Outside the Lines

Editor Michael Haupert

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The Polo Grounds 1910

In This Issue

A History of the New York Giants Franchise
By Bill Lamb

This is the second of three installment of Bill Lamb's history of the New York Giants franchise. The first installment was published in the Spring 2016 issue, the third installment will be published in a future issue of the newsletter.

The New York Giants ownership history here is part of a joint project between the Business of Baseball Committee and the BioProject site. As they are completed, the histories will appear in this newsletter and be posted permanently in a separate section on the BioProject website. If you are interested in doing a team's history, or part of a team's history, such as the St. Louis Browns years of the current Baltimore franchise, please contact Andy McCue, agmccue44@earthlink.net, who will be coordinating the project. The Dodgers and the New York Giants are done, and writers have been assigned for the Yankees, Red Sox, Cubs and Indians. But that means more than two dozen other existing and extinct franchises still remain!

The histories should be as comprehensive as possible, covering the changes in ownership, the price paid, the makeup of partnerships, the division of responsibilities among the partners, the reasoning of both the buyers and the sellers, and economically significant events within the era of each ownership group. There is no need to talk about events on the field unless they have a direct impact on the bottom line or a change in ownership. It is likely that arguments with cities over stadiums and threatened (or actual) re-locations will play a role in the essays. The histories should be long enough to tell the story, but should be as tight as possible. There is no set word limit. The essays should include endnotes on sources. Heavy detail, such as the holdings of minor partners, might well be left to those endnotes.

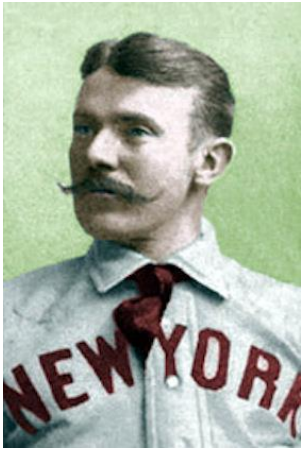
Research guidance will be available if needed. Over the long run, it will be necessary to keep updating these essays and the original researchers will be given first opportunity to do those updates.

Part II

Darkness at the Polo Grounds: the Freedman Years

Following Day's departure, Cornelius Van Cott assumed the post of club president. But as before, the franchise course would be steered by Edward B. Talcott, the *New York Herald* reporting that it was "an open secret that [Van Cott] has but little knowledge of the national game and that Mr. Talcott will be 'the power behind the throne.'"[1]

Having reconciled with John Montgomery Ward, now manager of the NL Brooklyn Dodgers, Talcott decided to improve club prospects through securing the accomplished Ward for the Giants. For $10,000 or a share in Giants gate receipts – accounts differ – Ward was acquired as player-manager for the 1893 season.[2] Shortly after his installation at the helm, Ward dispatched aging Giants icon Buck Ewing to Cleveland for young infielder George Davis, whose Hall of Fame career blossomed once in a Giants uniform. With fireballer Amos Rusie performing yeoman work on the mound and Ward and Davis anchoring the infield, the Giants began to climb the NL standings. Attendance surged as well, with the 387,000 patrons drawn to the Polo Grounds during the 1894 season setting a major league attendance record. Capping the Giants campaign was a four-game sweep of the NL pennant-winning Baltimore Orioles in the 1894 Temple Cup match.



John Montgomery Ward: from nemesis to field general in NY

Notwithstanding the improvement in Giants fortunes, it appears that baseball club ownership had not produced the financial return anticipated by its commerce-minded ownership group, and by late-1894, Talcott in particular wanted out. The timing of events could not have been better for Andrew Freedman, a young Manhattan real estate millionaire who had already begun quietly acquiring shares in the New York club.[3] Apart from personality differences – Talcott was polished and personable, Freedman volatile and prickly – the two men had much in common. Both were intelligent and handsome, astute in financial matters, and influential Tammany Hall insiders. In January 1895, Talcott delivered a slim but working majority of New York Giants stock into Freedman's hands. And at a bargain price, too, variously estimated between $48,000 and $54,000.[4] For the next eight seasons, the New York Giants would be controlled by a club boss soon deemed the most-hated man in turn-of-the-century baseball.

Andrew Freedman was born in midtown Manhattan on September 1, 1860, the second of four children born to well-to-do German-Jewish immigrants. His father Joseph was a prosperous businessman, variously described in census reports as a silk importer, dry goods merchant, and realtor.[5] By the time that Andrew was born, there were already servants in the Freedman home and he was raised in comfortable circumstances. A precocious but indifferent scholar, young Andrew (he hated the nickname *Andy* which everyone used, but not to his face) dropped out of City College of New York after his freshman year and began his working life at age 16 as a clerk in a wholesale dry goods house. But he soon gravitated to real estate, the field where he would make his first fortune.[6]


Andrew Freedman: baseball's most hated owner?

In 1881, 21-year-old Andrew Freedman made the move that would dictate the course of his adult life: he joined Tammany Hall, the corrupt political machine that controlled the Democratic Party in New York City. There, Freedman became a protégé of Richard Croker, the shrewd, ruthless, and unapologetically avaricious politico who assumed control of Tammany in late 1885. While he may not have invented it, Croker perfected "honest graft," the protection money that a Tammany-controlled NYPD collected from every saloon, brothel, betting parlor, dance hall, drug den, and other outpost of the Manhattan demimonde. During the Croker reign, Tammany coffers filled to overflowing, with Boss Croker and those close to him becoming very wealthy in the process. This included Andrew Freedman. What first drew the two men together is uncertain, but in time Croker

and Freedman became both business associates and close, lifelong friends.[7]

Richard Croker, Tammany Boss and financier for Freedman

Frank Graham, Noel Hynd, and other New York Giants historians have portrayed Freedman as an uncouth lout, and his failings – arrogance, a ferocious temper, and mean-spiritedness – are undeniable. But Freedman was also a man of formidable abilities. He was smart, possessed of fierce energy, and had extraordinary business acumen. Indeed, Freedman had an absolute genius for making money. During his lifetime, he would amass fortunes in three separate fields: (1) real estate, (2) municipal bonding, insurance, and finance, and (3) subway construction. In addition, Freedman was a savvy investor in the corporate endeavors of other entrepreneurs (including the Wright brothers).

The first of these fortunes was made in real estate, where Freedman's high-priced services were regularly retained by property owners, construction firms, city contractors, and others requiring the favor of Boss Croker. The Freedman real estate business flourished and by the early 1890s, he had become very wealthy. But Freedman's revenue sources were not confined to real estate. Tammany-friendly judges often appointed him to lucrative fiduciary positions such as business conservator, bankruptcy trustee, or estate guardian. And in early 1893, Freedman's appointment as trustee of the financially-failing Manhattan Athletic Club (MAC) led to his introduction to major league baseball.

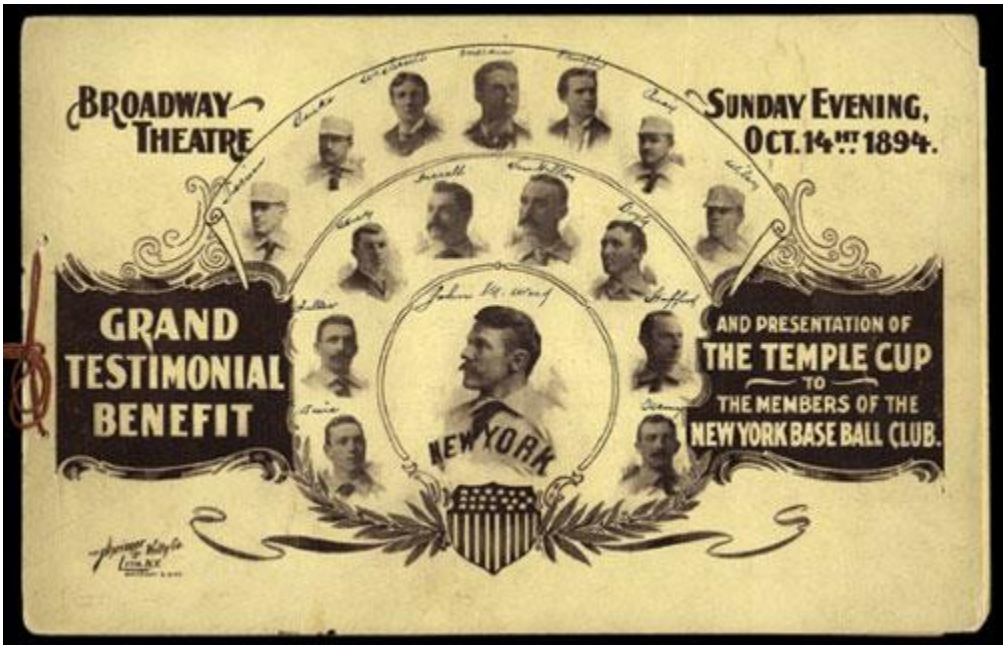
Freedman was not an athlete himself and never played any sports, as far as is known. But his stewardship of the MAC included oversight of operations at Manhattan Field (nee New Polo Grounds), only recently the home field of the New York Giants, now playing next-door at Polo Grounds III (originally Brotherhood Park). With the premises no longer needed by the Giants, the lease to Manhattan Field had been acquired by the MAC for use by its baseball, football, and track teams, and for rental for other activities. As the lease was a prime asset of the MAC, the operation of Manhattan Field required the attention of trustee Freedman, who frequently visited the stadium to ensure proper administration of the revenue-generating events (harness racing, track meets, college football) conducted there. Freedman would later maintain that his interest in baseball stemmed from dropping in on Giants games played at Polo Grounds III while on his rounds at Manhattan Field.[8]

Freedman took a quick liking to the game and quietly began gathering stock in the Giants in 1894, often using proxies to disguise his interest in the franchise. Freedman accelerated his stock acquisition after Tammany lost the New York City municipal elections in November and Boss Croker temporarily withdrew to his estates in the British Isles. In January 1895, Freedman publicly acknowledged his intention to assume control of the Giants.[9] By month's end, and with Talcott facilitating matters, he had captured working command, acquiring the additional shares needed to take over the club. According to sportswriter O.P. Caylor, the shares previously acquired by Freedman and those obtained from Talcott, E.A. McAlpin, J. Walter Spalding, Frank Robinson, C.C. Van Cott, and John Montgomery Ward combined to give Freedman 1,191 shares of Giants stock, or eight more than needed for an absolute majority.[10] At a board of directors meeting conducted days thereafter, Freedman assumed the mantle of club president. The new club commander wanted Talcott to remain on the Giants board, but Talcott declined "for personal reasons."[11] Still, Talcott got his successor off on the right foot, arranging a meeting between Freedman and Polo Grounds landlord Coogan where the two political adversaries "buried the hatchet."[12] Talcott also furnished the incoming regime with a ringing endorsement. "I have no hesitation in saying that the incoming [Giants] Board will be the finest body of men which ever represented a baseball club," he said. "They are all men whose standing in the commercial world is the very best."[13]

Talcott was not the only one singing the praises of the new club boss. Wealthy, politically connected, and a native son, Freedman's acquisition of the club was generally well-received. The *New York Herald* predicted that the new owner "will wear well … He

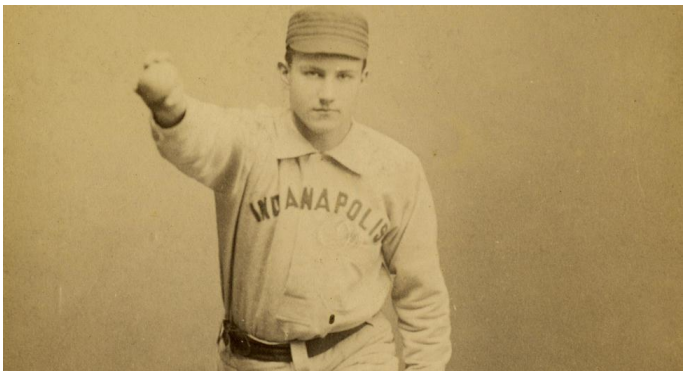
is young, with excellent business ideas, liberal in his dealings, pronounced in his ideas of right and wrong, and quick to recognize an advantage."[14] Even future adversaries applauded. A.G Spalding stated, "That from what I hear, Mr. Freedman is a clever businessman and will prove successful. I hope he makes a lot of money,"[15] while John Montgomery Ward – whose 30 shares transfer had been crucial to Freedman attaining majority control of Giants stock – approved the new magnate, particularly after Freedman ratified Talcott's appointment of Ward favorite George Davis as Giants playing manager for the upcoming season.[16] Overlooked in the glow of the good feeling was a dubious opening move by Freedman. Despite being a novice owner with limited prior contact and understanding of the game, he eliminated the post of managing director of the club. As club president, Freedman would oversee Giants operations personally.

With the nucleus of the 1894 Temple Cup champions returning (sans the retired John Montgomery Ward),[17] great things were expected from the Giants. But the team started the new season sluggishly. Impatient New York scribes were quick to assign blame, as did Giants fans, and the new team president was not exempted from their censure. Combative and surprisingly thin-skinned, Freedman reacted badly. He began by firing his managers. Davis, Jack Doyle, and Harvey Watkins would all be relieved of duty by season's end. Freedman also had troubles with his players, particularly star hurler Amos Rusie who chafed under the owner's disciplinary measures.[18] Nor did Freedman enjoy cordial relations with his fellow magnates, most of whom found Freedman abrasive and impossible to get along with.[19] Worse still, Freedman got into fights – at times literally, for he was ill-tempered and quick with his fists – with writers on the Giants beat,[20] at times denying them admittance to the Polo Grounds or refusing to communicate about club matters. Led by *New York American* sportswriter Charles Dryden, the baseball press retaliated by publishing imaginary interviews with Freedman, complete with maladroit quotes designed to make the cosmopolitan Giants owner appear an ignoramus.[21] A public relations nightmare, Freedman quickly managed to alienate most of the baseball world. In the meantime, his Giants team staggered home a disappointing ninth-place finisher (out of the 12-team National League).



Whatever his troubles elsewhere, Freedman encountered little opposition at Giants headquarters. Apart from a fractious relationship with board member J. Walter Spalding (A.G. Spalding's younger brother and business partner), NEC directors supported Freedman policies and practices almost reflexively. Nor did minority Giants shareholders like John T. Brush and Arthur Soden challenge Freedman's running of the club, notwithstanding their frequent opposition to him in National League executive council meetings. Freedman, for all practical purposes, personified the New York Giants franchise. That franchise, however, was headed for another rocky season in 1896. Crippled by the absence of Rusie, who sat out the entire season rather than capitulate to tight-fisted salary terms, the Giants finished a distant seventh in NL standings, 27 games behind pennant-winning Baltimore. In the off-season, the Freedman/Rusie impasse was finally resolved via the unofficial intervention of fellow NL team owners. Alarmed by the threat posed to the

reserve clause system emanating from a federal lawsuit filed on Rusie's behalf by newly-minted attorney John Montgomery Ward, these owners endorsed a Brush proposal to settle the lawsuit out-of-court for $5,000 – all without Freedman's knowledge or consent. Indignant when he found out, Freedman refused to contribute to the settlement and fumed at the magnates' intrusion into his operation of the Giants.



Amos Rusie made an early run at the reserve clause

Despite all the headaches he caused, Andrew Freedman was pretty much a dilettante when it came to owning the Giants. Like the collection of French landscape paintings, opera patronage, and yacht racing, guiding a baseball club was essentially a pastime for Freedman, a diversion from the weighty political and business affairs that consumed his life. As a consequence, his stewardship of the franchise was mercurial, with highly publicized battles with his players, fellow club owners, and the baseball press alternating with extended periods of Freedman indifference to Giants' fortunes. Nowhere is this best exemplified than in 1897. With Rusie back in uniform and George Davis (.355, 10 home runs, a NL-leading 136 RBIs, and 65 stolen bases) playing a superb shortstop, the Giants surged in league standings. But in the midst of an exciting pennant chase, Freedman did what many wealthy New Yorkers did to escape the August heat: he sailed for Europe. Oblivious to baseball, he spent the next six weeks taking the waters and plotting a Tammany comeback in the November elections with Boss Croker. The (83-48) Giants' third-place finish was easily the club's best during the Freedman years, but paled in significance for the club owner compared to Tammany's smashing victory at the polls on Election Day. Ever the backstairs operative, Freedman declined office in the administration of in-coming Mayor Van Wyck, but, at Croker's insistence, he assumed the post of treasurer of the National Democratic Party.

When not attending to political concerns, Freedman busied himself with the formation of the Maryland Fidelity and Guarantee Company, a municipal bonding, insurance, and finance venture that would yield him a second fortune. But a now-rare visit to the Polo Grounds in July 1898 for a game against the Baltimore Orioles precipitated the incident that would cast a pall upon Freedman's legacy as Giants owner. Full accounts of the Ducky Holmes affair can be found elsewhere.[22] For here, suffice it to say that Freedman, enraged by umpire refusal to take action following an anti-Semitic slur loudly uttered by ex-Giant Holmes, ordered his club off the field, triggering a forfeit. The $1,000 game forfeiture fine subsequently imposed on the Giants aggravated Freedman further, while the season-long suspension imposed on Holmes infuriated Baltimore, as well as players throughout the league. The truly pivotal event, however, was the stance publicly adopted by other National League team owners. Deeming Holmes' suspension illegal (because it had been imposed without first affording Holmes a hearing), the magnates sided with Holmes and urged the lifting of the sanction on him. This development stunned Freedman, who viewed the controversy as a matter of honor and respect. In Freedman's mind, the magnates' position and the ensuing official reinstatement of Holmes represented nothing less than league countenance of a gross personal insult. And Freedman would not abide it.

Freedman's revenge took the form of a punishing financial lesson for NL club owners. Although Freedman adversaries like Cincinnati's John T. Brush and Baltimore's Harry Von der Horst were prosperous businessmen, they lacked the wherewithal to conduct their baseball operations at a loss indefinitely. Andrew Freedman was different. While not in the plutocrat class of a Vanderbilt, Rockefeller, or Carnegie, Freedman was truly wealthy, with a personal fortune that was likely the equal of his fellow magnates put together.[23] As Freedman did not need income from the Giants – he drew a $100,000 annual salary from Maryland Fidelity alone[24] – he would suffer no great injury if Giants performance nosedived and the club lost its appeal at the gate. But real pain would be felt by other club owners, particularly those in smaller markets (like Cincinnati and Baltimore) who relied

greatly upon games against New York to bolster revenues. Immediately after the Holmes imbroglio, Giants fortunes plummeted, with the 1899 squad posting a non-competitive 60-90 record, finishing a full 42 games behind pennant-winning Brooklyn. Repelled by the situation and with no end in sight, fans avoided Giants games in droves. Attendance at the Polo Grounds shrunk from a league-leading 390,340 in 1897 to 121,384 in 1899, and the Giants drew only small crowds on the road.

The league's distress gave Freedman no end of satisfaction. As the Giants' dismal 1899 season drew to a close, Freedman declared, "Base ball affairs in New York have been going just as I wished and expected them to go. I have given the club little attention and I would not give five cents for the best base ball player in the world to strengthen it."[25] And as even his detractors knew, Freedman meant it.

With their horizons bleak and certain of Freedman's ruthlessness, NL owners soon entreated for peace. But reconciliation with Freedman would come at a high price. First and foremost was submission to Freedman's demand for reduction of the NL to an eight-club circuit and the elimination of syndicate team ownership – the twin policy prescriptions that fig-leafed the deeply personal nature of Freedman's bitterness toward the league. The owners also acceded to his demand that the Giants receive the pick of the players available from the liquidated teams. In addition, the league agreed to reimburse Freedman the $15,000 that the yearly rent of Manhattan Field cost him, lest the grounds become available for some future competitor. Last but an important matter of principle to Freedman, the NL refunded the $1,000 fine imposed upon the Giants for forfeiting the Ducky Holmes game – with six percent interest.[26]

Another ramification of the mollification process was the emergence of a wholly unexpected alliance between Freedman and longtime nemesis John T. Brush, the league's most influential magnate and heretofore leader of the Freedman opposition in NL owners ranks.[27] Following a meeting with Brush arranged by Boston owner (and minority Giants shareholder) Arthur Soden, Freedman informed the baseball press: "I have patched up the differences I had with John T. Brush and acknowledge it with pleasure. We will now work on the most friendly terms and will work in harmony for the best interests of the sport."[28]

The baseball press and most fellow club owners were mortified by the prospect of Freedman and Brush working in concert, and with good reason. But little immediate benefit from the Freedman/Brush collaboration accrued to their respective franchises, as the Giants and Reds alternated as the league's cellar dwellers for the 1900 and 1901 seasons. This may have been because both men had larger endeavors on their mind than the immediate pennant races. Freedman, in fact, had taken to almost entirely ignoring the Giants, his energies devoted to the task that would yield his most enduring memorial: construction of the Interborough Rapid Transit line, New York City's first underground railway system.[29] Brush, meanwhile, was busy at work on a longtime pet project, a scheme to convert the independent franchises of the National League into a jointly-held trust.[30] As Brush envisioned it, NL assets would be pooled into a holding company managed by a board of regents. Players and managers would be licensed by the board and assigned to various teams consistent with establishing competitive parity. Costs would be controlled by means of stringent salary caps and by the manufacture of baseball equipment by a Trust subsidiary. Apportioned profits to trust shareholders would be meted out at season's end.[31] The trust scheme was scuttled at contentious NL winter meetings held in early 1901, spawning a court battle that Spalding won on the public relations front, but lost in court to the Freedman legal corps.

By now, baseball club ownership had lost its charm for Andrew Freedman, and the trust debacle may have finalized his intention to depart the game.[32] But before he took his leave, Freedman assumed a supporting role in a 1902 Brush plot to disassemble the Baltimore franchise in the upstart American League, and thus preclude its imminent relocation to New York. Although this scheme eventually failed, as well, it did yield an incidental but long-lasting benefit: the engagement of disgruntled Orioles manager John McGraw as new field leader of the New York Giants.

In August 1902, Freedman announced that he had appointed John T. Brush managing director of the Giants, and transferred day-to-day control of club operations to him.[33] Freedman retained the title of club president, but not for long. Six weeks later, he severed most connection with the club, selling all but a few shares of his majority interest in club stock to Brush for a reported $200,000.[34] Still, Freedman remained an actor to be dealt with by major league baseball. Although the fall of Boss Croker following Tammany's crushing defeat in the 1901 New York City municipal elections had stripped Freedman of much of his political influence, his superintendence of the massive subway project still gave him considerable sway over New York City real estate – a power that he would now exercise. Whether prompted by a sense of obligation to Brush, disdain of American League president Ban Johnson, or sheer malice, Freedman stymied AL entrance into Manhattan for months, condemning for putative subway purposes any possible ballpark site that Johnson had shown interest in. With the start of the 1903 season looming, only the acquisition of a desolate north Manhattan mesa overlooked by Freedman afforded the AL a foothold in New York.[35] After that, Freedman withdrew from the New York baseball scene.

Freedman's parting gift to the Giants was the arrival of one John J. McGraw

In retrospect, the eight years of the Freedman regime can fairly be judged the darkest in New York Giants history. The team had been a contender only once during that span (1897) and had reached bottom (a 44-88 last-place finish) by the time Freedman abandoned the game. Chronically impatient with his club's standings, he inflicted 13 managerial changes on the Giants during his tenure as majority club owner. Worst yet, Freedman's peevish battles – with his players, NL umpires, fellow owners, league officials, the sporting press – and his ferocious vindictive streak drained vitality from baseball's flagship enterprise and hurt the game itself in the process.

In the ensuing decade, Freedman continued to prosper, adding to his fortune via various business endeavors. At the time of his death from a stroke in December 1915, he had accumulated an estate estimated at $7 million, almost all of which the life-long bachelor left to charity. By that time, the fortunes of the New York Giants had also rebounded – the legacy of an exceptionally congenial pairing of an astute club owner with a baseball-savant manager.

Endnotes

1. *New York Herald,* February 10, 1893. Similar sentiments were expressed in the *Philadelphia Inquirer,* February 10, 1893, and elsewhere.

2. For more on the machinations that attended Ward's transfer to New York, see DiSalvatore, Bryan, *A Clever Base-Ballist: The Life and Times of John Montgomery Ward* (New York: Pantheon Books, 1999), 348-349.

3. For the past year, Freedman had been attempting to acquire control of the Giants, but had kept his objective concealed, at times accumulating franchise stock through intermediaries like circus impresario James A. Bailey.

4. See e.g., the *1895 Reach Official Base Ball Guide* ($48,000) and Hardy ($54,000). In his determination to sever his financial connection to the game, Talcott was willing to let his franchise stock go for "50 cents on the dollar," and persuaded McAlpin, Van Cott, and a reluctant Frank Robinson to do the same, as per the *Baltimore Sun,* January 18, 1895. See also, *Chicago Inter-Ocean,* January 17, 1895.

5. As per Bill Lamb, "Andrew Freedman: A Different Take on Turn-of-the-Century Baseball's Most Hated Team Owner," *The Inside Game,* Vol. XIV, No. 3, June 2014, 13. For a more comprehensive biography of Freedman, see his SABR BioProject profile at www.sabr.org/bioproj/person/51545e58.

6. The frequent assertion that Freedman was a lawyer is erroneous. Freedman never studied law. Nor was he a member of the bar. Apart from being a social member of the Manhattan Lawyers Club, Freedman's only connection to the law was that, as an adult, he was often in need of an attorney.

7. Freedman later introduced Croker to his late-life mistress, Beulah Benton Edmondson, and served as one of three best men when the couple married in November 1914.

8. See e.g., the Freedman obituary published in the *New York Times,* December 5, 1915.

9. As reported in the *Chicago Inter-Ocean, New York Herald,* and *New York Tribune,* January 17, 1895.

10. As per the *New York Herald,* January 17, 1895. Caylor calculated the total number of Giants shares extant at 2,380. Club owners Arthur H. Soden (Boston), John T. Brush (Cincinnati), Ferdinand Abell (Brooklyn), and Al Reach (Philadelphia) refused to part with their Giants stock and remained minority-interest stockholders in the New York franchise.

11. As reported in the *Chicago Inter-Ocean* and *New York Tribune,* January 25, 1895, and elsewhere.

12. As reported in the *New York Herald,* January 30, 1895. Coogan, a two-time gadfly candidate for the New York City mayoralty, was then a minor thorn in the side of Freedman's political patron, Boss Croker. But in relatively short order, Coogan was converted into another Croker vassal, and later rewarded with appointment to the post of Manhattan Borough president in January 1899.

13. As quoted in the *New York Herald,* January 30, 1895.

14. *New York Herald,* February 9, 1895.

15. *The Sporting News,* February 5, 1895.

16. See Stevens, David, *Baseball's Radical for All Seasons: A Biography of John Montgomery Ward* (Lanham, Maryland: Scarecrow Press, 1998), 183.

17. The oft-claimed notion that Ward resigned as NY Giants manager to avoid working for new owner Freedman is bogus. An 1885 Columbia Law School graduate, Ward left baseball after the 1894 season to study for the New York bar examination and begin the practice of law. Like most others, Ward approved the sale of the Giants to Freedman.

18. Late in the 1895 season, Freedman imposed a $200 fine on Rusie for being out of condition. Although the sporting press and Giants fans lined up solidly behind the pitcher's refusal to pay, allegations made by Rusie's wife during acrimonious 1900 divorce proceedings suggest that the grounds for the fine may not have been as capricious as originally supposed.

19. According to A.G. Spalding – a suspect source when it comes to Freedman – the Giants owner was "so obnoxious to most of those concerned with the game that nobody outside his own following could endure his eccentricities of speech or action. He would apply to other members of the league, in ordinary conversation, terms so coarse and offensive as to be unprintable." Spalding, A.G., *America's National Game* (New York: American Publishing, 1911), 192.

20. On October 12, 1896, Freedman was convicted of assault and given a suspended sentence for punching Edward Hurst, a critical sports columnist for the *New York Evening World,* as reported in the *New York Tribune* and *Philadelphia Inquirer,* October 13, 1896, and elsewhere. Freedman, however, did not confine his aggressions to local sportswriters. Bad-tempered and pugnacious, he also had physical altercations with political correspondent Paul Theman, retired umpire Watch Burnham, theatrical agent Bert Dasher, fellow team owners John T. Brush and Harry Von der Horst, and any number of Tammany Hall adversaries.

21. Whatever his shortcomings, Freedman was an articulate, sophisticated man not given to uttering malapropisms. Unhappily for the Giants owner, a credulous public treated these newspaper satires as factual. Later generations of New York sportswriters did the same, repeating an apocryphal Freedman threat to push Dryden over "the brink of an abscess" and other such nonsense. See e.g., Graham, Frank, *The New York Giants: An Informal History of a Great Baseball Club* (New York: Putnam, 1952), 19.

22. See e.g., "The Ducky Holmes Game" in *Inventing Baseball: The 100 Greatest Games in Nineteenth Century Baseball,* Bill Felber, ed. (Phoenix: SABR, 2013), 268-269; Solomon, Burt, *Where They Ain't: The Fabled Life and Untimely Death of the Original Baltimore Orioles, the Team That Gave Birth to Modern Baseball* (New York: Doubleday, 1999), 129-131.

23. According to McGraw, Mrs. John J. (Blanche), 171. Distinguished baseball historian David Quentin Voigt described Freedman as the "wealthiest of baseball magnates." See Voigt, David Quentin, *The League That Failed* (Lanham, Maryland: Scarecrow Press, 1998), 220.

24. Voigt, 220.

25. As quoted in *Sporting Life,* September 30, 1899.

26. See Seymour and Seymour Mills, 304-306.

27. Reputedly, Freedman and Brush had once even come to blows in the taproom of a New York hotel.

28. *Sporting Life,* October 14, 1899. For more on the Freedman/Brush rapprochement, see William F. Lamb, "A Fearsome Collaboration: The Alliance of Andrew Freedman and John T. Brush," *Base Ball: A Journal of the Early Game,* Vol. III, No. 2, Fall 2009, 5-20.

29. Initially, Freedman acted as liaison between John D. McDonald, the subway's general contractor, and the bankers who financed the project. Thereafter, Freedman was active in every phase – property acquisition, tunnel construction, station designation, railway car manufacture – necessary to make the subway system operational.

30. Although often ascribed to Freedman, the National Base Ball Trust was almost entirely the brainchild of Brush. Well before Freedman took any interest in the game, Brush had proposed to Chicago club president James Hart that the minor Western League be operated as a trust, as reflected in an unidentified January 30, 1892 newspaper clipping contained in the John T. Brush file at the Giamatti Research Center in Cooperstown.

31. As outlined by Brush in a letter to Freedman, later obtained and published in the *New York Press,* November 11, 1901. For a comprehensive exposition of the Trust, see Hardy, 171-191.

32. In his 1911 memoir *America's National Game*, Spalding portrayed himself as the instrument of Freedman's departure from baseball, Freedman's sale of the Giants being Spalding's price for relinquishment of his claim to the National League presidency. Although accepted by some baseball historians, the assertion is specious. For a more ample treatment of the matter, see again, "Andrew Freedman," *The Inside Game,* June 2014, 13-18.

33. As reported in *Sporting Life,* August 12, 1902, and elsewhere.

34. For more detail on the sale, see Cook, William A., *August "Garry" Herrmann: A Baseball Biography* (Jefferson, North Carolina: McFarland, 2007), 38-40. Following the transfer of club ownership, Freedman declined a seat on the Giants board of corporate directors.

35. The site of what would quickly become Hilltop Park was unearthed by former Metropolitan Exhibition Company partner Joseph Gordon, at the time the figurehead club president of the American League New York Highlanders.

The Brush-McGraw years: the first golden era of New York Giants baseball

On the surface, John T. Brush and John McGraw seemed an oddly-matched pair. A generation older than his manager, the new club boss was dour, often inscrutable, and physically frail, his body long-ravaged by the effects of locomotor ataxia, a painful wasting disease. The Giants field leader was the opposite: feisty, often voluble, and near bursting with energy and good health, the very antithesis of John T. Brush. Their differences notwithstanding, the two men, both spawn of a grim, impoverished childhood in upstate New York, had immense regard for one another. And they worked almost perfectly together. The decade of the Brush-McGraw collaboration would see the New York Giants attain the club's first period of sustained success.

Reams have been written about John McGraw, one of early-20th century baseball's most celebrated figures. The following will focus on his now nearly-forgotten senior partner. John Tomlinson Brush was born on June 15, 1845 in Clintonville, New York, a remote hamlet situated near the Canadian border. The beginnings of his life were the stuff of Dickensian melodrama. His father, the first John Tomlinson Brush, died a month before his namesake's birth. Mother Sarah Farrar Brush succumbed in 1850, orphaning five-year-old John and his three older siblings. Taken in by a severe paternal grandfather, young John spent most days tending to the exhausting drudgery of farm work and nights sleeping in an unheated barn.

Brush set off on his own at age 17, taking a brief course of study at Eastman's Business College in Poughkeepsie before enlisting in the First New York Artillery Regiment in September 1864. By the time he reached 20, he was a battle-tested Civil War veteran. Mustered out unscathed in June 1865, Brush proceeded to Troy where, in time, he was befriended by George Pixley, a principal in a newly-formed retail clothing business. Within ten years, Brush advanced from clothing salesman to store manager to partner in Owen, Pixley & Company. Along the way, he married Margaret Agnes Ayres, a woman about whom little is known except that her marriage to John T. appears to have been a troubled one. Daughter Eleanor Gordon Brush, destined herself to be a somewhat significant figure in New York Giants history, was born in March 1871.[1]

In 1874, Brush was dispatched to Indianapolis as Owen, Pixley expanded operations westward. After frustrating delays, a company outpost whimsically named the When (as in *When* will it finally open?) Store opened its doors in March 1875. With consumer interest whetted by Brush's unlikely flair for advertisement and promotion, the operation was a resounding success, eventually becoming the largest department store between New York and Chicago.[2] The store's boss, meanwhile, immersed himself in the civic affairs of his new hometown, and soon became a leading figure in assorted community and fraternal organizations.

Not an athlete himself, John T. first seized upon baseball as a vehicle for promoting his business. But he quickly became infatuated with the game. In 1882, Brush organized a municipal baseball league, constructing a diamond with grandstand in northwest Indianapolis and hiring future major

The When Store, sponsor of John T. Brush's first baseball team

leaguer Jack Kerins as player-manager for the When Store team. When the professional game mushroomed to three major leagues in 1884, Indianapolis was granted an American Association franchise. Historical accounts differ on whether or not Brush owned the one-year AA Indianapolis Hoosiers, but it seems more likely that Joseph Schwabacher, "a local liquor dealer beat Brush to the franchise."[3]

In the years that followed, Brush's interest in baseball only intensified. First, he placed an Indianapolis nine in the newly-formed Western League, only to see the circuit collapse around his league-leading Hoosiers. Brush then became the driving force behind local acquisition of the National League St. Louis Maroons and the relocation of that club to Indianapolis. In time, he acquired a controlling interest in the new Indianapolis franchise and assumed the post of club president. In addition to running his own club, Brush promptly threw himself into the administration of NL affairs, sitting on various of the league's policy-making boards.

The adoption of one Brush initiative, a tight-fisted salary classification plan, was a major cause of the player revolt that led to the debilitating Players League War of 1890. Ironically, Brush himself was one of the conflict's first casualties, the National League liquidating his non-competitive Indianapolis club (and weakling Washington, as well) as a preemptive wartime measure. Brush, however, had no intention of being forced to the sidelines. He exacted stiff reparations from the league, remained a member of the NL owners council, and obtained the promise of the next available franchise from his fellow magnates. Thereafter, at the clandestine meeting of NL club owners organized by A.G. Spalding to bail out the financially-failing New York Giants, Brush agreed to the conversion of the $25,000 note for Indianapolis players earlier given him by Giants boss John B. Day into stock in the New York franchise. Like Spalding, Boston's Arthur H. Soden, and other new Giants stakeholders, Brush made no attempt to intrude on Day's operation of the New York club. But acquisition of the stock fired a new Brush ambition: gaining control of the New York Giants for himself.

Fulfillment of that ambition would be deferred for more than a decade. For the short term, Brush turned his attention to Cincinnati, outmuscling one-time Players League angel Al Johnson for the new National League franchise allotted to the Queen City. Brush was delighted to once again have control of a major league baseball club, but his experience in Cincinnati would prove an unsatisfying one. Brush declined to relocate, maintaining his residence in Indianapolis. Thereafter, when the Reds were generally a non-contender in NL pennant races, the absentee club owner became a favorite target of local press critics, particularly sportswriter-editor Ban Johnson of the *Cincinnati Commercial-Gazette.*

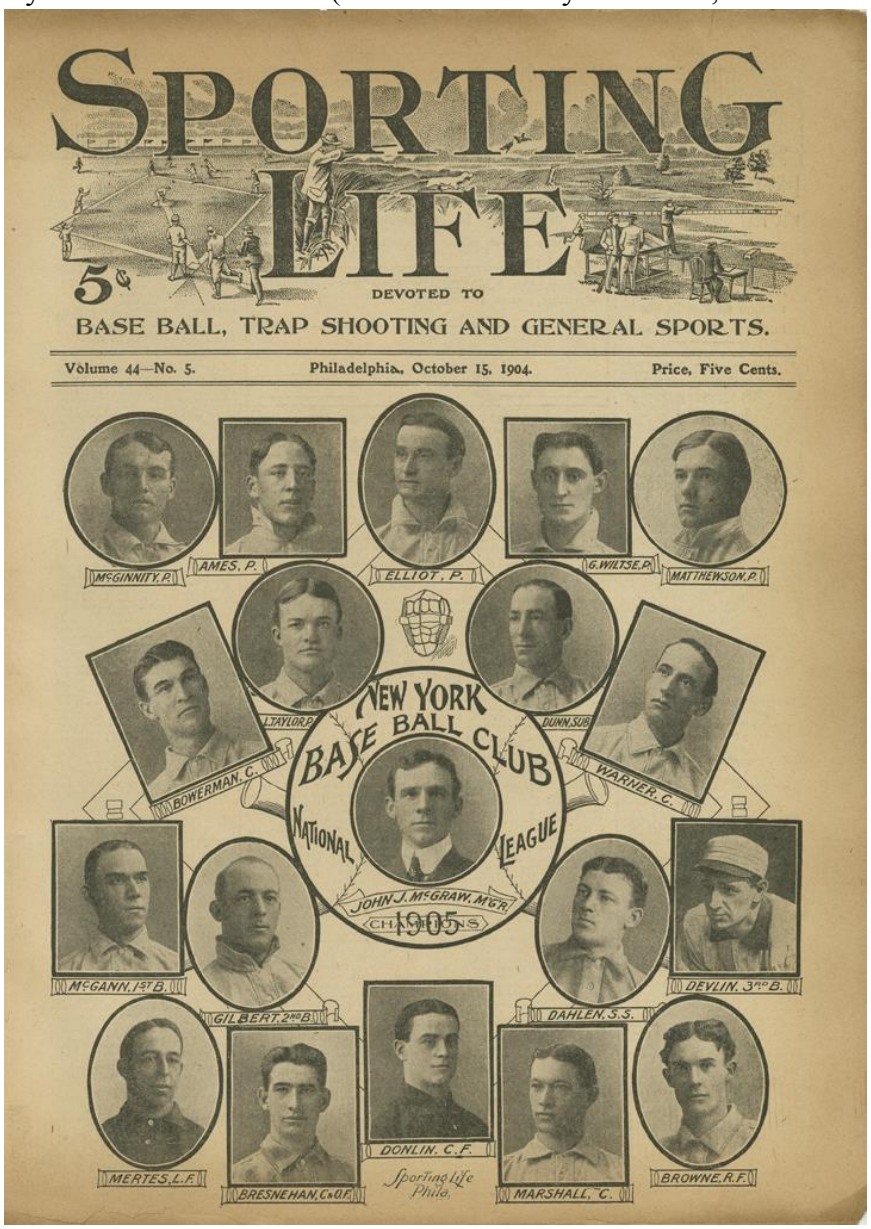
Harry Hempstead, son-in-law and eventual successor to John Brush

Brush's disappointment with the Reds was counterbalanced by new-found joy in his personal life. In 1894, Brush – his long-estranged first wife having died six years previously – married Elsie Boyd Lombard, a stage actress little older than his daughter Eleanor. A year later, the birth of baby Natalie increased the Brush household.[4] The vivacious Elsie was a natural hostess, and soon the Brush estate, named Lombardy in her honor, became a regular stopping place for theater stars, literary lions, and other celebrities sojourning in Indianapolis. Meanwhile, Eleanor Brush married an earnest Philadelphian named Harry Hempstead, a union that would soon provide John T. with a trusted business subordinate and two grandchildren. Aside from his underperforming ball club, Brush had only the onset of health problems to contend with.[5]

When the expiration of the Players League and American Association yielded the bloated 12-team National League of 1892, Brush became the leader of the "Little Seven" (Baltimore, Brooklyn, Cincinnati, Cleveland, Louisville, St. Louis, and Washington) faction of club owners. While he quietly worked at achieving their ends, the public image of John T. Brush took frequent hits. A master of backroom intrigue with fellow owners but guarded and often uncommunicative with the Fourth Estate, Brush was neither loved by players nor admired by sportswriters. "Chicanery is the ozone which keeps his old frame from snapping, and dark-lantern methods the food that vitalizes his bodily issues," intoned one critic.[6] Impervious, Brush did not much care about bad press.

After outsider Andrew Freedman gained control of the New York Giants in early 1895, Brush made

heavy-handed overtures toward buying Freedman out. The easily-offended Freedman, whose personal wealth vastly exceeded that of Brush, resented Brush's presumption, and the two men quickly became antagonists in NL owners ranks. They even reportedly came to blows in the tap room of the hotel where NL winter meetings were held one year.[7] But a Freedman-Brush detente was engineered in 1899 by Boston club boss (and minority Giants shareholder) Arthur Soden. Emerging from a private meeting at the Manhattan Democratic Club, Freedman informed the press that he and Brush had resolved their differences and would now act in concert.[8] The baseball world shuddered at the prospect.



While never becoming pals, Brush and Freedman developed a harmonious working relationship and collaborated on various fronts: elimination of syndicate club ownership; reduction of the National League to an eight-club circuit; the gutting of the American League Baltimore Orioles; the National Base Ball Trust scheme; the obstruction of AL efforts to place a team in New York, and lesser ventures.[9] Thus, when Freedman's interest in being a baseball club owner waned and he was ready to get out, Brush was his logical successor as boss of the New York Giants.[10]

On August 12, 1902, Brush assumed effective command of the New York Giants, appointed managing director of the club by president Freedman. Six weeks later, he was Giants boss in toto, having purchased Freedman's majority interest in New York Giants stock for $200,000,[11] a sum that Brush raised through sale of his Cincinnati Reds holdings to a consortium of local politicos.[12] Shortly thereafter, Brush entrusted operation of his commercial interests in Indianapolis to son-in-law Harry Hempstead, and relocated to New Rochelle in suburban Westchester (New York) County, a short train ride away from the Polo Grounds. He also took up rooms at the Lambs Club, a show business social club situated on Broadway.

At the annual off-season meeting of the National Exhibition Company, Brush was formally installed as New York Giants president. Simultaneously, son-in-law Hempstead and Ashley Lloyd, Brush's junior partner in the Cincinnati franchise and now a minority Giants shareholder, were elected to the club's board of directors. With fiery manager John McGraw already in the dugout, a compliant corporate board in place, and an able, experienced chief executive at the helm, the fortunes of the last-place (44-88) Giants were ready to skyrocket.

From 1903 through 1912, the New York Giants enjoyed great success: four National League pennants (plus a famous final game loss to the Chicago Cubs in 1908) and a 1905 World Series title[13] amid a decade of first division finishes. All the while, John T. Brush, a noted stickler for decorous diamond behavior and previously the author of lampooned and unenforceable player conduct standards,[14] privately reveled in the raucous on-field behavior of manager McGraw and his charges.[15] Wisely, he gave McGraw a free hand regarding diamond strategy, player acquisition and salary, and involved him in other operational aspects of club-running. McGraw was also consulted on policy and business-related issues. Not only did the formula produce winning baseball on the field, attendance at the Polo Grounds soared. In 1908, the Polo Grounds gate of 910,000 represented triple the figure of the 1902 season, and set a new National League attendance record that would stand until 1920.

During the decade of Brush-McGraw collaboration, the only real concern was the club boss's frailty. Starting in the early 1890s, Brush encountered increasingly serious health problems. More than once during his tenure as Cincinnati Reds president, he was not expected to survive. But John T. always managed to pull through. By the time he assumed command of the Giants, Brush, gaunt and usually grim-faced, looked well past his 57 years of age, and his use of his limbs had become limited. In time, he took to watching home games from the front seat of a chauffeur-driven limousine parked deep along the right field foul line. Throughout these years, treatment of Brush's condition was complicated by his refusal to take palliative but potentially-addictive medications. Often his pain was constant, and when accompanying the Giants on road trips, the intensely-disciplined club boss was given to playing solitaire through sleepless nights.[16]

As he came to grips with his approaching mortality, Brush had to deal with an unexpected crisis. On April 14, 1911, an early morning fire destroyed large portions of the 20-year-old Polo Grounds (nee Brotherhood Park). Brush wanted to rebuild the ballpark, replacing its charred wooden superstructure with modern construction materials, but had to weigh the costs (perhaps as high as $1 million) against the future financial needs of his family. Surging Giants' revenues made the money available, but Brush would not go forward with rebuilding plans unless wife Elsie approved. Happily for New York baseball, she did. And with New York Highlanders boss Frank Farrell magnanimously offering use of Hilltop Park to the Giants, the 1911 season got off without a hitch. Two months thereafter, the Giants were back home, playing in a new iron-and-steel ballpark, the iconic bathtub-shaped Polo Grounds IV, and heading toward the 1911 National League pennant.

A National League flag in 1912 was John T. Brush's last hurrah. As an accommodation to the visibly-failing Giants boss, the customary pre-World Series meeting of club representatives, officials, and league dignitaries was held at the Brush residence in New Rochelle where, among

other things, Brush reconciled with American League president and longtime adversary Ban Johnson.[17] Following a heart-breaking Giants loss to the AL champion Boston Red Sox, Brush presided over a hastily-convened meeting of the NEC board wherein Harry Hempstead was designated board chairman and club president-in-waiting. John T. then embarked upon a health-restorative railway trip to the West Coast. He never made it, dying outside Seeburger, Missouri on November 25, 1912. John T. Brush was 67. Baseball notables flocked to the Brush funeral in Indianapolis, none more grief-stricken than pallbearer John McGraw. "A gamer, braver man never lived," said McGraw.[18]

Endnotes

1. A second daughter named Adelaide did not survive infancy.

2. For more on the When Store, see *The Encyclopedia of Indianapolis,* David J. Bodenhammer and Robert G. Barrow, eds. (Bloomington, Indiana: Indiana University Press, 1994), 1424-1425.

3. J. Taylor Spink, "World Series Started with J.T. Brush Fire," *The Sporting News,* October 8, 1939. An informative unpublished profile of Brush by Indianapolis native Guy M. Smith contained in the John T. Brush file at the Giamatti Research Center concurs that Brush's desire to obtain the AA franchise was frustrated by Schwabacher. But in 1975, an elderly Natalie Brush maintained that her father was indeed the owner of the 1884 Indianapolis AA club. See Rick Johnson, "The Forgotten Indiana Architect of Baseball," *Indianapolis Star Magazine,* May 4, 1975.

4. For more on the domestic life of John T. Brush, see the BioProject profile of the Brush Family Women at www.sabr.org/node/26334.

5. As Brush's health worsened, he required first canes, and then a wheelchair, to get around. The sporting press readily identified the Brush ailment as locomotor ataxia. But its etiology – locomotor ataxia is almost always a manifestation of syphilis – was never mentioned in newsprint during Brush's lifetime.

6. Per the BioProject profile of John T. Brush by John Saccoman at www.sabr.org.bioproj/person/ a46ef165.

7. A barroom brawl between Freedman and Indianapolis theatrical agent Bert Dasher, a friend of John T. Brush, is well-documented. See e.g., *Sporting Life,* October 17, 1896, and February 23, 1907. But whether Dasher's pummeling of Freedman was payback for a Freedman assault on the physically-frail Brush is less certain.

8. See again, *Sporting Life,* October 14, 1899.

9. For more detail, see again, Lamb, "A Fearsome Collaboration."

10. In a superb dual biography of New York Yankees owner Jacob Ruppert and manager Miller Huggins, the authors posit that Ruppert had expressed interest in acquiring the New York Giants from Freedman as early as 1900, and thought that he possessed a right of first refusal if Freedman ever decided to sell the club. See Spatz, Lyle and Steve Steinberg, *The Colonel and Hug* (Lincoln, Nebraska: University of Nebraska Press, 2015), 47-48. And in a late-life interview, Ruppert maintained that he attempted to purchase the Giants long before he and Til Huston acquired the Yankees in January 1915. But no contemporaneous reference to a circa 1900 Ruppert interest in buying the Giants has ever been seen by the writer.

11. Some sources put the Giants purchase price at $150,000.

12. The new Reds owners were Cincinnati mayor and yeast company magnate Julius Fleischmann, his adventurer brother Max Fleischmann, Cincinnati Republican Party boss George B. Cox, and city water commissioner August "Garry" Herrmann. Any shortfall in the New York Giants purchase price demanded by Freedman was likely covered by Cincinnati pharmacy owner Ashley Lloyd, Brush's junior partner in ownership of the Cincinnati Reds and a trusted friend.

13. The first modern World Series was played in 1903 and adjudged a triumph by most baseball observers. But not John T. Brush and John McGraw, hardcore antagonists to any reconciliation with Ban Johnson's American League. When the Giants captured the National League pennant in 1904, Brush and McGraw disdained the post-season challenge of the AL champion Boston Americans, as detailed in Stark, Benton, *The Year They Called Off the World Series: A True Story* (Garden City, New York: Avery Publishing Group, Inc., 1991). Subjected to an avalanche of criticism, the pair reversed course the following post-season, with the Giants besting the Philadelphia A's in a famous all-shutouts World Series played under rules devised by none other than John T. Brush. With minor modifications, the Brush rules govern World Series play to this day.

14. Adopted by the National League in 1898 and commonly known as the Brush Resolutions, this 21-point code of player conduct was largely ignored and died from non-observance two years later.

15. As confirmed years later by McGraw himself, See McGraw, John J., *My Thirty Years in Baseball* (New York: Boni & Liveright, 1923), 176-177.

16. As per Sowell, Mike, *July 2, 1903: The Mysterious Death of Hall of Famer Big Ed Delahanty* (New York: Macmillan, 1992), 37.

17. Two months later, Johnson was a conspicuous presence at the Brush funeral, informing gathered press that he and Brush had "parted the best friends in the world. I am very glad that we had the opportunity to agree and forget what had been." *Sporting Life,* December 7, 1912.

18. *Indianapolis News,* November 27, 1912.

Next: The Hempstead Regency

Recently Published Research

This column highlights recently published articles on topics that may interest members of the Business of Baseball Committee. If you are aware of a source that publishes articles of interest to the readership, please alert me so that I can monitor it.

Hanssen, F. Andrew, Meehan, James W., and Miceli, Thomas, "Explaining Changes in Organizational Form: The Case of Professional Baseball," *Journal of Sports Economics*, Vol 17, 6 (2016), pp 523-57

In this article, we investigate changes over time in the organization of the relationship between Major League Baseball and minor league baseball teams. We develop a model in which a minor league team serves two functions: talent development and local entertainment. The model predicts different modes of organizing the relationship between majors and minors based on the value of these parameters. We then develop a discursive history. Consistent with the model's predictions, we find that when the value of minor league baseball's training function was low but the value of its entertainment function was high, major and minor league franchises operated independently, engaging in arms'-length transactions. However, as the training function became more important and the local entertainment function less important, formal agreements ceded control of minor league functions to major league franchises. Finally, as the value of local entertainment rose once again in the late 20th century, the two roles were split, with control of local functions accruing to local ownership and training functions to major league teams. This analysis helps shed light on factors that influence the boundaries of the firm.

Veri, Maria J., "Got Athletes?: The Use of Male Athlete Celebrity Endorsers in Early Twentieth-Century Dairy-Industry Promotions," *Journal of Sport History*, vol 43, 3 (Fall 2016), pp 290-305

The now-ubiquitous "Got Milk?" mustache campaign of the late twentieth century features a number of celebrity athlete endorsers in its print advertisements. As innovative as this campaign was, the use of athletes to promote dairy consumption among Americans was not a new marketing trend; the dairy industry has, in fact, sought out athlete endorsers and associations with sport and physical culture since the 1920s. In this paper, I examine the dairy industry's use of celebrity male athletic endorsers in milk-drinking promotions of the first half of the twentieth century. Through an analysis of photographs, posters, and print advertisements, I argue that the dairy industry's association with sport was intended to boost milk sales and ultimately shape a masculine discourse of health, fitness, and vitality around milk consumption.

Sims, Justin, and Addona, Vittorio, "Hurdle Models and Age Effects in the Major League Baseball Draft," *Journal of Sports Economics*, vol 17, 7 (October 2016), pp 631-660

Major League Baseball franchises expend an abundance of resources on scouting in preparation for the June Amateur Draft. In addition to the classic "tools" assessed, another factor considered is age: Younger players may get selected over older players of equal ability because of anticipated development. Additionally, Little League rules in effect until 2006 operated on an August 1–July 31 year meaning that, in their youth, players born on August 1 were the eldest in their cohort. We define a relative age to be how old a player was (in days) when the youngest player in their cohort was born. For example, a player born on July 31 would have a relative age of 1 day, whereas a player born on August 1 would have a relative age of 365 days. We examine the performance of high school (HS) players selected in the June Draft from 1987 to 2011. We find that more relatively old players are selected in the Draft. Conversely, both age and relative age have a significant negative relationship with the odds of reaching the major leagues. Given that a draftee reaches the majors, however, there is no difference based on age or relative age, as measured by games played, wins above replacement, and on-base plus slugging percentage. Had the draft market operated efficiently, neither relative age nor age on draft day would have captured additional variation in performance after controlling for draft position and other factors. We conclude that teams have undervalued both young and relatively young HS players.

Scelles, Nicolas, Helleu, Boris, Durand, Christophe, and Bonnal, Liliane, "Professional Sports Firm Values: Bringing New Determinants to the Foreground? A Study of European Soccer, 2005-

2013," *Journal of Sports Economics* vol 17, 7 (October 2016), pp 688-715

Since 2004, Forbes has proposed a list of the most valuable soccer clubs. One year later, Transfermarkt began to estimate European soccer players' value. This article estimate the determinants of firm values in European soccer over the period 2005-2013 incorporating player valuations, clubs' operating income, and new ownership, three variables not included previously. The results of this study demonstrate that these variables are significant factors in club valuations. More generally, club assets including stadium age, club ownership type, supporter numbers and income, and past sports performances all have a significant impact.

Coates, Dennis, Frick, Benrd, and Jewell, Todd, "Superstar Salaries and Soccer Success: The Impact of Designated Players in Major League Soccer," *Journal of Sports Economics* vol 17, 7 (October 2016), pp 716-735

This study estimates the relationship between production and salary structure in Major League Soccer (MLS), the highest level of professional soccer (association football) in North America. Soccer production, measured as league points per game, is modeled as a function of a team's total wage bill, the distribution of the team's wage bill, and goals per game. Both the Gini coefficient and the coefficient of variation are utilized to measure salary inequality. The results indicate that production in MLS is negatively responsive to increases in the salary inequality; the estimation model with the best fit uses the coefficient of variation to measure dispersion. Furthermore, MLS teams appear to be constrained in their choices of salary inequality by the salary cap and other regulations.

Buechel, Berno, Emrich, Eike, and Pohlkamp, Stefanie "Nobody's Innocent: The Role of Customers in the Doping Dilemma," *Journal of Sports Economics* vol 17, 8 (2016), pp 766-89

Customers who boycott an organization after some scandal may actually exacerbate the fraud problem they would like to prevent. This conclusion is derived from a game-theoretic model that introduces a third player into the standard inspection game. Focusing on the example of doping in professional sports, we observe that doping is prevalent in equilibrium because customers undermine an organizer's incentives to inspect the athletes. Establishing transparency about doping tests is necessary but not sufficient to overcome this dilemma. Our analysis has practical implications for the design of anti-doping policies as well as for other situations of fraudulent activities.

Chung, Jigyu, Lee, young Hoon, and Kang, Joon-Ho, "*Ex Ante* and *Ex Post* Expectations of Outcome Uncertainty and Baseball Television Viewership," *Journal of Sports Economics* vol 17, 8 (2016), pp 790-812

Sporting event attendance is determined by *ex ante* expectations about the quality of the game, but because changing television channels costs nothing, sporting event viewership is influenced by actual game progression. This implies that demand determinants for televised baseball may change as games progress. This study examined the dynamic relationship between demand for televised baseball games and the uncertainty of outcome hypothesis (UOH). In particular, we analyzed inning-varying coefficients in a television rating regression equation. According to our empirical study, there are large dynamics in TV viewership demand for sports events and the marginal effects of factors on viewership changes significantly as innings progress. The estimation results can be summarized as (1) the UOH was shown to be significant not only statistically but also economically; (2) although ex ante variables were more effective in earlier innings and *ex post* variables were more effective in later innings, we found that ex ante expectations of outcome uncertainty remain significantly influential in later innings; and (3) after the matchup, the ex ante game quality is the second most significant factor among the examined effects on ratings.

Weinberg, Daniel H., "Talent Recruitment and Firm Performance: The Business of Major League Sports," *Journal of Sports Economics* vol 17, 8 (2016), pp 832-62

Firms rely heavily on their investments in human capital to achieve profits. This research takes advantage of detailed information on worker performance and confidential information on firm revenue and operating costs to investigate the relationship between talent migration and firm profitability in major league sports, one of the few

industries in which detailed information about the past performance of each individual worker (athlete) is known to all potential employers. I use confidential microdata from the 2007 Economic Censuses, and from the 2007 and 2008 Service Annual Surveys to investigate the link between individual worker performance and team profitability, controlling for many other aspects of the sports business, specifically taking account of the mobility of athletic "stars" and "superstars" from one team to another. The investigations in this article provide limited support for the hypothesis that hiring talented individuals (stars) will increase a firm's profit. However, there is no convincing support for the incremental benefit of hiring superstars. The peculiar characteristics of major league sports suggest that these results are probably not generalizable.

Frost, Lionel, Lightbodyk Margaret, Carter, Amanda, and Halabi, Abdel K., "A Cricket Ground or a Football Stadium? The Business of Ground Sharing at the Adelaide Oval Before 1973," *Business History*, vol 58, 8 (December 2016), pp 1164-82

Before 1973, cricket and Australian Football used the Adelaide Oval for major games during their respective seasons. Football's popularity as a spectator sport prompted its organizing body to seek to build an improved stadium, but cricket authorities controlled the asset and acted to maintain its specialized character as a cricket ground. A case study of how the gains from a shared capital good are negotiated when asset controllers and users have different objectives is provided. A series of counterfactual scenarios based on football remaining at the Oval is constructed from archival sources and their outcomes projected based on data in financial reports.

Jensen, Don, "A Base Ball Krank's Guide to Madison Square," *Baseball: A Journal of the Early Game*, vol 9, (2015), pp 5-27

Madison Square, formed by the intersection of Fifth Avenue and Broadway at 23rd Street in Manhattan, is fashionable today after more than a century of decline, though it still does not gleam as brightly as it did during the Gilded Age. The once strong association in the popular mind of the neighborhood with baseball off the field has long faded. But for a generation beginning in the 1880s the Square boasted an ambience that sometimes was compared to that of Paris-a mix of stately homes and establishments of elegant entertainment peppered with typically New York signs of ostentation and the huckster. One could dine at the finest restaurants, enjoy the very best theater, and stay at some of the most luxurious hotels and clubs in New York in a neighborhood barely recognizable from the "open and useless field" where the Knickerbocker and Gotham Clubs had played an early version of baseball more than four decades before.

Krell, David, "Morgan Bulkeley: Founding Father or Figurehead?" *Baseball: A Journal of the Early Game*, vol 9, (2015), pp 45-52

Largely to the consternation of 19th century baseball enthusiasts, the Hall of Fame inducted Bulkeley in 1937, the year of its second class, which included John McGraw, Nap Lajoie, and Cy Young. Bulkeley, owner of the Hartford Dark Blues, arguably does not belong in Cooperstown, especially because 19th century icons Charles Ebbets and Charley Byrne of Brooklyn, among others, do not yet have a plaque indicating their invaluable contributions to the National Pastime.

Lamb, Bill, "Ashley Lloyd: A Modest but Constructive Presence in Baseball's Executive Chambers," *Baseball: A Journal of the Early Game*, vol 9, (2015), pp 82-89

Like the hotel wallpaper, Ashley Lloyd was little-noticed at the National League meetings that he regularly attended as a front office executive and minority-interest baseball club owner. Now a century later, Lloyd is virtually forgotten, with his name mentioned only in passing, if at all, in most histories of the Cincinnati Reds and New York Giants, the teams that he was associated with for more than 30 years. This is in keeping with the low public profile that Lloyd maintained throughout his life. About the only significant newsprint attention ever paid to him came in late 1912, when Lloyd assumed the post of co-executor of the estate of recently deceased Giants boss John T. Brush, his longtime friend and senior baseball partner. Yet despite relative anonymity, Lloyd was not unappreciated by baseball insiders. When Lloyd himself died a dozen years later, the National League officially expressed its regrets on the passing of the quiet man who "was the balance

more than once that stood between extreme radicalism and extreme conservatism" in NL councils,1 while one syndicated sports pundit described Lloyd as "one of the league's staunchest and sanest advisors."

Ahrens, Art, "Challenging Sunday Baseball in Old Chicago," *Baseball: A Journal of the Early Game*, vol 9, (2015), pp 130-144

Fans in the 21st century might find this hard to fathom, but there was a time several generations back when playing professional ball on Sundays was a subject of heated debate. Having not yet been fully exorcised, the specter of New England puritanism hovered over Victorian America like a somber fog, spreading its pall of gloom wherever it still could, and that included baseball. A large and vocal portion of the Protestant clergy, although probably not a majority, looked upon Sunday ball as an affront to the Lord's Day, if not an out-and-out sacrilege. And professional baseball, young and struggling, was in no position to be brandishing swords of defiance.

Carroll, Brian, "The Bubbling Motor of Money: Calvin Jacox, the Norfolk Journal & Guide and the Integration of Tidewater Baseball," *Black Ball: A Journal of the Negro League*, vol 8, (2015), pp 25-44

This paper seeks to reveal, examine, and understand the role of black sportswriter Cal Jacox in chronicling and promoting baseball's integration in the Tidewater (Va.) region in the 1950s. For a quarter-century the sports editor for the Norfolk Journal & Guide, Jacox proved a crusader in the fight against discrimination, writing about and helping to foster Black sports and athletes before, during and after integration, to quote his plaque at the Virginia Sports Hall of Fame & Museum.

Huberty, Lana L., Kellison, Timothy B., and Mondello, Mike, "Fan Mobilization and Minnesota Sports-Stadium Campaign," *International Journal of Sport Communication* vol 9, 2 (2016), pp 191-208

As state- and local-government subsidies to professional sport organizations have increased over the past 3 decades, economic arguments have been crafted to justify these subsidies, such as Crompton's claims of increased community visibility, enhanced community image, stimulation of other development, and psychic income. The purpose of this study was to examine the public relations strategy of a professional sport organization campaigning to secure public funding for a new stadium. Specifically, the authors focused on the use of press releases by the Minnesota Vikings, a National Football League team, over the 3 seasons preceding the completion of their successful sport-stadium campaign. This study was timely in that these press releases were from 2010, 2011, and 2012 and the new Vikings stadium grand opening is set for 2016. Through a qualitative analysis, the authors identified the arguments made by the team to gamer support for the stadium plan during the Vikings' campaign. In all, 71 press releases were collected, examined, and coded by investigators. Findings are discussed to provide insight into these 4 alternative justification arguments.

Greenham, Craig "Snowed: How MLB and the MLBPA Mishandled the Cocaine Problem of the 1980s," *Sport History Review*, Vol 47, 1 (Spring 2016)

The current reputation of Major League Baseball (MLB) has been tarnished by the performance-enhancing drug (PED) controversy that sullied individual feats and called the integrity of the sport into question. Recently retired Commissioner Bud Selig's stewardship (1992-2015) has been widely criticized – first, for being the inattentive watchman whose blind eye and lack of vigilance caused the sport and its most hallowed records to be corrupted by pharmaceutically enhanced players, and second, for the witch hunts conducted under his leadership once he recognized that future baseball historians might sum up his legacy and contributions as simply "steroid-era commissioner." With each passing season, new allegations scandalized some of the game's biggest stars, and writers, vested with the holy responsibility of Hall of Fame inductions, have assumed the moral duty of keeping the baseball shrine steroid-free, or at least as free from PEDs as possible. Authors have stoked public fascination and disdain for the state of the game with bestselling books that chronicle the presence of rugs in American's national pastime. This controversy cast a large pall over the sport, but steroids are not the only illicit drug in baseball's past, and Selig was not the first baseball commissioner to have a drug infiltration detract

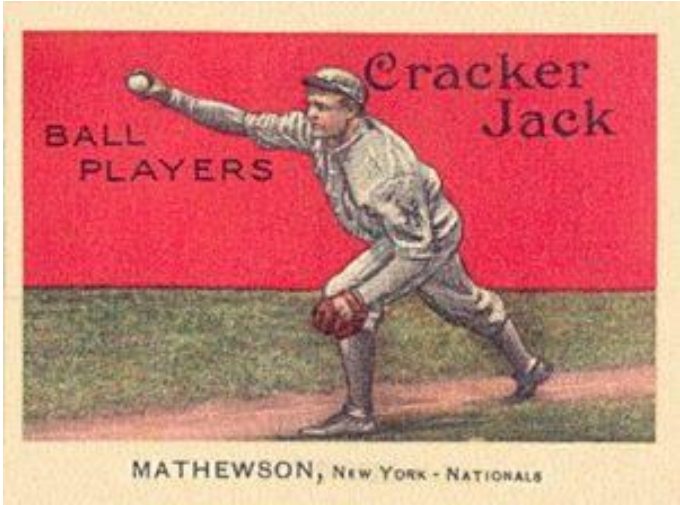
from his contributions to the game. In many ways, the responsibility for the steroid era rests at the feet of Selig's predecessors.

Webb, Daryl "Keep Pro Baseball: The Aberdeen Pheasants Baseball Team, 1946-1971," *South Dakota History*, Vol 46, 2 (Summer 2016), pp 141-69

"'Keep Pro Baseball': The Aberdeen Pheasants Baseball Team, 1946–1971," tells the story of the city's link to "big-league" baseball. The community's pride in its team was on full display in June 1964, when the Baltimore Orioles played an exhibition game with their minor-league affiliate in Aberdeen, which went on to win that year's Northern League championship. Although the Pheasants had a core of dedicated fans, waning interest in minor-league baseball spelled doom for the Northern League in 1971.

Lauermann, John, "Temporary Projects, Durable Outcomes: Urban Development through Failed Olympic Bids?," *Urban Studies* vol 53, 9 (July 2016), pp 1885-1901

However it may be defined, urban 'development' typically implies the production of durable legacies. Yet these legacies are often planned through contingent, temporary projects. The role of temporary projects in implementing urban development is often interpreted in linear fashion: projects are viewed as isolated events which incrementally work toward already-existing development agendas. I argue instead that temporary projects play a recursive role in development planning: interpreted as a series of interlinked projects, they not only support but also redefine agendas for durable development. I focus on one type of temporary project: (failed) bids to host the Olympics, which I assess through a comparative 20-year sample of bids and through case studies of failed bids in Doha (Qatar) and New York (USA). I show that event-led development planning leverages project contingency and policy failure to construct long-term development agendas, as cities bid multiple times and recycle plans across projects. The paper contributes to debates over the long-term impacts of speculation and experimentation in urban governance, by assessing the role of contingency in urban politics. Temporariness is an asset in urban politics which can be used to mitigate risk in speculative development planning: since Olympic bids often fail to secure hosting rights, references to the possibility of failure can insulate project planners from critique.



Team Ownership Histories Project -- A subset of Bioproject and the Business of Baseball Committee

By Andy McCue

The Team Ownership Histories project aims to produce a complete history of every franchise's owners and major financial milestones. They will include profiles of owners, managing general partners and other large players. They will discuss both abortive and successful campaigns for new stadiums and possible franchise moves, whether completed or not, and their reasons. They need not include any information about a team's performance on the field except for how it affects the team's financial standing. General information on financial health is desirable, if obtainable.

Full attendance data for any franchise can be supplied and finished team histories are available as a loose model. If you are interested, there is a list below of the taken and available franchises. Please contact me at agmccue44@earthlink.net.

The project to write complete ownership histories for every existing major league franchise is making progress.

Two teams, the Dodgers and the Arizona Diamondbacks, are ready to be published.

Three teams, the Boston Braves, the New York Giants and the New York Yankees are with the

copy editor and should be available for publishing soon.

One team, the Boston Red Sox, is in the revision process.

Once we have all six of these finished, we will begin to establish a website to publish these stories, tied in with both the Business of Baseball Website and the BioProject website.

The majority of other teams have been assigned and members are doing the research and the writing.

Still available are:

Milwaukee Brewers
Milwaukee Braves or
Atlanta Braves (or both together)
Florida/Miami Marlins
Montreal Expos or
Washington Nationals (or both together)
San Diego Padres
Philadelphia Phillies
Pittsburgh Pirates
Cincinnati Reds from '68 to the present
Colorado Rockies
Los Angeles/California/Anaheim/Los Angeles Angels
Houston Colt .45s/Astros
Toronto Blue Jays
Washington Senators (1961-1971)
Kansas City Royals
Tampa Bay Devil Rays/Rays

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A Call for Submissions

The Business of Baseball Committee has more than 700 registered members. We are sure many of you are doing research that would be of interest to your fellow SABR members. Please consider sharing your work in the newsletter, which is especially well suited to preliminary versions of work you may wish to publish elsewhere. *Outside the Lines* is an excellent outlet for the publication of your research on any topic of baseball that occurs "outside" the playing field. Submissions can be directed to Mike Haupert at mhaupert@uwlax.edu.

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The Effect of Television Revenue of Team Payroll in Major League Baseball

By

Aaron Thorn

I. History of Television in MLB

Television has only been around for the last 77 years of professional baseball's history, but has had a significant impact in the process. The first-ever televised game was in May of 1939 when Princeton University played Columbia University. Just three months later, the Cincinnati Reds and the Brooklyn Dodgers played in the first-ever televised professional baseball game. At the time, getting baseball on television was a great achievement for the game and could help it grow as an industry. The television industry has grown very rapidly and for that reason, Major League Baseball (MLB) has benefited. All MLB teams benefit from two different types of television contracts throughout the course of a year. National contracts are handled by MLB league offices. Currently, MLB has contracts with ESPN, TBS, and FOX, all from 2014-2021 and totaling $12.1 billion. Annual revenue gets split evenly between all thirty teams. The other kind of contracts are local television contracts, which are signed between a single team and a broadcast partner for a specified duration of years and number of games per year. The value of these contracts has greatly increased as the demand for television has grown.

When televised baseball started, nobody was sure how long the new phenomenon would last. A *New York Times* article from May 18, 1939 complained that "players are like flies" and that "the ball was seldom seen." The fuzziness of the television set made the game difficult to follow, leading to questions about its holding power. What few teams did broadcast games in those early days of television usually signed a contract with a station as well as a sponsor. For example, in 1948, the New York Giants sold their television rights to the Liggett & Myers Tobacco Company, and the Brooklyn Dodgers sold their rights to the Ford Motor Company and Lorillard Tobacco, which advertised their Old Gold cigarettes. The television industry has grown and evolved. No longer is it the norm to contract directly with advertisers. Instead, most teams and leagues sell their rights to an

intermediary – a broadcaster or cable channel, which then pays for the purchased rights by selling advertising.

Eventually, large cable channels purchased the television rights from teams because they could broadcast more games than traditional channels. When teams sold their rights to broadcast networks, they would only show about half the games throughout a season. Sport specific cable channels, or Regional Sports Networks (RSN), are capable of broadcasting almost an entire season's worth of games for a sports team. By expanding the television schedule, these channels are able to sell more premier advertising time and increase their profits. Fox Sports currently has twenty-one RSNs across the United States and is still able to use the parent channel for important match-ups. When these RSNs negotiate a contract with teams, it is based on the size of the regional television market, which can greatly affect these deals. Since television markets are a product of the city's population, large market teams benefit the most from these contracts.

At first, these deals were not overwhelming, but could cover a team's payroll. But by the 1980s rights fees started to increase quickly. In 1982 only three teams had annual local television revenues eclipsing $10 million. The Yankees received $11.5 million, up 71.4% from what they received the year prior. Thirty years later, the Yankees were up to $165 million, a growth of 1335% (or an annual growth rate of 27.1%). Table 1 helps illustrate how these contracts have grown throughout the years. It's clear to see they were not very significant to start, but when RSN's took hold, television revenues increased greatly.

When comparing the average numbers to the maximums, it is simple to see the impact a large market can have. Teams around the average are at a clear disadvantage not only when it comes to television revenue, but also with payroll. Television money is accused of decreasing competitive balance around the league. While large market teams are able to spend their extra revenue on players, small market teams must adjust to have success. This is evident in team tactics such as the Moneyball approach.

The Yankees were notorious for buying the best players and turning that into on-field success. At the turn of the century when the Yankees won four World Series in a five year span, Commissioner Bud Selig felt baseball was not competitively

Table 1: Real Team Television Revenue and Payroll Maximums and Averages

	Team Payroll		Team Local Television Revenue	
Year	Maximum	Average	Maximum	Average
1946	**$2,615,276**	**$2,083,393**	**$1,825,133**	**$532,645**
1950	**$2,706,001**	$2,124,986	$1,918,605	$1,039,742
1952	**$2,114,576**	$1,598,845	$2,184,557	$1,051,999
1953	**$2,307,080**	$1,623,321	$2,336,449	$1,201,515
1954	**$2,509,754**	$1,611,104	$2,511,161	$1,319,348
1955	**$2,420,530**	$1,717,444	$2,938,760	$1,443,583
1956	**$2,504,338**	$1,727,959	$3,874,172	$1,668,762
1976	**$3,604,601**	$2,068,095	$3,512,469	$1,988,537
1977	**$5,771,160**	$3,254,769	$3,299,786	$1,875,628
1978	**$7,240,110**	$3,897,223	$3,679,853	$1,727,264
1979	**$6,863,580**	$3,881,352	$4,133,940	$1,683,532
1980	**$7,372,451**	$4,407,920	$4,248,604	$1,773,330
1981	**$8,519,053**	$5,238,823	$4,398,988	$1,750,032

1982	**$10,968,990**	$6,328,224	$6,735,751	$2,306,826
1983	**$11,646,260**	$7,371,650	$11,546,185	$3,562,074
1984	**$11,033,301**	$7,885,552	$11,260,828	$3,803,825
1985	**$14,310,453**	$9,807,858	$13,011,152	$4,121,545
1986	**$15,958,290**	$10,695,238	$14,142,336	$4,811,964
1987	**$15,037,160**	$9,392,718	$15,404,930	$5,254,899
1988	**$15,984,068**	$9,660,882	$14,370,245	$5,130,655
1989	**$17,406,581**	$10,840,061	$25,161,290	$7,077,489
1990	**$18,266,064**	$13,360,103	$34,736,037	$8,968,431
1991	**$24,693,465**	$17,794,182	$33,333,333	$8,606,270
1993	**$29,654,787**	$22,174,846	$32,525,952	$9,497,518
1994	**$30,219,524**	$21,610,475	$31,713,900	$8,838,000
1996	**$33,262,823**	$20,934,261	$35,054,175	$9,219,646
1998	**$43,195,174**	$25,942,339	$32,208,589	$11,626,994
2000	**$53,971,115**	$33,110,153	$31,939,605	$11,132,619
2001	**$63,403,243**	$37,329,522	$33,314,512	$12,234,143
2013	**$90,930,713**	$39,185,720	$165,264,423	$28,559,087
2014	**$101,853,680**	$43,452,553	$162,625,665	$36,127,303
2015	**$97,186,905**	$51,763,667	$162,433,550	$37,627,293
2016	**$222,997,792**	$126,064,007	$204,000,000	$53,482,759

All values adjusted for inflation, base year 2016

Sources: TV revenue: various Broadcasting and Cable issues, Post War Yankees, 1958 Senate Hearings, and articles from New York Times, Washington Post, and Fangraphs. Payroll: USA Today, Post War Yankees, 1951 House Committee on the Judiciary of Organized Baseball and BaseballChronology.com.

balanced and assembled the Blue Ribbon Panel to determine if and why there was a competitive imbalance. The Panel concluded that without a financial constriction, such as a salary cap, there would be many teams that are much weaker than the others.

The league has taken some steps to help the small market teams. In the Collective Bargaining Agreement (CBA) in effect through 2016, a third of each team's local television revenue goes into a pool and is distributed evenly per the current revenue sharing agreement. While this has eased the financial burden slightly for some teams, it still does not make a large impact. The one-third of the Los Angeles Dodgers local revenue that will be going into the pot in 2016 is larger than the entire local television revenue of 23 teams.

There has been little written in the economics literature about the effect of television revenue on team payroll. Craig Edwards of *Fangraphs* looked at the effect of television market size, attendance, and revenue on team payroll, and found that the prior year's attendance had the highest correlation. Staudohar and Dworkin (2002) and Friedman (2003) reviewed the local and national television deals and concluded there was not enough revenue sharing to make the league competitive. Cave and Crandall (2001) examined the television industry and its effect on television rights for teams. Their analysis found that owning sports rights can greatly increase revenues, as they can be split and sold to

numerous companies for large amounts. Many have written on the impact revenue sharing can have on leagues, including Fort and Quirk (1995), Késenne (2005), and Chang and Sanders (2009). Fort and Quirk believe that splitting local revenue, such as gate revenue, would increase competitive balance, while Késenne and Chang and Sanders conclude that revenue sharing has a negative effect on the league.

II. Statistical Analysis

Many factors influence team payrolls, but in this research I focus on television revenues. The large market teams can now receive enough television revenue to more than cover their substantial payrolls, while small market teams must figure their budget differently. Other factors that influence payroll include population and how well the team played the prior year.

For example, the 2012 Houston Astros finished with a .340 winning percentage. The next year they had an opening day payroll of $18.8 million, dead last in MLB, and slightly more than half of the next highest team. As the Astros improved, their payroll grew to $94.9 million by the start of 2016. Population is straight forward. Teams in more populous areas have larger potential fan bases, which lead to a larger television market audience, which benefits the team in contract talks.

For this research, television data was collected through various issues of *Broadcasting and Cable*, 1958 Senate hearings, and articles from the *New York Times*, the *Washington Post*, and *Fangraphs*. Data were also found in David G. Surdam's book *Post War Yankees,* and in a paper by Fort and Quirk (1995). Some of the reported contracts were multi-year deals that gave only the total value of the contract. For these contracts, the totals were averaged over the life of the contract. This data set includes revenue from 1946, 1950, 1952-56, 1976-91, 1993-94, 1996, 1998, 2000-02, and various multi-year deals from 2003-2015. 2016 revenue was collected by *Fangraphs*.

Metropolitan population data for the mentioned years were collected from various U.S. Census statistical abstracts. When only decade numbers were available, constant growth was assumed through the ten-year period. Population data for 2011-2016 are estimates from the U.S. Census.

Payroll data were also gathered. Payrolls from 1988-2016 are from the USA Today database. Data prior to 1960 were found in Surdam's *Post War Yankees* and the 1951 House Committee on the Judiciary of Organized Baseball. Team payrolls from 1976-1987 were collected from the research done at BaseballChronology.com. The team's win percentage from the prior year was gathered from baseball-reference.com.

In order to identify the role of television on payroll, I run a simple OLS regression using the following model:

Team Payroll = Television revenue + Population + Win Percentage $_{t-1}$

Table 2: Regression results		
	R^2	0.493365907
Variable	***Coefficients***	***t Stat***
TV Revenue	0.778586911	23.23425282
Population	-0.208424301	-1.60778194
Win%	23310476.86	3.763289555

The results (Table 2) suggest that these three variables explain 49.3% of the variation in payroll. Television revenue and lagged win percentage were found to be significant. The coefficient for television revenue shows that each additional dollar of TV revenue leads to a payroll increase of $0.78. With this large increase, it is no surprise why large market teams tend to have the largest payrolls and sign the best players. The size of each team's television market and deal can have large ramifications for the team's payroll. If the Seattle Mariners were to take 78% of their television money from 2016 and only use that to cover their payroll, they would still have a higher payroll than the Tampa Bay Rays.

When looking at a team's lagged win percentage, each win leads to a $163,173 increase in payroll the following season. So, if a team improves by ten wins this year we should expect payroll to increase by approximately $1.6 million next year, *ceteris paribus*. As teams win more, they are more willing to spend money on players who will help them to continue to improve.

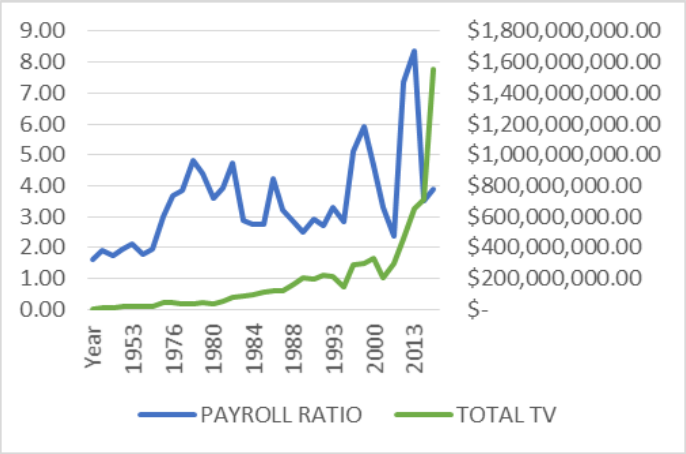
The Yankees and Dodgers are examples of teams that take advantage of these two factors. With their

large television contracts and competitive teams, they will put more of their revenue toward payroll. Meanwhile, teams like the Rays and Athletics try to be competitive, yet maintain a small payroll because they do not have the TV revenue to supplement them.

III. The Impact of Television Revenue on Competitive Balance

The issue of competitive balance is always relevant in sports. In baseball, it is of particular importance because of the wide difference in television revenue and the absence of a salary cap, which leads to huge variances in payrolls. As Figure 1 shows, the gap between the highest and lowest payrolls has grown as the size of television revenue has increased. MLB and the Player's Association have never been able to come to an agreement on salary caps, as it would radically change the labor market and distribution of revenues. It is always a talking point in their CBA negotiations, but it is currently unlikely to change. It is expected that salaries will continue to increase as television revenues and payrolls continue to increase.

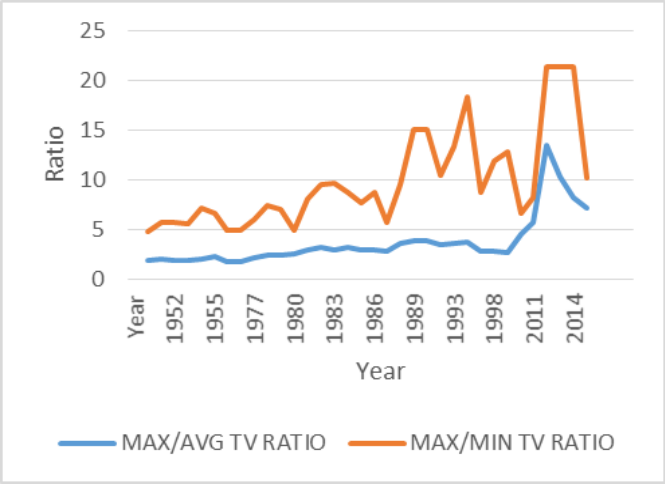
Figure 1: Max/Min MLB Team Payrolls and Total Local TV Revenue



The advancement of technology is a key to the recent escalation of MLB television rights fees. The creation of on-demand television and the ability to time-shift broadcasts has allowed users to record and watch television at any time. This obviously presents a problem for advertisers. When viewers have the capability to fast forward and skip commercials, advertisers do not reach their designated target, reducing the price they are willing to pay. Most recorded shows are sitcoms or dramas that do not have to be watched when originally aired. This has led to an increase in the demand for advertising slots on live television events, predominantly sports, which are time-shifted less often. Advertisers are more confident putting money toward advertising on television programs that will be viewed at the time they air because the commercials must be watched.

Although this has allowed revenue to increase around the league, not every team's revenue is increasing at the same rate. Figure 2 illustrates the ratio of highest to lowest and average television revenue since 1946. Small market teams have had a difficult time increasing their television revenue, although the demand of the sport on television seems to be at an all-time high. This difference between television revenue from team to team makes an impact when it comes to competitive balance.

Figure 2: MLB Local Television Revenue Ratios



Teams in larger markets are benefiting financially from these contracts more so than small market teams and it is making a huge difference during the Hot Stove season. In 2001, the Rangers signed Alex Rodriguez to a contract that was the largest in professional sports history at the time. This signing was made possible by a new television contract they had just signed for $300 million over 15 years. A similar situation also occurred with the Angels in 2011. Within days of each other, the Angels signed a 20-year television contract worth $3 billion and stole the show at the MLB Winter Meetings by signing top free agents Albert Pujols and CJ Wilson to contracts totaling nearly $320 million. And just this past off season the Arizona Diamondbacks stunned the baseball world by signing Zack Grienke, who was considered one of the two top

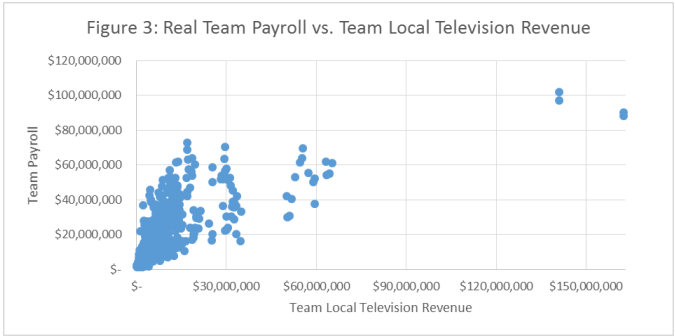
free agents in the market, to a contract that will pay him an average of $34.4 million per year for the next six years, the highest average in MLB history. Eleven months earlier they signed a new television deal with Fox Sports Arizona that will pay them an average of $75 million per year for twenty years. Signing this television deal ensured a source of guaranteed revenue for the Diamondbacks, providing them the financial resources to pursue top tier free agents like Grienke.

Table 3: 2016 MLB Television Revenue		
Rank	Team	Revenue
1	Los Angeles Dodgers	$204,000,000
2	Los Angeles Angels	$118,000,000
3	New York Yankees	$98,000,000
4	Boston Red Sox	$80,000,000
5	Seattle Mariners	$76,000,000
25	Milwaukee Brewers	$24,000,000
26	Kansas City Royals	$22,000,000
T27	Miami Marlins	$20,000,000
T27	Colorado Rockies	$20,000,000
T27	Tampa Bay Rays	$20,000,000

The Los Angeles Dodgers have taken all of the headlines recently with respect to television money. In early 2012, the Dodgers were sold for $2 billion. One year later, the new owners sold Dodger television rights to Time Warner Cable SportsNet LA for $8.35 billion. The average annual value of that deal is $335 million, more than the payroll of any team in the history of American sports. The Dodgers have taken advantage of this income as they have had one of the highest payrolls in the sport since signing that deal. The increased revenue has allowed them to take on dead-weight contracts to gain better talent and expand their front office and international scouting departments. Most small market teams do not get this opportunity because they have to use additional sources of revenue just to maintain their level of payroll.

While it has allowed some smaller market teams to capitalize on the market, there is still a wide disparity in team television revenue. Table 3 shows estimated 2016 team television revenue of the top and bottom five teams. This table highlights this disparity and puts into perspective the disadvantage faced by small market teams. Miami, Colorado, and Tampa Bay are tied for last in revenue for 2016 and will receive less than 10% of the amount the Los Angeles Dodgers will receive. Put another way, the entire television package for Kansas City amounts to less than two-thirds of Zack Grienke's salary this year. Grienke broke in with the Royals in 2004.

The Dodgers had the second highest opening day payroll in 2016 at $221 million, while the Rays had the lowest payroll at $57 million. For many years the teams with the highest television revenue have had the highest payrolls. When the Yankees won those four World Series titles from 1996 to 2000, they had the highest payroll in three of those four years. They were able to spend that extra revenue to afford high profile players who would propel their team to the playoffs and the World Series. Having the extra money can make an enormous difference when teams try to acquire talent. For that reason, many teams with the large television deals will also have large payrolls to fulfill their talent needs.



Television revenue has increased rapidly in the last two decades. Figure 3 presents team payrolls plotted against team local television revenue since 1946. It is clear there is a positive correlation between payroll and television revenue. Each team will use their revenues differently, but if teams use 78% of their television money toward payroll, this will create an obvious imbalance. This puts the large market teams in a good position, while small market teams must adapt and find ways to overcome this difference to level out the playing field. Since they cannot capitalize on a large television contract, small market teams run their baseball operations differently because they are usually unable to afford the valuable free agents.

While there is unlikely to be a change to the CBA regarding salary caps, a change in revenue sharing may well occur. As this financial gap between

teams widens, the league must try to remain competitively balanced by increasing the amount of revenue sharing by teams. As teams are signing new television contracts, the amount of revenue will continue to rise as it becomes more and more valuable. However, teams such as the Atlanta Braves, who signed a long-term contract in 2007 for $20-30 million, and the Colorado Rockies, whose deal pays them $20 million a year until 2020, will be left in the dust without revenue sharing as their deals become outdated. The Braves were able to rework their original deal and add another $500 million to the life of their contract. As more deals become outdated, small market teams will need the extra financial assistance in order to put a competitive team on the field.

IV. Conclusions

While television revenue has greatly impacted team's payrolls, it has also impacted the competitive balance in MLB. Teams are taking advantage of their extra money to put it toward a winning product, while others are trying to stretch every dollar of their budget to do the same. As these television contracts continue to climb, more and more teams are struggling to keep up, and some are even incapable due to their market size. In order to reduce the significance of television contracts, the next CBA will need to have new revenue sharing requirements. As long as teams can continue to sell their own rights and even own their own RSN, MLB should expect larger market teams to reap financial success and likely on-field success. Without some sort of revenue sharing, MLB will have to get creative to bridge the gap between large and small market team revenue streams to help rebalance competition.

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100 Years Ago

Birth of a Dynasty: Hilldale Turns Pro

By Michael Haupert

On October 15, 1916 a ballclub largely unknown outside of the Philadelphia area determined that it was ready to make the jump from a co-op town team to a fully professional organization. The move was a gamble, both financially and professionally, but under the sure guidance of Edward Bolden, it turned out to be one of the great business decisions in black baseball history. The Hilldale squad was already a local powerhouse and would go on to dominate the professional ranks on their side of segregated baseball. Hilldale sported a winning record every year of its existence (1910-1932) except for the first and last.

The Executive

Ed Bolden was born in Concordville, Pennsylvania on January 17, 1881. Before entering the baseball industry, he was a domestic servant and then a clerk with the Philadelphia post office. He would keep his post office position for 42 years, during which time he made his mark on the baseball world as an owner, officer in three different professional leagues, and one of the great innovators in the history of professional baseball.

Ed Bolden

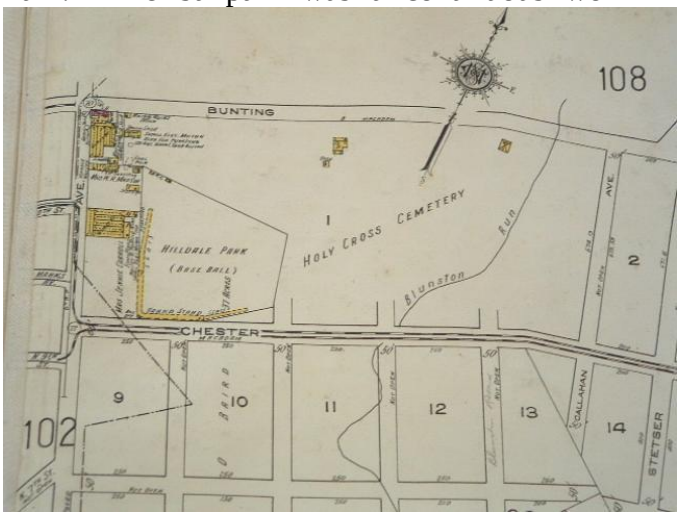
Bolden's baseball career began inauspiciously. He worked as a volunteer scorekeeper for 19 year old Austin D. Thompson, who managed an amateur team in Darby, Pennsylvania, an African American enclave just south and west of Philadelphia. Thompson organized the Hilldale baseball club in the spring of 1910. The team played other amateur squads in the Philadelphia area, but it would soon outgrow both its competitive and geographic boundaries. While Thompson started Hilldale on the road to prominence, he was not around to see them reach it.

At 19, Thompson was barely older than the players on his team. The 28 year old Bolden was more mature, had more business experience, and as time would prove, possessed unparalleled marketing skills. The combination of Thompson's youth and Bolden's experience led to a change in leadership. By the end of the season he was gone, replaced at the helm by Ed Bolden.

Under Bolden's leadership the club grew from a local amateur organization to a professional powerhouse, flourishing financially until brought down by the Great Depression. During his two decades in charge, he built some of the best black ballclubs in the east. From 1923-28 he also headed the Eastern Colored League (ECL), of which Hilldale was a charter member. All the while he maintained his full-time position at the post office - a heavy workload that would eventually take its toll.

Bolden was a tireless and brash promoter who was not afraid to play the race card. He heavily marketed the fact that Hilldale was black owned. It paid off, playing a role in the team's ability to land top quality talent and schedule attractive opponents. But he was also a savvy businessman, more concerned with finances than skin color. He was willing to do business with either blacks or whites, as long as he could make the best financial deal for his ballclub. In its heyday, Hilldale's powerful club was an attraction to both black and white fans alike.

Perhaps his greatest stroke of marketing genius was the construction in 1914 of a ballpark at 9th and Cedar Avenue, known as Darby Field, or Hilldale Park. The ballpark was a continuous work in



Hilldale Park, located in Darby, southwest of Philadelphia

progress over the next several years, serving as the home field for Hilldale as well as a source of

advertising and rental income over the next two decades. Bolden also arranged with the streetcar company to have the local line run straight to his ballpark and add extra cars during games.

Bolden earned a reputation as a clean, upstanding owner who did not tolerate rowdiness and umpire baiting. He advocated "clean" ball and gentlemanly behavior on the field and expected the same from the fans. He employed security guards at every home game to ensure the safety and comfort of the players, umpires, and crowd. He understood the need for the stability of a league, but also recognized the profit potential of a well marketed exhibition game. Despite several seasons of league membership, Hilldale seldom had as many as half its games scheduled as part of a league.

The Team

The Hilldale Daisies, as they were frequently known in the press, officially incorporated as the Hilldale Baseball and Exhibition Company with capital of $10,000 after voting to disband the co-op team on October 15, 1916. The incorporation became official three months later. They proved to be pioneers both on and off the field. The club was a charter member of the Eastern Colored League and went on to play in the first two Negro League World Series' in 1924 and 1925, winning in the latter year.

The 1925 Champions

Hilldale operated in an environment quite different than that of a major league club. Where MLB had the reserve clause and franchises that seldom moved or folded (at least since the dawning of the 20th century), Hilldale operated in a market that much more closely resembled a free market than the monopoly enjoyed by MLB. Even after the club paid $500 for an associate membership in the National Association of Colored Professional Baseball Clubs (NACPBC) in December 1920, the ability of the league to discipline either the players or the clubs was very limited. Hilldale, or any other team, could, and often did, play any team that would agree with them on price and place to play. In a given year they would play up to two-thirds of their schedule as non-league games, the majority of those against white teams. The Negro Leagues were also much less stable than either the National or American League. Teams frequently reneged on their obligation to play league games if they could engage a more lucrative opponent in an exhibition match. This behavior, along with shaky finances of some franchises, resulted in teams coming and going from the league on a regular basis, sometimes in mid-season, and leagues forming and disbanding in short order.

Otto Briggs and Spottswood Poles became the first salaried players for Hilldale in 1917. Briggs was paid $273 for the season and Poles earned $448. They were the first players to earn a fixed salary instead of taking a share of the gate. Briggs returned the loyalty to Hilldale, sticking with the team for the next 13 seasons.

The decision by Hilldale to turn professional was financially risky, but paid off immediately both on the field (23-15-1 record) and off ($2915 profit). They earned nearly three times more money in 1917 as they had in the previous three years combined. The bottom line was helped by several postseason exhibitions that Bolden lined up against major leaguers. To beef up the squad for these games he added Smokey Joe Williams, Louis Santop, and Dick Lundy to the lineup. Santop remained with Hilldale for several seasons, and was instrumental in leading them to the colored World Series in 1924.

In 1921 Hilldale made probably their most lucrative investment, purchasing Judy Johnson from the Madison Stars for $100. Johnson was a fixture in

the Hilldale lineup for the next decade, leading Hilldale with a .341 average during the 1924 colored World Series and managing the team in 1931 and 1932. His outstanding career was recognized by election to the Hall of Fame in 1975.

The Finances

Hilldale's initial experience was that teams would not play for a share of the gate. Opposition teams would generally only agree to play for a cash-on-the-barrelhead guarantee. The scheduling of these exhibition games was necessary for the financial survival of the franchise, as was the case for most black ballclubs.

The cash guarantee system presented a challenge for Hilldale in scheduling. The team had to decide who and when to schedule opponents, and how to split the gate. These business decisions were crucial because of the thin margin on which the team operated. Sunday and holiday games could generate big profits with the right competition at the right price, and the loss of even one such lucrative payday could spell the difference between profit and loss for the year.

Hilldale made a daring, but profitable investment when they constructed their own ballpark. Lacking significant assets or a line of credit, the park was a modest and continual work in progress. But it set them apart from most professional black clubs in that they owned their own place of employment. The wooden bleachers of Darby Field stood in stark contrast to the gleaming steel and concrete stadiums in most major league cities, but at least it was a place they could call home. When it first opened, Darby Field was gradually expanded over time, but at its peak, it could only accommodate a few thousand.

They earned additional income by leasing out their stadium beginning in 1917. That same year they began to sell advertising in the park to generate additional income, in part used to pay bonuses to big name players like Spotswood Poles and Otto Briggs, who presumably were bigger draws than the likes of George Johnson, Nap Cummings or McKinley Downs, regulars on the Hilldale roster in the early years of the franchise history.

Profit is one measure of the financial success of a baseball franchise, but it is insufficient because it does not take into account the resources needed to generate the profit. Return on investment provides a superior measure of the effectiveness of an entity. A simple method of calculating an owner's return on investment is to simply divide profit by investment.

Using the $10,000 figure for Hilldale's capital, the returns on investment range from 13% to 89% in the six years for which financial data exist, and a loss in 1922. It appears the decision to go professional was a sound one.

Profitability of Hilldale Franchise			
Year	Profit (nominal)	Profit (2015 dollars)	Return to Capital
1917	$1,916	$35,400	19.2%
1918	$1,339	$21,100	13.4%
1919	$2,413	$33,100	24.1%
1920	$8,948	$106,000	89.5%
1921	$6,510	$86,200	65.1%
1922	$(3,366)	$(47,600)	-33.7%
1923	$6,107	$84,800	61.1%
Source: Haupert and Winter 2008			

The League

In the winter of 1922-23 Ed Bolden spearheaded the creation of the Eastern Colored League, a six team circuit that included Hilldale as a charter member. He served as the chairman of the league governing commission from the inception of the league until its dissolution in 1928.

Hilldale won the first three ECL titles in 1923, 1924, and 1925, appearing in the first two colored World Series in 1924 and 1925. The first colored World Series featured the powerful Kansas City Monarchs as Hilldale's opponent. Kansas City won the crown 5 games to 4, but the series was a financial bust, with total attendance for ten games (one ended in a tie) only 45,857. One series game, played on a neutral site in Baltimore, drew only 584 fans, another in Chicago drew 1549. Seventeen Hilldale players took home the losers share of $3285 to split, which amounted to $193 each. Sixteen Kansas City players each earned $308.

The same two teams met again in the 1925 colored World Series, but this time Hilldale triumphed 5

games to 1. Attendance was poor once again, averaging less than 4000 per game. Hilldale players made only about $80 each for the 1925 series. Unlike the previous season, all series games were played in the hometowns of the two participating teams.


EAST vs WEST

Music Opening Day

For the Worlds Championship among Colored Baseball Clubs

HILLDALE

(Champions Eastern Colored League)

VERSUS

KANSAS CITY MONARCHS

(Champions Western Negro League)

PHILLIES BALL PARK

Broad & Huntingdon Sts., Philadelphia

Fri. and Sat., October 3 and 4 - 3 P.M.

Sunday, October 5th - 3 P. M.

MARYLAND BALL PARK

Bush and Russell Sts., Baltimore

In the event of rain on any of the dates set forth, the postponed games will be played off the succeeding dates in either city. Philadelphia fans will be given excursion rates to Baltimore, Sunday, October 5th.

1924

Bolden suffered a nervous breakdown in 1927. Without his leadership the league floundered and folded the following year. Hilldale, Harrisburg and the Brooklyn Royal Giants all withdrew from the ECL prior to the 1928 season. The league collapsed in June of that year, while Hilldale went 15-12 as an independent team.

The Comeback

Bolden eventually overcame his illness, and in January 1929 he assembled five of the six original ECL franchises (including Hilldale) and formed the American Negro League (ANL). The league lasted only one season, during which Hilldale compiled a 39-35 record, good for fourth place.

The 1929 club was the highest salaried club in Hilldale's history, featuring future Hall of Famers Oscar Charleston, Martin Dihigo, Biz Mackey and Judy Johnson. Each player earned more than $900 salary for the six month season and the team as a whole averaged $700. While these salaries may sound low, it was quite good for a black man, especially considering the average manufacturing wage in the United States that year was only $1500 for twelve months.

1929 was the last flush year for the Hilldale squad. The American economy began to slow down by 1930, and it soured even more quickly for African Americans. Jobs were disappearing and the economy was plunging into what would become the Great Depression, wreaking financial havoc on black baseball in the east. In response to the difficult times faced by the high-salaried Hilldale franchise, Bolden attempted to dissolve the corporation in 1930. His attempt was unsuccessful, and he was bought out.

The End

John Drew, a black politician who earned his fortune operating a successful bus line in Philadelphia, ran the Hilldale club after Bolden's 1930 ouster until it collapsed midway through the 1932 season. His refusal to deal with white booking agents made it difficult to line up quality opponents in 1930 and 1931 when there was no organized black league in the east. In 1930 he was able to schedule only 22 home games, which drew an average of 650 fans, barely half the crowd Hilldale averaged the previous four seasons. The 1931 season wasn't much better. Despite a gaudy 42-13 record the fans stayed away. Hilldale averaged 840 fans a game and drew fewer than 100 paid admissions on three occasions.

In a desperate attempt to survive, Hilldale joined the newly formed East West League for the 1932 season. Neither the league nor the franchise was able to weather the worsening economy however, and both were disbanded in July of 1932. Hilldale had played to a 27-17 record under the guidance of manager Judy Johnson, but the depressed economy simply could not support the team. Hilldale sold fewer than 50 tickets for eight of 20 home games.

Hilldale's misfortunes were exemplified by the change in its method of paying players. They went from fixed salaries averaging more than $700 a season in 1929 to sharing the gate in 1932. In the waning days of their existence the team played games in which their share of the gate was less than $100. After paying for expenses the players were left with a couple of dollars apiece.

Hilldale disappeared from the baseball scene for more than a decade before making one last, brief appearance. They were slated to be a member of the U.S. Baseball League, a phantom league Branch Rickey created in 1945 to cover his true intent to scout black players for the majors. The league barely survived the season, and did not make it through the 1946 season.

It was an ignominious ending for a once proud franchise. Hilldale stood atop the eastern black baseball world for more than a decade after turning professional. Ed Bolden turned a successful amateur team into a successful and profitable professional one, captured a national championship, and saw five future Hall of Famers wear the Hilldale flannels.

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