Outside the Lines

Editor Michael Haupert

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In This Issue

A History of the Brooklyn Franchise
By Andy McCue

This is the third and final installment of Andy Mccue's history of the Brooklyn franchise. Part I was published in the Fall 2014 edition of the newsletter, and Part II was published in the Spring 2015 edition of the newsletter.

The Dodger 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. Obviously, the Dodgers 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.

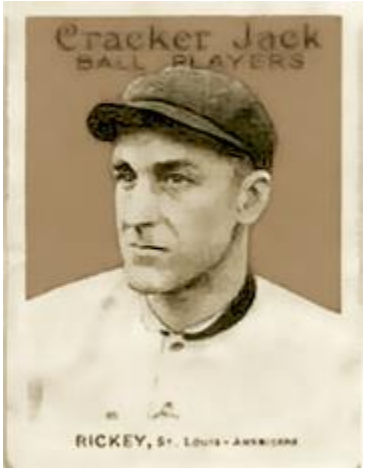
Part III

Rickey Leaves, O'Malley Triumphant

By the summer of 1950, with John Smith beginning to criticize, Rickey clearly had moved beyond any thought of staying with the Dodgers. The terms of the partnership agreement began to exercise their control. Any partner wishing to sell must offer the others the chance to buy his shares. When Rickey approached O'Malley, he was offered $346,666.66 for his shares, the price he, O'Malley and Smith had paid in 1944 and 1945. This was not the $1 million price tag Rickey had established in his own mind, a

price which was far closer to the real value of the franchise.

O'Malley clearly was low-balling Rickey. Apparently, he calculated no one would pay much for a non-majority interest in a team where O'Malley's influence over the Smith bloc would leave him in control. He would also say he was concerned for Mrs. Smith, as a sale at $1 million would raise the taxes on her husband's already substantial estate. It was a sentimental argument that he knew buttressed his desire to pay less, but it also was an argument which knit Mrs. Smith closer to O'Malley.



Branch Rickey in the days before he became an ex-Dodger

In addition, O'Malley knew Rickey was, as usual, hocked to his substantial eyebrows. O'Malley evidently hadn't paid attention to a situation a year earlier when one owner of the St. Louis Cardinals had leveraged a similar agreement and an outside offer to gain a higher price from his partner. The partnership agreement gave Rickey a similar right to find an outside buyer whose presumably higher offer would have to be matched. Walter O'Malley had miscalculated.

Rickey had a fraternity brother named William Galbreath, a highly successful real estate developer based in Columbus, Ohio. Galbreath was a part owner of the Pittsburgh Pirates who had substantially raised his stake that summer and assumed the team's presidency. Galbreath was looking for a baseball man to run the team. Rickey was looking for a buyer willing to pay $1 million for his shares. Who approached whom isn't clear, but Galbreath eventually referred Rickey to a New York real estate man named William Zeckendorf.

Rickey had two meetings with Zeckendorf and his associates. Arthur Mann reported Zeckendorf was at first resistant to Galbreath's overtures. Playing to Galbreath's love of horse racing, Zeckendorf asked, "would you buy a racing stable if they retired the best horse (meaning Rickey)?" Assured Rickey would stay if he bought in, Zeckendorf began to listen. He didn't balk at the $1 million price tag, but was taken aback when Rickey told him the partnership agreement would force Rickey to allow O'Malley to counteroffer. "You're using me to force a price. I can't tie up capital" for that. Rickey agreed to a $50,000 fee for Zeckendorf if O'Malley bought the stock.

On Friday, September 22 Rickey presented the offer to O'Malley and Mrs. Smith. *Brooklyn Eagle* Sports Editor Lou Niss broke the story on page one the next day.

O'Malley immediately said he would match the offer. Dick Young of the *Daily News* described O'Malley as "stunned" and "peeved." For years, O'Malley would complain that Zeckendorf wasn't a real buyer, simply doing Galbreath a favor and pocketing $50,000 in the process. But Zeckendorf described himself as a real baseball fan, and he had made an earlier attempt to buy the St. Louis Browns.

The newspapers were most concerned with whether Rickey was moving to Pittsburgh, who O'Malley might name as general manager, and whether Burt Shotton would return as the manager for 1951. Two New York papers reported Mrs. Smith's shares were for sale, an unlikely event as her husband's estate was deep in probate court.

O'Malley was most concerned with where he was going to raise $1 million. He said he intended to take full advantage of the 60-day window to come up with the money. Three weeks later he started to show his hand. He announced he and Mrs. Smith would buy out Rickey, and each would own 37.5% of the team. Two days later, Rickey resigned. In early November few were surprised to learn he had joined the Pirates as executive vice president and general manager. His contract was virtually identical to the one O'Malley had offered Rickey two months earlier.

O'Malley was still struggling to raise the money. He formally accepted the $1,025,000 offer on November 1. Mrs. Smith dropped out of her agreement to participate in buying the Rickey stock on November 20. Whether this had been contemplated all along isn't clear. Rickey's success in winning his price was certainly an additional financial burden for her husband's estate. O'Malley now had to come up with the full price by himself.

He was helped by the terms Rickey had negotiated with Zeckendorf, which called for a 10-year payoff. On November 24, he wrote Rickey that he'd match those terms, paying $175,000 down on December 5 and another $125,000 by March 1, 1951. The remaining $750,000 would be paid in 10 annual installments beginning in 1952. The payments over the next decade could be financed out of the Dodgers' earnings.

Walter O'Malley and Branch Rickey in happier times

O'Malley's path to full ownership was accomplished quietly over the next quarter century. In 1957, he bought out Mrs. Smith's quarter share and divided it with the Mulveys. O'Malley now owned two-thirds of the team and the Mulveys the rest. After the deaths of Dearie (1968) and Jim (1973), the Mulvey heirs sold their stock to O'Malley in January, 1975.

The rise of cable television owners

Shortly afterward, columnist Jerome Holtzman reported there were reports the Dodgers were for sale, reports denied quickly by the Dodgers. Holtzman reported O'Malley was willing to sell only if he got his price, which was said to be $45 million in December, 1977 and $50 to $60 million nine months later. This was clearly a substantial gain over the $300,000 at most he had laid out from his own wallet in the 1940s. He had also foregone several million in Dodger profits that were spent buying out the original bank loan, and later paying off Rickey, Mrs. Smith and the Mulveys. Even if the team was for sale, O'Malley evidently didn't get his price.

With his death in 1979, the Dodgers passed in a trust to his two children, Teresa and Peter, with Peter running the club.

With Peter as chairman, and his sister and her husband sitting on the board, the Dodgers continued to set attendance records. In the 18 years from 1980 through 1997, the second generation O'Malley management drew average attendance over three million a year.

But other issues were clouding Peter O'Malley's horizon. By 1997, he was approaching 60. His sister was four years older. He had three children and she had 10. A potentially costly tax situation was approaching if they tried to pass team control intact to the next generation. When he announced the team was for sale in January of that year, the necessity for estate planning was the first reason he gave.

He also said he thought the days of family ownership of franchises had passed. Only corporations would have the financial depth to handle higher payrolls, absorb time lost from strikes and smooth out the ups and downs. Too much of the family's wealth was tied up in one business.

There were also some issues he didn't address. The influence at the national level which Walter and then Peter O'Malley had exercised during the Bowie Kuhn years had dwindled with each successor, until he helped oust Fay Vincent, a move he later regretted. Another key factor was a failed initiative by O'Malley to win a National Football League franchise and build it a new facility on the Dodger Stadium property. The city council's decision to push for the Los Angeles Memorial Coliseum site foreclosed what O'Malley saw as a way to stabilize the family's assets and income.

O'Malley said his "responsibility was to find the best possible owner for the ball club." "I think commitment to the community, to Los Angeles, to Southern California is the No. 1 criteria." (sic)

Buying interest was immediate. Former commissioner Peter Ueberroth said he'd like to buy the team. Corporations such as Arco (oil), Sony (electronics), and Nike (sporting goods) had their names trotted out.

The name that kept coming back, however, was the Fox Group, the U.S. television arm of Rupert Murdoch's News Corp. For Fox, it was a natural. They already had local television contracts with 21 of the 30 major league teams. They were trying to build up their Fox Sports West channels in the Los

Angeles area, where the Walt Disney Co. and its ESPN affiliate was planning to start a rival sports channel, but needed a baseball team and its 162 games of programming to provide a foundation.

In May 1997, O'Malley admitted that Fox and the Dodgers were in serious negotiations, something Fox confirmed two days later. By mid-August, they were close to an agreement in principle and received permission from Major league Baseball to open the Dodgers' books to Fox. Less than three weeks later, the deal was struck. Fox would get the franchise, the Dodger Stadium property, and the team's training complexes in Vero Beach, Florida and the Dominican Republic. Over the next several months, the Associated Press would consistently report the selling price as $350 million, while the Los Angeles Times would quote "sources" saying $311 million and the New York Times would peg it at $320 million.

Now that Murdoch's minions had convinced the O'Malleys the sale was a good deal, they would have to convince the other owners. It was a harder sell. Ted Turner, whose Turner Sports network competed with Fox, described Murdoch as a "Nazi," and said he'd never approve him because of business practices he found unethical. More owners feared Fox would take advantage of its newfound position in the owners' councils. Major league teams had automatic access to each other's books, a practice to help in salary, sponsorship and media contract negotiations. Now, 22 team owners would enter negotiations over new television contracts when the bargainer across the table knew their financial position.

Fox was able to allay those fears and Major League Baseball gave Fox and the Dodgers permission to sign the sale contract on March 12, 1998. Formal approval was given by the owners a week later.

It soon became clear that Fox wasn't going to be the troublesome proprietor other owners, and Los Angeles fans, worried about. At least, they weren't for long. In May, Fox executives traded team icon Mike Piazza to the Florida Marlins. The trade had been made without the knowledge of general manager Fred Claire and the Fox people hadn't done their homework. One of the players the Dodgers were to receive in return, Gary Sheffield, had a no-trade clause. That had to be straightened out at a higher cost. The next month, the Fox management unceremoniously dumped both Claire and field manager Bill Russell. By the end of the year, Peter O'Malley had quietly resigned as chairman of the board.

By the next September, Fox fired team president Bob Graziano and then sold 10% of the team to Bob Daly, a former Chairman of Warner Bros. who'd been an early rumored bidder for the team. Daly was to take day-to-day management of the team out of Fox's hands. He brought back Graziano.

The circus slowed a bit in the next few years, but Fox interest in owning the team had clearly flagged. They had the Dodgers' long-term contract for their cable station and television was their real business. They began to look to get out.

Frank McCourt

Four years later, they had put the team on the block, but the sale was proving difficult. In the changing cable market, the team's deal with Fox was no longer attractive. Many other teams were earning much more from their cable contracts. The team was not profitable. The bidders who appeared had problems. Los Angeles developer Alan Casden ran into an investigation for improper political campaign contributions. Tampa Bay Buccaneers owner Malcolm Glazer wanted to turn the Dodgers over to his Los Angeles-based son, but the National Football League's cross-ownership rules prevented him from using the Bucs for collateral on a loan. Former Mariners' part owner Jeff Smulyan dropped out when Fox refused to include six television stations in the deal, with Smulyan contending their inclusion was needed to insulate the baseball franchise from losses. A bid by Los Angeles philanthropist Eli Broad, backed by Peter O'Malley and Los Angeles politicians, was too late.

The only contenders remaining on their feet were Frank and Jamie McCourt, Boston real estate developers who'd lost earlier bids for his hometown Red Sox and the Los Angeles Angels. But the reason they had lost those bids still remained. Major League baseball required that no more than 40% of a team's purchase price could be borrowed funds and the McCourts hadn't been able to make the cut.

While the McCourts weren't the ideal buyers, they were the only serious candidates. And, as Selig admitted later, he was under pressure from Fox, which wanted out. "Fox was anxious to get rid of

the team," Selig said. "Fox sold the club to the McCourts and presented them to us … there was nobody else. We have a long relationship with Fox. There were no other bidders."

Fank and Jamie McCourt with Tiger Woods, one person who was never rumored to be interested in owning the Dodgers

Eventually, in early 2004, a deal was struck which fudged the 40% limits. At the time, it was reported that News Corp. had loaned the McCourts almost half the $430 million selling price, while retaining a minority stake in the team. That amount would later be revealed as $330 million in Fox loans, over 75% of the price. The collateral included the Dodger franchise and real estate, plus a 23-acre parking lot on prime land in downtown Boston. They would later have to turn the parking lot over to Fox instead of paying off the loan.

The McCourt era would be a rocky one for the Dodgers. Perpetually underfunded, the McCourts would cut back staff, reduce budgets for signing talent both in the draft and internationally, and turn the team into a piggy bank for their family. Despite attendance that averaged 3.7 million over his first seven years of ownership, he was taking additional loans to meet payroll near the end of his ownership.

The rumbling began in October 2009 as the McCourts confirmed they had separated. A week later, Frank fired Jamie as Chief Executive Officer, alleging, among other things, that she was having an affair with a subordinate. She immediately sued for divorce, asking for $487,634 monthly to support the lifestyle she and her husband had been living.

The staggering monthly support figure was the first cockroach to scurry from the papers of Jamie's divorce filing. Others quickly followed. Jamie had been paid $2 million annually as CEO and Frank $5 million as Chairman. They had bought four houses in Los Angeles – two in pricey Holmby Hills (near the Playboy mansion) and two on the even pricier Malibu beachfront. The adjacent Malibu properties had cost $46 million. There was also their old Massachusetts home, a Cape Cod "estate," a property in Vail, Colorado, and acreage in Montana and Cabo San Lucas, Mexico. Jamie said the couple dined out four or five times a week for $400 or so an evening. There were the costs of clothes and, for her, makeup and hair dressing sessions so she could present the right image for the Dodgers. And these were just Jamie's lifestyle. Frank had his own costs. Much of it, she said, was paid for by the Dodgers. In addition, two of their sons were placed on the Dodger payroll for a total of $600,000 annually, although one was a graduate student at Stanford and the other worked for Goldman Sachs. By, February 2010, Jamie had concluded she actually needed $988,845 a month to support the lifestyle to which she had become accustomed. Frank, meanwhile, had said the Dodgers were short on cash. Jamie alleged he was having extramarital affairs as well.

By late summer 2010, the Dodgers debt level had risen to $433 million, more than the McCourts had paid for the team six years earlier.

And then there was Shpunt – Vladimir Shpunt. Shpunt, who'd spent most of his life in Russia, was a 71-year-old man who described himself as a "scientist and healer." Bill Shaikin of the *Los Angeles Times* discovered the Dodgers had been paying him at least $100,000 a year for five years to "think blue." Shpunt would sit in front of his television in Massachusetts, watching Dodger games and "sending positive energy over great distances."

The key question that emerged in the McCourt's divorce proceeding was who owned the team. Frank claimed he was the sole owner. Jamie said each owned half. Both produced virtually identical documents which supported their position. Eventually, their Massachusetts lawyer admitted he had changed a key word in the contract and submitted the new versions for their signatures. Jamie, who holds a law degree from the University of Maryland and an MBA from MIT, said she had signed both versions without reading them.

Faced with contradictory, fully authenticated legal documents, the judge decided neither version could

be accepted. Since California was a community property state, Jamie was half owner of the team.

Frank and his attorneys tried to reach a settlement that would leave him with full control of the team. Since the Dodgers were by far the largest asset, finding enough assets to give Jamie to balance them was difficult. Commissioner Bud Selig rejected Frank's first proposed settlement because it depended on revenue from a proposed cable television contract extension with Fox. Ten months after the judge's ruling, the McCourts struck a deal. Frank kept the team. Jamie got assets valued at $130 million, including the Malibu houses, one Holmby Hills house (the other had already been sold) and the Vail property.

Frank, meanwhile, had been trying to prop up the Dodgers' finances. He failed to get a bank loan or entice local investors. The only entity which was willing to be his sugar daddy was Fox. At one point, he made payroll with a $30 million personal loan from the cable company. Selig had asked Fox not to get involved, and in the wake of the personal loan he moved to seize control of the franchise. Larger deals with Fox depended on extension of the cable contract, and Selig finally disapproved the agreement. He noted that because the divorce settlement was not final, Jamie still had veto powers over any contract. He also said he was concerned about the financial management of the team and that, given the revelations in the divorce proceedings, some of the cable television income would be going into the McCourts' pockets rather than being invested in the team or stadium improvements.

A week later, McCourt took the team into bankruptcy court, blaming Selig for refusing to approve the Fox contract.

In September 2011, Major League Baseball petitioned the bankruptcy court to order the Dodgers be sold. In November, after finally settling with Jamie, McCourt agreed with MLB, calling for an auction to be overseen by the court.

The potential buyer's rumor mill had been churning for a year. Former Dodger Steve Garvey, Mark Cuban, owner of the Dallas Mavericks, former agent and White Sox executive Dennis Gilbert and current owners Tom Werner of the Red Sox and Mark Attanasio of the Milwaukee Brewers, both of whom lived in Los Angeles, were names mentioned early. Soon, the list of suspects expanded. Jamie McCourt said she was interested. Allan Casden, the Los Angeles developer who lost out to Fox, chimed in. Organizations from the People's Republic of China were named as were Peter O'Malley, former Dodger general manager Fred Claire, manager Joe Torre and basketball's Magic Johnson.

It was soon clear Frank McCourt was basing his asking price on an anticipated blockbuster local television contract. It would involve a current cable player, such as Fox, ESPN or a local cable provider. It might also involve the Dodgers, or the Dodgers plus a partner, creating a Dodgers-only channel, something on the order of the Yankees or Red Sox.

In the early months of 2012, the bidders examined the Dodgers' books and mulled the cable television potential. Eventually, a group called Guggenheim Partners, with Mark Walter as the principal, bought the team for $2.15 billion dollars. The price was nearly two and one half times the previous record sale of a baseball franchise, $845 million for the Chicago Cubs in 2009.

Magic Johnson, a minor partner with an investment of $50 million, was trotted out as the face of the franchise, and former Atlanta Braves and Washington Nationals executive Stan Kasten was made the head baseball person.

Magic Johnson, the new face of the Dodgers

For its $2.15 billion, Guggenheim received much less than McCourt had eight years earlier. The former spring training site in Vero Beach, Florida was gone. $400,000 for the purchase would have to be used to pay down debts McCourt had accumulated. And, McCourt would retain an interest in Dodger Stadium's parking lots and any future developments on them. The details of that agreement have never been made public.

Still, McCourt had cleared around $1 billion for his years of milking the franchise.

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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.

Kitchens, Carl, "Are Winners Promoted too Often? Evidence from the NFL Draft 1999-2012," Economic Inquiry 53, no 2 (April 2015), pp 1317-30

Firms engaging in hiring face recruitment costs. To reduce these costs, firms concentrate their efforts in locations that are perceived as talent rich or have produced successful employees in the past. Such recruitment mechanisms may lead to statistical discrimination if they reduce uncertainty for a subset of candidates or if firms relate current employee attributes with the institution. In this article, I test for statistical discrimination associated with an individual's institutional affiliation that results from targeted hiring practices by using a unique individual-level data set of National Football League (NFL) draft prospects. I find that conditional on individual ability, individuals from highly ranked college teams are drafted earlier than individuals from lower ranked institutions. Over the length of a player's professional career, a player's college institution has no effect on career success, indicating that certain players are damaged by this recruitment mechanism. Even though players can suffer substantial financial damages as a result of being drafted later in the draft, NFL team performance is not sufficiently affected for teams to exploit this bias.

Leeds, Daniel M., Michael A. Leeds and Akira Motomura, "Are Sunk Costs Irrelevant? Evidence from Playing Time in the National Basketball Association," Economic Inquiry 53, no 2 (April 2015), pp 1305-16

We use playing time in the National Basketball Association to investigate whether sunk costs affect decision making. Behavioral economics implies that teams favor players chosen in the lottery and first round of the draft because of the greater financial and psychic commitment to them. Neoclassical economics implies that only current performance matters. We build on previous work in two ways. First, we better capture potential playing time by accounting for time lost to injuries or suspension. Second, we use regression discontinuity to capture changes when a player's draft position crosses

thresholds. We find that teams allocate no more time to highly drafted players.

Collins, Dave, Howie J. Carson, and Andrew Cruickshank, "Blaming Bill Gates AGAIN! Misuse, overuse and misunderstanding of performance data in sport," Sport, Education and Society 20 no. 8, 2015, pp 1088-99

Recently in Sport, Education and Society, Williams and Manley argued against the heavy reliance on technology in professional Rugby Union and elite sport in general. In summary, technology is presented as an elitist, 'gold standard' villain that management and coaches use to exert control and by which players lose autonomy, identity, motivation, social interactions and expertise. In this article we suggest that the sociological interpretations and implications offered by Williams and Manley may be somewhat limited when viewed in isolation. In doing so, we identify some core methodological issues in Williams and Manley's study and critically consider important arguments *for* utilizing technology, notably, to inform coach decision-making and generate player empowerment. Second, we present a different, yet perhaps equally concerning, practice-oriented interpretation of the same results but from alternative coaching and expertise literature. Accordingly, we suggest that Williams and Manley have perhaps raised their alarm prematurely, inappropriately and on somewhat shaky foundation. We also hope to stimulate others to consider contrary positions, or at least to think about this topic in greater detail. More specifically, we encourage coaches and academics to think carefully about *what* technology is employed, *how* and *why*, and then the means by which these decisions are discussed with and, preferably, sold to players. Certainly, technology can significantly enhance coach decision-making and practice, while also helping players to optimize their focus, empowerment and independence in knowing *how* to achieve their personal and collective goals.

Overbye, Marie, Anne-Marie Elbe, Mette Lykke Knudsen, and Gertrud Pfister, "Athletes' perceptions of anti-doping sanctions: the ban from sport versus social, financial and self-imposed sanctions," Sport in Society 18, no 3, pp 364-84

Today the main doping deterrence strategy is to ban athletes from sport if caught. This study examines whether Danish elite athletes perceive the ban as a deterrent and how they evaluate social, self-imposed and financial sanctions compared with the ban. Questionnaires were emailed to elite athletes from 40 sports ($N = 645$; response rate, 43%). Results showed that 78% of athletes regarded the ban as a deterrent. Older male athletes, however, did so to a lesser degree. Seventy-seven per cent, regardless of gender, age, sport type and previous experience of doping testing, viewed social sanctions as a greater deterrent than the ban. Many also considered self-imposed sanctions (54%) and financial consequences (47%) a greater deterrent. Four per cent considered neither the ban nor the presented alternatives a deterrent. The findings indicate that the ban from sport deters doping. Nevertheless, other deterrents seem to affect athletes more. The findings can be used to address future anti-doping education programmes.

Peeters, Thomas, "Profit-maximizing Gate Revenue Sharing in Sports Leagues," Economic Inquiry 53, no 2 (April 2015), pp 1275-91

In this article, I examine how sports leagues can use gate revenue sharing to coordinate talent investments and maximize club profits. Gate revenue sharing reduces incentives to invest in talent. Initially lower investments boost profits, because total costs go down, but investing less also shrinks revenues, which harms profits at higher levels of sharing. The league maximizes profits by setting a sharing rule, which balances these two effects. Gate revenue sharing decreases talent investments more strongly in leagues with heterogeneous rather than homogeneous local market sizes. As a result, the profit-maximizing level of sharing is higher for relatively homogeneous leagues. This implies that more balanced leagues are expected to share more gate revenues than less balanced leagues. It also explains why gate revenue sharing is widely used in the U.S. major leagues, while it is largely absent in European soccer.

Tainsky, Scott, Brian M. Mills and Jason A. Winfree, "Further Examination of Potential Discrimination Among MLB Umpires," Journal of Sports Economics 16, no 4, (May 2015), pp 353-74

We address potential racial bias by Major League Baseball umpires with respect to ball–strike calls. We offer a number of econometric specifications to test the robustness of the results, adding the role of implicit and explicit monitoring as well as pitch location. Our analysis shows mixed results regarding the matching of umpire and pitcher race. We conclude that evidence of own-race bias is sensitive to specification and methodology. How results can differ based on different data sets, specifications, time periods, and race classifications are discussed.

Society for American Baseball Research
Business of Baseball Committee
4455 E. Camelback Road, Ste. D-140
Phoenix, AZ 85018
www.sabr.org info@sabr.org

100 Years Ago

The Final Foe: the end of the Federal League

Michael Haupert

On December 22, 1915 the short-lived Federal League wrapped up business, bringing an end to the last real competitor to what we now know as Major League Baseball.

The Federal League (FL) debuted in 1913 as a rogue minor league, outside of the National Agreement and what was referred to as "Organized Baseball" (OB). As such, it was not bound to respect reserve clauses, draft rules, or blacklists. It was also largely ignored. However, after the conclusion of its inaugural season, the Feds declared themselves a "major" league with the intention of competing with the established American and National Leagues. While the league promised that it would honor existing contracts between players and their NL and AL (hereafter referred to as MLB) employers, they did not intend to honor the reserve clause, declaring open season on any player who had not yet signed a new contract. This got the attention of OB.

The FL debut as a major league in 1914 had immediate ramifications. Before the season even opened, they let OB know they were serious by signing several major leaguers, including established players such as "Three Finger" Brown, Armando Marsans, Jack Quinn, and Joe Tinker. The seriousness of the situation was driven home during the season when head to head competition contributed to declines in attendance from the previous season in 11 of 16 MLB cities, and caused financial hardship for Buffalo and Baltimore of the International League to the extent that both franchises petitioned the National Commission for financial relief. As early as August of 1914 National Commission Chairman August Herrmann approached FL representatives to discuss possible solutions, but nothing came of the attempt.

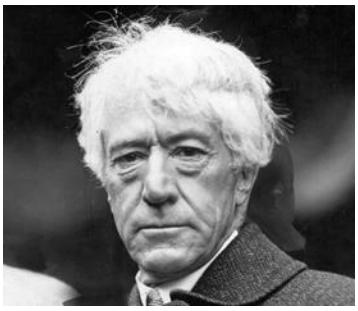
Financial woes

1915 marked the second and final year of the Federal League's declared status as a major league. Despite a tight pennant race in which the top three teams were separated by less than one game, league attendance fell. And despite new money entering the game, most notably in the person of oil baron Harry Sinclair, the league would not live to see a third season. Before the season was out, rumors of a peace treaty began to circulate. Court battles over player contracts continued to pile up legal bills for all three major leagues, and a negotiated settlement seemed to be in everyone's best interest. MLB Attendance had fallen by 1.9 million from 1913 to 1914, and while it recovered 409,000 fans in 1915, seven teams still saw a decrease from 1914.

Only three NL teams turned a profit in 1915, and four AL teams posted heavy losses, while only two FL teams finished in the black. It appeared baseball had saturated an already weak demand for entertainment (with a prewar depression looming). To make matters worse, public attention was diverted from baseball to newer fascinations with golf, automobiling, and tennis, along with the growing popularity of motion pictures.

On January 20, 1915 the Federal League filed a lawsuit accusing MLB of violating antitrust law. Future Commissioner Kennesaw Mountain Landis presided over the case. Landis, a noted baseball fan, told attorneys for both sides that he would reserve judgement for a year, making a public statement indicating his unwillingness to disrupt the

more than ten year old structure of professional baseball. This, as much as anything, indicated to the FL that they should seek a settlement with MLB.



Kennesaw Mountain Landis

However, despite Landis's statement, it was still not certain how the maverick judge might ultimately rule, so OB also had some incentive to seek peace. Other factors putting pressure on OB were the FL's announced plans to put a team in Manhattan for the 1916 season and the near loss of Walter Johnson to the rival league. In addition, OB was not privy to the precarious financial situation of the FL. Had they been, they surely would have recognized an institution on life support. Ban Johnson suspected as much, and recognized the Manhattan ploy as a bluff. He had been trying to secure land for a stadium in the city for several years, and had previously rejected the very site the FL held an option on as being impractical for a ballpark. While he was sure the league was bluffing, he could not convince his brethren.

Finally, pressure was also coming from the players themselves. David L. Fultz had organized the Baseball Player's Fraternity in October of 1912. By 1913 the Fraternity had presented a list of demands to MLB. While the "union" paled by modern standards, timing was everything, and the rumble of the FL in the distance, and their aggressive attempts to sign MLB players, led to the players gaining improved playing conditions and salaries. Fultz acknowledged that it was the presence of the FL more than anything he did that led to salary increases for players, but the presence of the FL allowed the Fraternity to gain a foothold. Unfortunately for the players, the demise of the FL was accompanied by a rapid reversal of those gains.

The FL had some financial heft, which made their league credible. Charles Weeghman was a wealthy Chicago restaurateur, Robert B. Ward owned the Ward Baking Company in Brooklyn, the largest such establishment in the world at the time, Phil Ball was a successful St. Louis businessman with interests in the ice and oil industries, and there was oil tycoon Harry Sinclair, who came aboard for the 1915 season. Weeghman and Ball were serious about baseball. Both had made previous attempts to buy MLB franchises, and both eventually wound up with MLB franchises.

Years later, Federal League president James Gilmore said that by June of 1915 the league foresaw the end. He also claimed that the plan to put a team in Manhattan was a ruse, substantiated by the league renting Manhattan offices, securing an option on some land, and hiring an architect to design a 55,000 seat stadium.

Gilmore and the FL backers had determined it would be years before the league was financially viable, and the best option would be to force a settlement with OB. The Manhattan relocation plan was intended to strengthen their bargaining position. OB was also motivated to seek peace since they had lost players, fans, and most importantly, profits over the past two years. In other words, the time was right to end the unstable three league format. The only question was exactly how it would all shake out.

Settlement talks

In August of 1915 Boston Braves owner James Gaffney invited FL magnates Harry Sinclair, Corry Comstock, and George Ward, along with President Gilmore to tour the Braves new ballpark and discuss a tentative peace overture. Over the next few months these exploratory talks continued, increasing in seriousness until they resulted in a formal agreement just before Christmas.

The first formal meetings to discuss peace were held in Philadelphia during the World Series. The FL was represented by Gilmore, Sinclair, and Ball, who met with members of the National Commission. At that time the possibility of Weeghman buying the Cubs and Phil Ball purchasing a St. Louis franchise was first discussed.

The original proposal, made by Sinclair, was actually for a merger, in which the AL would accept the Pittsburgh and Brooklyn franchises and the NL would get Kansas City and Buffalo. In addition, Weeghman and Ball would buy MLB franchises. This would have resulted in a twenty team MLB with six FL owners on board, a situation which was untenable to either Ban Johnson or August Herrmann, not to mention the rest of the established leagues' owners. While taking on one or two FL

owners was palatable, six was not, especially if it meant four more teams in what MLB considered marginal markets – or in the case of the proposed AL franchises, markets that would create unwanted competition for established NL teams. As a result, the merger idea was quickly scuttled.

However, the NL was eager to get the Cards out of Helene Britton's hands and rid themselves of its first, and at that point only, female owner, and the AL was also interested in seeing the financially struggling Browns moved into the hands of someone with deeper pockets. Philip de Catesby Ball fit the bill on both accounts. Ball was a respected and successful St. Louis businessman who had amassed a fortune in the burgeoning refrigeration industry. He had business acumen, an interest in baseball, and plenty of cash. Selling a St. Louis franchise to Ball, and allowing the equally flush Weeghman to buy into the league were acceptable compromises.

Ward named his team after his top selling bread

Brooklyn Tip-Tops owner Robert B. Ward died unexpectedly shortly after the World Series talks, adding a sense of urgency to the FL situation. He had been instrumental in keeping the FL afloat in 1915 both in a formal - he was league vice president and President of the Brooklyn club, and informal way. Ward's hefty bankroll had helped prop up the flailing Buffalo and Kansas City franchises to keep the league afloat. His absence was felt much more deeply by the league than it may have appeared to outsiders, further exaggerating their need to settle.

At the Federal League winter meeting on November 9th in Indianapolis the league announced that the Kansas City franchise, which had been taken over by the league, would be sold and moved to Manhattan. A buyer was never officially announced, but the league floated a credible rumor that Sinclair would be the new owner and sell his Newark franchise to veteran minor league executive and current Newark president Patrick T. Powers. When the price of the rumored stadium for the new team was made public, Sinclair would have been one of the few men affiliated with professional baseball who could have afforded it.

More details surfaced a few weeks later when the FL announced they had secured a spot for a ballpark between 142nd and 145th streets near the Harlem River for $1.25 million. The estimated cost of erecting a stadium on that land was just under $500,000. Yankee owners, Colonels Ruppert and Huston, claimed they had turned down an offer for the land at a price of less than $1 million because the economics didn't make sense. They said they would need to draw 600,000 fans a year to break even. Such a pedestrian figure seems laughable today, but it had only been achieved twenty times in MLB history through the 1915 season. And in the past two seasons no team had drawn more than 540,000, and only five teams had drawn as many as 450,000.

On December 13th the National League owners and President John Tener invited James Gilmore and Harry Sinclair to their meeting in New York. Sinclair and Gilmore, though they did not represent the FL in an official capacity, hammered out what would become the basis for an eventual agreement. There were five points to the peace accord, which would require the cooperation of both the American League and the remaining FL owners:

1. Sinclair or a designated representative (eventually Weeghman) would buy the Cubs, with the NL paying $50,000 of the purchase price;
2. The NL would pay $10,000 per year for 20 years to the Ward estate for Washington Park, subject to the AL making the same payment;
3. The NL would pay $25,000 to the Pittsburgh FL franchise, also subject to the AL matching the payment;

4. All FL players would be eligible to return to OB. The FL would maintain control of all existing player contracts, allowing them to sell those contracts to the highest bidder;
5. The FL would withdraw its pending lawsuit.

No agreement was reached that day. However, on the basis of this document, the respective parties began to lobby their colleagues. While Baltimore had been left out of the settlement – a request for $200,000 was quickly rejected by the NL, Gilmore led them to believe that they had a chance to obtain an NL franchise.

Gilmore had little trouble convincing most of the other FL owners to accept the agreement. Kansas City and Buffalo were wards of the league, Weeghman and Ball were going to be allowed to buy into MLB, the Brooklyn and Pittsburgh franchises got financial settlements, and Sinclair would get control of player contracts, and ultimately a hefty payout from MLB. It was estimated that the FL owed about $300,000 to 70 players for the 1916 season. Harry Sinclair assumed responsibility for the contracts except for those controlled by Chicago, Pittsburgh, and St. Louis.

Only Baltimore was left out. Their wish list included only one item. They wanted to buy a NL team and move it to Baltimore.

All interested parties were represented at a follow up meeting on December 17th at the Waldorf Astoria in New York. An AL delegation of Ban Johnson, Charlie Comiskey, Jacob Ruppert, Charles Somers, and Joseph Lannin met with NL representatives to discuss the outline of the agreement. They were joined by FL negotiators Gilmore, Weeghman, Sinclair, and representatives of the Baltimore franchise. The group worked long into the evening. Though an initial framework had been agreed to four days earlier, Baltimore alone was left with nothing, and needed to be accomodated. They were there to lobby for an opportunity to acquire an NL franchise and relocate it to Baltimore, but that was never seriously considered by MLB.

When it was clear MLB was not going to Baltimore, an attempt was made to return an International League (IL) franchise there. The Baltimore IL team moved to Richmond when the FL invaded. Ed Barrow, President of the IL, did not reject a return to Baltimore, but he would not agree to FL owners getting a team either there or in Buffalo, another IL city ravaged by FL competition. It was his way of exacting revenge on the group that had made his life miserable over the past two years.

The deal was finally sealed on December 22nd. The Federal League and the National Commission signed a peace treaty in Cincinnati that contained the original five points plus two additional items. The NL and AL would each pay Newark (i.e. Sinclair) $10,000 per year for ten years, and a seven person committee would be formed to address the Baltimore and Buffalo situations. The committee included the three members of the National Commission, Gilmore, Barrow, and representatives of the FL Buffalo and Baltimore franchises to be appointed by Gilmore. The committee was necessitated because the Baltimore stockholders had turned down an offer of $50,000 from OB.

The salary issue

The agreement not to blacklist former FL players was important, because articles 22 and 23 of the National Agreement specifically forbad players from signing or even negotiating with an "outlaw team" (one not covered in the National Agreement) under the threat of a minimum three year ban. It was the threat of this ban that forced the FL to offer high salaries and guaranteed contracts to entice MLB players in the first place. MLB, in turn, had to respond with higher salaries to keep the players.

In competitive markets a worker's salary is equal to the revenue s/he adds to the firm. In the presence of the reserve clause, MLB was anything but a competitive market. As a result, MLB players were underpaid, which meant FL teams were able to offer players a raise and still have room to make a profit. But generating enough ticket revenue to earn that profit was only possible if they could put a high enough quality product on the field, which meant signing more high quality players. In theory this is possible, with only a critical mass of high quality players needed to tip the scales. However, two other issues remained.

First, MLB teams could, and did, counter with salary increases of their own. Average MLB salaries increased by 31% from 1913 to 1914, though only an additional 0.2% in 1915, after having increased by 5.9% from 1912 to 1913. Furthermore, MLB teams had the advantage of historical knowledge of their attendance revenue.

The Feds had to speculate. They were the new product on the market, with an unknown quality and a speculative demand. They could offer higher salaries to players, but had to hope they could generate the revenue to cover those salaries, and they had no market history on which to base their estimates of that revenue.

Second, MLB threatened to blacklist any player who signed with the FL. This raised the ante for any player who considered leaving. If the league failed he could very well be out of a job altogether. This meant the FL had to add a risk premium to the salary they offered MLB players. In essence, it meant the Feds had to pay a higher salary to recruit an MLB player than that player was likely to demand from his MLB club to stay put, reducing the room for profit for the FL team.

Resolving the Baltimore dilemma

The committee scheduled its first meeting for January 5, 1916 but cancelled it because Baltimore refused to participate, rendering the meeting useless. The meeting was rescheduled for January 19th, but was cancelled again, since Baltimore would not cooperate. As a result, the peace pact proceeded without their participation.

On January 27th the Baltimore stockholders voted to spend up to $50,000 on litigation. Two weeks later, on February 7th, attorneys representing Organized Baseball, the Federal League, and the Baltimore franchise, appeared before Judge Landis to officially dismiss the suit. Baltimore did not object to the dismissal as long as it did not abrogate their rights to file a future suit, which they did on September 20, 1917. On April 12, 1919 a jury found in favor of Baltimore and awarded them $80,000, which was automatically tripled under antitrust law. When legal fees were added the total judgement came to $254,000 against Organized Baseball, which immediately appealed to the U.S. Court of Appeals. The Court of Appeals sided with OB, prompting Baltimore to appeal to the Supreme Court, which upheld the decision of the Appeals Court in 1922, resulting in the famous decision exempting MLB from antitrust law.

The Federal League legacy

In the immediate aftermath of the peace accord, Charlie Weeghman purchased the Cubs for $500,000 and Phil Ball acquired the Browns for $525,000. Harry Sinclair tried to purchase the Giants, reportedly offering Harry Hempstead $1 million. Hempstead rebuffed Sinclair, who subsequently turned down offers to purchase Cleveland or the Reds. He instead turned his attention to selling player contracts and getting out of baseball completely.

L to R, Charles Weeghman, James Gilmore, and Joe Tinker

Twenty nine of the estimated 70 player contracts held by the FL were owned by Weeghman and Ball, who took those players with them to their newly purchased MLB teams. That left Sinclair with 41 total contracts. He earned $129,150 from his sales to MLB teams. His two biggest customers were the Giants, who spent $48,500, and the Yankees, who bought two players for $37,000. He sold several more contracts to minor league teams for an undisclosed amount. If we assume that the contracts Sinclair held accounted for 59% (41/70) of the total obligation, that left him with exposure of $175,714. In that case he would have come out of his FL experience with a profit, not accounting for any loss he suffered on the Newark team in 1915. The sale proceeds plus $115,000, which represents the discounted present value of the $200,000 franchise buyout he received as part of the settlement with OB, would have left him with a profit of just under $70,000, plus whatever he received from selling FL contracts to minor league teams.

The Federal League left baseball with two lasting legacies. The first is the antitrust exemption, which kept players shackled to their teams until freed by arbitrator Peter Seitz in 1975, and to this day gives MLB the power to negotiate blockbuster television contracts and extract billions of dollars in stadium concessions from state and local governments. The second is pastoral, covered in ivy, and waiting to host a World Series for the very first time.

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The Winter Meetings
2006: A Barry Active Meeting
By Jason C. Long

The Business of Baseball Committee is currently writing a book on the history of the winter meetings. This is an excerpt from that book.

Introduction and Context

The 2006 baseball winter meetings were held in Orlando, Florida, at the Walt Disney World Swan and Dolphin Resort. The size of the resort -- an 87-acre facility featuring two hotels with over 80 meeting rooms and 300,000 sq. ft. of meeting space -- matched the big names on the market heading into the meetings. Several star players were free agents, including controversial outfielder Barry Bonds, who finished the 2006 season 21 home runs shy of Hank Aaron's career record. The dollar amounts and lengths of several contracts announced at the general managers meetings a few weeks earlier created anticipation that the winter meetings would result in more star players signing big contracts; also, the Red Sox were openly seeking to trade an "elite position player," which was Boston's way of referring to slugging outfielder Manny Ramirez without specifically mentioning his name.

In the end, however, all the big fish were as stationary as the 57-foot tall dolphin statues atop the Dolphin Hotel. A number of teams and players agreed on contracts during the winter meetings, but the big names did not sign until later, and there were few trades. The business at the winter meetings similarly involved only the players approving the new collective bargaining agreement, a formality by the time the vote was taken, and the writers' association voting Cal Ripken and Tony Gwynn into the Hall of Fame.

On the Field

Almost as soon as the Cardinals closed out the Tigers in the 2006 World Series, the offseason looked significant for player movement. The Tigers, whose offense sputtered against the Cardinals, got things started on November 10 when they traded three minor league pitchers to the Yankees for DH-outfielder Gary Sheffield, whom the Tigers promptly signed to a $28-million extension through the 2010 season. The big deals continued at the general managers meetings, which began on November 13 in Naples, Florida. During those meetings, several players signed significant contracts. These included five-time All-Star outfielder Alfonso Soriano signing an eight-year, $136-million deal with the Cubs, who also re-signed third baseman Aramis Ramirez to a five-year, $75-million deal; the Astros signing DH-outfielder Carlos Lee to a six-year, $100-million deal; and the Angels signing outfielder Gary Matthews, Jr., coming off a career year, to a five-year, $50-million deal. In addition, the Red Sox agreed to pay the Seibu Lions of Japan's Pacific League $51 million just to negotiate with their star pitcher, right hander Daisuke Matsuzaka. But the biggest names -- Barry Bonds and A's starting pitcher and 2002 Cy Young winner Barry Zito -- remained on the free agent market.

The "Most Intriguing" Subplot of the Winter Meetings

Bonds' situation was the "most intriguing" subplot heading into the winter meetings, which began on Monday, December 4.[i] The Giants had decided against offering Bonds salary arbitration after the 2006 season, making him a free agent and creating tension between Bonds and the team. As the winter meetings began, Bonds, who hit .270 with 26 home runs and 115 walks during 2006 but was surrounded by steroid rumors and the possibility of a federal indictment, was reportedly flying to Oakland to meet with the cross-town A's. But an A's official responded that, "Someone made that up."[ii] Another rumor was that the Tampa Bay Devil Rays were interested in Bonds. This was so amusing to the cash-strapped Devil Rays that when general manager Andrew Friedman opened his suite at the Swan and Dolphin to reporters, they found an easel with Friedman's handwritten message: "Welcome media and Barry Bonds."[iii]

The Barry Bonds saga played out over the 2006 off season

Instead of flying to Oakland, Bonds flew to the winter meetings. This was unusual for any player, especially a star player like Bonds; the only other player at the meetings, in fact, was backup infielder Nick Green, who hit just .164 during 2006. When Bonds strolled through the Dolphin Hotel lobby Tuesday afternoon, surrounded by approximately 10 agents and bodyguards, reporters asked whether he was close to a deal with the Giants, and whether other teams were interested in him. "No comment" was Bonds' only response, but his agent Jeff Borris insisted that "Lots of teams are interested in Barry."[iv] Bonds' appearance at the winter meetings was panned as a "desperate" negotiating ploy, as he sought an $18 million deal for 2007 with an option for 2008, and the Giants were offering a $10 million contract only for 2007.[v]

Bonds' ploy, desperate or not, did result in discussions with the Giants. At the close of the winter meetings on Thursday, December 7, Borris announced that the sides were making "significant progress."[vi] It was only after the meetings ended, however, that Bonds and the Giants agreed to a one-year deal for $16 million with incentives that could increase the contract's value to $20 million. The deal was not officially announced at the meetings, but there were reports that the Giants had agreed with Bonds only after failing to sign Alfonso Soriano or Carlos Lee, or trade for Manny Ramirez.

Barry Zito and Free Agent Pitchers

With Soriano and Lee signing nine-figure contracts before the winter meetings, there was anticipation that lefthander Barry Zito would be the next $100-million man. Zito, who had not missed a start "since tee ball,"[vii] and led the A's to the 2006 American League Championship Series, was represented by super-agent Scott Boras. Boras was advertising that Zito wanted "a six or seven-year contract, most likely for as much as $17 million per season."[viii] The Mets, the Cubs, and the Rangers all showed interest in Zito, but he departed Orlando

without a deal. Zito signed with the Giants later in December.

Nevertheless, several pitchers did sign big contracts at the winter meetings. Despite failing to land Zito, the Cubs got a left handed starter when they signed Ted Lilly, who had won at least 10 games four years running, to a four-year, $40 million contract. The Dodgers signed former Giants starter Jason Schmidt to a three-year contract for $47 million, and the Royals stunned the baseball world when they signed right hander Gil Meche to a five-year, $55 million contract. In six years with the Mariners, Meche compiled just a 55-44 record with a 4.65 ERA. Otherwise, the Rangers signed Vicente Padilla to a three-year, $32-million contract and the Padres signed four-time Cy Young-winning right hander Greg Maddux to a one-year deal for $10 million, with a player option for 2008. The Cardinals meanwhile announced that they had agreed with Chris Carpenter, their ace and the 2005 Cy Young winner, on a five-year extension for $63.5 million. And though not a deal, Andy Pettitte announced during the winter meetings that he would play again in 2007, but only for his current team, the Astros, or his former team, the Yankees; Pettitte subsequently returned to New York.

Gil Meche, one of the more surprising free agent signings in 2006

The Tampering Red Sox?

The Red Sox attracted some negative attention at the winter meetings as they were looking to re-tool their outfield after finishing third in the American League East. After the 2004 season, outfielder J.D. Drew signed a five-year contract with the Dodgers that allowed him to opt-out and become a free agent after the 2006 season. On the advice of his agent Scott Boras that there would be a "strong market" for Drew, who hit .283 with 20 home runs during 2006, Drew opted out.[ix] On Tuesday, December 5, 2006, Boras announced at the winter meetings that the Red Sox had signed Drew to a five-year contract for $70 million.

But there was a little more to the story. As the opt-out deadline was approaching, Drew was providing every indication that he would "stick to" his "commitment" to the Dodgers. When Drew signed with the Red Sox, rumors began to swirl that the Red Sox had let Boras know that if Drew opted out, he could get a better deal in Boston. Dodgers general manager Ned Colletti was "angry" over the Drew situation, and had stopped taking calls from the Red Sox while many executives at the winter meetings urged him to file a tampering charge. Indeed, MLB officials pledged to "vigorously investigate" the Drew situation if the Dodgers so requested. But as the meetings ended, the Dodgers had not "reached a decision yet" whether to file a tampering charge.[x]

The Red Sox had other business at the winter meetings, too. They signed shortstop Julio Lugo, who hit .278 with 12 home runs in a 2006 season split between the Devil Rays and the Dodgers, to a four-year, $36 million contract. Lugo represented the latest in Boston's efforts to find a shortstop after trading away two-time batting champion Nomar Garciaparra, allowing Gold Glove winner Orlando Cabrera to leave as a free agent, and signing, and then one year later trading away, all star Edgar Renteria.

As for the Dodgers, they signed outfielder Luis Gonzalez to a one-year, $7.35 million deal in the wake of Drew's departure. The winter meetings also saw the Dodgers sign catcher Mike Lieberthal to a one-year deal to back up regular catcher Russell Martin, and re-sign closer Takashi Saito.

Trades

Although there were great expectations for player movement heading into the winter meetings, they did not seem to involve trades. Trading activity at the meetings was at least consistent with that, as the biggest trade in Orlando involved the White Sox sending starting pitcher Freddy Garcia to the Phillies. Garcia had won 17 games during 2006, but posted a 4.53 ERA. Chicago accepted minor league pitcher Gavin Floyd, the fourth overall pick in the 2001 amateur draft, and a player to be named as they sought to create room in their rotation for their own prospect, right hander Brandon McCarthy. The trade was first announced in the winter meetings "workroom" at approximately 10:30 p.m. on Tuesday, and formally announced after 11:00. At the formal announcement, Chicago general manager Kenny Williams "let slip" that the player to be named was minor league pitcher Gio

Gonzalez, whom the White Sox had traded to Philadelphia a year earlier in the Jim Thome-Aaron Rowand deal. After the "slip," Kenny Williams remarked, "It's 11 o'clock at night, what do you want?"[xi] Other trades involved swaps of relievers for starters, with the Braves sending left handed starting pitcher Horacio Ramirez to Seattle for right handed reliever Rafael Soriano, and the Mets sending starter Brian Bannister to Kansas City for reliever Ambiorix Burgos in an exchange of right handers.

There were rumors of other trades at the meetings, though none came to fruition. For example, one report had the White Sox sending starting pitcher John Garland to the Astros in exchange for pitchers Taylor Buchholz and Jason Hirsh and outfielder Willy Taveras, but no such deal occurred. Another had the Tigers sending either outfielder Craig Monroe or Marcus Thames to Baltimore, but Tigers general manager Dave Dombrowski dismissed the rumors as coming from the Orioles. Notably, there seemed to be no rumors involving the Red Sox trading an "elite position player," whoever he was.

Other Signings

There were a few other noteworthy signings during the 2006 winter meetings. The A's signed slugging catcher Mike Piazza to a one-year deal for $8.5 million to serve as their DH. Piazza was coming off a relatively disappointing season with the Padres, and the A's sought to catch him on the rebound. A similar deal a year earlier with DH Frank Thomas had helped the A's reach the ALCS during 2006. Also, the Giants signed infielder Rich Aurilia to a two-year, $8 million contract, and catcher Bengie Molina to a three-year, $16 million contract. Aurilia had been a star shortstop with the Giants in the early 2000s, but had mostly scuffled since leaving San Francisco. The Giants brought him back as a first baseman and utility infielder. Molina, on the other hand, had hit .284 with 19 home runs as a Blue Jay in 2006. The Giants brought him to San Francisco because they questioned whether their backup catcher in 2006, former Michigan Wolverine Mike Matheny, would be able play again after suffering a concussion. In fact, Matheny never did play again.

Josh Hamilton, Rule 5 Draft Pickup

Rule 5 Draft

The Rule 5 draft was the last official business of the winter meetings on Thursday, December 7, and it involved several players who went on to big league success. With the third pick, the Cubs selected outfielder Josh Hamilton from Tampa Bay. Hamilton had been the first overall pick in the 1999 amateur draft, and the Cubs immediately sold him to the Reds. Later in the draft, the Kansas City Royals selected starting pitcher Joakim Soria from the Padres. Hamilton played well in Cincinnati and was traded to Texas before the 2008 season; he went on to become the 2010 American League MVP. In Kansas City, Soria moved to the bullpen and became an all-star closer.

The Business of Baseball

As with player movement, there were no great accomplishments in the business of baseball at the 2006 winter meetings. Perhaps the most important business was the Players' Association approving the new five-year collective bargaining agreement. The agreement had been announced in October 2006, but was subject to the players' formal vote at the winter meetings. The new agreement adopted a few changes to the existing system, notably leaving in place the drug testing program that had been revised during November 2005 to strengthen the program that the parties had initially adopted in the previous agreement. Changes involved eliminating the requirement that teams must sign their own free agents by early December or wait until the following May to sign them, advancing the deadline for teams to sign amateur draft picks to August 15 following the June draft, increasing the minimum player salary, and increasing the luxury tax threshold.

In addition, MLB announced the institution of a "Civil Rights Game." Commissioner Bud Selig announced that the game was designed to commemorate the Civil Rights Movement, which he described as "one of the most critical and important eras of our social history," and to celebrate baseball's role in the movement beginning with Jackie Robinson breaking the "color barrier" in 1947.[xii] The inaugural game was scheduled for March 31, 2007 at AutoZone Park, home of the

Cardinals' AAA affiliate in Memphis, Tennessee. MLB chose this location because Memphis is home to the National Civil Rights Museum, built on the site where Dr. Martin Luther King, Jr., was assassinated in 1968. The Cardinals, which not only were Memphis' parent club but were historically considered a team that featured many minority players, would host the game against the Indians, significant for signing Larry Doby to break the color barrier in the American League and hiring Frank Robinson as the first major league African-American manager. As part of the event, MLB would make donations to the Museum, the NAACP Legal Defense Fund, the Negro Leagues Museum, and other charities.

Hall of Fame Vote and Other Awards

The two players elected to the Hall of Fame during the 2006 winter meetings -- Cal Ripken, Jr., and Tony Gwynn -- hardly require introduction. Ripken, the longtime Orioles shortstop and third baseman, was perhaps best known for his consecutive games-played streak, breaking Lou Gehrig's longstanding record and reaching 2,632 consecutive games before removing himself from the lineup on September 20, 1998. Considered oversized for a shortstop, Ripken stood 6 ft., 4 in. tall and weighed 225 lbs. when he broke into the big leagues in 1981, but proved to be an outstanding defensive shortstop while hitting for average and power before moving to third base late in his career. For his career, which was spent entirely with the Orioles, Ripken was a .276 hitter with 431 home runs, redefining the shortstop position.

Padres outfielder Tony Gwynn won the NL batting crown eight times and hit .338 for his career. Gwynn constantly studied his swing and pioneered using video to refine his batting. Not just a great hitter, Gwynn amassed 319 stolen bases for his career and was a five-time Gold Glove winner. His all-around play led him to 15 All-Star selections and inclusion on more than 97% of the Hall of Fame ballots for 2006, the seventh-highest percentage in history. Like Ripken, Gwynn spent his entire career with one team.

Also, *Baseball America* held its awards gala at the winter meetings on Tuesday, December 5. The Dodgers won organization of the year, but the Tigers won four major awards: Dave Dombrowski executive of the year, Jim Leyland manager of the year, Justin Verlander rookie of the year, and Andrew Miller college player of the year.

Summary

The 2006 winter meetings followed an active early offseason, and perhaps those deals stole some of the meetings' thunder. Those teams that had already completed trades or signed players to significant contracts were unlikely to make further moves at the winter meetings, and may have increased expectations among the remaining significant free agents, impacting the likelihood of agreements at the winter meetings. As for the signings that did take place, most were either not significant for the upcoming season, or not unexpected. For instance, there was never serious doubt that Barry Bonds would return to the Giants. But the contract that Bonds reportedly agreed to as the winter meetings ended was not finalized until February 2007 because the Commissioner's office refused to approve personal appearance clauses related to Bonds' pursuit of Hank Aaron's home run record. The lack of big signings or trades led Mariners general manager Bill Bavasi to describe 2006 as "one of the more miserable Winter Meetings" he had attended.[xiii] But for the teams that did sign players, including the Dodgers, the meetings were hectic. After agreeing with four players at the meetings, Dodgers general manager Ned Colletti said that the only thing left for him to do after the meetings was to "get some sleep."[xiv]

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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 teams financial standing. General information on financial health is desirable, if obtainable.

Full attendance data for any franchise can be supplied and one team history is 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.

Here are the teams spoken for….

New York/San Francisco Giants
Arizona Diamondbacks
Seattle Pilots/Milwaukee Brewers
Chicago Cubs
Cincinnati Reds (through 1966 season)
New York Mets
Boston Braves
Philadelphia/Kansas City/Oakland Athletics
Washington Senators I
Chicago White Sox
Detroit Tigers
Cleveland Indians
Boston Red Sox
New York Yankees
St. Louis Browns /Baltimore Orioles

These are the teams which still need an author…..

Atlanta/Milwaukee Braves
Cincinnati Reds (1967 to present)
Colorado Rockies
Florida Marlins
Houston Astros
Kansas City Royals
Los Angeles/California Angels
Milwaukee/Atlanta Braves
Minnesota Twins
Montreal Expos/Washington Nationals
Philadelphia Phillies
Pittsburgh Pirates
St. Louis Cardinals
San Diego Padres
Seattle Mariners
Tampa Bay Rays
Toronto Blue Jays
Washington Senators II/Texas Rangers

This is the team which has been completed…..

Brooklyn/Los Angeles Dodgers

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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.

Seeking Authors: Winter Leagues Book

Additional authors are needed for chapters for the forthcoming volume on the 20th century winter meetings. If you are interested, contact Bill Nowlin for more information at bnowlin@rounder.com.

Contributors

Jason Long

Jason C. Long is a tax and real estate attorney with Steinhardt Pesick & Cohen, P.C., in Birmingham, Michigan. He attended Oakland University, the University of Michigan, and the University of Detroit Mercy School of Law. Mr. Long has published articles and chapters concerning tax and real estate legal topics, but this is his first foray into writing about baseball. A lifelong Detroit Tigers fan, Mr. Long finds the business of baseball almost as fascinating as the play on the field.

Andy McCue

Andy McCue is the author of Mover and Shaker: Walter O'Malley, the Dodgers and Baseball's Westward Expansion. He has been a SABR member since 1982 and is a founding member of the Business of Baseball Committee. He is currently working on a book on the management of the American League in the latter 20th Century.

Outside the Lines is published semi-annually, each spring and fall. Contributions should be sent to Mike Haupert at mhaupert@uwlax.edu.