Outside the Lines

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MLB Franchise Relocation Pursuant to its Antitrust Exemption:
A Distinction Without a Difference*

By
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Because it operates under an exemption from federal antitrust laws, MLB is assumed to be better able to control the movement of its franchises than its counterparts in the NFL, NBA and NHL. However, without even delving into the specifics of various relocation attempts through baseball history, it is apparent that the exemption has had little or no practical effect simply due to the fact that baseball clearly hasn't benefited from its purported ability to prevent franchise relocation.

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Excerpted from *The Irrelevance of Baseball's Antitrust Exemption: A Historical Review,* 58 Rutgers L. Rev. 1 (2005).

The Dollar Value of the Last Piece of the Puzzle

By
Vince Gennaro

As fans we are often perplexed by the off season free agent signings by baseball GMs, wondering how the value of some mega-contracts could possibly be justified. Why does Alfonso Soriano command $136 million from the Cubs and why is Barry Zito "worth" $128 million to the Giants? Is this rational decision-making at its finest, ego-driven mania, or something in between? While there may be no definitive answers and certainly no "final word" on player value, there is an analytical path that we can follow to at least shed some light on the rationale of MLB GM's spending decisions.

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Age, Experience and Salary During the Era of Integration

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In the pre-free agency era the most important determinant of a player's salary was his experience in the major leagues. The tendency was for teams to increase player salaries annually, or at least renew them at the status quo. There are, of course, exceptions to these tendencies. Player salaries, if they were to decrease, usually did so when a player changed teams due to a waiver claim, or when reaching the end of a long career.

This article summarizes the latest installment of an ongoing research project that has been funded in part by a Yoseloff grant. In this article I look at the relationship between experience, age and salary for a sample of black and white players who were active between 1947 and 1962.

The Data

First, a bit about the database I am using. The data were gathered from the transaction card collection at the National Baseball Hall of Fame Library. The collection consists of approximately 30,000 cards detailing the salary and transaction history for MLB players from 1911-1983, with a few observations outside of those boundaries.

The collection is more comprehensive for American League players than National Leaguers. In fact, there are no observations for National League players be-

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The author would like to thank the Yoseloff-SABR Baseball Research Grant for financial support for this research.

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fore 1940, and the coverage is somewhat spotty for the next few years. Post WWII coverage of senior circuit players is strong, and by the 1950s it is comprehensive.

The transaction cards are a treasure trove of information, but gathering the data is a slow-moving process. As a result, this is an ongoing project that at present entails only a small sampling of the players active during the time period on which I am working. For this article, the sample includes 95 black players, 60 of whom played in the Negro Leagues, and 69 white players. The common link among these players is that all were active in 1947. Some of the white players began their careers before 1947, the earliest in 1923,

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Table 1

Age and Real Salary by Years Experience

Years Experience	Average Age			Average Real Salary	
	White players	Black players MLB only	Black players MLB and NL	Black players MLB only	White players
0	22.2	26.3	23.7	$ 20,195	$ 21,074
1	23.9	26.6	25.0	$ 28,324	$ 22,733
2	25.1	27.5	26.0	$ 37,539	$ 29,760
3	26.2	28.6	27.1	$ 45,942	$ 34,580
4	27.1	29.2	28.0	$ 57,678	$ 42,295
5	27.9	30.1	28.5	$ 64,010	$ 45,614
6	28.5	30.3	29.7	$ 73,968	$ 52,007
7	29.5	31.2	30.8	$ 85,996	$ 59,613
8	30.5	31.9	30.9	$ 92,919	$ 61,343
9	31.4	32.5	31.9	$111,038	$ 64,737
10	32.1	33.0	32.1	$120,131	$ 65,375
11	32.5	33.9	33.1	$132,055	$ 68,437
12	33.1	34.2	33.0	$137,702	$ 73,587
13	34.2	35.1	33.8	$154,195	$ 69,389
14	34.9	35.4	35.3	$154,834	$ 75,767
15	36.3	35.7	34.8	$155,212	$ 77,016
16	37.1	36.7	35.5	$179,586	$ 71,990
17	38.3	37.4	36.0	$186,515	$ 78,746
18	39.3	38.7	36.7	$268,670	$ 77,227
19	40.8	39.0	38.8	$273,166	$ 62,318
20	40.7	40.0	40.3	$423,892	$ 64,711

Notes: Age and salary calculated from full sample covering years 1923-76. MLB and NL refer to years experience in MLB and Negro Leagues. Age is calculated as of opening day. Base year for real salary calculation is 1982-84. A year of experience is counted if a player appeared in at least one game in a given season.
Source: Haupert salary database

Age, Experience and Salary *(Continued from page 2)*

and the last active date for any player in the sample is 1977.

Such a wide range of time presents problems when looking at salaries. I have addressed this problem by calculating real wages instead of using actual (nominal) annual salaries. Real wages are a method of adjusting nominal wages by the rate of inflation. For this calculation I used the year-end consumer price index as calculated by the Bureau of Labor Statistics.

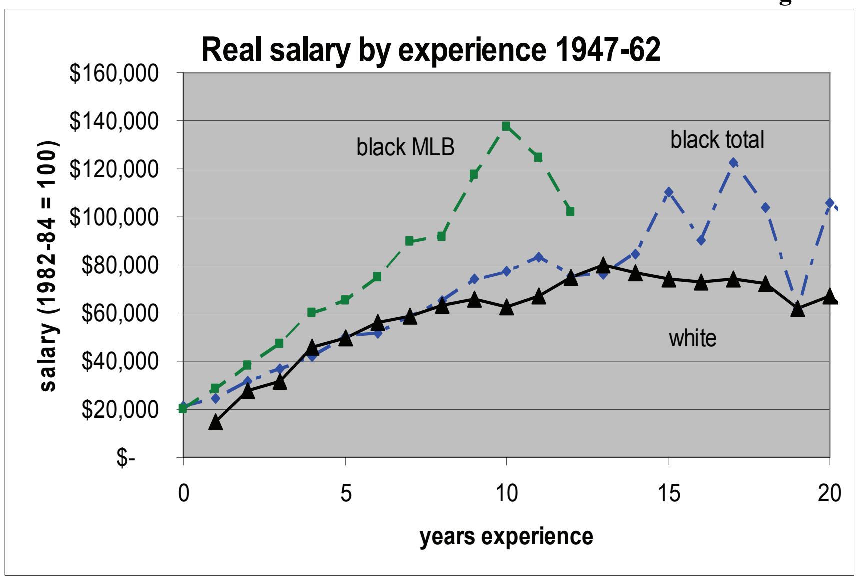
Even though we can adjust for inflation, comparing real MLB wages over time still presents some problems. While real wages can account for inflation, they cannot account for increased salaries due to increasing revenues. This is a problem when comparing average salaries by race over time. Since the careers of the white players began as early as 1923 and the black players began in 1947, comparing average real wages for the two groups will bias the results in favor of black players if the entire sample is considered. Salaries were lower in the 1920s and 1930s than they were in the postwar period. This salary increase was a function of higher team revenues resulting from a dramatic increase in attendance and the growing importance of media income for MLB teams. I address this concern by limiting my observations to the period between 1947 (the year MLB was integrated) and 1962 (the last year for which I have data for a white player) for comparative purposes. Table 1 (previous page) lists summary data for the entire period between 1923 and 1977.

Care must be taken when viewing the data. At the higher end of the age and experience range there are very few observations. I have truncated the observations at 20 years of experience and age 39 because beyond those limits there are fewer than five observations for each year. Even though there are only a handful of observations for 18-20 years experience and ages 38 and 39, I have included these points, having arbitrarily chosen five as the minimum number of observations for a cutoff point. As a result, caution should be observed in any attempt to glean insights from the last couple of observation points. They are more for illustrative purposes. The same can be said of young ages as well. There are a few players in the sample who debuted in the league as teenagers, but the numbers are small enough that I begin my series at age 20.

Experience and Salary

Given the impact of experience on salary, the logical place to begin is by looking at salary as a function of years of experience (Figure 1). When viewed in this way, black players fare very well. The average black player earned more per year of experience than the average white player from the rookie year through twelve years of experience. When the data set is truncated to the years 1947-62 the maximum MLB experience for any black player is twelve years. No white player in the sample made his debut during that period.

Figure 1



Note in Figure 1 that there are two sets of data for black players. The highest salary scale (labeled black MLB) pertains to the experience of black players only in MLB. The second set (labeled black total) combines years of experience at both the MLB and Negro Leagues (NL) level. It appears that blacks were punished for their service in the NL because they earned lower salaries when measured by total experience. However, what this is actually picking up is the fact that MLB owners focused only on MLB experience when determining compensation levels. The gap be-

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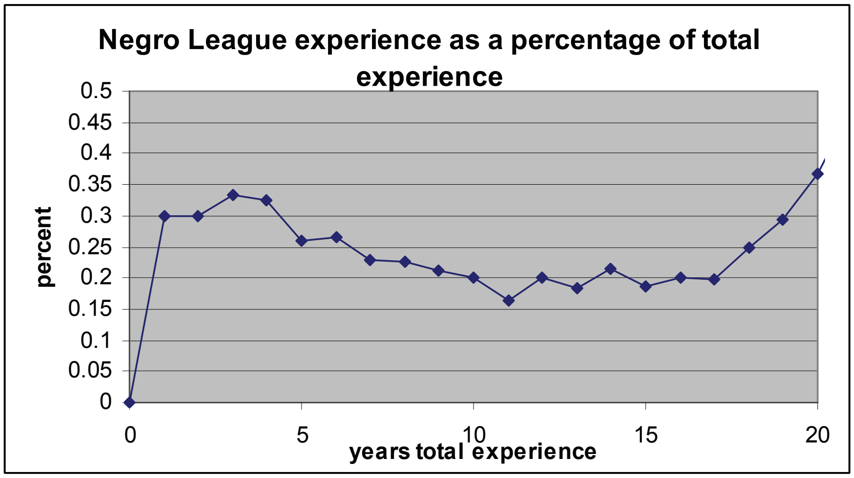
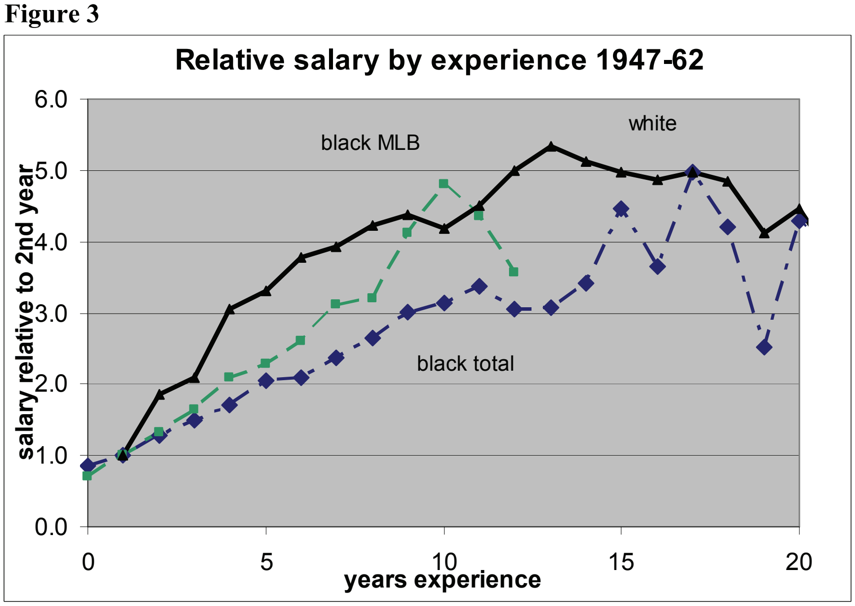
Age, Experience and Salary *(Continued from page 3)*

Figure 2



tween these two salary levels is the result of that portion of the total experience that is earned in the NL not being considered in salary determinations. For example, the average black player with five years total experience had spent approximately one quarter of that time, or 1.3 years, in the NL. By the time ten years of total experience were reached, the average black player had spent two of those years in the NL. For players with seven to 17 years of total experience, nearly 20% of that time was spent in the NL (see Figure 3). Since those years were not rewarded by MLB owners in terms of salary, the effect is that when we look at the total years of experience for black players, a portion of those years are effectively not counted. If you imagine shifting the total experience line to the left by about two years, the two lines will match very closely. In other words, counting total experience sets the salary scale back by about two years. The upshot is that while experience in the NL may have been a good indicator of a player's potential at the major league level, it counted for nothing in his salary determination.

Figure 3



Though they lagged behind black players in pay relative to experience, we can see from Figure 3 that white player salaries accelerated at a faster pace than did black player salaries. Figure 3 measures salary by years of experience by comparing real salaries to the salary earned in the second year of employment. The second year salary is used because there were no observations for white players who were rookies between 1947 and 1962. Despite the greater rate of increase, white salaries never caught up when measured by years of experience. The relative salary for white players plateaus at about five times the second year salary before gradually declining.

Age and Salary

Another way of viewing the data is by age (Figure 4—next page). While age and experience are closely correlated, the relationship is not perfect. We know that not every rookie is a young man. This is especially true when we look at black players entering the league in the first years following integration. Some of the first entrants were veteran Negro Leaguers. Jackie Robinson was 28, Roy Campanella 26, Monte Irvin 29, and Satchel Paige 41 when they debuted. The average age of white rookies was 22.2, while the average black rookie was 26.3. If we adjust the debut age of black players by considering their first year of professional baseball to include service in the Negro Leagues, then the average rookie age of blacks falls to 23.7, still one and one half years older than white players.

Figure 5 (next page) illustrates an interesting relationship between the difference in ages between black and white players at various levels of experience. It appears that for the first twelve years, the black players were almost exactly one year behind their white brethren in terms of ex-

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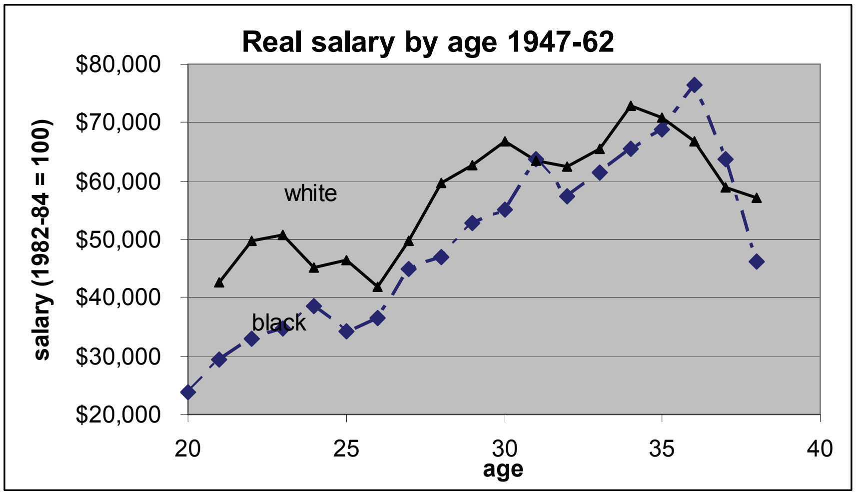
Figure 4



Age, Experience and Salary *(Continued from page 4)*

perience and age. In other words, even accounting for Negro League experience, the average black player was one year older than his white counterpart.

Black players earn more per year of experience than white players. White players earn more at each age than black players. How can we explain this apparent contradiction? The answer lies in the details. The average white player debuted in the majors at the age of 22, while the average black did not reach the majors until the ripe old age of 26 – a full four years age difference. Thus, by the age of 26, the average white player had four years experience and was earning at that experience level, while the average 26 year old black player was earning a rookie wage. If the wage that white players earn for their experience is adjusted for this age differential, the profile changes considerably (see Figure 6). When this adjustment is made, white players actually earn more than blacks for the first six years of experience.

Conclusion

A rookie black player was 26 years old and most had already spent time in the Negro Leagues, thus they tended to have more overall experience than a white rookie. While the NL experience was not directly rewarded, it was indirectly rewarded in the sense that they were better players who could earn a higher salary. This means that a player with a year of experience was paid more than a rookie, but a black rookie with a year in the NL was not paid more than a black rookie with no time in the NL.

Figure 5

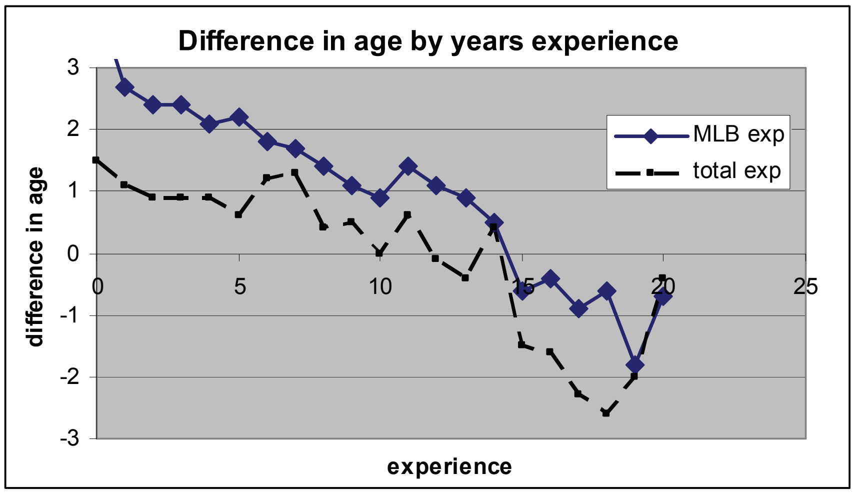
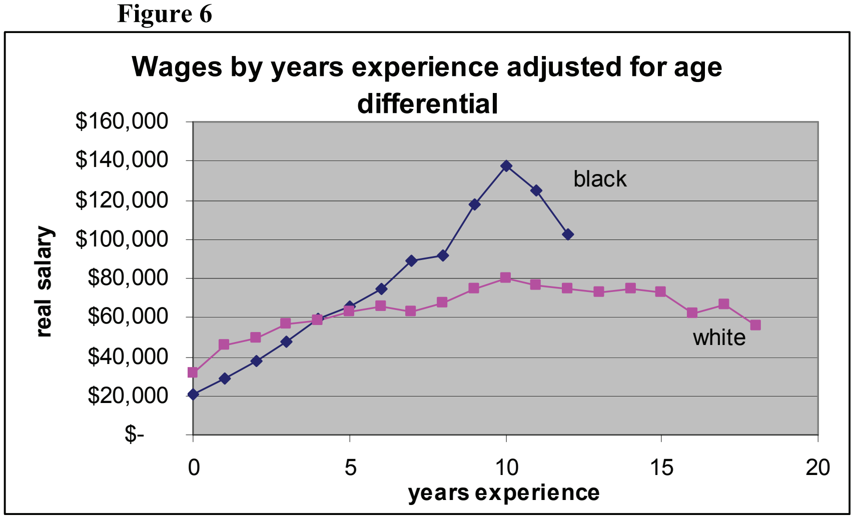


Figure 6



The pattern of pay for black and white players over the course of their careers was similar – salaries were positively correlated with experience over the first several years of a player's career. Salaries do not decrease until the end of the run, and then the number of observations is small, so not a lot of weight can be put on these numbers.

Black players differed from whites in that they tended to be older when they arrived in the league and older at every level of experience. This plays out in the average ca-

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Age, Experience and Salary (Continued from page 5)

reer length. The average black player in the sample had a major league career lasting just under four years, while the average white player had a career lasting nearly eleven years. The financial impact of this outcome was that the average white ballplayer earned a salary of $658,000 over his career while the average black player earned only $211,000.

On the surface, it appears that black players held their own in terms of salary with whites. When looking more closely at the details however, it is not quite so clear. In a previous article I demonstrated that black players fared better in MLB than they did in the NL. However, the jury is still out on exactly how well they fared relative to white players when compared directly.

Despite earning more on average in the first few years after integration and being compensated at a higher average rate based on their experience, the average black player started his career at a later age and thus had a shorter career. It remains to be seen, through further research and a more comprehensive data set, how these trends compared over time.

Last Piece of the Puzzle (Continued from page 1)

One way to measure a player's value to a team is to estimate the marginal revenue product of the player's performance on the field—the amount of incremental revenue a team will generate due to the win-contribution of a player. By estimating the amount of revenue a team would generate with and without a "3-win" or "4-win" player, we can calculate the dollar value of the player to the team.

Fortunately, numerous statistical analysts have translated a player's performance into his win contribution to his team. Wins Above Replacement Player (WARP) from analysts at *Baseball Prospectus* and Win Shares Above Bench (WSAB) from Dave Studenmund at *The Hardball Times* are just two examples of this effort.

However, in order to convert a player's win contribution into dollar value we need to delve deeply into the team's economics and financials to better understand how revenues fluctuate with the team's on-field performance. By applying regression analysis to the annual wins and attendance of each MLB team, and adjusting for factors such as new stadium openings and past work stoppages, we are able to isolate the impact of winning on attendance. Furthermore, by analyzing the relationship between attendance revenues and an MLB team's other revenue categories, we are able to gain a more complete picture of the impact of winning on team revenues.

An in-depth analysis of the win-revenue analysis of all MLB teams and is one of the subjects of my book, *Diamond Dollars: The Economics of Winning in Baseball* by Maple Street Press.

See the sidebar on page 7 for a comparison to other research in this area and some additional detail regarding methodology.

There are four important conclusions about the win-revenue relationship for all MLB teams:

- **Winning and revenues are highly correlated and behave in a predictable and measurable way, influenced by the strength of the team's brand, the loyalty of its fans and the size of its market.** Each team's win-revenue relationship is unique, which means that a player's value needs to be defined in the context of a team.

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Last Piece of the Puzzle (Continued from page 6)

- **Winning affects revenues over a range—** generally, from 70 to 100 wins for a season—but at the low and high extremes (<70 and >100), winning has little impact on revenues. For example, if the Kansas City Royals should improve on their 62-win season of 2006 by winning 68 games in 2007, the affect on revenues is expected to be negligible.
- **The fan response to winning is somewhat lagged.** Statistically speaking, the strongest relationship between wins and attendance occur when wins are defined as a combination of the previous and current year's annual win totals, weighted equally. This makes intuitive sense since a team's season ticket renewals and advance sale are influenced by the team's just completed season, as well as fans perceptions of off season trades and player signings. If a team gets out of the gate strong with

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OTHER RESEARCH ON PLAYER VALUE AND FURTHER DISCUSSION ON METHODOLOGY

Shortly after free agency became a reality three decades ago, as a graduate student at the University of Chicago, I embarked on a project to estimate the marginal revenue product for Major League players. (The results of the project became the topic of an article in The Sporting News in the spring of 1979) The resurrection of this project several years ago, led to my series of team-specific models to estimate the relationship between a team's on-field performance and their resulting revenues.

The process combines statistical analysis—primarily multiple regression—and detailed analysis of the financial variables that drive a team's profit and loss statement. I divide a team's revenue in to three categories: attendance, broadcast, and all other. The process begins with a team specific regression model, with average annual per game attendance as the dependent variable. The independent variables include a metric to reflect a team's wins (a blend of previous year's and current year's wins), and dummy variables to adjust for the impact of new stadium openings and work stoppages, and other non-recurring events. This model creates the foundation of a team's win-curve by quantifying the win-attendance relationship. By multiplying the estimated attendance values by the average ticket price data compiled and published by Team Marketing Report, we can translate this estimate into attendance revenues. The next step is to impute the impact of wins on all other revenues, using a team's historical ratio of attendance to all other revenues published in financial data released as part of the Blue Ribbon Panel Report.

The final revenue category—broadcast—requires different approaches depending on whether the team has ownership in a regional sports network (e.g., Yankees and Red Sox, with YES Network and NESN, respectively) versus a more "traditional" broadcast arrangement with a Fox Sports-type local affiliate. In the former scenario, I analyze the networks' household penetration, distribution fees from cable/satellite operators, and advertising revenues and rates. In an attempt to create "transparency" between the broadcast entity and the team, I "credit" the team with the relevant broadcast revenues that are attributable to winning. In the latter case I use a fixed fee, plus a small performance bonus (approximately 10%) for reaching the postseason.

Nate Silver, a driving force behind the success of Baseball Prospectus, detailed his work in the area of player value in his chapter in *Baseball Between the Numbers*, "Is Alex Rodriguez Overpaid?" One significant difference in Silver's approach is his MLB-wide model of team wins and revenues, in which he stops short of creating team specific models which differentiate the value of a win in New York versus Kansas City. My team-specific models not only differentiate the value of a win between New York and Kansas City (in some instances a Yankee win is worth 3x the dollar value of a Royals' win), but I even differentiate the win-curves of teams' within a city, such as the Yankees-Mets and Cubs-White Sox. One similarity in our two approaches is the way in which we incorporate the value of the postseason into the value of a win—by multiplying the probability of reaching the postseason at each win level, by the estimated dollar value of the postseason.

Last Piece of the Puzzle (Continued from page 7)

a winning April and May, it bodes well for second half ticket revenues. If the team sustains their performance for the balance of the season, it is likely to benefit advance sales for the following season.

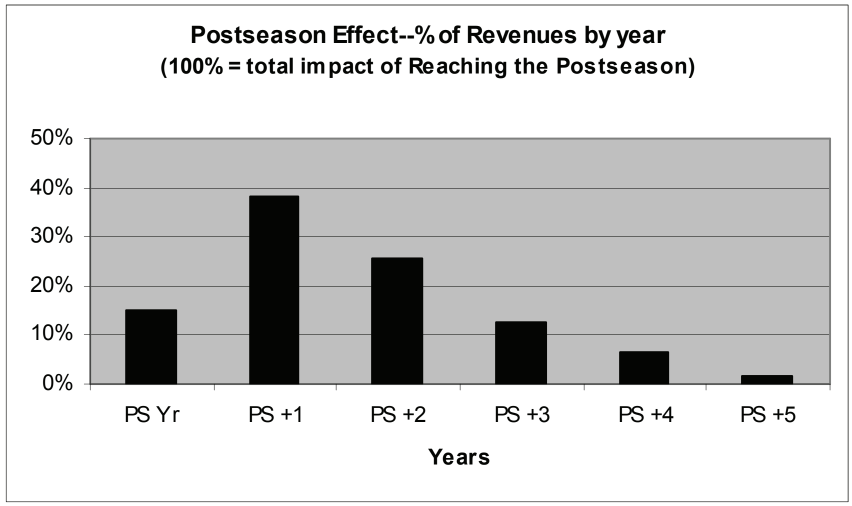
- **A significant revenue windfall occurs when a team reaches the postseason.** This is due to a pattern of fan behavior that is commonplace across all of baseball, but is most pronounced when a team reaches the playoffs after having missed qualifying for several years or more.

The Postseason Effect

Two recent examples—the 2005 White Sox and the 2006 Tigers—had similar experiences due to their return to the postseason. Invariably fans scramble for playoff tickets only to find the seating selection or price in the secondary market disappointing. With their new found optimism about the future prospects of their favorite team, some fans decide to purchase full or partial-season tickets for the next season. They view these as "options" on future playoff seats. In addition, the newly validated playoff team experiences strong advance single game sales for the coming season, as well as improved broadcast ratings, which leads to more advertising revenue. Corporate sponsors are known to jockey for position to secure their team affiliation and even luxury suite demand increases as the team's games become a more desirable customer entertainment option. Furthermore, team's show greater resolve to raise ticket prices—and fans show a greater willingness to absorb them—for a playoff team. From the inception of the wild card in 1995 through 2005, teams that reached the postseason raised ticket prices for the following year, on average, 4.2% more than teams that did not reach the postseason.

This playoff windfall is more than a one-year benefit. Even if the team fails to reach the postseason for the next several years, not all of the new-found supporters disappear immediately. My estimates of attrition rates suggest that while the revenue effect declines each year, it may take up to five years before the last *new* season ticket holder gives up hope and fails to renew. When added to the game revenue from the playoff games (including concessions, etc.) the estimated flow of revenues from a postseason appearance is shown in Figure 1. The net result of summing all of these revenue effects can be a future revenue stream with a net present value (NPV) equal to 20% to 30% of a team's local revenues, beginning in the season following a team's "first" playoff appearance. (The White Sox received an added financial "kicker" due to the increased popularity of the team from winning a World Championship.)

Figure 1



For a team whose revenue base is in the second or third quartile for MLB teams, such as Baltimore, Houston, Philadelphia, San Diego, or St. Louis, reaching the postseason could mean anywhere from $20 million to $30 million (NPV), while winning a World Championship could double that amount. For teams in the top quartile such as the Chicago Cubs and New York Mets the value could be more than $40 million.

How do we integrate the value of the postseason into the win-revenue relationship? One way is through a two-step process that allows us to create an *expected value* of the postseason that corresponds to each win total. The first step involves analyzing the historical probabilities of the 24 pennant races since the inception of the wild card in 1995. By doing so we can estimate the probability of reaching the postseason at each win total. (See Figure 2.) To complete the process, we multiply the probability of reaching the postseason at each win total, by the total value of the postseason. The net result is an estimate of a team's win-revenue relationship, including the expected value of the postseason—a team's *win-curve.*

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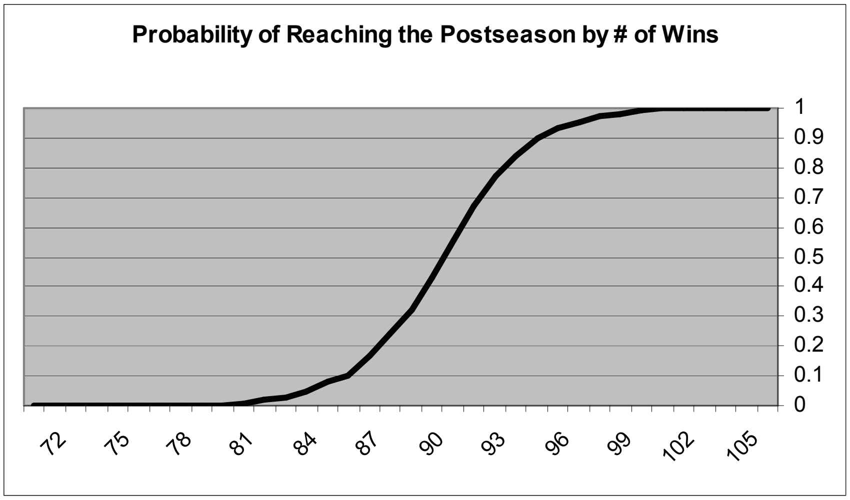
Last Piece of the Puzzle *(Continued from page 8)*

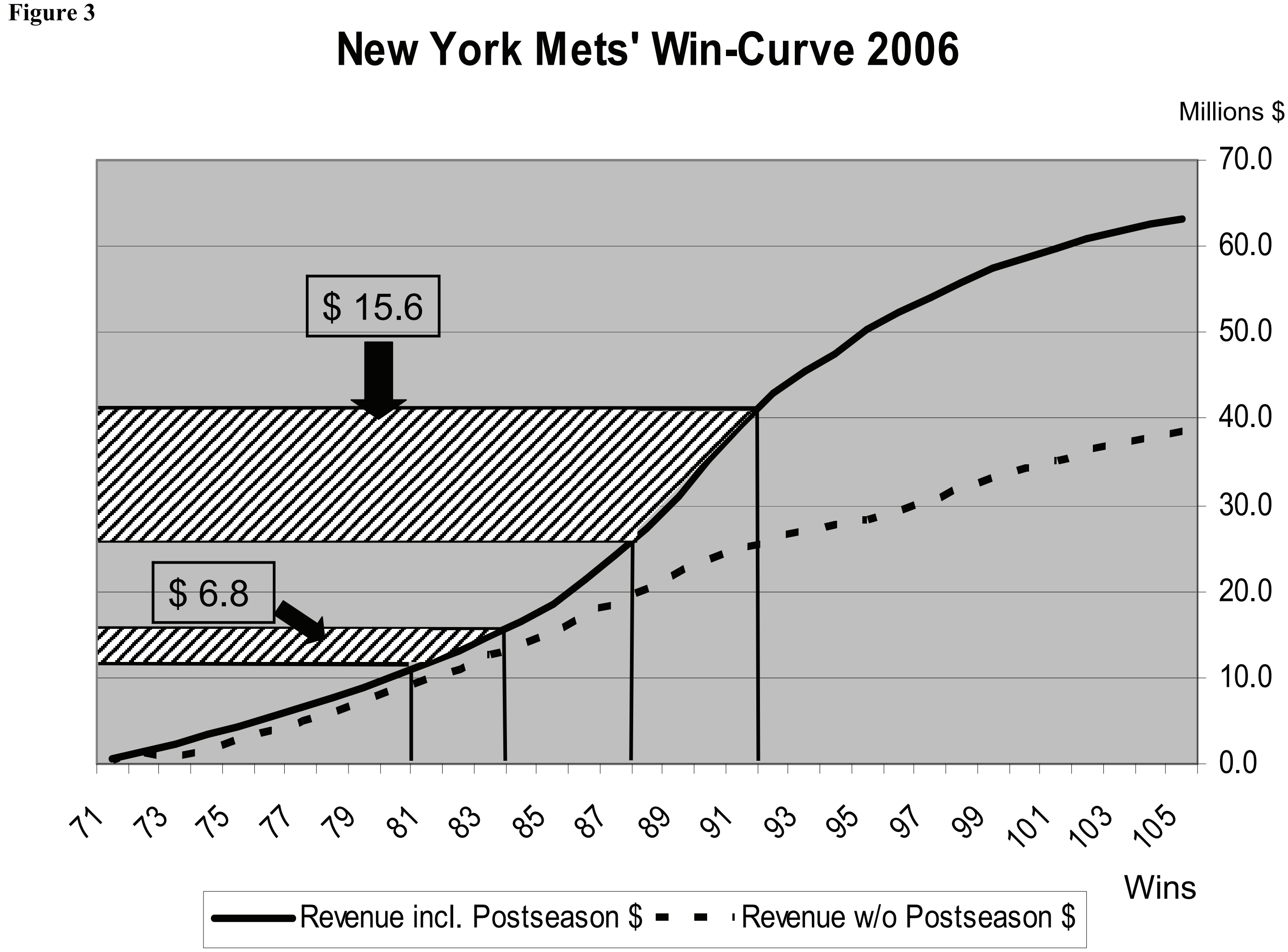
A Player's Value is Situational

Figure 2



A team's win-curve is the culmination of all revenue sources and their relationship to a team's on-field performance. The example in Figure 3 shows the estimated win-curve for the New York Mets, with the postseason effect overlaid on the in-season win-revenues. (Note: the win-curve begins at 70 wins, the point from which the incremental revenue from winning is measured) The postseason effect causes the win-curve to be nonlinear. When a team is in contention it is operating along the steepest portion of the win-curve, meaning a few more wins (or a few less wins) carry the highest financial value. Consequently, a player's dollar value—his marginal revenue product—is greatly influenced by where his team is on the win-curve. For example, if the Mets add a 4-win player to an otherwise 88-win team, the player is expected to generate $15.6 million in revenue. The same player added to an 81-win team would generate only $6.8 million. In the first example our player elevates the Mets to a 92-win team, thereby improving the Mets' probabilities of reaching the postseason by 44 percentage points. In the latter example

Figure 3



Last Piece of the Puzzle (Continued from page 9)

the Mets are only 8% more likely to make the postseason due to the roster addition. (See Figure 3) The marginal value of the last piece of the puzzle can be much higher than the value of the same player added to an 81-win team.

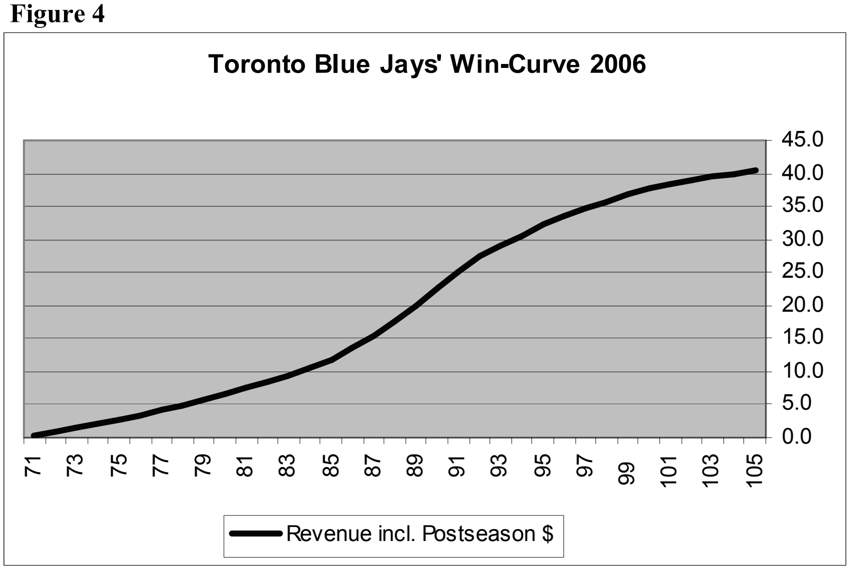
Even it teams are operating with their own personalized win-curve in hand, they may still sign free agents to contracts that make their owner cringe. The amount a team is willing to pay is influenced by a team's *self-perception* of their chances of reaching the postseason. If they see themselves as one or two players shy of the elusive glory of October baseball, GMs may open the bank vault with the expectation that the payback is forthcoming.

With the benefit of one year of history in the books, let's look back at the Toronto Blue Jays' signing of two top free agent pitchers before the 2006 season. General Manager J.P. Ricciardi inked sought after lefty relief pitcher BJ Ryan and starting pitcher AJ Burnett, both to 5-year deals at $47 million and $55 million, respectively. The two players combined compensation will average $20.5 million per year. According to Baseball Prospectus, the players' win-contribution (using wins above replacement level, or WARP) averaged a combined 9 wins over each of the last 3 years. Let's assume Ricciardi saw some upside in both players' performance, particularly because Ryan would be installed in the important closer role. If we make the assumption that Ryan and Burnett will be aggregate 11-win players, but are replacing a closer and starting pitcher that delivered a combined 3 wins, they can be expected to contribute 8 incremental wins to the Blue Jays of 2006.

By evaluating these player additions in the context of the 2006 win-curve we can assess the early returns from the free agent acquisitions. Figure 4 is my estimate of the win-curve for the 2006 Blue Jays. The Blue Jays finished the 2005 season as an 80-win team. Adding 8 wins to an 80-win baseline team for 2006 would generate and estimated $11.3 million in revenue for Toronto, matching the value of only Burnett's contract, leaving approximately a $9 million shortfall in *value created.* However, if Ricciardi perceived his team to be an 86-win baseline team before the additions, their collective value would be $19.3 million, much closer to the $20.5 million of pay called for in the contracts. Even under this latter set of assumptions, the Blue Jays would need to reach the postseason twice in the five-year span to payout the contracts to Ryan and Burnett—a tall order in the hyper-competitive American League East Division.

One positive development that will aid the Blue Jays in recouping the value of their star pitchers' contracts is the new Collective Bargaining Agreement (CBA) that goes into effect for the 2007 season. The new agreement stipulates a reduction in the rate of the revenue sharing tax assessed to all teams and redistributed, by a prescribed formula, to the lowest revenue teams in a given year. The lower tax rate boosts the value of every win by allowing the team to keep more of its revenue and pay less into a central fund. By doing so, the marginal revenue product of a team's players also rises commensurately. I estimate that an 8-win improvement to an 86-win Blue Jays team for 2007 will yield $23.2 million in incremental revenue, up from $19.3 in 2006 under the old agreement.

Figure 4



Our win-curve analysis demonstrates that a player's value is *situational*, not only dependent on a player's performance, but also the *team*, its *location on the win-curve*, and even the *revenue sharing tax rate*, among other factors.

Turning our attention to the more recent signings of Soriano and Zito, one way to assess the signing is to define the player's level of performance required to equate to

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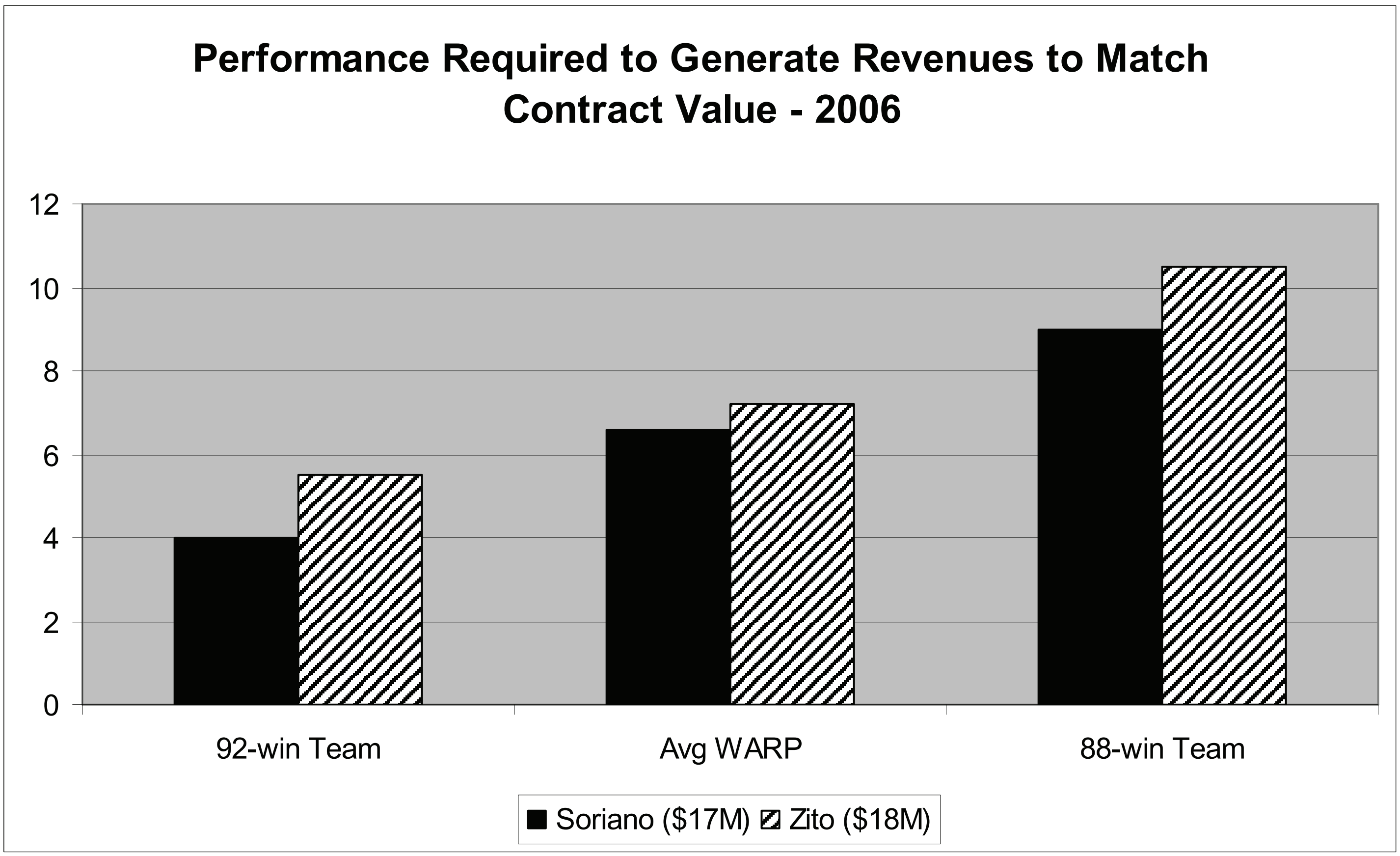
Last Piece of the Puzzle *(Continued from page 10)*

his pay, at various win levels by his team. Soriano, whose contract calls for an average of $17 million per year, needs to perform at only a 4-win level to "earn" his salary if he can lead the Cubs to a 92 win season. However, if the 2007 Cubs win only 88 games, Soriano would need to play at the 9-win level—2.4 wins more than his average over the last 5 years—to justify his compensation. If the 2007 Giants become a 92 win team, Barry Zito need only perform at the 5.5-win level to generate $18 million in revenue for his team. (His average performance of the previous 5 years generated 7.2 wins.) However, if the Giants win only 88 games, Zito was not likely the last piece of the puzzle and he would need to perform at a level of 10.5 wins to match the average annual value of his contract, $18 million. (See Figure 5)

As MLB grows as an industry, more teams are managing their business with the analytical tools necessary to make $100 million decisions. Gone are the days of pure instinct and gut feel as the basis for signing a free agent. More teams are relying on statistical analysis of game situations to influence their in-game tactics and statistical analysis of players to influence their roster choices. The disciplined, more objective analytical approach is now spilling over into the boardroom as teams evaluate commitments of mega dollars to key players. Judgment will always be a critical factor in successfully running an MLB team—it's just no longer the only factor.

Figure 5



This paper is adapted from a research presentation at the SABR Convention in Seattle.

MLB Franchise Relocation (Continued from page 1)

In his testimony before the Antitrust Subcommittee of the Senate Judiciary Committee in 1992, then-interim commissioner Bud Selig testified that after the 9th Circuit's *Raiders I* decision, only Major League Baseball had the ability "to stop a franchise from abandoning its local community."[1] Further, he stated that it was the Sherman Act that "has been the cause of many problems, including franchise instability, that exist in the other professional sports today."[2] The "chaos and inefficiency" caused by the application of antitrust laws to the issue of franchise relocation had resulted, in Selig's opinion, in the inability of other leagues such as the NFL to protect local communities against maverick team owners bolting for greener pastures in search of greater profits.[3]

If only this were true. In reality, the volume of franchise relocation of Major League Baseball franchises actually exceeds that of the NFL since 1950. Prior to the NFL's wave of relocation after *Raiders I* in the 1980's and early 1990's, only the relocation of the Chicago Cardinals to St. Louis took place during this period, for a total of 8 out-of-market franchise relocations during the past 55 years.[4] By contrast, Major League Baseball has seen 11 such relocations during this time: the Braves (Boston-Milwaukee in 1953 and then Milwaukee-Atlanta in 1966); The Browns (St. Louis-Baltimore in 1954); The Athletics (Philadelphia-Kansas City in 1955 and then Kansas City-Oakland in 1968); The Dodgers (Brooklyn-Los Angeles in 1958); the Giants (New York-San Francisco in 1958); the Senators (Washington-Minnesota in 1961); the expansion Senators (Washington-Texas in 1972); the Pilots (Seattle-Milwaukee in 1970) and the Expos (Montreal-Washington in 2005). If the antitrust exemption was designed to give Major League Baseball the ability to protect local communities against maverick owners, it certainly hasn't worked out that way. If anything, there has been more instability in Major League Baseball than the NFL given the fact that some MLB franchises have relocated multiple times and that cities such as Milwaukee, Seattle and Washington have seen teams arrive, leave and then arrive again during this time period. In the NFL, other than the renegade Raiders and hapless Cardinals, franchises have tended to stay put once they've relocated.

Beyond the simple number of moves, however, a closer analysis of the motivation behind the various relocations that have taken place in Major League Baseball since 1953 shows that the antitrust exemption has had little or no practical effect. Although, in theory, the exemption allows those who run MLB (dubbed "the Lords of Baseball" by New York Daily News columnist Dick Young) to restrict relocation, in reality it has not worked out that way. Perhaps because of the questionable analysis supporting *Federal Base Ball* and its progeny, the Lords have always been cognizant of the possibility that their exemption could be snatched away from them at any moment. Because of this, they have taken it upon themselves to comply (albeit begrudgingly and oftentimes not until given a significant push) with the spirit of the Sherman Act in an effort to prevent Congress from stepping in and removing their exemption once and for all. As a result, they have repeatedly allowed relocation and expansion to occur in an attempt to demonstrate to Congress that they are acting reasonably even though their exemption technically allows them to act unreasonably.

The First Wave of Relocation: The Braves, Browns and Athletics -1953-55

Before the relocations of the Braves, Browns and Athletics prior to the 1953, '54 and '55 seasons respectively, Major League Baseball enjoyed half a century of rock-solid stability. After the relocation of the original Milwaukee Brewers to St. Louis in 1902, there was not a single franchise shift or addition for the next five decades.[5] Beginning in March of 1953,

(Continued on page 13)

[1] Allan J. Selig, *Congressional Hearing: Major League Baseball and its Antitrust Exemption,* 4 Seton Hall J. Sport L. 277, 281.
[2] *Id.* at 281-82.
[3] *Id.* at 281.
[4] Local relocations such as the NFL's Giants and Jets from New York to New Jersey, Lions from Detroit to Pontiac, MI and back to Detroit again, Redskins from Washington, D.C. to Landover, MD etc. have not been included because these relocations did not affect the fan bases of these teams and did not result in a franchise abandoning its local community. In addition, the relocation of the Rams from Cleveland to Los Angeles is not included as this occurred after the 1945 season.
[5] *See* Golenbock, *The Spirit of St. Louis* at 353.

MLB Franchise Relocation *(Continued from page 12)*

however, three teams would relocate within the next 19 months. Although each individual relocation can be explained away (and has been, historically) simply as instances where these particular franchises were struggling and losing the battle for supremacy in two team markets that couldn't support two teams (indeed, the Red Sox, Cardinals and Phillies were all stronger franchises at the time of their cross-town rival's departure), this does not explain why all three franchises moved in brisk succession in the early 1950's. After all, Boston, St. Louis and Philadelphia had long since proven that they could not support two franchises and the Braves, Browns and Phillies spent the vast majority of Major League Baseball's half century of stability struggling mightily just to survive.[7] The possibility of relocation was occasionally discussed during this time but always dismissed as league stability always trumped individual profit.

Now, however, in the early 1950's, relocation was suddenly not merely acceptable to the Lords, it was in fact pushed on these franchises—in the case of the Athletics, against their will. Although this drastic change in mindset may seem odd at first glance, an analysis of the events that immediately preceded these relocations brings clarity. For it was the fear of Congressional intervention and the loss of their antitrust exemption that spurred the Lords to accept what had been unacceptable to them for the previous half century. And all of this had its origins in a place thousands of miles from the nearest Major League city – The Pacific Coast League.

Congressional Intervention through the House Monopoly Subcommittee and the Lingering effects of the PCL's Attempted Merger

Ever since its inception, the Pacific Coast League (PCL) toyed with the idea of competing with the American and National Leagues and becoming a third major league. In fact, the PCL has its roots as an outlaw league that refused to sign the National Agreement recognizing the reserve rights of the National League in 1899.[8] Eventually, in 1904, it joined the National Association and accepted its status as a minor league.[9] However, the outlaw spirit of the PCL was never far away and throughout the first half of the twentieth century, it contemplated a promotion to major league status on several occasions. After the end of World War II, it believed that it finally had its chance.

Spurred by the manufacturing boom created by the war, the west coast grew rapidly during the 1940's. Between 1940 and 1950, California saw a 53% increase in population and became the second largest state in the nation.[10] Still, it lacked major league baseball. Once the war ended, the PCL owners decided that they were going to do something about this. In March of 1946, the Lords entertained a request by the PCL owners to meet with them to discuss the possibility of the PCL becoming a third major league.[11] Although Commissioner Happy Chandler gave appropri-

(Continued on page 14)

[6] *See generally* Golenbock, *The Spirit of St. Louis*, Kaese, *The Boston Braves*, and Jordan, *The Athletics of Philadelphia*.
[7] A comparison of the attendances of these intra-city rivals bears this out. During the 52 years the Braves and Red Sox competed in Boston, The Braves outdrew the Red Sox only 7 times, with all of these occurrences in the 1920's and 30's. In St. Louis, the Browns outdrew the Cardinals only 17 times in 52 years and only once since 1925. In Philadelphia, the Athletics outdrew the Phillies in 40 of the 54 years they competed in the Philadelphia market. 8 of the Phillies' 14 attendance victories occurred between 1943 and 1954, however. *See* http:// mtlexpos.tripod.com/attendance.htm. *See also* Jordan, *The Athletics of Philadelphia.* Jordan notes that for the majority of the time both the Athletics and Phillies shared the same city, Philadelphia was clearly an "A's" town, with the Phillies struggling both financially and popularly. It was only in the late 1940's and early 1950's, with the combination of the Phillies' "Whiz Kids" and the deterioration of both Connie Mack's health and his Athletics, that the city's allegiances shifted towards the Phillies for the first sustained period ever.
[8] *See* Paul J. Zingg & Mark D. Medeiros, *Runs, Hits, and an Era: The Pacific Coast League, 1903-58,* 17 (University of Illinois Press, 1994).
[9] *Id.* at 20.
[10] *Id.* at 107-08.
[11] *See Coast Major League Baseball Debated by Heads of Clubs,* The Los Angeles Times, A7 (March 19, 1946).

MLB Franchise Relocation (Continued from page 13)

ate lip service to the possibility, it was clear that this was the only service the Lords were prepared to provide to the PCL.[12] Indeed, the PCL's official request to Major League Baseball for promotion to major league status in July of 1947 was met with deafening silence. The Lords never even prepared a response.

This kept the wolf at bay, but only for a while. In June of 1951, the PCL owners voted to give the Lords one more chance to consider their proposal.[13] This time, they came prepared with ammunition, publicly entertaining the possibility that the PCL would return to its roots, renounce the National Agreement and become an outlaw league once again, setting off a bidding war for players with Major League Baseball if MLB refused once again to even consider their request.[14] Although the PCL owners subsequently agreed to drop their threat to become an outlaw league,[15] it was clear that now they meant business. The Lords would have to deal with them, regardless of how repugnant they found this possibility. And in order to ensure that they did, the PCL brought out an even more powerful weapon: the intervention of the House Monopoly Subcommittee.

Chaired by Emanuel Celler of New York, the Subcommittee initially took an interest in the PCL's charge that the Lords failed to respond to its 1947 request.[16] National League President Ford Frick incredibly testified in July of 1951 that in fact there never was a request made and that the PCL, after being given data on the costs and problems associated with major league status, changed its mind.[17] "It became obvious to us that the Pacific Coast League had no desire to become a major league," said Frick before the subcommittee.[18] Clearly, Frick's recounting of events did not sit well with the subcommittee's members as his testimony was met with a warning that MLB's antitrust exemption would be removed if it did not act to expand west of the Mississippi River.[19] Frick responded by stating that the PCL would join the majors "if and when" its (the PCL's) clubs feel they are "ready."[20] With this apparent concession, Congress then acted on Frick's words.

Emanuel Celler—New York World-Telegram and the Sun Newspaper Photograph Collection (Library of Congress).

In order to set firm guidelines for determining if and when they were "ready," California Congressman Patrick Hillings challenged the Lords to come up with a comprehensive plan for the promotion of the PCL to major league level or risk being found in "bad faith" by Congress.[21] Hillings made this challenge on the eve of the resumption of the subcommittee's hearings in October 1951 and put even more pressure on the Lords to act before the heavy hand of Congress came down and acted for them.[22] This motivation was echoed by a subcommittee member who stated it wasn't the preference of the subcommittee to act at all. Rather, it was their hope "that the owners will correct these evils and abuses and not force Congress to do it."[23] In order to get the Congressional monkey off their back, the Lords had to come up with something.

(Continued on page 15)

[12] *See* Al Wolf, *Chandler Ducks Talk of Third Big League Here,* The Los Angeles Times, A5 (July 21, 1946), wherein Chandler is quoted as saying that, "the Pacific Coast League's desire to go major is entitled to every consideration; nobody recognizes the importance of this part of the country more than I."
[13] *See PCL To Give Majors One More Chance,* The Los Angeles Times, B2 (June 23, 1951).
[14] *Id.*
[15] *See Coast League Outlaw Plan Fails to Carry,* The Los Angeles Times, B1 (July 28, 1951).
[16] *See Frick Says Major Status Up to Coast,* The Los Angeles Times, C1 (August 1, 1951).
[17] *Id.*
[18] *Id.*
[19] *Id.* Celler is quoted as saying, "If we exempt you, you'll have to reorient your thinking. You can't keep this complete hold on major league status. Stop saying there will be major leagues only east of the Mississippi."
[20] *Id.*
[21] *See Major Coast Ball Asked by Hillings,* The Los Angeles Times, C4 (October 15, 1951).
[22] *Id.*
[23] *See Wrigley Sees Pacific Coast Major League,* The Los Angeles Times, C1 (October 18, 1951).

MLB Franchise Relocation (Continued from page 14)

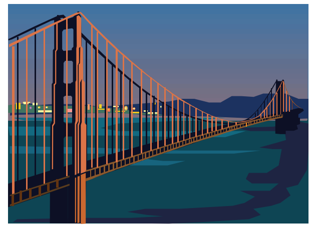
On November 14th, 1951, the Lords responded.[24] In an effort to appease the PCL and, consequently, Congress, the Lords unveiled the first step of a two-step program that initially appeared to give the PCL everything it wanted. It was only after step two was unveiled two weeks later (conveniently after the PCL and Congress had the opportunity to publicly laud the Lords for their swift and decisive action and had turned down the heat) that it became clear that in fact, nothing had been accomplished and, if anything, the PCL now faced an even more daunting, all but impossible, task of achieving major league status.

First, however, there was good news. Among other things, step one proposed an "open" classification (above the current highest AAA) for those qualified minor leagues wishing to become major leagues, a move that brought with it the ability of the qualifying league's players to opt out of the annual Major League draft, thereby allowing the league's teams to build up their rosters to major league quality "within a reasonable time."[25] Rejecting as "unsound" the possibility of individual teams or cities moving up to major league status, the Lords announced that only entire eight-team leagues could advance to major league status.[26] Happily for the PCL, it easily met all six conditions set forth by the Lords on November 14th for promotion to "open" classification.[27]

Not surprisingly, PCL officials were overwhelmed by step one. Stated PCL league president Clarence Rowland:

> Commissioner Frick's proposed legislation favoring the Coast League is most encouraging. While he has been in office less than a month, this is the first recognition by the majors that the Coast League is faced by unusual and special problems. This gives us renewed confidence and shows that our requests were not out of line. Commissioner Frick is to be commended for his insight into our problems.[28]

The reaction to step two would be markedly different. On November 28th, the Lords announced the specific requirements for those "open" classification leagues seeking to make the final step up to major league status. Among the requirements were population and league attendance requirements that were impossible for the PCL, or any other minor league for that matter, to meet.[29]



Moreover, the possibility of one or two strong cities, such as Los Angeles or San Francisco, applying for a promotion to major league status was forever quashed with the previously agreed-upon requirement that any expansion be done in eight-team units. In its enthusiastic acceptance of step one of the Lords "expansion" plan, the PCL had unwittingly slit its own throat. Now, not only was there no chance for the league as a whole to earn a promotion, it was also impossible for Los Angeles, the second largest city in the nation, to do so on its own. If there was ever any doubt as to the Lords' disgust for expansion, this underhanded two-step "plan" surely disavowed anyone of it.

Once again, however, the Lords had only managed to keep the wolf from their door temporarily. In May of 1952, the subcommittee issued its report and again suggested the possibility of removing MLB's antitrust exemption as a way to force the Lords to expand despite their demonstrated reluctance.[30] In its report, the subcommittee sympathized with the plight of Los An-

(Continued on page 16)

[24] *See Major League Plan Would Assist PCL,* The Los Angeles Times, C1 (November 15, 1951).
[25] *Id.*
[26] *Id.*
[27] *Id.*
[28] *See Coast League Nabobs Laud Recommendations,* The Los Angeles Times, C 33 (November 15, 1951).
[29] *See New Proposal Dims PCL's Major Hopes,* The Los Angeles Times, C1 (November 29, 1951).
[30] *See Congressmen Rap Majors' Monopoly,* The Los Angeles Times, C1 (May 23, 1952).

MLB Franchise Relocation (Continued from page 15)

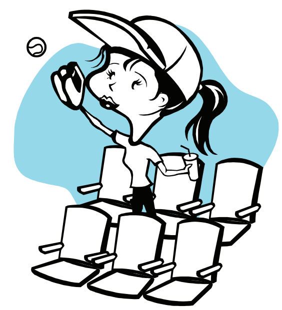
geles and singled out Boston, St. Louis and Philadelphia as two-team cities that clearly could not support both teams.[31] It noted that St. Louis was smaller in size than either Los Angeles or San Francisco (cities without any Major League teams) but enjoyed two teams, one of which, the Browns, continually lagged in attendance.[32] Philadelphia's attendance problems were also noted.[33] The report openly questioned the validity of such an arrangement and wondered aloud whether an antitrust exemption was warranted given these circumstances.[34] The continued presence of these weak two-team cities amid the Lords' reluctance

to expand to the rapidly-growing west coast was becoming an increasingly large albatross around their necks.

Although successful in fending off the PCL threat, the Lords soon realized that Congressional pressure was not going to abate without expansion in some form. Thus, despite the exemption, which remained in full force and unaltered since *Federal Base Ball*, it was becoming increasingly apparent that it did not amount to much. In order to protect their ability to prevent franchise relocation and expansion, the Lords were being forced by Congress to act as if the exemption did not exist at all. After the House Monopoly Subcommittee hearings, the message to the Lords was clear: flaunt the illusion of the exemption at your own risk.

Appeasement of Congress through the Relocation of the Braves and Browns

With the House subcommittee's hearings as a backdrop, the Lords were powerless to prevent the succession of franchise relocations that took place shortly thereafter and, in fact, actively encouraged them in an effort to relieve some of the pressure being applied by Congress. Concurrent with these hearings were the rumblings of St. Louis Browns owner Bill Veeck. Not one to quarrel with the findings of the subcommittee's report, Veeck announced that his plight left him no alternative but to relocate to Milwaukee—a city that was presently building a stadium in the hopes of landing a Major League team.[35] In order to do so, however, Veeck needed to purchase the territorial rights to the city from Boston Braves owner Lou Perini.[36] When Perini refused to relinquish the rights,[37] a skirmish ensued that left the Lords in a bind.



For here was Milwaukee, yet another city without Major League baseball, with a brand new stadium larger than any in the PCL,[38] being denied a Major League franchise by a Lord (Perini) who sought to keep it as a minor league jewel and a safety net should *he* ever decide to move his Braves. With the subcommittee's hearings hanging over their heads, the Lords no doubt understood that to prevent Milwaukee from becoming a major league city would most likely result in the abolishment of their exemption. This was particularly true after Perini had previously publicly stated that he never would stand in the way of Milwaukee obtaining a Major League team and then went out and did precisely that.[39] They knew all too well that they could not sit back, allow Perini to refuse Veeck's substantial

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[31] *Id.* Noting that the report pointed out "that several clubs in the presently-operated circuits have been losing money in large amounts and over continued periods *and rais[ed] the question whether Boston, St. Louis and Philadelphia are two-team cities."* (emphasis added).
[32] *See Id.*
[33] *Id.*
[34] *Id.*
[35] *See* Golenbock, *The Spirit of St. Louis,* at 353. *See also Braves Block Bid to Shift Browns,* The New York Times (May 4, 1953).
[36] *Id.*
[37] *Id.*
[38] *See New Milwaukee Park is Really Big League,* The New York Times (March 22, 1953) The new Milwaukee stadium was designed to Major League specifications and would initially seat 28,111 with plans for 12,000 additional seats.

MLB Franchise Relocation *(Continued from page 16)*

offer for the Milwaukee territorial rights[40] to move a team identified by the subcommittee as a perennial weak-sister, and expect Congress to turn a blind eye. Therefore, on March 9, 1953, after a series of maneuvers that compelled Perini to act on his refusal and move his Braves to Milwaukee immediately, the National League voted unanimously to allow the Braves (another two-city weak-sister as noted by the subcommittee's 1952 report) to relocate to Milwaukee.[41] The vote marked the first approved relocation in Major League Baseball in half a century.

Although eight days later the American League owners voted down Veeck's fallback option—a move to Baltimore,[42] the Lords must have understood that their exemption would not protect them from the watchful eye of Congress. For Baltimore was also building a Major League caliber stadium[43] and, like Milwaukee, yearned for a team of its own. If it was refused one by the Lords, the specter of additional Congressional hearings and the ultimate stripping of the antitrust exemption was a very real possibility. Therefore, as much as many of Veeck's colleagues despised him and wished to punish him for what they perceived to be his clownish behavior, they surely realized that, ultimately, they would have to permit his Browns to relocate to a city where they stood a reasonable chance of prosperity. Despite threats such as the one made by Yankee owner Dan Topping to one of Veeck's stockholders in which he said, "we're going to keep you in St. Louis and bankrupt you,"[44] the Lords realized that despite their exemption, which should have allowed them to do just that if they so pleased, Congress would never allow it. Therefore, they took the next best approach and extracted some revenge by forcing Veeck out as owner of the Browns.[45] Once that was accomplished, in September of 1953, the American League swiftly approved the new ownership's move to Baltimore.[46] Just like that, the second weak-sister franchise highlighted by the subcommittee had been relocated. All that remained were the Philadelphia Athletics.

Photo: George Grantham Bain Collection (Library of Congress).

Once the moves of the Braves and Browns were consummated, there was much speculation that the Athletics were next.[47] For many reasons this was only natural, for there could be no question that the Athletics were struggling mightily. Attendance had plummeted significantly in the early 1950's and the team was so heavily in debt that it could not even afford to pay for the new uniforms it ordered for the 1954 season[48] (which was to be their last in Philadelphia). The Athletics, once the dominant team in Philadelphia, had ceded that position to the Phillies who won the pennant in 1950 and had captured the heart of the city. Years of bad baseball and worse management had finally appeared to have done in Connie Mack's once-proud franchise.

(Continued on page 18)

[39] *Id.* (noting that Perini was on the "hot spot" for keeping Milwaukee out of the Major Leagues after stating that he would never stand in its way.) *See also* Kaese, *The Boston Braves,* at 282, stating that after the completion of the 1952 season, Perini promised Milwaukee fans that he would help them obtain a Major League franchise.

[40] *Id.* Accounts regarding the exact figure offered by Veeck to Perini vary, with the New York Times stating that it was $500,000 and Golenbock claiming that it was $750,000. *See* Golenbock, *The Spirit of St. Louis*, at 353.

[41] Louis, Effrat, *Braves Move to Milwaukee; Majors' First Shift Since '03,* The New York Times, p.1 (March 19, 1953).

[42] Shirley Povich, *Veeck Plans To Stay With Browns in St. Louis,* The Washington Post, p.1 (March 17, 1953).

[43] *See* Golenbock, *The Spirit of St. Louis,* at 354 (noting that, at the time, Baltimore was the only other major American city without a Major League baseball team that was currently building a stadium.)

[44] *Id.* at 357. Topping reportedly followed this statement with: "Then we'll decide where the franchise will go." Despite these strong words, the Lords understood that they would not be able to wait Veeck out like this and would have to force him out rather quickly instead.

[45] *Id.* at 357. On September 29, 1953, Veeck announced at an owners meeting that he was selling the Browns against his wishes.

[46] *Id. See also* Jeffrey Saint John Stuart, *Twilight Teams,* 89 (Sark Publishing 2000).

[47] *See e.g.* John Drebinger, *Philadelphia's Sad Story,* The New York Times S2 (August 15, 1954); Arthur Daley, *Day of Decision,* The New York Times p. 32 (October 12, 1954).

[48] *See* David Jordan, *The Athletics of Philadelphia* at 183.

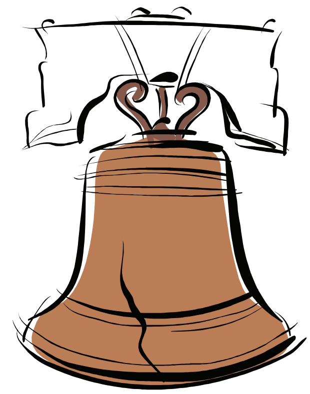
MLB Franchise Relocation (Continued from page 17)

However, while a change in ownership was inevitable (Connie Mack's health was failing and his sons appeared not to be up to the task of rebuilding the team and stabilizing the franchise), a move out of Philadelphia was not. For the Athletics were not without options. Given Major League Baseball's stated preference to "to stop a franchise from abandoning its local community,"[49] and its purported ability to accomplish this through its antitrust exemption, it should have been able to keep the Athletics in Philadelphia if it was viable to do so. By the early 1950's however, its demonstrated preference was to not merely permit franchise relocation but to actively facilitate it if at all possible in order to demonstrate to Congress that it was not abusing its exemption. In short, its preference was to voluntarily abide by the Sherman Act so as to avoid being compelled to do so. It was in furtherance of this policy that the Athletics were uprooted and moved to Kansas City in spite of their preference to remain in Philadelphia.

The Relocation of the Athletics

In July of 1954, real estate magnate Arnold Johnson, a man with significant ties to the New York Yankees, made an offer to buy the team and relocate it to Kansas City.[50] At the time of the offer, Johnson was mired in real and potential conflicts of interest with the Yankees as he was not merely the owner of Yankee Stadium, he owned the Yankees' Kansas City farm team's stadium as well.[51]

While an initial "Save the A's" campaign drew sporadic interest from Philadelphia's business leaders,[52] a late offer arrived in October of 1954 when a Philadelphia syndicate made up of eight prominent businessmen matched Johnson's offer and promised to keep the team in Philadelphia.[53] This offer was deemed acceptable to Connie Mack's son Roy (who, like his father, preferred the team to remain in Philadelphia)[54] and he promptly accepted the offer.[55] This satisfied everyone except the other Lords, who continued their swift about-face when it came to matters of franchise stability and who preferred to see the Athletics relocate. On October 28th, the American League owners convened and blocked the sale to the Philadelphia syndicate, leaving the Macks no choice but to sell to Johnson and see the team uprooted to Kansas City, Missouri.[56]



Although the sale of the Athletics to Johnson was officially justified by the Lords on the ground that no sufficient offer was received by anyone seeking to keep the team in Philadelphia, it is important to note that in fact there were three such offers: the one described above and two earlier ones, dismissed by American League Commissioner Will Harridge as being without "substance."[57] Only Johnson's offer was, according to Harridge, "really sound."[58]

Apparently, the substance of Johnson's offer came from the notion that it was a cash offer whereas the others were not.[59] However, an analysis of the sale of

(Continued on page 19)

[49] Selig, *Major League Baseball and its Antitrust Exemption,* 4 Seton Hall J. Sport L. at 281.
[50] *See* Stuart, *Twilight Teams* at 121-22.
[51] *See Johnson To Compensate Yankees If Athletics Go To Kansas City,* The New York Times, p. 29 (October 8, 1954).
[52] *See* Jordan, *The Athletics of Philadelphia,* at 181.
[53] *Id.* at 184.
[54] *See* Bruce Kuklick, *To Every Thing a Season, Shibe Park and Urban Philadelphia* 120 (Princeton University Press, 1991). Although Roy wanted to remain as owner of the team and keep the team in Philadelphia, his brother Earle wanted out.
[55] *See* Jordan, *The Athletics of Philadelphia,* at 184.
[56] *Id.*
[57] *See Shift of Athletics to Kansas City is Authorized by the American League,* The New York Times, p. 34 (October 13, 1954). One of the offers came from Tommy Richardson, a director of the Athletics under Mack and president of the Eastern League while the other came from a group headed by Jack Rensel whose goal was to buy out the Macks and keep the team in Philadelphia.
[58] *Id.*
[59] *See* Stuart, *Twilight Teams,* at 131.

MLB Franchise Relocation (Continued from page 18)

the franchise to Johnson shows that the deal was a "cash" one in name only. While cash may have technically crossed the negotiating table, most, if not all of the money for the $3.5 million sale of the Athletics came from outside sources.[60] In fact, it is very likely that the sale went through without a single dollar of new money laid on the table by Johnson.[61] While the substance of the three Philadelphia offers are unknown in their entirety, it is safe to say that at least the Johnson offer was not nearly as sound as Harridge and the Lords led the public to believe.

The absence of cash, coupled with the potential conflicts of interest which Johnson's presence in the American League presented (conflicts that bore themselves out after the sale when the Kansas City Athletics became a thinly-veiled farm club for the Yankees) and, most importantly, the antitrust exemption should have caused the American League owners to hesitate before approving the sale to Johnson. That they not only did not, but in fact spurned all local offers and even blocked a completed sale to a local syndicate is an indication that the sale of the Athletics involved more than the mere rescuing of a failing franchise. In all likelihood, they were, at least in part, sending a message to Congress, much as the National League owners did earlier when they approved the relocation of the Braves, that baseball was listening to the Congressional grumblings and working on its own to solve the problems of expansion. Official congressional intervention, through the removal of the antitrust exemption, was therefore unnecessary. It is unknown whether they recognized the irony of voluntarily submitting to the Sherman Act in an effort to prevent it from being applied to them formally.

This is the first of two articles by Mitchell Nathanson on baseball and its antitrust exemption. The second, addressing the Continental League, will be published in the Summer 2007 OTL.

Ed.

[60] *See* Kuklick, *To Every Thing a Season,* at 124. *See also* Arthur Mann, *How to Buy a Ball Club for Peanuts,* The Saturday Evening Post, 25 (April 9, 1955). In order to finance his purchase of the Athletics (and Connie Mack Stadium, which was part of the deal), Johnson promptly sold the stadium to Phillies' owner Bob Carpenter for $1,675,000, sold his stadium in Kansas City to the city for $650,000, and got an extension for the roughly $800,000 he owed the Jacob Brothers concessionaires who agreed to take repayments out of future profits with the Athletics in Kansas City. This brought in roughly $3,125,000 of the $3.5 million purchase price. He then raised the remaining $400,000 through sales of minority stock. Roy Mack invested a large portion of the $450,000 he received through the sale back into the Athletics and there were additional investors from Chicago.

[61] *Id.*

[62] *See* Kuklick, *To Every Thing a Season,* at 126. *See also* Helyar, *Lords of the Realm,* at 73. From 1955-60, Johnson traded frequently with his former associates at the Yankees. In all, 29 players were exchanged between the two clubs with the Yankees receiving up and comers like Roger Maris and Ralph Terry in exchange for marginal talent. The Kansas City – Yankees connection fueled the Yankees' run of dominance in the early 1960's.

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The Business of Baseball Committee co-chairs are Gary Gillette (GGillette@247Baseball.com) and John Ruoff (jruoff@bellsouth.net). Ruoff edits *Outside The Lines*.

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