Outside the Lines

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Chairman's Note

Don't forget to renew. If you have yet to renew your SABR membership for 1999, now is the time. Contact the SABR office: 812 Huron Rd. East, #719, Cleveland, OH 44115, E-mail info@sabr.org. For those who don't renew, this will your last issue of *Outside the Lines*.

Research presentations wanted for SABR 30. SABR members are invited to submit presentations to be given at SABR 30 in June. Research talks should be 20 minutes in length, with a 5 minute question and answer period to follow. The presentations tend to be statistical or historical in nature. If you're interested, send a 250-word abstract of your presentation, along with biographical and address information, to: Doug Lehman, 11271 N. Kendall Dr. Apt. J109, Miami, Florida 33176, or e-mail to dlehman@mdcc.edu. The deadline for submissions is April 1, 2000. (I'm not speaking on a Business of Baseball topic this year, but if you're there I'll tell you more than you ever wanted to know about ejections.)

MLB News

MLB, ESPN extend regular season contract through 2005. Hours before the scheduled start of a trial stemming from ESPN's attempt to shift Sunday Night Baseball onto ESPN2 in September, MLB and ESPN settled their dispute with a new contract that amounts to a three-year, $700 million extension of their existing deal. MLB will continue to receive $35 million for the 2000 season and $40 million for 2001 and 2002, as provided in the previous contract – but also gets a $125 million signing bonus and rights fees escalating to $175 million in 2003, $200 million in 2004 and 2005. The new contract shifts contested Sunday night telecasts to Friday nights in September;, adds additional highlights shows; and increases the number of ESPN broadcasts from 90 to 108 per season, 44 of which will air on ESPN2. The parties separately extended ESPN Radio's contract with MLB for $36 million over six years.

Owners enhance Selig's powers. Reversing a decision made in January 1994, the owners restored the Commissioner's power to act "in the best interests of baseball" regarding matters subject to an ownership vote. Commissioner Selig can now block trades; can unilaterally determine the owners' labor strategy if they can't agree; and can broaden revenue sharing pursuant to a resolution urging him to "take such action as he deems appropriate to ensure an appropriate level of long-term competitive balance in Major League Baseball." Selig's disciplinary authority was also enhanced: he can now fine teams up to $2 million (up from $250,000) and individuals up to $500,000 (up from $25,000). These powers expire when Selig leaves office. The owners also gave the Commissioner's office full control of all Internet rights, creating a new shared revenue stream.

Final luxury tax bills paid. 1999's taxpayers included the Yankees ($4,804,081), Orioles ($3,475,048), Dodgers ($2,663,079), Mets ($1,137,992) and Red Sox ($21,226). Over the three years of the luxury tax, which expired after the 1999 season, the Orioles and Yankees were far and away the biggest taxpayers: the Orioles paid over $10.6 million, though the Yankees got a lot more for their $9.9 million

Umpires repudiate Richie Phillips. By a 57-35 margin, major league umpires voted to decertify the Major League Umpires' Association and replace it with the Major League Umpires Independent Organizing Committee. Phillips unsuccessfully appealed the decision to the National Labor Relations Board. The new union must hit the ground running: the umpires' labor deal expired on December 31, and MLB wants to shift control of the umpires from the leagues to the Commissioner's office.

Court of Appeals slams MLB on collusion. In an action brought by Steve Garvey for a share of the $280 million fund set aside to pay damages to players affected by collusion in the mid-1980s, the U.S. Court of Appeals for the Ninth Circuit described the owners' behavior as "in many ways as damaging to baseball as the

Black Sox scandal of 1919." The court continued: "The scope of the owners' deceit and fabrications in their 1980s efforts to cheat their employees out of their rightful wages was wholly unprecedented, as was the financial injury suffered by the ballplayers." Garvey was awarded $3 million.

MLB cracks down on underage signings. After a six-week investigation, Commissioner Selig directed the Dodgers to close their operations in the Dominican Republic for one year as punishment for falsifying Adrian Beltre's date of birth so he could be signed before his 16th birthday. Beltre lost his bid for free agency, though, as Selig concluded that Beltre and his representatives were aware of the chicanery. The MLBPA has filed a grievance. Investigations into other Latin American signings continue.

MLBPA appeals John Rocker suspension. After *Sports Illustrated* quoted John Rocker of the Atlanta Braves as insulting, among others, New Yorkers, homosexuals, foreigners and Japanese women drivers, Commissioner Selig suspended Rocker until May 1 and fined him $20,000. The MLBPA appealed the sanction as excessive, even as Braves player representative Tom Glavine spoke out against Rocker. The appeal (still pending at press time) was heard by baseball's new neutral arbitrator, Shyam Das – a naturalized citizen with a suspiciously foreign-sounding name who probably didn't make Rocker's Christmas card list.

Around the Majors

Reds gain Griffey, lose 14,000 seats in 2001-02. The Reds have announced that Cinergy Field's capacity will be reduced from 53,000 to 39,000 in 2001-02. 14,000 outfield seats will be removed after the 2000 season as part of the construction of a new park next door. Meanwhile, the estimated cost of the new park has risen from $235 million to $334 million, including $54 million in infrastructure improvements. The Reds are responsible for all stadium costs over the current estimate of $280 million.

The Reds originally predicted that the reduced capacity would have little effect on attendance, but their view may change now that the club has acquired Ken Griffey Jr. and signed him through 2008 for at least $50 million below his market value. Although the face value of Griffey's contract is $12.5 million/year, he will defer, without interest, $5.5 million in 2000 and $6.5 million in each of the remaining years. With the deferred money due over 15 years from 2009 to 2024, the present value of his nine-year deal is estimated at about $9.2 million/year.

Indians sold to Lawrence Dolan. As part of the $323 million transaction, the Tribe's public shareholders were bought out for $22.66/share. The Indians went public in June 1998 at $15/share, providing investors with a 50% profit in less than two years.

Marlins propose new park in downtown Miami. Marlins owner John Henry wants a new 38,000-seat, retractable-domed park in Miami's Bicentennial Park – and wants the taxpayers to pick up 3/4 of the estimated $400 million cost. Local officials aren't jumping at the chance to do so.

David Glass to bid for Royals. After MLB notified Miles Prentice that his bid for the Royals would not be approved, Wal-Mart CEO David Glass, who assumed control of the club after Ewing Kauffmann's death, expressed his own interest in buying the team. The Royals reported a profit of under $5 million in 1999, claiming it was their only profitable year of the 1990s.

Twins report small profit in 1999. The Minnesota Twins reported a profit of less than $5 million in 1999, thanks to $14 million in revenue-sharing money.

Jeffrey Loria takes control of Expos. The New York art dealer paid $50 million to buy 35% of the team, with the rest retained by the Expos' former ownership group minus Claude Brochu. The Expos have announced plans for a new $200 million outdoor park in downtown Montreal, which they hope to occupy by 2002. The new park will have 36,287 regular seats, 257 club seats behind home plate, 66 luxury boxes and room to add 3,000 bleacher seats in left field, and will be owned by the Olympic Installations Board, the same tax-exempt entity which owns Olympic Stadium. When asked how Montreal fans would react to sitting outdoors in April or late September, Loria optimistically responded, "New York fans don't mind wearing parkas to watch the Yankees in the World Series."

Yankees merge with New Jersey Nets. The new "YankeeNets" entity values the Yankees at $600 million, the Nets at $150 million**.** With the Yankees' record-setting 12-year, $486 million cable TV deal due to expire after the 2000 season, the YankeeNets seem poised to extract even more money from Cablevision. Towards this end, the YankeeNets named Harvey Schiller, former president of Turner Sports, as chairman and CEO, and are reportedly negotiating to buy the NHL's New Jersey Devils.

Phillies present stadium funding proposal. In a proposal submitted to the Philadelphia city council last November, the Phillies offered to pay $150 million toward construction of a new stadium and pay all maintenance and operating costs. In return, the club asked the city to contribute $90 million toward construction, pay $40 million to raze Veterans Stadium and replace it with a parking lot, and make a one-time payment of $12.5 million in the 11th year of the lease.

Padres contribute $47.8 million more toward new park. The money, which supplements the club's previous $115 million commitment, includes $17.5 million for construction and $30.3 million for infrastructure, including two parking garages.

Mariners deny responsibility for $100 million in cost overruns. With the final cost of Safeco Field reaching $517.6 million, the team and the Washington State Public Facilities District are pointing the finger at each other. The Mariners, who are contractually obligated to pay for the overruns, accuse the government of mismanaging the project; the WSPFD, in turn, attributes the overruns to the Mariners' last-minute design changes and the club's insistence that the park be finished as quickly as possible.

Fifth Annual Business of Baseball Committee Survey

This year's theme was "Conventional Wisdom." Participants were asked to evaluate a dozen statements from Don Weiskopf's *Baseball Play America*, a new book whose themes sound a lot like those in the annual "What's Wrong With Baseball" column which appears each spring in papers across America.

Thanks to the 38 participants: **Marshall Adesman, Michael Bauer, Alex Boyd, Alex Caporicci, Gene Carney, Don Coffin, Frank Cunliffe, Scott Davis, Bill Felber, Scott Fischthal, Larry Gerlach, Steve Gietschier, Bill Gilbert, John Gottko, Larry Grasso, Mike Haupert, Rich Klein, Sean Lahman, Roger Launius, Ethan Lewis, John Matthew, John McMurray, Rod Nelson, Mark Pankin, Doug Pappas, John Pastier, Ron Pastor, Rodger Payne, Claudia Perry, Tim Phares, Anthony Salazar, Dale Schneider, Rich Sheehan, Terry Sloope, Andrew Steinhauer, Harry Swanson, Ted Turocy and Jerry Wachs**. If you have an E-mail address but didn't receive a survey, please let me know.

Each of Mr. Weiskopf's statements was judged on a 1-5 scale, with 1 representing total agreement, 3 neutrality and 5 total disagreement. On all but one question, each of the five possible responses got at least two votes.

Problems:

1. *"The economic stability of Major League Baseball has been shaken by a collective bargaining system which has caused operating costs and ticket prices to soar."* Committee evaluation: **3.71** (3 1s, 4 2s, 7 3s, 11 4s and 13 5s).

Jerry Wachs: "1. Salaries are astronomical – ticket prices unaffordable. Small market teams cannot survive and compete."

Ron Pastor: "2. No question that collective bargaining has had a significant impact on operating costs. I haven't researched but I have seen very little to suggest 'soaring' ticket prices."

Bill Gilbert: "3. The economic stability has been more shaken by the disparity in revenue between the clubs."

Larry Gerlach: "4. Initially, MLBPA bargaining success under Marvin Miller substantially increased the cost of doing business for owners, but it has long since been the case that the owners themselves are responsible for escalating costs via their pursuit of free agents and the lose-lose (to them) arbitration system they insisted upon."

Rich Sheehan: "5. Did someone repeal the laws of supply and demand and not tell me? The problem here is that causality has been reversed. Higher revenues – including higher ticket prices and higher media revenues – allow teams to pay higher salaries. You can look at any sport and observe that when the national media money takes a big jump salaries take a big jump almost immediately after."

2. *"Steadily rising salaries cast a dark shadow on the game's economic health."* Committee evaluation: **3.32** ((8 1s, 6 2s, 2 3s, 10 4s, 12 5s).

Michael Bauer: "1. It is no fun knowing that four of the six divisions are wrapped up by Easter. Something must be done to allow small market cities to afford a superstar for his whole career."

Bill Gilbert: "2. Steadily rising salaries make more teams non-competitive."

John Pastier: "2. The steadiness of the rise is not the problem, it's the magnitude of the rise. At this point, we need rollbacks, which aren't likely."

Andrew Steinhauer: "3. Salaries will always continue to rise for the superstars. However, teams will not be able to spend as much on the middle of the road veterans. In order to be able to afford the superstars, teams will have to determine who is actually worth signing to multiyear, multimillion-dollar contracts, and when it would be better off using farm players."

Steve Gietschier: "4. Salaries are rising, but the game has in an economic sense never been healthier. Owners make money, players make money and attendance (except for a slight dip in 1999) continues to rise. No teams have gone out of business, and franchises are sold for record amounts. People want to get into this business, not out of it."

Mark Pankin: "4. There is an old saying: nobody who works for someone else is overpaid."

Ethan Lewis: "5. News types write about 'salary demands' but the owners have the right to refuse to meet them. Without collusion average salaries could be lowered fairly rapidly, but clubs don't do it. Why? Because they can afford to pay."

Rod Nelson: "5. Which hand-wringing owner is he quoting here? Albert Spalding, Charlie Comiskey or Wayne Huizenga? This lament has been heard from the 19th century until the present."

3. *"As a result of the widening gap between the haves and have-nots, at least 70% of the teams begin the season without a chance of getting into postseason play."* Committee evaluation: **3.18** (8 1s, 4 2s, 9 3s, 7 4s, 10 5s).

Jerry Wachs: "1. We all know the 7-9 teams which have a chance; the other teams are just a failing small business."

John Pastier: "3. Maybe 50% are ruled out. And even then, we can't always predict in advance exactly which teams are in that 50%. But how does this compare to 1950 or 1955? Was there more parity then? No."

Rich Sheehan: "3. What a difference a few years makes. The majority of teams do begin the season without any realistic chance of making it into postseason play. That, however, is a new phenomenon and not a historical fact. However, it does not follow that the wider pay gap follows from a widening gap between the haves and the have-nots. The reason is that the owner wanted to win one year and then didn't care nearly as much the next. The problem fundamentally flows from a conflict between owners' two objectives: winning and making money. If Florida can win, so could Kansas City, or Milwaukee, or Pittsburgh, or just about anyplace else if the owner was sufficiently committed."

John McMurray: "4. While it may be true that the bulk of major league teams do not stand a chance to go to the playoffs this year, baseball during the last decade has witnessed the bulk of its teams making the playoffs. Only six major league teams did not make the playoffs in the 1990s, suggesting that the current system allows for change at the top and the inclusion of a wide range of teams in the long run. [*Ed. Note*: *seven teams missed the playoffs in the 1990s: the White Sox and Expos, who led their divisions when the 1994 season was abruptly curtailed, along with Anaheim, Detroit, Kansas City, Milwaukee, and second-year expansion team Tampa Bay.]*

Mark Pankin: "5. The gap has hurt some teams but 70% is nonsensical. That is 21 out of 30 teams, which means only 9 have a chance. Since 8 make it, it that is really true, the pundits should be all but infallible in their picks. Last time I checked that was hardly the case."

4. *"What has changed the economic structure of major league baseball? Local broadcast revenues have become more important and more unequal."* Committee evaluation: **2.55** (7 1s, 15 2s, 8 3s, 4 4s, 4 5s).

Mike Haupert: "1. It also helps to have somebody build you a new stadium. These are also great revenue sources for the team."

Michael Bauer: "2. Local TV money has a lot to do with it, but the Orioles prove it is not just about spending money for talent. It begins with scouting and making wise decisions. A franchise can run a Dominican program and develop three potential starters for $200,000 – about the price of a 2nd round draft pick."

Roger Launius: "3. It is certainly true that the economics of major league baseball has been changed by the rise of local broadcast revenues. I'm not so sure that they are making the teams more unequal. Some of the smaller market teams have been successful in linking their fortunes to large cable outlets. Others could do do the same."

Don Coffin: "4. But, on the other hand, if a particular team has a more attractive product, what do we expect? Revenue sharing can be used to offset this, but with sharing of 100% of revenue, why would a bad team ever do the work to become good?"

Mark Pankin: "5. Who says the economic structure has changed? The small market teams have always had a harder time winning. Prior to the draft, the larger market teams signed more than their fair share of the talent and hoarded it. The big difference was that with player salaries suppressed and no free agency, teams could keep their stars if they wanted and make a profit on much lower attendance levels than are needed today."

5. *"An average family of four cannot afford the cost of attending" a major league baseball game."* Committee evaluation: **3.58** (4 1s, 6 2s, 6 3s, 8 4s, 14 5s).

Ethan Lewis: "1. This may be true. Why pay several hundred dollars (tickets, concessions and parking) to go to, say, Fenway Park where you are surrounded by boorish fans and have an uncomfortable view of the game when you can watch on TV and use the money to buy your kid a new glove?"

Scott Davis: "2. I believe a family of four can attend a MLB game. However, they could not attend games on a consistent basis. The object should be to attract the average family to attend more games, and to do so, the concession, parking, and merchandise costs have to drop, not necessarily the ticket price."

Claudia Perry: "3. Ticket prices are high in some of the major markets but most teams have some low-priced seats available (bleachers, pavilion) that will fit most budgets. What ticket pricing may have done is discourage repeat business by families who are casual fans."

Ted Turocy: "4. An average family of four can afford a couple games a year. I think we could make an argument that they *should* be able to afford more than that. But we shouldn't believe that this is new, either – relatively rare is the baseball team historically who ever catered heavily to working-class or lower-income families. Baseball was prohibitively expenses even for middle-class *individuals* through the '20s."

Sean Lahman: "5. I have a family of five, and a major league ball game is one of the cheapest entertainment options available. It's cheaper than going to the zoo, to the movies, to an amusement park. It's a hell of a lot cheaper than going to an NBA, NFL, or NHL game. When I was in Cleveland last April for the SABR Seymour conference, I paid $6 for a seat in the upper deck at Jacobs Field. The same night I paid $34 for a nosebleed seat next door at Gund Arena to see the NBA Cavs and Hornets."

6. '*Through the years, Major League Baseball has given minimal consideration to the best interests of the fans."* Committee evaluation: **2.37** (11 1s, 10 2s, 9 3s, 8 4s, 0 5s).

Jerry Wachs: "1. This applies also to the press and to this committee. When was the last time we unequivocally opposed salary increases? Possibly any savings the clubs get may not be passed on but for absolute certain increases will be passed along. From the fans' point of view player/team continuity and low salaries and incentives for winning are in our best interests. Has our committee ever so stated?" [*Ed. Note: No. Nor will we. Not only do the present co-chairs strongly oppose using the Committee, or SABR generally, to lobby for any position, but if this survey's any indication, most Committee members oppose salary caps.]*

Larry Gerlach: "2. What business gives maximum consideration to the interests of consumers? Pro sports consider only those factors that will draw more people (not necessarily real fans) to the game, whether in person or via television."

Ted Turocy: "3. MLB's record is very hit-and-miss in this area, but I'm not willing to give a blanket condemnation because no two people seem to agree on just what the fans want (beyond free season tickets in the third row and unlimited beer brought to your seat...oh wait, that's what *I* want)."

Scott Fischthal: "4. This may have been a problem 10 years ago or so. However, MLB has been working very hard on marketing and becoming 'fan-friendly' in recent years, sometimes to the extent that you wonder if they are afraid their sport is too boring to stand on its own."

Proposed Solutions

1. *"The commissioner [who should be "a qualified, objective individual who has no ties to the owners or players"] must have the authority to make decisions final and absolute in all matters affecting the integrity and well being of baseball."* Committee evaluation: **2.78** (11 1s, 8 2s, 6 3s, 2 4s, 10 5s).

Bill Felber: "1. The commissioner ought to be chosen jointly by players and owners, and ought to be a dictator. The commissioner ought to be hired for a fixed term and ought to be limited to a single term. If this strikes some people as un-American, then so be it. "

Mark Pankin: "2. This is a nice 'solution' (to which of the above problems???), but is impractical and unlikely. I don't think either the players or owners would give absolute authority to anyone unless Congress federalizes MLB and makes the Commish a presidential appointment with Senate approval, which would be an even worse idea."

Larry Gerlach: "3. Sounds good, but 'integrity' and 'well being' depends on one's perspective. The Commish will always act in the best interests of those who own franchises."

John Pastier: "4. Very naive. How can such an official have no ties to owners and players? Who hires and fires that person? Why would owners submit to such absolute power? This is an idealistic statement that is probably unimplementable."

Steve Gietschier: "5. I am not in favor of a baseball dictatorship. Who would be empowered to hire such a commissioner? On what terms? Who would review his performance? Who would be empowered to remove him? The Commissioner is now, and always has been, an employee of the owners. So be it."

2. "Major League Baseball must follow the example of the NBA by capping individual salaries." <u>Committee evaluation</u>: **3.75** (6 1s, 3 2s, 2 3s, 8 4s, 17 5s).

Jerry Wachs: "1. And a hard cap. See what is happening to the 49ers, who for a while evaded the NFL cap. The system must punish the cheaters."

Michael Bauer: "2. Not necessarily on individual salaries, but maximum and minimum team salary caps."

Ted Turocy: "3. If salaries stop increasing, the extra will be pocketed by the owners. Don't expect prices to go down, much."

John Matthew: "4. Salary caps are jokes in the lesser sports. The problem is not player salaries, it is unequal distribution of revenues."

Tim Phares: "4. Not individual salaries, but team payrolls. However, baseball should also follow the NBA's lead in guaranteeing a percentage of revenues to players. In addition, MLB should institute profit-sharing as the UBL proposed to do and balance the payroll cap with a minimum payroll."

Don Coffin (and several others): "5. *Why* in the name of all that's economic should the profits of the owners be subsidized by an artificial limitation on the earnings of the players?"

Scott Fischthal: "5. Yeah, like there's so much parity in the NBA today. Why, you'd never see a team like, say, the Bulls, win 6 championships in 8 years in the NBA. You'd never see a team like, say, the Wizards or Clippers, suck every year since creation. Salary caps cause *more* player movement and generally force fans to have to think about finances more than what's happening on the field."

3. *Local broadcasting money should become part of a revenue sharing system, with "all radio and television money [placed] into a league fund and given out in equal proportions."* <u>Committee evaluation</u>; **2.60** (8 1s, 9 2s, 10 3s, 5 4s, 3 5s).

Andrew Steinhauer: "1. This is an excellent idea. But why would George Steinbrenner want to share all the millions he's making from the New York Cablevision contract? Perhaps an agreement can be made that when the current contracts have expired, from that point on MLB will negotiate all new contracts from a central office. Good luck making it happen, though."

Sean Lahman: "2. I don't know that this is fair, but the NFL does this with national broadcasting money. It's a reasonable suggestion. It'll never happen, though, because of the number of media companies that have bought teams specifically to reap the profits from the regional broadcasts."

Mark Pankin: "3. Perhaps some of it should be because the Yankees need teams like Kansas City to fill out their schedule. If we were to require all of the local broadcast revenues to be put into the common pot, then I guess MLB would need to find a way to pay off the owners of large market teams who paid higher prices based in part on these revenues."

Frank Cunliffe: "4. I think that both teams should get a share of all broadcast revenue and all ticket money, including luxury boxes."

Rich Sheehan: "5. A truly wretched idea. There is a continuing conflict in economics between issues of equity and issues of efficiency. Putting all the money in one pot does two very unfortunate things. First, it takes away the incentive of owners like Steinbrenner to generate those local revenues. The next Yankee media contract might not be nearly as good as the last and the Yankees really wouldn't care that much. Second, it rewards owners that have low local revenues because they or their predecessors have been incompetent. Seattle is among the lowest in local media because of gross incompetence stretching back twenty years. They should be the team of the Northwest much as the Red Sox are the team of the Northeast. Why penalize the successful to reward the incompetent?"

4 *Eliminate salary arbitration, which "eliminates the possibility of a team clamping on a young player's earnings" and leads to "mediocre players making far more than they would without the process."* Committee evaluation: **3.19** (8 1s, 4 2s, 8 3s, 5 4s, 11 5s).

Michael Bauer: "1. This whole process has long outlived its usefulness and purpose. It just forces teams to either trade or lock up eligible players."

Dale Schneider: "1. But what are the owners willing to give up in return? I hope the idea of a salary cap. Otherwise, the game will be shut down again after next year."

Ted Turocy: "2. I'd be interested rather in seeing the arbitration process reworked from its current one-shot, winner-take-all approach."

Sean Lahman: "3. I think salary arbitration does sometime lead to higher than average salaries. But once again, this proposal demonstrates a misunderstanding of why we have arbitration for players with 3-5 years of service. The owners don't want to give these players free agency, but the players want the ability to get salaries that are closer to market value. Simply eliminating arbitration destroys the farm systems, because most players would become free agents before they've reached their prime."

Don Coffin: "4. I could support doing away with arbitration if it were coupled with an end to the amateur draft."

Ron Pastor: "5. The average player is making a pittance compared with the superstars. Further, their careers seem to come to a halt when they reach a certain salary level. (Notice how many journeymen are signing minor league contracts.)"

Claudia Perry: "5. There is nothing to stop any team in the majors from signing its young talent to long-term contracts before they are eligible for arbitration. The Cleveland Indians made it work."

5. *Strengthen the luxury-tax system."* Committee evaluation: **2.83** (5 1s, 12 2s, 5 3s, 9 4s, 5 5s).

Rich Sheehan: "2. At last, a reasonable suggestion! Again though, you have to be careful not to raise tax rates too high. It's funny that almost everywhere in the world, tax rates have fallen at the governmental level over the past 20 years, while baseball has finally caught on that there exists such a thing as a tax rate!"

Steve Gietschier: "3. The present luxury tax system looks like it hasn't done much, one way or the other. Revenue sharing would solve more owners' problems than this tax system can."

Bill Felber: "4. The luxury tax system is flawed for three reasons. First, it doesn't tell the poor owners what to do with the money. Claude Brochu collects the luxury tax payments and, as is his right, puts it toward his profit rather than toward improving the team. But the second problem goes to Brochu's rationale. Even adding $5 million or so to Montreal's payroll base would not make the Expos sufficiently funded to be competitive. Instead of the Expos, they would then be the Brewers. What of it? Finally, the luxury tax hasn't done the one thing it might have benefitted the game by doing which is restraining upper-end spending. That is the real problem – the growth of spending at the top."

Tim Phares: "5! The luxury tax system merely subsidizes failures like Montreal and Minnesota. Small-market (e.g. low-budget) teams should be given a greater share of TV, radio, and gate revenues. Also, the draft should be replaced by restoring the old bonus rule with a higher amount: if a player receives a signing bonus of over $500,000, he has to be kept on the big-league roster for two years. The contenders couldn't afford to keep many bonus babies, but the low-budget teams could."

6. *Fans need "a stronger, unified voice in telling the major leagues how they should operate and have greater input in determining the direction of the game."* Committee evaluation: **2.94** (11 1s, 3 2s, 5 3s, 11 4s, 6 5s).

Alex Caporicci: "1. As much as owners and players are represented in talks of the league future, the most important component of team sports, the fans, should also have a voice. I think the time has come for

MLB fans to have a voice of their own." (Several of the 1s expressed theoretical support, even while calling the idea a pipe dream.)

Rich Sheehan: "2. How I hate the word 'need'! If the commissioner felt that his/her responsibility was to the fans rather than to the owners, I suspect that MLB would be in much better shape. However, until the fans rather than the owners choose the commissioner, that's just not going to happen."

Ethan Lewis: "3. Maybe, but I don't know why Baseball should listen."

Gene Carney. "4. Problem is, fans (almost by definition) disagree – it's part of the fun of rooting. I think fan organizations fail because of this; they cannot take positions that please every fan. I want to see fans consulted or surveyed but not on economics."

Don Coffin: "4. Would you say that 'car buyers need a stronger, unified voice...'? Don't we assume that people will vote with their entertainment dollars? I think most of what Mr. Weiskopf suggests is based on a real failure to understand how markets – economic systems in general – work. Would he want *any* of this applied to the industry in which he makes a living? I rather suspect not."

Claudia Perry: "5. Baseball is a business and the customers can have the most impact by not swallowing what it's selling if it displeases them."

Finally, Committee members were asked to estimate the average annual value of MLB's next network TV contracts. The current deal averages $195 million/year; our predictions ranged from $200 million to $800 million, with an average of $339 million and a median of $300 million.

The View from Japan, by **Yoshihiro Koda**

The last baseball season of the 1900s in Japan ended with the Pacific League champion team Fukuoka Daiei Hawks defeating the Chunichi Dragons, Central League champions, in the best-of-seven Japan Series by 4-1.

Hawks fans celebrated their first real triumph since the team moved to Fukuoka eleven years ago. But at the same time, they grew angry about the way the commercial networks broadcast the games. The issue is how commercial messages are inserted. All five Japan Series games in 1999 were broadcast by some of the nationwide commercial networks on VHF channels. Meanwhile NHK, a state-run station, also covered two games on its satellite channel.

NHK is supported by fees from viewers and does not carry commercials. On the other hand, the commercial networks depend on sponsors to pay their bills, and cannot broadcast any game without inserting commercial messages from their sponsors. While baseball fans are accustomed to commercials, the way they were inserted in at least two games of the 1999 Japan Series infuriated fans.

It may be difficult to believe for American fans, but in the telecasts of the fourth and fifth games of the 1999 Japan Series, many Hawk players' at-bats were interrupted by commercials. I got angry watching it – and I wasn't alone. Angry Hawk fans posted numerous complaints on the network Web site.

To tell the truth, such commercial interruptions are common during telecasts of the Yomiuri Giants. As I have mentioned before, the Giants are the most popular team nationwide, so most of their home and road games are telecast nationally. But it is rare for fans watching on TV not to miss some plays due to commercial interruptions.

I remember that baseball telecasts used to insert commercials only between half-innings. Maybe in North America, this remains the normal practice. But in Japan, the situation has changed and is getting worse. Why? Are Japanese broadcasters losing their integrity, or do the soaring costs of broadcasting games invite such situations? I don't know. What I can say is that no baseball fans welcome it.

Some readers may remember that in my first "Outside the Lines" column, I complained that more Japanese stadiums were switching from natural grass to artificial turf. I recently read W.P. Kinsella's 1984 novel, *The Thrill of the Grass*. It alerted me that North American fans had the same complaint 16 years ago. The situation has changed – "back to nature" is an American trend. Last year the Seattle Mariners joined the switch to grass.

I'm quite pessimistic that a similar situation will come to Japan soon – but there is some good news for Japanese fans who love natural grass. Green Stadium in Kobe, the home of the Orix Blue Wave of the Pacific League, has returned to a grass infield. It may be hard for American fans to believe, but this is the only natural-grass infield among all of the stadiums used for Japanese professional baseball. For natural grass lovers in lovers in Japan, this news is a small but bright light in the darkness.

The Farm Report: The Business of Minor League Baseball, compiled by **Anthony Salazar**

Triple A. The Sacramento RiverCats (AAA-A's) singed on with Entercom Communications to broadcast their games on KCTC-AM. Additionally, the RiverCats signed up the Sacramento Bee as a founding sponsor in a ten-year deal.

Portland Family Entertainment (PFE) was given until March 31 to purchase a Class AAA baseball team that would move to the city-owned Civic Stadium for the 2001season. The Portland City Council granted the extension to keep its deal alive with the PFE, which is trying to partner with the city in a $37 million stadium renovation project. Part of the agreement requires the PFE to acquire a AAA team and a minor league soccer team. PFE already has purchased a United Soccer League franchise. An earlier deal to purchase the Triple A Calgary Cannons fell through recently, when its owner decided to remain in the Canadian city.

Cheney Stadium is not a place the Tacoma Rainiers (AAA-Mariners) want to keep playing in. The Rainiers say either improve the stadium or they will leave when their lease expires in 2004. Cheney Stadium is 40 years old, and though the city installed a new playing surface, backstop screen and made improvements to the sound system, the stadium still fails to meet some Class AAA standards. Vast improvements will cost up to $20 million, which would have to come from the city. If this deal is approved, the Rainiers will consider staying, otherwise they will have to look at other options.

The Canadian flight may continue as the owner of the Ottawa Lynx still has the Expos Triple A affiliate up for sale. The owner believes that the team may move to America if no qualified Canadian offer can be found. The Vancouver team has already moved to Sacramento, however, the Calgary move to Portland was called off at the last minute. High rent and an extended lease agreement have been cited as main reasons for selling the Lynx.

Double A. The San Antonio Missions (AA-Dodgers) agreed to an exclusive three-year contact with AIM Technologies, Inc. to use the company's FanCard product. Fans get a card by completing a questionnaire, then earn points by using their FanCard at special kiosks in the stadium and answer questions about their product preferences. Upon reaching certain point levels, fans earn rewards.

With the 2000 season nearby, the new Round Rock Express (AA-Astros) have announced a deal with Dell Computers over stadium naming rights. The 15-year agreement includes the creation of the Dell Diamond, which is due to be completed in April. The baseball stadium will also be home to other community events and conferences throughout the year.

Single A. As part of their last season's commitment to the community, the Cape Fear Crocs (A-Expos) have created "Impact 2000," a program designed raise $100,000 to give to charitable organizations, with the assistance of local businesses. In addition to thanking the community for 14 years of support, the team is also giving away free general admission season passes to local school children. The North Carolina-based club has been sold and will be moving to Lakewood, New Jersey for the 2001 season.

The Mudville Nine (A-Brewers), formerly known as the Stockton Ports, signed an agreement with KJAX-AM to be the Class A team's first-ever flagship station. All 140 Mudville Nine regular season games, as well as any playoff games will be broadcast on the station.

The Peoria Chiefs (A-Cardinals) are close to having a stadium deal. The team has already secured $15.7 million in private financing and are looking for an additional $6.8 million. Team officials are confident that local government agencies will have secured the necessary funds before too long. The 6,500-seat stadium with luxury boxes, is projected to open in 2001.

Short Season A. The Seattle Mariners extended their affiliation with their Northwest League team, the Everett AquaSox, through the 2004 season. The short-season Class A AquaSox have been with the Mariners since 1995. The club has also announced the success of their "Hit a Home Run in Reading" program. Over fifty schools in the Everett area are participating in the program, which aims to enhance students' reading abilities. The program's support includes a variety of local businesses with strong commitments toward promoting literacy.

Over 300 box seats will be added to the home of the Salem-Keizer Volcanoes (SSA-Giants). Upper box seats will replace the existing first four rows of reserved seating at Volcanoes Stadium. Owners of the club indicated that this move was prompted by the fact that box seats were always sold out by the Thanksgiving holiday. The creation of new box seats were hoped to meet the demand of the popular seats.

Independent Leagues. The Sioux City Canaries of the independent Northern League kicked off their planned $5.6 million renovation of Sioux Falls Stadium, nicknamed the Birdcage. The stadium is gaining nine luxury suites, a new press box and a new lighting system among other improvements. Work is expected to be completed in time for the start of the season next year.

After years of struggling attendance, the Abilene Prairie Dogs of the independent Texas-Louisiana League closed up shop. High expectations of increased attendance after their 1996 championship never materialized. Other problems included playing at a college-owned stadium where beer sales were prohibited, and an expanded schedule meant overlapping stadium usage with the primary tenants.

While Abilene folded, two new teams were added to the T-L League. The yet-to-be-named teams will play in Jackson, MS and San Angelo, TX. Jackson previously held a Double-A team that had moved to Round Rock, TX.

The independent Western League will also see several changes as well. The Reno Blackjacks will be playing in Marysville, CA as the Feather River MudCats. The Sacramento Steelheads, meanwhile, have moved their operations nearby to Vacaville, and will be known as the Solano Steelheads. Teams have been added to the league in Yuma, AZ and Scottsdale, AZ.

Fact of the Quarter

Here's a list of the Minor Leagues and their worth as complied by *Baseball America*

AAA: $8 million - $12 million
AA: $5 million - $8 million
A: $2.5 million - $6 million
SSA: $500,000 - $4 million

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