

Outside the Lines

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SABR Business of Baseball Committee Newsletter

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Editor: Doug Pappas, 100 E. Hartsdale Ave., #6EE, Hartsdale, NY 10530-3244, 914-472-7954.

E-mail: 76615.662@compuserve.com or DougP001@aol.com.

Welcome

...to the first newsletter from one of SABR's newest research committees, the Business of Baseball Committee. The Committee was founded last fall to bring SABR's unique research expertise to the study of baseball "outside the lines": the economic, labor, legal, and organizational issues which have affected the development of Organized Baseball for almost 150 years.

As many of you may have noticed, these economic, labor, legal, and organizational issues dominated the baseball news from August through April, and still hang over the 1995 season like a storm cloud at the holiday picnic. The Business of Baseball Committee takes no position on any issue relating to the strike -- except to stress the importance of assembling accurate information from which each member may draw his or her own conclusions. If you want mine, come to my presentation at the Pittsburgh convention, where the Business of Baseball Committee will hold its first meeting at 8:30 AM on Friday, June 16th. Hope to see you there!

Total Baseball - TOO "Official"?

If you want my conclusions, don't read page 606 of the new fourth edition of *Total Baseball*. Although my name is listed as reviser of the "Baseball and the Law" essay, several false and misleading statements which I did not write or authorize were added to the article before publication. I use the passive voice not to shield the guilty, but because the editors have refused to tell me why these changes were made, and by whom.

Specifically, someone tampered with my text to call the Players' Association "a union in name only"; to imply that the "single entity" antitrust defense for sports leagues remains viable even though it's been explicitly rejected by three courts of appeals and implicitly rejected by the Supreme Court; and to dismiss the prospect of the MLBPA decertifying to prevent the owners from imposing a salary cap -- the strategy successfully adopted by NFL players -- as "an implausible scenario." Each of these changes reads suspiciously like propaganda Major League Baseball would issue...and lo and behold, the Acknowledgments to *Total Baseball IV* state: "Rich Levin, Director of Public Relations in the Commissioner's Office of Major League Baseball, played a key role in...*providing editorial guidance for the essays on business and law.*"

I don't know if John Thorn and Michael Gershman, the editors of *Total Baseball*, allowed Mr. Levin to put words in my mouth. But why would an editor allow one party to an labor dispute to "provide editorial guidance" for the coverage of that dispute, then publish the result of this "guidance" without even notifying the author? If this was the price for *Total Baseball's* new designation as the "official encyclopedia," they paid too much.

"Modern Casey at the Bat," by H.I. Phillips, from the June 26, 1946 TSN:

The outlook wasn't brilliant for the Mudville nine that day;
The score stood four to two with but one inning more to play;
And so when Cooney died at first and Burrows did the same
A sickly silence fell upon the patrons of the game.
A straggling few got up to go in deep despair The rest
Clung to the hope that springs eternal in the human breast;
They thought, if only Casey but could get a whack, at that,
They'd put up even money now, with Casey at the bat.

But Flynn was out on unpaid dues and Blake was out because
The local had convicted him of breaking union laws;
So upon that stricken multitude grim melancholy set
For it seemed it might take Truman to get Casey to the bat.

But mediators gathered; and they handed down the word
To put a man on second and assign a sub to third;
The players raised a protest but in time they said "Okay,
It's better than to have the Army in upon the play."
Then from the gladdened multitude went up a joyous yell,
It bounded from the mountain-top and rattled in the dell;
It struck upon the hillside, and recoiled upon the flat,
For Casey, mighty Casey, was advancing to the bat.

Ten thousand eyes were on him as he rubbed his hands with dirt,
And wiped them, by the rule book, upon his union shirt;
As Local Thirty's hurler ground the ball into his hip
Defiance gleamed in Casey's eye, a sneer curled Casey's lip.

And now the leather-covered sphere came hurtling through the air
As Casey raised a banner with the printed word "UNFAIR."
Close by the sturdy batsman the ball unheeded sped.
"Enslaver," muttered Casey. "Strike one," the umpire said.

"Kill him! Kill the umpire!" shouted someone in the stand
But Casey bad them "Silence. A fact-finding board's at hand!"
"Conspiracy," thought Casey, but a smile upon him shone;
He stilled the riding tumult; he bid the game go on;
He signaled to the pitcher and once more the spheroid flew,
But Casey still ignored it, and the umpire said "Strike two!"

His teammates from the dugout rushed with angry cries of "Fraud"
(Now Schwellenbach was frightened stiff and Truman, too, was awed);
Fact-finders huddled quickly; Steelman leaped into the breach
And somewhere in the distance Pepper made another speech.

Oh, somewhere in this distraught land the sun is shining bright,
The band is playing somewhere, and somewhere hearts are light;
And somewhere men are laughing, and somewhere children shout,
But there is no joy in Mudville . . . mighty Casey has WALKED OUT!
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Past Commentary on Labor Issues

"The fact, too, that the secession movement had its origin in the New York Club's

team of players, which club had petted its players for years, only emphasized the fact of the ingratitude for personal favors done, which marks the average professional ball player. The revolt of the League players unquestionably grew out of the ambitious efforts of a small minority to obtain the upper hand of the National League in the control and management of its players.”

“The methods adopted by the originator of the revolutionary scheme were of a character well calculated to mislead the majority of the players. ... Once having gathered the League players within the fold of the Brotherhood, the chief conspirator soon began to throw aside the mask of his disguise, and securing the co-operation of the more intelligent of his confreres in aiding the revolt, a quartette of leaders assumed the direction of its affairs. These ‘big four’ of the great strike, correctly estimating the weakness of character and lack of moral courage of the average Brotherhood member, knew that he would be loath to break the oath of allegiance to the Brotherhood, however he might be willing to violate his National League obligations...”

Henry Chadwick, 1890 Spalding’s Official Base Ball Guide

“The players will attempt to revive their union on Sunday, July 26, according to a call issued by some of the leaders in their protective association, which died a year ago. Public sentiment will not be with them and if the members of the union do not feel that they can submit to a reduction in their pay, there will be no popular protest against their retiring from the game and giving younger members of the profession a chance.”

Editorial, July 25, 1903 Sporting News

“If the officials of the two major leagues got together and resolved to adopt a reasonable salary limit and live strictly up to it, it would be possible, nay, it would be highly probable that two clubs in any big city would make not only expenses, but a fair profit, but with the salaries up to the high-water mark, some players getting as much as \$8,000 for six months’ exercise, it is out of the question to make any money.”

Timothy Sharp, July 22, 1905 Sporting News

1913: Despite the workers’ paradise the players apparently inhabited, at least in the eyes of the press, David Fultz’ Base Ball Players’ Fraternity (whose vice-presidents included Ty Cobb and Christy Mathewson) is forced to file a formal request with the National Commission to ensure that each player receives a copy of his own contract (“Ninety per cent. of the players were without them last season, preferring to be without them than to antagonize their owner by a forceful demand.”); all written agreements are binding on the club (“Article 15, section D of the National Agreement, says that no side agreement not written in the regular contract shall be binding upon the club.”); and teams buy uniforms for their players (“In the National League a player pays each team he plays on \$30 for two uniforms”).

Possible Research Projects

While drafting the proposal which led to creation of the Committee, I found several

topics which could benefit from the type of long-term, coordinated research only SABR can provide. These include:

- (1) *Player salaries.* Accurate information simply doesn't exist for the pre-Marvin Miller era. For example, Buck Weaver's 1919 salary from the White Sox is variously reported by historians as \$6,000 (*Eight Men Out*), \$6,500 (Robert F. Burk, *Never Just a Game*), and \$7,250 (Harold Seymour). For modern players as well, researchers would benefit from a single central salary database using standardized conventions for discounting deferred income and valuing non-cash payments. I'm working on such a database and would appreciate any help offered for seasons prior to 1980.
- (2) *TV and radio.* A wide open field, ranging from trends in local and national rights fees to broadcasting's effect on the minor leagues after World War II.
- (3) *Commissioner's office.* Its evolution (devolution?) from Judge Landis to Bud Selig.
- (4) *MLB's internal rules.* Roster sizes, waiver rules, the player draft (and the "bonus baby" era which preceded it), trading periods...not to forget **John Pardon's** pet topic, meal money.

Andy McCue has suggested several more topics:

- (1) *Ownership.* "When I set out to check on the history of Dodger ownership, I was amazed by the amount of misinformation, or misunderstood information, in the standard reference works on the team. My research eventually appeared in the 1993 *National Pastime*. I am not aware that SABR-quality research has been done on the ownership history of any other major league team. If we could do all 28, which would range from easy like the Marlins to hard like the Braves, then we might have a very good research publication."
- (2) *General Manager.* "As far as I can tell, Branch Rickey was the first person to be a general manager in the sense we knew it in the 50s through the 70s. Before that, the working of filling the roster, making trades and running the front office was split between the club president and the manager. Today, the office has been split further, with a player personnel type for trades and a business manager for tickets, stadium operations, etc. I think there is a very interesting article for *TNP* or *BRJ* in how and why the job evolved."
- (3) *Arthur Soden*, 19th-century owner of the Boston Braves: "Soden invented the reserve clause, which basically determined how baseball operated for almost 100 years, yet little is known about him. I think he's ripe for research."
- (4) *Register of Executives:* "Club officials, boards of directors, general managers, scouting directors, ticket managers and whatever -- for use by other researchers."

Queries

David Smith asks about "the relation of player salaries to fan costs, particularly ticket prices. I contend that a) the average fan believes ticket prices go up to pay for high salaries, and b) this relationship does not exist. Rather I am persuaded that the force driving ticket prices is the free market principle of charging what they can get." This conclusion seems

conclusion seems intuitively accurate -- but does anyone know of any studies which examine this relationship? The closest I've found is David J. Salant's "Price Setting in Professional Team Sports," in Paul M. Sommers, ed., Diamonds Are Forever: The Business of Baseball (Washington: Brookings Institution, 1992), which finds "substantial evidence that owners and managers of major league sports franchises fail to set ticket prices at levels that maximize their short-run profits from ticket sales" (p. 89).

John Pardon encloses a page from the 1995 Professional Baseball Orange Book setting forth the roster limits for National Association teams. Each league's rosters are described in terms such as: "Eastern League - AA: 23 active (37 under control)." John asks, "So what happens to the difference?" Do these minor league teams carry a dozen or more players who aren't on the active roster? Can anyone explain this?

Comment on the Labor Dispute

David Smith writes, "the players made a huge concession by even agreeing that the concept of a luxury tax is a legitimate topic for negotiation. It dumbfounds me that this latter point has gotten almost no attention." While most sports commentators have ignored this point, it wasn't lost on former Players' Union chief Marvin Miller, who was quoted in the Toronto *Globe and Mail*: "I was shocked when I heard Don proposed that. I would never have proposed that -- not in a million years. I think Don and the players will live to regret that one. It was plain appeasement." From a different angle, *Business Week* echoed Miller and Smith, headlining its article about the end of the strike, "Baseball's barons are winning -- they just don't know it yet."

Comparison of Luxury Tax Proposals

The table on the following page compares the effect of various "luxury tax" proposals made by the owners and players during the strike. For each team, the first column of numbers represents its 1994 payroll expense; the second, the amount of "luxury tax" it would have paid under the plan implemented by the owners in November 1994.

When the National Labor Relations Board objected that it didn't believe the negotiations had reached an impasse, the owners withdrew the November 1994 tax and proposed the February 1 numbers. The players responded three days later. (Note that under the owners' proposal, perennial economic basket-case Seattle would have been taxed, while the New York Mets would not.) A second round of proposals in late March brought the two sides much closer to agreement on the actual numbers before Judge Sotomayor's injunction ended the strike.

Team	'94 Payroll	Owners:11/17	Owners:2/1	Players:2/4	Owners:3/27	Players:3/30
Detroit	\$56,780,020	44,197,441	20,030,020	4,184,000	6,390,010	1,695,005
Atlanta	54,015,026	35,619,369	17,265,026	4,641,000	5,007,513	1,003,756
S.F.	53,783,495	34,899,465	17,034,495	4,000,000	4,891,748	945,874
WSox	52,277,283	31,181,011	15,527,283	4,187,000	4,183,642	569,321
Toronto	51,461,770	28,754,075	14,711,770	4,607,000	3,230,885	365,443
Yankees	50,670,072	26,837,108	13,920,072	4,738,000	2,835,036	167,518
K.C.	48,733,109	22,158,329	11,983,109	0	2,366,555	0
Cinti	48,068,511	20,003,574	11,318,511	0	2,034,256	0
L.A.	46,569,923	18,323,434	9,819,923	3,987,000	1,284,962	0
Balt	44,589,165	11,856,882	7,839,165	4,092,000	294,583	0
Oakland	44,380,517	11,831,125	7,630,517	3,088,000	190,259	0
Boston	43,973,007	11,621,331	7,223,007	3,713,000	0	0
Texas	43,097,772	9,591,107	6,347,772	3,609,000	0	0
Phila.	41,254,674	6,417,164	4,691,006	3,349,000	0	0
Houston	40,724,728	5,295,521	4,293,546	0	0	0
Cleve.	40,239,723	4,582,546	3,929,792	3,429,000	0	0
Cubs	38,924,936	3,159,935	2,943,702	3,206,000	0	0
Seattle	38,494,139	2,431,995	2,620,604	0	0	0
Calif.	36,595,498	1,265,892	1,196,624	0	0	0
St. L.	34,734,086	0	0	0	0	0
Mets	34,355,341	0	0	3,214,000	0	0
Minn	32,771,479	0	0	0	0	0
Milw.	30,445,458	0	0	0	0	0
Colorado	30,205,243	0	0	0	0	0
Pitt.	29,828,970	0	0	0	0	0
Florida	27,893,384	0	0	0	0	0
Montreal	24,268,772	0	0	0	0	0
S.D.	20,347,852	0	0	0	0	0

NOTE: Payroll figures supplied by management; includes \$4,779,250 per team in benefits.
All calculations taken from Associated Press wire-service dispatches.

Clippings

Since October, I've been collecting articles about the player strike, the umpires' lockout and other events within the Committee's jurisdiction through a variety of online clipping services. The collection now exceeds 1.8 megabytes of text, including virtually everything published by the Associated Press (October-May) and *New York Times* (December-May) as well as numerous additional articles. For committee members with personal computers, the easiest way to obtain this information is simply to send me two high-density 3.5" floppies and a SASE; for the computerless and those who don't want quite thus much information, drop me a note explaining what you're interested in, along with a SASE with several ounces' postage, and I'll print out the relevant material.

The electronic collection also includes both the NLRB's and the owners' briefs to Judge Sotomayor on the propriety of enjoining the owners' unilateral abolition of free agency and salary arbitration, as well as the text of her opinion granting the injunction.

For fans of old-fashioned paper, I've got photocopies of the May 9, 1995 Financial World article ranking the profitability of professional sports teams (9 pages), and copies of virtually every major baseball-related legal opinion since 1890, including the Supreme Court's antitrust opinions in Federal Baseball and Flood v. Kuhn (and the district court opinion in Piazza v. Major League Baseball which cast doubts on the breadth of baseball's antitrust exemption); the Players' League and early American League cases holding the reserve clause unenforceable; challenges to the Commissioner's authority by Pete Rose and Charles O. Finley; and many others. Send an SASE for the complete list. I've also written Sen. Moynihan's office for copies of the recent Congressional hearings into baseball's antitrust exemption, and for a copy of the Congressional Research Service report which concluded that the salary cap originally implemented by the owners would have reduced player salaries by \$198 million while providing only \$38 million in revenue sharing to small-market clubs.

Submissions

Outside the Lines welcomes submissions, questions about the development of Organized Baseball, and letters to the editor from the entire SABR community. The Committee plans an eight-page quarterly newsletter which will include book reviews and lists of recent publications; historical data and analysis available nowhere else; and summary and comment on current baseball developments. Just send your material, by U.S. Mail or E-mail, to the editor at the address at the top of page 1.

Committee Roster

Thanks largely to announcements on the CompuServe and America Online sports forums and the Usenet newsgroup rec.sport.baseball, the Business of Baseball Committee was able to attract three dozen members before publishing a

newsletter or holding its first committee meeting. I'm hoping that the upcoming Pittsburgh convention will bring us several dozen more. The current Committee roster appears on the next page.

SABR BUSINESS OF BASEBALL COMMITTEE ROSTER (Current as of 5/28/95)

CHAIRMAN: Doug Pappas, 100 East Hartsdale Ave., #6EE, Hartsdale, NY 10530,
76615.662@compuserve.com or DougP0001@aol.com.

Ackerman, Mike, 8 Penwood Drive, Morris Plains, NJ 07950
Adesman, Mark, 2802 Skyline Avenue, Durham, NC 27705, Adesman@pps.duke.edu
Allen, Charles E., IV, 2122 Calhoun St., New Orleans, LA 70118, ChazAllen@aol.com
Benson, John, c/o Diamond Analytics, 196 Danbury Road, Wilton, CT 06897,
76114.445@compuserve.com
Bienstock, Seth M., 52 Toby Drive, Succasunna, NJ 07876-1843,
bienst05@wharton.futures.upenn.edu
Burroughs, Pat, 1504 Stoneleigh Court, #1053, Arlington, TX 76011, URDX29A@prodigy.com
Coffin, Donald, Division of Business and Economics, Indiana University NW, 3400 Broadway, Gary,
IN 46408, don@iunbus1.iun.indiana.edu
Cunliffe, Frank, 295 Parkway Drive, Pittsburgh, PA 15228-2127
Eaton, Jim, 423 E. College St., Bridgewater, VA 22812, JEaton@bridgewater.edu
Fischthal, Scott, 306 Fleeceflower Drive, Gaithersburg, MD 20878; fischthal@lfs.loral.com
Frank, Ted, 5140 S. Hyde Park Blvd., #18A, Chicago, IL 60615; thf2@midway.uchicago.edu
Gerlach, Larry, 950 N. Bonneville Drive, Salt Lake City, UT 84103
Griffin, Susan and Paul, 829 Sherwood Rd., Atlanta, GA 30332, Pgriffin@isye.gatech.edu
Hakes, John, 1321 New Castle Rd., Apt. C2, Durham, NC 27704, hakes@hazard.econ.duke.edu
Herndon, Christopher M., 2240 Oakwood Ave., #3B, Muncie, IN 47304,
00cmherndon@leo.bsuvc.bsu.edu
Holland, Scott, 80 Kevin Drive, Flanders, NJ 07836, 71214.162@compuserve.com
Lilly, Ed, 65 Tallowood Drive, Medford, NJ 08055
Lowenfish, Lee, 308 W. 104th St., #2D, New York, NY 10025
McCue, Andy, 4025 Beechwood Place, Riverside, CA 92506
Nichols, Sherri and David, 2555 Dell Avenue, Mountain View, CA 94043,
snichols@mv.us.adobe.com and nichols@parc.xerox.com
Nieporent, David, 11-07 Deer Creek Drive, Plainsboro, NJ 08536; Nieporen@pluto.njcc.com
Pardon, John, P.O. Box 628, Crugers, NY 10521
Payne, Rodger, 1450 Goddard Ave., Louisville, KY 40204; Rapayno1@ulkyvm.louisville.edu
Pietrusza, David, 49 Heritage Parkway, Scotia, NY 12302, 73543.376@compuserve.com
Ruland, Robert E., 30401 Ventura, Southfield, MI 48076
Smith, David W., 6 Penncross Circle, Newark, DE 19702
Smith, Tal, c/o Tal Smith Enterprises, 3075 Westheimer, Suite 1055, Houston, TX 77056
Spira, Greg, 158-17 Riverside Drive, Whitestone NY 11357-1341, Spira@panix.com
Tate, David M., 3003 Van Ness St., N.W., W-806, Washington, DC 20008, Dtate@dsava.com
Traven, Neal, 136 Allen Drive, Fenelton, PA 16034; traven+@pitt.edu
Weick, Stephen, 2619 Third St., Apt. 303, Cuyahoga Falls, OH 44221, Sweick@mcs.kent.edu
Weinstein, Daniel, 2415 Mahan Drive, Louisville, KY 40299
Wendt, Paul, 64 Riverside Drive, #3, Watertown, MA 02172
Woolner, Keith, 820 Sea Spray Lane, #305, Foster City, CA 94404, Kwoolner@us.oracle.com
Zimbalist, Andrew, Department of Economics, Smith College, Northampton, MA 01063