

# Outside the Lines

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SABR Business of Baseball Committee Newsletter

Spring

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## Goin' to Kansas City -- Kansas City, Here We Come

Hope to see many of you in Kansas City June 6-9, when SABR holds its 26th annual convention at the Downtown Marriott. In addition to its annual meeting (date and time uncertain at press time), the Business of Baseball Committee will be sponsoring a panel discussion of issues relating to public financing of sports stadia. Set your alarms, for the panel discussion is scheduled for 7:30 AM on Saturday, June 8.

The Business of Baseball panel includes **John Matthew**, an Expos fan exiled to Toronto who's quite familiar with the two most expensive stadia yet constructed; **Andy McCue**, business editor of the Riverside (CA) *Press-Enterprise*, who's researching a biography of Walter O'Malley; Committee chairman **Doug Pappas**; and architecture critic/ballparks expert **John Pastier**, who reported on Seattle's bid for a new park in the Fall issue of *Outside the Lines*.

## Stadium News

And as the Committee prepares for its discussion of stadium financing, here's the current status of stadium replacement/renovation projects around the majors:

**Boston:** Fenway Park may not live to see its 90th birthday: the Red Sox announced plans for a new \$200 million, 45,000-seat park, to be completed by 2001 at a yet-to-be-determined site. The Sox plan to finance the stadium themselves, with public assistance for roads and transit updates.

**California:** After several well-publicized breakdowns in negotiations with the City of Anaheim, Disney has agreed to contribute \$70 million toward a planned \$100 million in renovations to Anaheim Stadium. This deal complete, Disney acquired management control and 25% ownership of the Angels from Gene Autry..

**Cincinnati:** On March 19, Hamilton County voters approved a half-cent sales tax increase to fund \$540 million worth of new stadia for the Reds and Bengals. Despite the benefit her own club would receive, Marge Schott didn't help the proponents by asking the Dayton *Daily News*, "Why do the Cincinnati Bengals need a stadium for 10 games a year? It makes no sense." Meanwhile, in one of her less inflammatory moves this spring, Schott announced that the Reds were withholding \$3.6 million in rent on Riverfront Stadium in a dispute over concessions given to the Bengals.

**Detroit:** The Tiger Stadium Fan Club is batting .000 in its attempt to block construction of a new park. Its suit against the State of Michigan over the use of public funds for the stadium was dismissed, while Detroit voters endorsed a partially-subsidized replacement for Tiger Stadium by a 4:1 margin. (Tiger Stadium Fan Club president Alex Bensky asserts that supporters outspent opponents by at least \$800,000-\$12,000.) The February-March issue of *SportsValue* concluded that a new stadium would more than double the Tigers' market value, from \$83 million to \$205 million.

**Milwaukee:** Trouble in Seligland! Last fall the Acting Commissioner for Life secured financing for a new stadium by pledging that the Brewers would pay \$90 million of the \$250 million construction cost. This spring Selig told state officials that even after Miller Brewing agreed to pay \$41.2 million over 20 years to have the new park named Miller Field, the team lacked sufficient collateral for its proposed \$50 million loan to cover the rest of the team's contribution. Subsequently the Brewers quietly asked a half-dozen players to defer part of their salaries until after the season, even while denying that the team is in financial trouble. Whatever you say, Bud...

**New York Mets:** With little fanfare, Mets co-owner Fred Wilpon announced plans for a new, \$457 million stadium to be constructed in the Shea Stadium parking lot. The proposed stadium -- financing yet to be determined -- would feature natural turf, a retractable dome, 50,000 seats, and the inevitable "old fashioned

feel.” (Since the team would remain next to LaGuardia Airport, will they pipe in the din of *prop* planes?)

**New York Yankees:** With the team’s lease on Yankee Stadium due to expire in 2002, the Yankees, New York City and New York State jointly financed a study to evaluate the Yankees’ options. This study concluded that all viable alternatives would cost at least \$770 million. Although Yankee Stadium was totally renovated 20 years ago for \$150 million -- HOK concludes that another renovation would cost \$770,547,360 -- 60% more than the Mets plan to spend on a retractable-dome stadium! Its recommendation: a new stadium on the West Side of Manhattan, either baseball-only (\$847,594,000) or with a multipurpose retractable dome (\$1,059,333,000). The Yankees quickly indicated that they weren’t going to pick up the tab...

Adopting any of these proposals would be a fiscal and physical nightmare for New York. Incredibly, these proposals *understate* the cost of a new Manhattan stadium: they omit the cost of site acquisition (up to \$100 million), ignore the effect the taxes required to pay for the stadium would have on the rest of the city’s economy, and disregard the colossal traffic problems which would result. (The proposed stadium would be located along the Hudson River -- just south of the Javits Convention Center, west of Madison Square Garden and a half-mile south of the Lincoln Tunnel, with no expressway access.) As urban policy, moving the Yankees from the South Bronx to midtown Manhattan makes no sense -- and as a matter of law and social policy, there’s something wrong with a system which allows private businesses to exploit their monopoly status to demand taxpayer subsidies worth more than the business itself. But what to do? Here are four options:

- Bribe the Yankees. In a New York *Times* op-ed piece, sports economist Roger Noll noted that New York would save \$70 million/year in interest costs by foregoing any stadium construction and just writing George Steinbrenner an annual \$10 million check to remain where he is.
- Buy the Yankees. *Financial World* estimates their current value at \$209 million, a small fraction of the cost of a new stadium. But would Steinbrenner sell? If not, turn to option #3...
- Condemn the Yankees. New York State Assemblyman Richard Brodsky has proposed legislation to allow New York State to exercise its eminent domain power to acquire the team for its fair value.
- Fight Fire with Fire. The Yankees think that by threatening to move, they can pressure New York into doing their bidding. But what would happen if New York offered to lease Yankee Stadium to the Brewers or Twins, or acquired an option to buy another team for 125% of its fair market value? Then it could respond to Steinbrenner’s demands by saying, “*Somebody’s* going to play in Yankee Stadium after your lease expires -- for the sake of your huge cable deal, shouldn’t it be you?” Unfortunately MLB’s antitrust exemption allows it to impose rules on franchise ownership and relocation which assure that the team retains all the bargaining leverage: teams can threaten to move, but cities can’t buy and operate teams or pit one franchise against another for the right to operate in the largest markets.

**Pittsburgh:** Kevin McClatchy’s purchase of the Pirates was approved...but a clause in his Three Rivers Stadium lease allows him to move the team unless financing for a new park is in place within three years and the new stadium is built within five.

**San Francisco:** By two to one, voters approved the Giants’ proposal for a privately-financed stadium in the China Basin district. With the memory of several failed bids for a publicly-financed stadium fresh in his mind, principal owner Peter Magowan campaigned by telling local businessmen that other owners who “conned money out of the cities that they’re in ... and those who are planning to con money” would be rooting against the plan. The Giants plan to raise the first \$100 million by selling concession rights, seat licenses to the best box seats, and the right to name the stadium (which Pacific Bell has purchased for \$50 million).

### Stupid Owner Tricks

With the season less than one-third over, Marge Schott has a commanding lead in the race for the Albert Belle Trophy (Management Edition), given to the executive figure who has done the most to damage Organized Baseball’s public image. Marge broke from the gate like the ‘87 Brewers by feeling sorry for herself after that nasty John McSherry spoiled her Opening Day party by dying on *her* field, then recycling flowers sent to her in a sympathy arrangement given to McSherry’s colleagues. Accelerating like the ‘84 Tigers, Schott eliminated out-of-town score updates rather than pay \$350/month to Sports Ticker, arguing, “Why do they care about one game when they’re watching another?” All this *before* her description of Hitler as a man who “did good in the beginning but then he went too far,” which gives her a lead even the ‘51 Dodgers couldn’t lose.

Jerry Reinsdorf runs a distant second. The man who extorted New Comiskey Park from Illinois taxpayers with threats to move the White Sox to Tampa/St. Petersburg objected to Bud Selig’s contributing \$90 million toward a new \$250 million stadium, telling the *Milwaukee Journal-Sentinel*, “It’s absurd that [Selig’s]

[Selig's] putting up that kind of money." Reinsdorf added, "Selig's too nice a guy. He doesn't like to play hardball, but that's the only game you can play with politicians." This is, of course, the same Jerry Reinsdorf who in 1992 set forth his philosophy of labor negotiations: "You do it by taking a position and telling them we're not going to play unless we make a deal, and being prepared not to play one or two years if you have to." Someone should tell Reinsdorf that this is the *nineteen*-90s before he asks why Andrew Freedman hasn't returned his calls.

Meanwhile, a dark horse has emerged in Phoenix. Two years before his Arizona Diamondbacks play their first game, Jerry Colangelo made the single most jaw-droppingly stupid proposal of the Selig era: moving the World Series to a neutral, warm-weather city. Hmm, like Phoenix, perhaps? MLB doesn't need those loyal season ticketholders anyhow, and *real* fans will gladly take 10-day vacations on short notice to cheer on their heroes in distant, expensive venues...

### Congress and the National Pastime, 1995-96

While Congress has periodically reviewed the antitrust status of Organized Baseball (for an overview with extensive bibliography, see Stephen R. Lowe, *The Kid on the Sandlot: Congress and Professional Sports 1910-1992*, Bowling Green Univ. Popular Press, 1995), the 1994-95 labor dispute and 1995 move of the Cleveland Browns to Baltimore rekindled legislative interest in professional sports. I used the federal government's THOMAS database (<http://rs9.loc.gov/home/thomas.html>) to review all baseball-related bills, committee reports and statements in the *Congressional Record*.

**Bills passed by a committee.** Two bills have been sent to the floor by Congressional committees. On February 6, 1996, the Senate Judiciary Committee voted 9-8-1 to approve S. 627, the "Major League Baseball Antitrust Reform Act of 1995." Senators Hatch, Thurmond, Simpson, Thompson, DeWine, Abraham, Kennedy, Leahy and Feingold supported the bill; Senators Grassley, Specter, Brown, Kyl, Biden, Heflin, Simon and Feinstein opposed it; and Senator Kohl, owner of the Milwaukee Bucks, abstained.

The bill would apply the antitrust laws to all aspects of Organized Baseball *except* the amateur draft, minor league reserve clause, Professional Baseball Agreement, or other matters relating to the minors. S. 627 also disclaimed any effect on the antitrust status of two controversial issues: the ability of leagues to regulate franchise relocation and the scope of the pooled-rights TV exemption provided by the Sports Broadcasting Act of 1961.

The Committee report noted, "Professional baseball is the only industry in the United States that claims an exemption from the antitrust laws without being subject to alternative regulatory supervision," and described the consequences of this exemption: "With their current antitrust status, the owners may conspire and collude without restraint, and they have repeatedly taken unfair advantage of their unique legal position. The antitrust laws were designed to prohibit the very kind of economic practices that exist in major league baseball today. The list of those harmed by baseball's antitrust exemption is long. Municipalities, minor league owners, prospective investors, players, and fans have all been victims of professional baseball's anticompetitive practices."

The Report rejected a series of arguments put forth by the owners, concluding: (1) MLB's purported losses are impossible to verify, and in any event irrelevant to its antitrust status; (2) MLB's professed concern for the minor leagues rings hollow in light of its own threats to the minors; and (3) even if MLB had a nominally independent Commissioner, the Commissioner's independence has been destroyed by recently-adopted restrictions which forbid him from exercising his "best interests" power to overrule the owners on anything of substance, including expansion, franchise sales and relocations, scheduling, interleague play, divisional alignment, revenue sharing, or collective bargaining.

The dissenters expressed a variety of concerns, both national and local. Arlen Specter didn't think Congress should act during the pendency of a labor dispute and doubted that the bill would have any effect on that dispute...while also admitting "a parochial reason for opposing the bill": that the resultant uncertainty could encourage the Pirates to move. Paul Simon criticized an attempt "to alter the balance of power in an ongoing labor dispute between millionaires while the truly pressing problems facing our Nation remain unresolved," while observing that the key issues in that dispute were governed by labor, not antitrust law. Hank Brown and Dianne Feinstein praised MLB's ability to avoid franchise relocations and its support of the minors (incredibly asserting that "[r]elations between the major and minor leagues are at an all-time high") and warned that

applying the antitrust laws to baseball could mean court challenges to player discipline and exclusive contracts with equipment manufacturers. Senator Feinstein added, "I know firsthand that the only reason the Giants didn't leave San Francisco was baseball's antitrust exemption," and proposed extending MLB's exemption to other professional sports.

On April 25, 1996, the House Judiciary Committee favorably reported H.R. 2740, the "Fan Freedom and Community Protection Act of 1995," a bill inspired by the Browns' move to Baltimore. Key provisions:

- (1) Teams which move can't take their names without the consent of the jilted city;
- (2) Teams must give 180 days' notice before moving;
- (3) If a team moves, the league must grant an expansion franchise to the jilted city, charging no more than 85% of the last expansion fee, if a new, financially capable investor comes forward within three years;
- (4) Leagues must evaluate proposed franchise shifts against 10 criteria:
  - a) Extent of local fan support
  - b) Degree of good-faith negotiations with existing host city
  - c) Degree to which ownership or management contributed to the need for relocation
  - d) Extent of direct or indirect public subsidy, including publicly financed stadium or tax breaks
  - e) Adequacy of host city stadium and willingness of its owner to remedy any deficiencies
  - f) "Whether the team has incurred net operating losses, exclusive of depreciation and amortization, sufficient to threaten the continued financial viability of the team
  - g) Whether the host city has another team in the same league
  - h) Whether the team proposes to relocate to a city with no other team in the league
  - i) Whether the stadium authority, if public, opposes relocation
  - j) Whether a bona fide investor is willing to buy the team to keep it in the host city.
- (5) If a league fails to grant new franchises to a jilted city which produces a qualified investor, it owes that city damages equal to three times the purchase price of the team, and faces a one-year ban on pooled-rights contracts to broadcast its games.

**Labor/Antitrust Bills not passed by a committee.** The following bills were introduced but not passed:

- (1) H.R. 45, "Baseball Fans and Communities Protection Act of 1995" (sponsored by Rep. Conyers): applies the antitrust laws to any unilateral imposition of terms and conditions of employment. New Hall of Famer Jim Bunning (R-KY) and Reps. Bilirakis and Schumer introduced the same bill as H.R. 120. And 365.
- (2) H.R. 105, "Baseball Antitrust Restoration Act of 1995" (Rep. Bilirakis): amends the Sports Broadcasting Act of 1961 to exclude baseball -- would ban all pooled-rights contracts such as MLB's "Game of the Week" telecasts on FOX.
- (3) H.R. 106 and 749 (Reps. Bilirakis, Bunning, Owens and Torres): applies all antitrust laws to baseball; S. 15 (Sen. Moynihan) is essentially the same.
- (4) H.R. 386, "Professional Baseball Antitrust Reform Act of 1995" (Rep. Traficant): applies all antitrust laws to baseball, effective one year after enactment.
- (5) H.R. 397, "Major League Play Ball Act" (Rep. Williams): Sends the labor dispute to binding arbitration before a three-person panel -- one appointed by MLB, one by the MLBPA and one by the American Arbitration Association -- with the panel to choose between the owners' and players' final proposals.
- (6) H.R. 735, "National Commission on Professional Baseball Act of 1995" (Rep. LaFalce): Creates a seven-member commission to regulate all aspects of Organized Baseball. The President would appoint one member from MLB, one from the MLBPA, one from the National Association, one from Organized Baseball cities, and three from the general public.
- (7) H.R. 870, "Major League Baseball Restoration Act" (Reps. Williams and Bonior), and S. 376 (Sens. Kennedy and Mikulski): Sends the labor dispute to binding arbitration before three neutral arbitrators.
- (8) H.R. 1612, "Major League Baseball Antitrust Reform Act of 1995" (Reps. Bunning, Johnson, Owens, Parker, McKeon and Traficant): Identical to S. 627, discussed above. A version of S. 627 which omitted reference to franchise relocation was introduced by an unlikely pair of Senators: 92-year-old Republican Strom Thurmond and Patrick Leahy, one of the Senate's most liberal Democrats.
- (9) H.R. 2022 (10 co-sponsors): applies antitrust laws to any restraints on location of minor league teams.

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- (10) H.R. 2699, "Fans Rights Act of 1995" (Rep. Stokes) and S. 1439 (Sens. Glenn, DeWine and Gorton): Similar to H.R. 2740, discussed above, but omits reference to ownership of the team name; requires leagues to accept local governments as owners; and provides for judicial review of league decisions on requests to move.
  - (11) S. 415, "Professional Baseball Antitrust Reform Act of 1995" (Sens. Hatch, Moynihan, Graham and Bingaman): Applies antitrust law to labor-management relations in Major League Baseball, and states that the labor exemption shall not apply to any unilaterally imposed terms which differ substantially from those in the expired Basic Agreement.
  - (12) S. 1596, "Sports Heritage Act of 1996" (Sen. Glenn): Any team which moves loses the rights to its team name unless the jilted city consents.

**Other Bills.** Some of these are serious, some not. You decide.

- (1) H.R. 935, "Right to View Professional Sports Act of 1995": (Rep. Lipinski): Amends copyright law to authorize the telecast of blacked-out games in hotels, bars and restaurants upon payment of a reasonable licensing fee.
- (2) H.R. 2311 (Rep. Serrano): Amends immigration laws to allow Cubans to come to America to play professional baseball.
- (3) H. Con. Res. 107 (Rep. Hoke): Urges that home-field advantage go to the team with the best record. Yes, he represents a Cleveland district...
- (4) H.R. 3096, "What-Really-Happened Act of 1996" (Reps. Jacobs and Burton): Mandates instant replay in major professional sports to resolve situations where officials have made conflicting calls. Hell hath no fury like a frustrated Colts fan.
- (5) S. Res. 215, "National Baseball Day" (Sens. Lautenberg, Bradley and Moynihan): Declares June 19 "National Baseball Day," commemorating the 150th anniversary of the game on Hoboken's Elysian Fields which is generally considered the first baseball game
- (6) S. Res. 224, "National Baseball Heritage Day" (Sens. D'Amato and Moynihan): Declares September 23 "National Baseball *Heritage Day*," honoring the 151st anniversary of the organization of the Knickerbocker Club. Sen. Moynihan suddenly remembered which state he represents...

**Comments by Members of Congress, from the Congressional Record:**

Rep. Conyers, 1/4/95: "In a very real sense, the competitive landscape of major league baseball in 1995 resembles the very type of business arrangements that spurred Congress to enact the antitrust laws in the 1890's."

Rep. Traficant, 1/4/95: "My desire is to force the union and the owners to sit down, negotiate in good faith, and come to an agreement that both sides can live with. Professional football and basketball are both subject to the antitrust laws. Interestingly enough, both sports are doing extremely well financially, both sports have salary caps -- and player income has never been higher."

Rep. Bunning, 1/4/95: "Major League Baseball operates as a cartel in classic monopoly fashion. The owners, not market forces, dictate how the supply of its product will be allocated. The antitrust exemption shields major league baseball from market forces and makes competition impossible. That sounds like a monopoly to me. . . . Baseball has a problem because the owners have been unable to reach agreement on how to share revenues between small market teams and large market teams. But, instead of hammering out an agreement, they are now trying to arbitrarily impose a salary cap on the players to force the players to solve the owners' problem for them." (Wonder if he'll expand on these remarks at Cooperstown this August?)

Sen. Specter, 1/18/95: "If we eliminate the antitrust exemption, we will have bedlam with respect to franchise changes."

Sen. Dole, 1/26/95: The Republican nominee may have lost the critical Business of Baseball Committee vote by boasting, "Like most Americans, I have little interest in learning about salary caps or baseball media markets. Nor have I kept abreast of the offers and counter-offers that have been floated across the bargaining table, only to end up in the rejection file." Dole added: "We do not need legislation, we do not need Congress. But what we do need is some good old-fashioned, brass-knuckled bargaining. . . . If the players and owners are unable to find common ground...then we will have to find some way to empower those who are the most important element in the baseball equation: the fans themselves."

Rep. LaFalce, 1/30/95: “[B]aseball’s antitrust exemption is, in effect, a government-granted monopoly in much the same manner as a local public utility or transportation authority. And like any other publicly-sanctioned monopoly, my bill would require public oversight to assure that self-interest is not put above the interests of the public and consumers.”

Rep. McInnis, 2/9/95: “Should Congress intervene? The answer is clearly no. Baseball, the lack of professional baseball, is not a national emergency.”

Sen. Hatch, 3/27/95: “Let me emphasize that our bill would not impose a big-government solution to the current dispute between the owners and the players. On the contrary, it would get government out of the way by eliminating a serious government-made obstacle to settlement.”

Sen. Leahy, 4/6/95: “I have seen a situation in the hearings where even the acting commissioner of baseball in his testimony tried to mislead the Senate; gave conflicting testimony, gave testimony that turned out not to be true; and did not move to correct his testimony. This is the kind of disdain that they show for the Congress.”

Sen. Leahy, 6/23/95: Introduces the June 9 Report of the Section of Antitrust Law of the American Bar Association on the Proposed Major League Baseball Antitrust Reform Act of 1995. The ABA describes baseball’s exemption as “rooted in a limited, long-since-abandoned, view of interstate commerce,” and states: “Putting professional baseball on an equal footing with other professional sports cannot fairly be criticized as ‘taking sides’ in favor of players in baseball’s current labor strife. . . . Congressional inaction would be ‘taking sides’ in favor of the owners.”

### How Good Is Your Team’s Farm System?

While free agency allows teams to improve themselves by paying top dollar for veteran talent, a steady crop of prospects from a good farm system remains the most cost-effective way to build a contender. I’ve developed a new method for estimating how much help can be expected from a team’s minor league system over the next few years. The method creates a weighted winning percentage for every organization’s farm system, on the assumption that winning percentage is the best available measure of a farm system’s overall quality. Recognizing that players in the high minors will provide more immediate help, the system assigns a weighting of 3 for AAA teams’ W/L percentage, 2 for AA teams, and 1 for the collective winning percentage of all teams in Class A or below. Check back at the end of the season to see how accurate it is...

<u>American League</u>		<u>National League</u>	
Baltimore	.494	Atlanta	.478
Boston	.500	Chicago	.514
California	.547	Cincinnati	.591
Chicago	.497	Colorado	.535
Cleveland	.535	Florida	.493
Detroit	.512	Houston	.541
Kansas City	.530	Los Angeles	.504
Milwaukee	.489	Montreal	.474
Minnesota	.514	New York	.549
New York	.506	Philadelphia	.510
Oakland	.486	Pittsburgh	.493
Seattle	.462	St. Louis	.506
Texas	.394	San Diego	.448
Toronto	.413	San Francisco	.515

### Minor League Operations

**Dick Kaufman**, who once served as assistant GM of the Reading Indians, sent me an illuminating four-part series from the *Reading Eagle* on the economics of minor-league franchises. The minors have learned how to play the scarcity game:

- (1) In 1977, Joe Buzas bought the Eastern League’s Reading Phillies for \$1. Last year the City of Harrisburg paid \$6.7 million for the Harrisburg Senators to keep them from moving to Springfield, MA.
- (2) The City of Reading admits losing an estimated \$121,000 on its lease with the Reading Phillies, who

- generate \$3-\$4 million in revenues each year and turn an estimated \$1 million annual profit.
- (3) The rent charged to most Eastern League teams which play in modern, municipally-financed stadia doesn't even cover the interest on the stadium financing. Springfield hopes to attract a team by seeking only \$300,000 rent for occupancy of a new stadium estimated to cost between \$12 and \$14 million.
  - (4) This year five Class A teams moved into new parks costing \$10 million or more and seating 8,000 or fewer fans.
  - (5) Even in minor-league cities, elected officials fear they'll never be able to attract another team if the existing club moves.

### Correspondence

Following up on the Blue Jays' sale to Interbrew, **Tim Cashion** writes: "The *real* key is that Interbrew -- being a foreign corporation -- will have to divest itself of Labatt's TSN, the Canadian sports network. This means that in addition to losing the cozy relationship with their main sponsor, the Jays will not be able to play fast and loose with the broadcasting contract the way they used to (like the Cubs and Braves still do). This may be the most serious financial part of the deal."

**Robb Dunn** sent me numerous articles and other information distributed at the National Council for Urban Economic Development's conference on stadiums, arenas and conference centers, "If You Build It, Will They Come?," held this February in Scottsdale, Arizona. These materials address topics such as "Attracting Major and Minor League Franchises" (15 pp.), "Financing Minor League Stadiums and Arenas" (8 pp.), "Financing Major League Stadiums and Arenas" (21 pp.), and "Economic Impact of Stadiums and Arenas." (29 pp.). Copies of these packets, as well as other material in the Committee archives, may be ordered from the Chairman for 12 cents/page to cover copying and mailing costs.

**John Pardon** responded to last issue's survey about interleague play with a copy of a column he wrote for the *Asheville Citizen* on June 5, 1968, after MLB announced its four-team expansion for 1969. John recommended that MLB restructure into three eight-team leagues organized along geographical lines. In addition to playing 20 games against each of the other seven teams in its own league, each team would play four two-game home series and four two-game road series against clubs from the other leagues. These matchups would be chosen by the teams through a format similar to the player draft -- the club with the lowest home attendance one year would have first choice of home opponents for the next. The World Series winner would be determined through round-robin play. John also seeks information about the history and development of the major league, minor league and National Association rules -- "all the stuff in the Blue Books." John can be reached at Box 728, Crugers, NY 10521. As time permits, I've been reviewing the Spalding, Reach and Sporting News Guides, as well as TSN's accounts of the annual winter meetings, to compile an overall chronology of rules changes relating to roster size, waivers, the bonus rule, and the like, but would welcome any assistance others can provide.

### Financial World on Profits and Franchise Values

The May 20 issue of *Financial World* contains the magazine's annual estimates of revenues, expenses, profits and market value for all franchises in the four major North American team sports. Despite the lingering effects of the labor dispute throughout the 1995 season, *Financial World* estimates that the average MLB team earned \$2.1 million last year. (By contrast, the Associated Press claims that MLB's own financials showed a collective loss of \$325,000,000, or \$11.6 million/team.)

According to *Financial World*, the Yankees were again MLB's most profitable franchise: \$42 million in local TV/cable rights contributed to the team's \$24 million profit. Behind them at \$20.8 million came the Mets, with the second-highest cable contract and one of the lowest payrolls -- in fact, the Mets would have earned over \$6 million even if they had charged no admission. The Red Sox, Dodgers and Rockies all earned over \$10 million. At the other end of the spectrum, the Reds lost an estimated \$11.8 million (one *more* thing Marge Schott can't do well...), with the Mariners, White Sox, Royals, Tigers and Padres all losing \$5 million or more. The Montreal Expos, traditionally considered one of baseball's weakest teams, turned a \$7.1 million profit, while the small-market Brewers earned an estimated \$1 million and even the Pirates, whose owners expended far more energy selling the team than marketing it, lost only \$1.7 million.

### Committee Resources -- on Paper and the Internet

The Business of Baseball Committee maintains an archive of materials of interest to members, including judicial opinions, economic analyses, salary arbitration results, historical documents, player salaries and team finances. The Committee's database of player salaries now includes more than 12,500 player-seasons, including complete 25-man rosters for all seasons from 1985 through 1996. Lists of 1985-96 salaries are also available via the Internet, through SABR (<http://www.skypoint.com/~ashbury/sabrhomepage.html> or <ftp://skypoint.com/pub/members/a/ashbury/sabr/salaries>) or **Sean Lahman's** home page (<http://vivanet.com/~lahmans/baseball.html>).

I'm hoping to put more information on the Net in the upcoming months, including team salaries, attendance, the text of key judicial opinions and early governing documents, and early issues of the Newsletter. (By the way, if any members of the Committee would prefer to receive the Newsletter by E-mail, drop me a note at [76615.662@compuserve.com](mailto:76615.662@compuserve.com) or [DougP001@aol.com](mailto:DougP001@aol.com). Each E-mail subscription would save SABR about \$2.50/year in duplicating and mailing costs.)

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