaws stipulate that the enterprise is "a community project intended to promote community welfare." Local nonprofits operate concessions and receive a cut of the sales of draft beer, cheese curds and other Wisconsin health foods sold at Lambeau Field.

Has this commitment to the commonweal cost the team on the field? Hardly. Since 2000, the Packers boast the third-best record in the NFL — nearly 100 more wins over that period than the Commanders — including a 2011 Super Bowl victory.

Their financial stats are also impressive. Last year, the Packers earned $610 million in revenue, with $68 million in profits plowed back into the team, figures we know because it's the only pro U.S. sports team that opens its books.

The Packers model is common in the international sports world. FC Barcelona, a giant of European soccer and the longtime home of Lionel Messi, is owned by more than 140,000 fans, known as socios, who make some of the team's decisions. Same for the 90,000-plus socios of its fierce La Liga rival, Real Madrid. The German Bundesliga requires its teams, including powerhouse Bayern Munich, to be at least 50 percent fan-owned. Converting fans' psychic ownership into material ownership has delivered on both the pitch and the balance sheet. Barça, Real Madrid and Bayern Munich are each valued at more than $4 billion.

One sizable challenge for the Nats making a Lambeau leap to a new business model is that the MLB, like other leagues, prohibits fan ownership and nonprofit status. (The NFL has grandfathered in the Green Bay arrangement.) But if pressured, perhaps by vigorously challenging baseball's antiquated exemption from antitrust rules, the league could grant a waiver, just as the NBA recently relaxed its rules on group ownership.

The key then would be to fashion a sale that generates close to the $2 billion-plus the Lerners reportedly were seeking. Smart bankers could structure such an offering — perhaps through tiered shares starting at, say, $10,000 and descending to $250, that confer varying levels of voting rights. That would still require a few hundred thousand fans. And even their collective force might not be enough to outbid every hedge fund gazillionaire.

But if the Lerners were willing to accept a *fair* price, rather than the maximum price, they would reap more than just an additional billion dollars. Sports teams are public trusts. They shape a community's identity. They enrich its heritage. They're one of the rare entities in modern life that span divides of race, class and politics. Creating the first public franchise in America's national pastime would secure the Lerners a place in baseball history and a family legacy unmatched in city history.

On Opening Day, all things are possible. So, imagine: The Washington Nationals as a mission-driven enterprise that's also a butt-kicking ballclub and a model for modern capitalism — a team that's of the fans, by the fans and for the fans.

“If there is a market in this country for that, it’s D.C.,” Baker, who has negotiated some of the biggest deals in sports, told me. “They’re used to democracy.”

What readers are saying

The comments reflect a strong interest in the idea of fan or community ownership of sports teams, similar to the Green Bay Packers model. Many commenters express support for this model, citing benefits such as preventing teams from relocating and reducing the influence of... Show more