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SQUEEZE PLAY: ANALYZING CONTRACTION IN PROFESSIONAL SPORTS

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SQUEEZE PLAY: ANALYZING CONTRACTION IN PROFESSIONAL SPORTS

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I. INTRODUCTION

The following analysis details the history of contraction in professional baseball and other sports, while also examining some of the business justifications for contraction. After reviewing the numbers and figures, the reader is invited to decide whether it makes financial sense for Major League Baseball ("MLB") to contract. Accordingly, most of the numbers and figures used in this article are based on those presented by MLB to Congress in December of 2001.¹

II. HISTORY OF BASEBALL CONTRACTION

Beginning in 1876 and until 1899, several National League teams declared bankruptcy and folded.² Beyond the financial motivations, the National League also eliminated clubs for other reasons, such as disciplinary problems.³

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1. See Stephen Hawkins, *Fehr: Numbers Don't Tell Whole Story*, ASSOCIATED PRESS, Dec. 7, 2001 (noting in 2001 owners sustained \$232 million operating loss plus additional \$519 million in interest payments and depreciation), available at <http://www.usatoday.com/sports/baseball/stories/2001-12-06-fehr-reax.htm>. Players Union Chief Donald Fehr did not dispute the figures compiled by Baseball Commissioner Bud Selig for the House Judiciary Committee. See *id.* Rather, Fehr believed the lack of detail accompanying the figures made it impossible to truly understand exactly what the figures meant. See *id.*

2. See ROGER I. ABRAMS, *THE MONEY PITCH: BASEBALL FREE AGENCY AND SALARY ARBITRATION* 17 (2000) (noting in 1900 National League eliminated four of its twelve teams due to unprofitability); Jason Beck, *A Brief History of Contraction*, at http://sportsline.com/u/ce/feature/0,1518,4486996_52,00.html (last visited Oct. 22, 2002) [hereinafter Beck]. The eliminated teams included Baltimore, Louisville, Washington, and Cleveland, which joined the National League eight years earlier out of the defunct American Association. See *id.*

3. See JAMES QUIRK & RODNEY FORT, *PAY DIRT* 380 (2d ed. 1997). In 1877, the National League eliminated its Louisville franchise after evidence surfaced that the team threw games during the 1876 season. See *id.* In 1876, the league cancelled the Philadelphia franchise for disciplinary reasons when the team refused to complete its schedule by playing its remaining games in western cities. See *id.* at 381. Similarly, the New York franchise was also eliminated in 1876 after the team refused to travel to western cities to complete its competitive schedule. See *id.*

In 1877, the original Louisville Grays team disbanded after only their second season when it was discovered that four players fixed games.⁴ Shortly thereafter, the league terminated the St. Louis Brown Stockings after the team openly supported the four expelled Grays players.⁵ In 1880, the National League dropped the Cincinnati Red Stockings after the franchise refused to ban both the sale of beer and Sunday games.⁶ Additionally, the league cancelled both the original New York Mutuals and Philadelphia Athletics franchises after their first seasons when both teams refused to travel to western cities to complete their playing schedules.⁷

There were also more sinister reasons why baseball clubs folded. In order to acquire a team's prized players, competitor franchises purchased baseball teams and later folded them. In one instance during the 1885 season, the Detroit Wolverines franchise bought the Buffalo franchise for \$7000 to obtain the team's four star players and then collapsed the team.⁸

In 1887, the National League itself eliminated three teams, including the Kansas City Cowboys who played only one year in 1886.⁹ The National League bought the Kansas City franchise and players for \$6000 and subsequently cancelled the team's license, disbursing

4. See MARSHALL D. WRIGHT, NINETEENTH CENTURY BASEBALL: YEAR-BY-YEAR STATISTICS FOR THE MAJOR LEAGUE TEAMS, 1871 THROUGH 1900, at 45 (1996). The Louisville Grays stumbled despite maintaining first place in the National League through most of August 1877. See *id.* The Grays's four star players accused of fixing games played particularly poorly during their decline from first place. See *id.* All four players ultimately confessed that gamblers paid them to deliberately lose games. See *id.* The National League immediately banned the four players from baseball. See *id.*

5. See QUIRK & FORT, *supra* note 3, at 382. The 1876 and 1877 seasons marked an era of reconstruction for the National League, as many teams were either forced to leave under the auspices of disciplinary measures or were disbanded for financial reasons. See *id.* For example, National League teams in Kansas City, Louisville, St. Louis, Philadelphia, and New York were all cancelled by the end of the 1877 season. See *id.*

6. See Beck, *supra* note 2 (noting National League leaders ordered member clubs to ban gambling, liquor sales, and Sunday games, and to draw up tightly written contracts).

7. See WRIGHT, *supra* note 4, at 40 (noting both New York and Philadelphia refused to travel on their last western road trip for financial reasons). In a unanimous vote, the owners of the National League voted to expel the two clubs even though they represented the two largest cities in the league. See *id.*

8. See *id.* at 152 (explaining Buffalo owner Josiah Jewett sold team and its four star players due to financial crisis). Buffalo's lineup featured the "Big Four," consisting of Dan Brouthers, Deacon White, Jack Rowe, and Hardy Richardson. See *id.*

9. See Beck, *supra* note 2 (noting Kansas City Cowboys disbanded after only one season).

the players to other teams.¹⁰ Similarly, in 1887, the National League purchased the St. Louis Barons, which played two years in 1885 and 1886, for \$12,000.¹¹ Thereafter, the team relocated to Indianapolis.¹²

In 1891, the National League expanded from eight to twelve teams when it merged with the American Association, adding franchises in Baltimore, Louisville, St. Louis, and Washington.¹³ Eight years later, the league eliminated the Washington Senators, Baltimore Orioles, Cleveland Spiders, and Louisville Colonels, arguably the four weakest teams.¹⁴ In one of those transactions, Washington Senators owner J. Earl Wagner received \$39,000 from the National League in return for his franchise and players.¹⁵

In 1900, the owners of the Baltimore Orioles sold their franchise and the right to sell the players on its roster to the National League for \$30,000.¹⁶ A majority of the team's most talented

10. See WRIGHT, *supra* note 4, at 152. Prior to the 1887 season, the Pittsburgh franchise moved from the American Association to the National League. See *id.* The addition of the Pittsburgh club offset the loss of the Kansas City team. See *id.*

11. See *id.* (noting St. Louis franchise moved to Indianapolis before start of 1887 season). The city's other team, the St. Louis Browns, was a charter member of the American Association and a winner of four pennants in a row. See *id.* at 159. The Browns were called the "class of the American Association." See *id.* at 152.

12. See *id.* After moving the St. Louis Barons franchise to Indianapolis to become the Hoosiers, the team had an unsuccessful year, finishing with a thirty-seven and eighty-nine win-loss record or a .294 winning percentage. See *id.* at 157. The Hoosiers' dismal record garnered the team a last place finish out of the eight teams in the National League. See *id.*

13. See Beck, *supra* note 2 (explaining prior to merger one man or group owned teams in National League and American Association). The Baltimore Orioles thrived due to players Ned Hanlon and John McGraw. See *id.* Conversely, the St. Louis Browns, Louisville Cyclones, and Washington Senators all struggled. See *id.*

14. See WRIGHT, *supra* note 4, at 311. By the end of the 1899 season, baseball team owners realized that a twelve-team league could not survive without enough strong franchises to fill the spots. See *id.* Therefore, the owners decided a downsizing of the National League was the perfect solution to the problem. See *id.* By cutting off some of the dead wood, the league would not have to account for the expense of buttressing the weaker teams. See *id.* The Baltimore and Cleveland franchises represented logical choices for dismissal because they sold the talent of their respective teams elsewhere. See *id.* Louisville, whose ballpark burned down the summer before, was under heavy financial burden. See *id.* The Washington franchise was a perennial loser on the field in the standings and off the field in the box office. See *id.*

15. See QUIRK & FORT, *supra* note 3, at 383 (noting Washington franchise was abandoned after 1899 season when National League downsized number of teams). The Washington Senators owner would have received an additional \$7500 from the National League had he not already sold some of his star players to the Boston Nationals. See *id.*

16. See *id.* at 378 (explaining Baltimore franchise was part of downsizing movement of National League in 1899 and 1900). Although Baltimore received

players, however, were no longer on the Baltimore roster due to the prior purchase of part of the Brooklyn Superbas by Orioles owners Ned Hanlon and Harry von der Horst.¹⁷ Hanlon and von der Horst transferred most of the top Baltimore Orioles players to the Brooklyn team prior to the start of the 1899 season.¹⁸

Soon after the sale of the Baltimore Orioles, Louisville Colonels owner Barney Dreyfuss, who also co-owned the Pittsburgh franchise, received \$10,000 from the National League for his franchise and players.¹⁹ Prior to the 1899 season, however, Dreyfuss transferred most of the players on his Louisville roster to his Pittsburgh franchise.²⁰

The final team eliminated was the Cleveland Spiders.²¹ The Cleveland Spiders owner received \$25,000 from the National League for his franchise and players.²² Prior to the 1899 season, the Robison family, who also owned the St. Louis Perfectos franchise, relocated most of the quality Spiders players to the St. Louis franchise.²³ The Spiders finished the season with 20 wins and 134 losses, marking the worst record in baseball history.²⁴

By 1900, the National League shrank from twelve to eight teams.²⁵ The remaining teams included franchises in Boston,

the right to sell players on its roster, most of the good players had already been transferred to the Brooklyn franchise during the 1899 season. *See id.*

17. *See Beck, supra* note 2 (noting Baltimore franchise lost manager John McGraw, along with top players Hughie Jennings, Wee Willie Keeler, and Joe Kelley to Brooklyn Superbas when Baltimore owners Ned Hanlon and Harry von der Horst bought into Brooklyn franchise). The Brooklyn franchise proceeded to win the 1899 pennant. *See id.*

18. *See id.* (crediting new additions with helping Brooklyn win National League Pennant in 1899).

19. *See QUIRK & FORT, supra* note 3, at 380 (describing elimination of Louisville franchise after National League decided to cut to eight teams).

20. *See id.* at 380 (noting in 1898 most of Louisville players transferred to Pittsburgh franchise for start of 1899 season).

21. *See id.* at 379 (explaining cancellation of Cleveland franchise after 1899 season when National League downsized from twelve to eight teams).

22. *See id.* (noting Cleveland Spiders was expansion team created in 1889 under ownership of Matthew Stanley Robison and Frank De Haas Robison).

23. *See id.* at 382 (relating in 1899, Matthew S. and Frank De Haas Robison bought St. Louis franchise for \$40,000 and transferred most of good players from Cleveland to St. Louis for remainder of season).

24. *See The Early Years*, at http://cleveland.indians.mlb.com/NASApp/mlb/cle/history/cle_history_overview.jsp (last visited Oct. 22, 2002) (noting Cleveland team dropped from National League after worst season in history). By the turn of the century, Cleveland was once again an established MLB city whose team had the honor of playing the first American League game in the sport's history. *See id.*

25. *See WRIGHT, supra* note 4, at 311 (explaining in March 1900, National League's Circuit Committee voted four teams out of league as effort to save expenses and aid successful teams). The Committee paid off the Washington, Balti-

Brooklyn, Chicago, Cincinnati, New York, Philadelphia, Pittsburgh, and St. Louis.²⁶

Despite losing National League teams, professional baseball quickly returned to Washington, Baltimore, and Cleveland. In 1901, the Washington Senators, Baltimore Orioles, and Cleveland Blues became original franchises with different ownership in the newly created American League.²⁷

III. HISTORY OF CONTRACTION IN OTHER SPORTS

Besides baseball, other professional sports have experienced contraction problems as well. Between 1920 and 1952, the National Football League ("NFL") cancelled thirty-eight franchises because of financial difficulties.²⁸ No NFL franchise, however, has folded since the first incarnation of the Dallas Texans in 1952.²⁹

In addition, when the Basketball Association of America merged with the National Basketball League in 1949 and 1950 to form the National Basketball Association ("NBA"), ten teams

more, and Cleveland teams in cash, while the Louisville team was paid less because it was merging with Pittsburgh. *See id.* The eight remaining National League teams enjoyed a fruitful season, with Brooklyn taking the pennant for the second year in a row. *See id.*

26. *See id.* (noting in 1900, National League accomplished its economic and competitive goals). The eight remaining franchises finished the year in a fiscally sound state, and the only debt the league incurred was the buyout fees for the four extinct franchises. *See id.* In addition, each of the surviving teams enjoyed a competitive season, with even last place New York only twenty-three games out of first place. *See id.*

27. *See QUIRK & FORT, supra* note 3, at 399-409. The American League began in 1900, featuring teams in Buffalo, Chicago, Cleveland, Detroit, Indianapolis, Kansas City, Milwaukee, and Minneapolis. *See WRIGHT, supra* note 4, at 318. Ban Johnson christened the American League in 1900 by shifting a franchise into the newly vacated city of Cleveland and by boldly placing a team into the National League stronghold city of Chicago. *See id.* Although considered a minor league for its first year, Johnson claimed in 1901 that the American League would henceforth be a major league on equal footing with the National League. *See id.* at 319.

28. *See NFL Franchise Year-by-Year Genealogy*, at <http://www.football.com/history/index.shtml> (last visited Oct. 22, 2002). In 1952, the New York Yankees football team folded and the NFL sold the assets of the team to a Dallas group who then formed the Dallas Texans. *See id.* That same year, the Dallas Texans franchise folded and was taken over by the NFL. *See id.* In 1953, the NFL formally reinstated the defunct Dallas Texans franchise as the Baltimore Colts. *See id.*

29. *See id.* (explaining after reinstatement of Dallas Texans as Baltimore Colts no other franchises folded in NFL).

folded.³⁰ The folded NBA franchises included the Anderson Packers, Chicago Stags, Sheboygan Redskins, and Waterloo Hawks.³¹

In 1951, the owners of the Indianapolis Olympians, all former college basketball players at the University of Kentucky, were accused of being involved in a point-shaving scandal during their college careers.³² Three years later, the Olympians went bankrupt and the franchise was eliminated before the beginning of the 1954 season.³³

The NBA has not contracted a team since the 1954 to 1955 season, when the first version of the Baltimore Bullets franchise was eliminated.³⁴ In 1958, the NBA placed the Minneapolis Lakers, now in Los Angeles, on financial probation.³⁵ The NBA informed the team's owner that the team had to average \$6600 in gate receipts per game for the 1959 season or the NBA would exercise its option to buy the club for \$150,000 and relocate it to another city.³⁶ The owner of the club was hesitant to strike against the NBA, and instead moved the Lakers to Los Angeles shortly thereafter for the 1960 season.³⁷

In yet another sport, the National Hockey League ("NHL") had several clubs that folded for financial reasons during the league's formative years.³⁸ Namely, the New York Americans, Montreal Maroons, and Montreal Wanderers all folded.³⁹ Moreover,

30. See QUIRK & FORT, *supra* note 3, at 446-59 (illustrating Baltimore Bullets team disbanded midway through 1954 to 1955 season and Chicago Stags franchise cancelled before 1950 season).

31. See *id.* The Anderson Packers franchise was cancelled before the 1950 season. See *id.* at 446. After the Chicago Stags joined the NBA in 1949 from the Basketball Association of America, the franchise was disbanded the very next season in 1950. See *id.* at 449. The Sheboygan Redskins were also cancelled before the end of the 1950 season after they had been added to the NBA in a merger the year before. See *id.* at 458. The Waterloo Hawks followed the same scenario, being cancelled in 1950, one year after entering the NBA. See *id.* at 459.

32. See *id.* at 452 (indicating owners implicated in game throwing scandal from college-playing days).

33. See *id.* (noting cancellation of Indianapolis Olympians franchise before 1954 season).

34. See GERALD W. SCULLY, *THE MARKET STRUCTURE OF SPORTS* 18 (1995) (noting NBA shrunk to its smallest size of eight teams during 1954 to 1955 season).

35. See QUIRK & FORT, *supra* note 3, at 453 (explaining NBA's option to purchase team if gate receipt requirements were not met).

36. See *id.* (noting low gate receipts for Minneapolis Lakers franchise).

37. See *id.* at 454 (illustrating team's movement and renaming Los Angeles Lakers under ownership of Bob Short).

38. See *id.* at 463-69 (highlighting reasons for cancellation of various teams' franchises during NHL's early years).

39. See *id.* (noting New York Americans franchise cancelled due to financial difficulties; Montreal Maroons franchise cancelled before 1939 to 1940 season af-

the Philadelphia Quakers and St. Louis Eagles had their players disbursed to other teams.⁴⁰

Most recently, the NHL endured a saga involving the California Golden Seals and the Cleveland Barons.⁴¹ The California Golden Seals, which became the Cleveland Barons, was a long-troubled franchise that went bankrupt twice.⁴² The owners, George and Gordon Gund, lost three million dollars from 1973 to 1978.⁴³ In 1977 to 1978, the Gund merged the club with another club they owned, the Minnesota North Stars.⁴⁴ They maintained ownership of the Cleveland club, and the Minnesota franchise assumed both teams' players.⁴⁵ The Cleveland club went out of business, but more importantly, the North Stars, who were able to keep many of their best players, acquired some of Cleveland's best athletes.⁴⁶ The North Stars greatly benefited from this merger and reached the Stanley Cup finals a few seasons later.⁴⁷

The most recent contraction, perhaps not as visible on the professional sports scope in the United States, involved Major League Soccer ("MLS"). MLS began play with ten teams in 1996, and then added teams in Chicago and Miami for the 1998 season.⁴⁸ On January 8, 2002, however, MLS eliminated both the Miami Fusion and Tampa Bay Mutiny from further participation in the league.⁴⁹

ter one-year suspension for financial problems; and Montreal Wanderers out of business when rink burned down during 1917 to 1918 season).

40. See QUIRK & FORT, *supra* note 3, at 470-72 (noting NHL purchase of teams). The Philadelphia Quakers voluntarily suspended operations for one year in 1931 due to financial problems, and the franchise was cancelled before the start of the 1932 to 1933 season. See *id.* at 471. The NHL bought the St. Louis Eagles and distributed the players among the existing teams. See *id.* at 472.

41. See *id.* at 465 (highlighting history of Cleveland Barons's financial difficulties).

42. See *id.* (indicating team losses of three million dollars in 1977 to 1978 season and cessation of team existence after merging with Minnesota North Stars).

43. See *id.*

44. See *id.* at 468 (stating team merged with Minnesota North Stars while Sanford Greenburg, former minority owner of Cleveland Barons, continued as minority owner in newly merged team).

45. See QUIRK & FORT, *supra* note 3, at 465 (noting Cleveland Barons went out of existence after team merged with Minnesota North Stars).

46. See *id.* at 468 (noting no name change after Cleveland Barons merged with Minnesota North Stars).

47. See *Minnesota North Stars 1967-1993*, at <http://www.northstarshockey.com/81run.htm> (last visited Sept. 24, 2002) (recounting North Stars's achievements in 1981).

48. See *About Major League Soccer: General Overview*, at <http://mlsnet.com/about/league/overview.html> (last visited Feb. 23, 2002) (recounting history of MLS from its inception through past seven seasons).

49. See *MLS Eliminates Fusion, Mutiny*, at <http://mlsnet.com/content/02/mls0108miatb.html> (Jan. 8, 2002) (announcing unanimous decision by MLS Board

Ironically, the Miami Fusion was the best team in MLS for the 2001 regular season, finishing first in the league.⁵⁰ Nonetheless, the team ranked tenth in the league in average attendance and failed to acquire funding for a soccer-exclusive facility even though Miami was renowned for its soccer fanatics.⁵¹ The Tampa Bay franchise, which conversely finished last in the regular season, had ranked eleventh of twelve teams in average attendance during the 2001 season.⁵²

MLS operated and funded the Tampa Bay franchise since its inception.⁵³ The Miami franchise had an Investor-Operator, which the MLS Board of Governors believed was imperative to make the structure of MLS work.⁵⁴ One of Miami's owners was Kenneth Horowitz, who reportedly lost fifty million dollars over four years with the team.⁵⁵ Upon contracting the Miami Fusion, the league stated that the South Florida market was "not capable at [the] time of supporting an MLS team."⁵⁶ MLS made this statement in reference to the team's poor corporate support and sponsorship and notoriously difficult fan base in South Florida.⁵⁷ The Dallas Burn, Colorado Rapids, and other franchises of MLS were also considered for contraction, but ultimately survived.⁵⁸

of Governors to cease operation of Tampa Bay Mutiny and Miami Fusion teams immediately).

50. See *MLS Teleconference*, Jan. 8, 2002, available at <http://mlsnet.com/content/02/mls0108teleconference.html> (last visited Sept. 25, 2002) [hereinafter *MLS Teleconference*] (quoting statement made by MLS investor Kenneth Horowitz who said Miami was winningest team during 2001 and was one game away from entering MLS Cup).

51. See *id.* (quoting MLS Commissioner Don Garber that Miami Fusion had third lowest fan attendance of twelve MLS teams).

52. See Gary Davidson, *MLS Eliminates Tampa Bay Mutiny, Miami Fusion, Leaving Anschutz, Hunt Running Seven of 10 Remaining Teams*, at <http://www.soccer-times.com/mls/2002/jan08.htm> (Jan. 8, 2001) (noting Tampa Bay Mutiny all-time attendance was 11,072 while league average attendance was 14,819).

53. See *MLS Teleconference*, *supra* note 50 (stating reason for ceasing operation of Tampa Bay was that it was run without Investor-Operator since its inception in 1996).

54. See *id.* (quoting MLS Commissioner Don Garber that comprehensive business review of MLS revealed necessity for each team to have Investor-Operator).

55. See *id.* (quoting MLS Investor-Operator Kenneth Horowitz that investors contributed over fifty million dollars in South Florida Soccer, entity responsible for operating Miami Fusion).

56. *Id.* (quoting teleconference announcing contraction of Miami Fusion).

57. See *id.* (quoting Kenneth Horowitz's emphasis on lack of corporate support of Miami Fusion as well as other factors, such as timing of youth soccer league schedules' contributing to attendance problems and general difficulties associated with supporting professional sports teams in South Florida, including heat, rain, and inclement weather).

58. See *MLS Teleconference*, *supra* note 50 (quoting MLS Commissioner Garber's statement that problems existed with other MLS teams, such as lack of

IV. GOALS OF CONTRACTION

As commentators have often noted, owners have been "crying wolf" about the possible demise of Major League Baseball since its inception.⁵⁹ Albert Spalding, owner of the Chicago White Stockings who later made his fortune in sporting goods in 1881, stated: "Professional baseball is on the wane. Salaries must come down or the interest of the public must be increased in some way. If one or the other does not happen, bankruptcy stares every team in the face."⁶⁰ Some years later, MLB Commissioner Bud Selig remarked, "it makes no sense for Major League Baseball to be in markets that generate insufficient local revenues to justify the investment in the franchise."⁶¹

A. Increased Revenues

So what are the goals of contraction for Major League Baseball? Primarily, contraction seeks to increase the revenues for each team by eliminating teams that fail to generate sufficient local revenue to provide a likelihood of accomplishing enduring competitive and financial stability.⁶²

investors and venues, but because of other considerations and pending negotiations with new investors, those teams were not chosen for contraction).

59. See Phil Rogers, *Q&A with Baseball's Caretaker, Bud Selig*, THE DALLAS MORNING NEWS, Apr. 30, 1994, at 18B (quoting Bud Selig's chastising of commentators who write books claiming MLB owners are crying wolf); Jayson Stark, *Congress v. Baseball: Antitrust Hearings*, at http://espn.go.com/mlb/columns/stark_jayson/1290617.html (Dec. 7, 2001) (quoting noted sports antitrust attorney Jim Quinn's belief that owners have been crying wolf since they first went to court in 1918 claiming they deserved antitrust exemption); Jayson Stark, *Selig, Owners Have Some 'Splaining to Do*, at http://espn.go.com/mlb/columns/stark_jayson/1286985.html (Nov. 30, 2001) (explaining Bud Selig's Executive Vice President believed past history would not indicate that owners cry wolf when faced with contraction).

60. Jeffrey S. Moorad, *Major League Baseball's Labor Turmoil: The Failure of the Counter-Revolution*, 4 VILL. SPORTS & ENT. L.J. 53, 53 (1997) (noting labor relations between players and team owners have always been highly contentious).

61. Associated Press, *Owners Vote to Eliminate Two MLB Teams* (Nov. 7, 2001), available at <http://msn.espn.go.com/mlb/news/2001/1106/1274159.html>.

MLB Commissioner Bud Selig further explained that the two MLB teams to be contracted historically failed to generate sufficient revenue. See *id.*

62. See Darren Rovell, *Contraction Won't Necessarily Hurt Game's Image*, at <http://www.espn.go.com/mlb/s/2001/1106/1274571.html> (Nov. 6, 2001) (suggesting contraction would result in increased profits among team owners who would receive larger revenues, including increased portion of six-year, \$2.5 billion television contract); *Selig Presenting Testimony to Congress Today*, at <http://espn.go.com/mlb/news/2001/1205/1290564.html> (Dec. 6, 2001) (quoting Commissioner Bud Selig's statement that "[i]t has also become clear that there are clubs that generate so little in local revenue that they have no chance of achieving long-term competitive and financial stability").

MLB's revenue sharing plan is based heavily on the local operating revenue.⁶³ It is not based on attendance, wins or losses, or profitability of the franchise. The system seeks to transfer money from the big revenue clubs that generate a great deal of local income to the clubs that do not.⁶⁴ Each club, on a national basis, receives an even share of all league-wide revenue, which in 2001 was \$24.4 million.⁶⁵ Arizona and Tampa Bay, as part of their expansion incentive, received approximately a three-quarters partial share of the revenue of other teams, but will receive a full share beginning in the 2003 season.⁶⁶

MLB also has a formula for sharing local operating revenue. Every team places twenty percent of their local operating revenue into a pool.⁶⁷ Subsequently, seventy-five percent of that money is redistributed evenly among the thirty MLB teams.⁶⁸ The remaining twenty-five percent is divided based on a sliding scale among the teams that generated less than the league-wide average in local operating revenues.⁶⁹ In 2001, this figure amounted to \$94.3 million.⁷⁰

So what seems to be the problem in Philadelphia? The Phillies had just over fifty-seven million dollars in local operating revenue.⁷¹ Overall, MLB saw \$167 million, which represented six percent of the league-wide local operating revenue, transferred to low revenue

63. See Mychael Urban, *Revenue Sharing: How It Works, Is It Working?*, at http://mlb.mlb.com/NASApp/mlb/mlb/news/mlb_news_story.jsp?article_id=mlb_20011206_urban2_news&team_id=mlb (Dec. 6, 2001) (indicating revenue sharing plan based heavily on local operating revenue).

64. See *id.* (explaining both national and local operating revenue sharing plans in MLB).

65. See *id.* (explaining structure of sharing plan for national revenue among MLB teams).

66. See *id.* (noting each club except Arizona and Tampa Bay receives equal share of all national revenue).

67. See *id.*

68. See Urban, *supra* note 63 (explaining how local revenue pool is divided evenly among teams).

69. See *id.*

70. See *id.* (noting that result of local-operating revenue sharing plan was transfer of 5.9% of league-wide local operating revenue in 2001).

71. See Doug Pappas, *The Numbers (Part Six): Profits and Revenue Sharing*, at <http://www.baseballprospectus.com/news/20020204pappas.html> (Feb. 4, 2002) (providing amount of each MLB team's 2001 local operating revenue and amount each team received through revenue sharing).

clubs from high revenue teams in 2001.⁷² The Phillies alone were awarded nearly \$11.8 million of that total.⁷³

B. Reestablish Monopoly Power

A second goal of contraction is to enhance and reestablish a league's monopoly power. Professional sports leagues restrict entry of new teams in order to increase both league-wide profits and franchise values of particular teams.⁷⁴ This restriction gives leverage to teams seeking new stadiums, allowing them to threaten local governments with relocation plans.⁷⁵ MLB has been hesitant to allow teams to relocate.⁷⁶ There has not been a franchise relocation in MLB since 1971 when the Texas Rangers were born from the Washington Senators.⁷⁷

League expansion also has distinct reasons for occurring. Leagues expand to deter entry and threat of rival leagues and to increase their revenues by offering enhanced television contracts to networks and by tapping into new fan bases.⁷⁸

The league must balance the restrictions on the number of teams with its expansion goals.⁷⁹ The goal for professional sports leagues is to retain a sufficient number of viable open markets to maximize any of their teams' leverage by obtaining competitive bidding among potential relocation cities, while retaining an insufficient number of cities to support a rival league.⁸⁰

72. See Urban, *supra* note 63 (noting amount and percentage put into revenue sharing).

73. See Pappas, *supra* note 71 (listing Phillies 2001 revenue sharing amount as \$11,752,000).

74. See JAMES P. QUIRK, *HARD BALL: THE ABUSE OF POWER IN PRO TEAM SPORTS* 136 (1999) ("[H]igh ratio of fans to teams in megalopolis cities is main reason for lack of competitive balance in sports leagues.").

75. See *id.* (searching for source of problems in professional sports).

76. See Carrie Muskat, *Selig Unveils Details of MLB's Financial Woes*, at http://mlb.mlb.com/NASApp/mlb/mlb/news/mlb_news_story.jsp?article_id=mlb_20011206_hearingspreview_news&team_id=mlb (Dec. 6, 2001) (quoting Commissioner Bud Selig's concern that eliminating MLB's antitrust exemption would allow for "middle-of-the-night relocations" that league has been able to prevent in past).

77. See *id.* (discussing possible consequences of threatened revocation of MLB's seventy-nine-year-old antitrust exemption).

78. See QUIRK, *supra* note 74, at 136 (noting possible explanations for high ratio of fans to teams and lack of competitive balance in sports leagues).

79. See *id.* ("[I]t appears that leagues have managed to expand sufficiently to deter entry while still preserving enough vacant sites to make move threats believable, which is bad news, of course, for fans and taxpayers.").

80. See *id.* at 135-36 ("The best weapon a monopoly league has to deter competition from a rival league is to avoid leaving too many financially viable locations open as slots for an entering rival league.").

Previously, leagues had two or three cities that existed as potential relocation threats because of suitable empty stadiums.⁸¹ MLB, as well as the NBA, over-expanded in the 1990s.⁸² These expansions depleted monopoly power and made it difficult for leagues to find viable open markets.⁸³ For example, the Vancouver Grizzlies, a young NBA team, moved to Memphis, Tennessee, the forty-second largest market in the country.⁸⁴ Memphis traditionally shunned all of its professional sports franchises, and every professional sports franchise that has ever played there folded.⁸⁵

Other potential MLB cities, such as Washington, D.C. and Northern Virginia, are fraught with problems not because of the population, but because they are in Baltimore Orioles territory.⁸⁶ Las Vegas, another city that is accompanied by substantial problems, as well as New Orleans, Charlotte, Portland, Nashville, Louisville, and Norfolk, would be hard-pressed to support a franchise.⁸⁷

81. See Joseph L. Bast, *Sports Stadium Madness: Why It Started, How to Stop It* (Heartland Inst. Pol'y Study No. 85, 1998) (explaining so long as "even one city with a suitable (empty) stadium is seeking a team, every other city is subject to threats by their teams to relocate unless more subsidies are delivered"), available at <http://www.heartland.org/Article.cfm?artID=9474655-FN228>.

82. See SCULLY, *supra* note 34, at 23-24 ("Up until 1962, baseball had eight teams in each league; in the 1993 season there were twenty-eight clubs."). The NBA consisted of only eight teams in two divisions in the 1954 to 1955 season. See *id.* at 24. As of 1995, there were twenty-seven teams in the league. See *id.*

83. See *id.* at 24. Further domestic expansion of the various leagues is difficult because:

The remaining potential sites tend to be in small population centers or in larger metropolitan areas that already have clubs. The expansion fees are very high, mainly to cover the present value of reduced national broadcast revenues. The prospect for robust growth in revenues is dim, and with free agency in baseball, basketball, and now football, an investor can no longer get into a sport cheaply.

Id. at 23-24.

84. See Phil Stukenborg, *Memphis Sports Moment on Way: NBA's Arrival Will Rank Among City's Glories*, at <http://www.newgomemphis.com/newgo/grizzlies/story/062901/xxmoment.htm> (June 29, 2001) (reporting NBA's approval of Grizzlies' relocation and highlighting history of sports in Memphis).

85. See Associated Press, *NBA Owners Approve Grizzlies' Move to Memphis* (July 3, 2001) (noting Memphis has hosted minor league teams and courted NFL expansion teams), available at http://cbs.sportsline.com/u/ce/multi/0,1329,4064167_54,00.html.

86. See *A Northern Virginia Team Will Not Undermine the Baltimore Orioles*, Virginia Baseball Stadium Authority, at http://www.baseballinva.org/case_orioles.htm (last visited Oct. 20, 2002) (noting that although Baltimore Orioles have, by default, developed fan base in Greater Washington region in twenty-eight years since Senators' departure, locating National League team in Northern Virginia will not interfere with Baltimore's American League fan base).

87. See Thomas Heath, *Baseball Ponders New Lineup: Struggling Teams Could Move or Be Eliminated*, WASH. POST, May 22, 2001, at A1 (quoting Michael Megna,

The significance of contraction is that it allows teams to make greater use of the league monopoly capital and to increase political capital for the existing teams.⁸⁸ Additionally, for MLB, contraction provides an opportunity for franchises to relocate in future years to retain a significant financial windfall expansion fee.⁸⁹ This scenario has already occurred with Cleveland and Houston in the NFL, and perhaps will be seen again in Los Angeles.⁹⁰ The NHL presents other examples with Minnesota and Atlanta; when these teams moved out, expansion teams moved in for financial gain.⁹¹

C. Improve Competitive Balance

A third goal of contraction is to improve competitive balance in the caliber of play within the league by eliminating weaker clubs and distributing quality players to existing clubs.⁹² Can MLB improve its competitive balance, referred to as the *relative* quality of play, or the caliber of play in the league, referred to as the *absolute* quality of play?⁹³ Not really. In terms of the relative quality of play, the teams at the bottom of the league will still struggle with, as Bud Selig states, "no hope and faith that their teams [can] reach the postseason."⁹⁴ Also, the gap will remain between the "haves" and

Milwaukee-based financial appraiser of sports franchises, in his belief that there are very few markets that would make attractive home for baseball team). In analyzing the success of a potential relocation to the Greater Washington region, Megna considered such factors as the city's population, the popularity of other professional sport leagues, and the proximity of the nearest MLB team. See *id.*

88. For a discussion of how professional sports league monopolies exert political pressure, see *supra* notes 74-80 and accompanying text.

89. See Richard C. Levin et al., *The Report of the Independent Members of the Commissioner's Blue Ribbon Panel On Baseball Economics* (2000) (explaining that with contraction, purchase price paid for reacquisition of financially distressed clubs would be less costly than value of all future shared industry revenues otherwise payable to reacquired clubs), available at <http://www.sportsline.com/u/baseball/mlbcom/blueribbon.pdf>.

90. See Eric Fisher, *Baseball Contraction Lives, but So Do Its Unresolved Problems*, WASH. TIMES, Apr. 1, 2002, at F8 (noting NFL emerged as stronger league after allowing teams to move during 1990s), available at 2002 WL 2908434.

91. See *id.* (noting NHL emerged as stronger league after allowing teams to move during 1990s). Selig's recent support for relocation of teams if their current markets prove economically unviable has come "as welcome news to nearly everyone." See *id.*

92. See SCULLY, *supra* note 34, at 23 (noting restrictions on number of teams in league increases quality of play, which may be desirable to fans).

93. See *id.* at 23-24. Scully notes: "Quality of play in team sports has two dimensions: absolute and relative. The absolute quality of play is its level, and that depends on the quality of athletic talent fielded. . . . [R]elative playing quality is measured by the dispersion in team standings." *Id.*

94. Alan H. (Bud) Selig, Address Before the Committee on the Judiciary, United States House of Representatives (Dec. 6, 2001) (reporting findings released in report by Blue Ribbon Panel in July 2000 showing only top spending teams had

the "have-nots."⁹⁵ Thus, the economic system itself is still paramount.

In terms of the absolute quality of play, removing the fifty worst players from MLB will do little to improve the overall quality of the league.⁹⁶ In effect, this solution only eliminates the two worst players from each team.⁹⁷ This is unlikely to have a significant effect because the players removed are likely to be ineffective relief pitchers and non-impact bench players.⁹⁸

D. Collective Bargaining Leverage

A fourth goal of contraction is to achieve collective bargaining leverage for owners. This has an unknown effect on the league's collective bargaining process.⁹⁹ In the short-term, however, it can be assumed that introducing the possibility of contraction into the bargaining process will have a substantial financial impact on the league itself, especially if there is a work stoppage either by strike or lockout.¹⁰⁰ For example, the threat of contraction or even its execution may affect players' salaries.¹⁰¹ In the long-term, very little effect is likely because supply and demand will offset the impact

any appreciable chance of reaching World Series), *available at* 2001 WL 26188117. The disparity had become so severe, that for a five-year period between 1995 and 1999, and over 158 games, not a single postseason game was won by a team in the bottom half of the industry payroll. *See id.*

95. *See* Darren Rovell, *Owners Still Pushing Revenue Sharing*, at <http://msn.ESPN.go.com/mlb/s/2001/1128/11286242.html> (Nov. 28, 2001) (interpreting "haves" and "have-nots" based on ability to generate local revenue). Rovell notes:

By defining the haves as those that have a payroll in the top quartile of the league, the competitive balance and financial picture is better clarified. For example, 13 out of the 14 World Series participants in the last seven years have been in the top eight in league payroll.

Id.

96. *See* Roger G. Noll, *The Economics of Baseball Contraction*, 2002 STAN. INST. FOR ECON. POL'Y RES. 7 (noting elimination of two teams would eliminate fifty MLB players).

97. *See id.* at 8 (suggesting most eliminated players would end up in minor leagues).

98. *See id.* (noting that in year of contraction, weakest MLB players will be demoted because they do not offer playing skills to compete with front-line players).

99. *See id.* at 10 (discussing uncertain impact that contraction will have on collective bargaining agreement). Noll notes: "There is simply no way to estimate reliably whether the contraction announcement will harden or soften the position of the players, and thereby increase or reduce the costs to the owners of successfully negotiating a new agreement." *Id.*

100. For a discussion of how the possibility of contraction affects the bargaining process, see *supra* notes 74-91 and accompanying text.

101. *See* Noll, *supra* note 96, at 7-8 (noting contraction proposal tied to players' salaries).

equally.¹⁰² The weakest players who tend to make the least amount of money are going to be sent to the minor leagues.¹⁰³

V. COST OF CONTRACTION

Does contraction make financial sense? To determine this, one must assess the various costs and benefits of the theory of contraction.

A. Payments to Contracted Team

The first cost involves payments to the contracted team, which amounts to what the buyout price will be to dissolve the team.¹⁰⁴ The Montreal Expos, arguably the worst team in MLB and perennially considered for contraction, was sold for \$120 million in 2002.¹⁰⁵ The highest estimate to date for the financially struggling Minnesota Twins has been \$250 million.¹⁰⁶ The other teams that were mentioned for contraction—the Kansas City Royals, Tampa Bay Devil Rays, and Florida Marlins—would cost MLB almost \$135 million each, based on the premium paid over their recent purchase prices.¹⁰⁷

102. *See id.* at 8 (finding fan attendance depends on team performance, causing teams to drop poor players and pay more for good players).

103. *See id.* (explaining lack of effect contraction has on player salaries). The weakest players, who also receive the lowest salaries, will be demoted to the minor leagues, and the strongest players will continue to be in demand and receive the highest salaries. *See id.* at 5, 8.

104. *See id.* at 2 (explaining significance of attractive buyout price in team's decision to fold).

105. *See* Dave Sheinin, *Montreal Lame Ducks*, WASH. POST, Feb. 14, 2002, at D1 (noting Expos owner Jeffrey Loria sold team to MLB for \$120 million). With that money and a \$38.5 million loan from MLB, Loria then bought the Marlins. *See id.*

106. *See* Randy Furst, *Baseball Owners' Legal Fight Isn't Over*, STAR TRIB. (Minneapolis), Feb. 13, 2002, at B3 (reporting Metropolitan Sports Facilities Commission attorney Corey Ayling contended Minnesota Twins received offers to buy team for as much as \$250 million). The more appropriate number that would be offered is an estimated \$135 to \$190 million as the purchase price. *See* Noll, *supra* note 96, at 2.

107. *See* Noll, *supra* note 96, at 2 (discussing candidates for franchise buyout). Although the price paid for these teams has not been disclosed, estimates are that these "weak franchises" received between \$135 and \$250 million in their recent purchases. *See id.* Kansas City was bought for ninety-six million dollars two years ago. *See* Richard Sandomir, *Newest Game Is Buying and Selling Teams*, N.Y. TIMES, Apr. 30, 2000, § 8, at 11. Tampa Bay paid \$130 million for an expansion fee to be admitted into the league. *See* Joseph Duarte, *Attempts to Bring Baseball to Disney's World Appear Over*, HOUS. CHRON., Mar. 3, 2002, at 2G (indicating MLB admitted team on March 9, 1995 for expansion fee of \$130 million).

B. Lease Payments

A second cost of contraction is lease payments. If MLB were to contract a team, it must satisfy any remaining obligations under the team's stadium lease.¹⁰⁸ For Minnesota, Montreal, and Florida, there would be no such cost because their leases all expire after the 2002 season.¹⁰⁹

Also in Tampa Bay, the lease cost is negligible. The Tampa Bay franchise has a lease on Tropicana Field Stadium that extends through 2027.¹¹⁰ In effect, the city pays the team a management fee of \$4.2 million a year, less \$300,000 for fee sharing.¹¹¹ Thus, contraction would make financial sense in terms of lease payments because the cost is negligible.

Kansas City, the final team rumored for contraction, would incur approximately a ten million dollar buyout cost for its lease.¹¹² Kansas City's current lease extends through 2015 and the team pays \$450,000 a year to the city plus an excess percentage of gate receipts.¹¹³ Therefore, the cost of lease payments must be considered, even if the cost is minimal.

C. Guaranteed Player Contracts

A third cost of contraction is the multi-year guaranteed contracts of players on contracted teams.¹¹⁴ Other teams may wish to sign these players and assume their salaries, but when teams do not opt to do this, MLB will be forced to bear the cost.¹¹⁵ These un-

108. See Noll, *supra* note 96, at 5 (noting state court ruled that Minnesota Twins must finish stadium contract and will most likely have to pay damages if it breaks lease).

109. See *No Guarantee Contraction Will Come Up for Vote*, at <http://espn.go.com/mlb/news/2001/1105/1273878.html> (Nov. 5, 2001) (noting Montreal, Minnesota, and Florida all have one-year stadium leases).

110. See Adam C. Smith & Bryan Gilmer, *Naimoli Handing Over Rays Rein: Changes for the Rays*, ST. PETERSBURG TIMES, Apr. 28, 2001, at 1A (noting Devil Rays's lease obligation expires in 2027), available at <http://pqasb.pqarchiver.com/sp-times/>.

111. See *id.* (explaining current bond debt on Devil Rays's stadium just six million dollars shy of franchise value).

112. See Kyle Mead, *Coaching Changes Follow Disappointing Season for Royals*, at <http://www.spectrum.kcmetro.cc.mo.us/archives/2001-11-02/features/white/htm> (last visited Jan. 7, 2003) (noting current Royals's lease keeps them in Kansas City until at least 2015).

113. See *id.* (explaining Royals team owner committed to winning and does not plan to relocate Royals to another city).

114. See Noll, *supra* note 96, at 5 (noting price of multi-year contracts must be added to total cost of contraction).

115. See *id.* (explaining cost of contraction includes cost of players' multi-year contracts not picked up by other teams).

signed players will most likely be less-skilled players with short, less-expensive contracts, but may include some higher-paid, long-term contract players that teams do not want to sign because of age or lack of production.¹¹⁶ The high-end estimate cost of this portion of the buyout is twenty-five to fifty million dollars.¹¹⁷

D. Purchase Price of Minor League Teams

The fourth expense of contraction is the purchase price of the affiliated minor league clubs. In all likelihood, the twelve combined minor league teams affiliated with any two contracted major league clubs would be purchased and eliminated just like the major league clubs.¹¹⁸ The total purchase price of those clubs is between fifty and seventy-five million dollars, plus the cost of their stadium leases.¹¹⁹ Altogether, after the four estimated groups of costs are added together, MLB contraction would cost \$500 million.¹²⁰ This, in turn, would cost each remaining team around \$17.9 million.¹²¹

VI. CONCLUSION

Despite the serious costs, contraction has attractive benefits. As previously mentioned, there are more central and national revenues for each club.¹²² In terms of broadcasting and licensing fees, this amounts to twenty million dollars per team.¹²³ Additionally,

116. See *Average Baseball Salary*, at http://www.canoe.ca/BaseballMoneyMatters/salaries_avg.html (Dec. 12, 2002) (listing average and minimum MLB salaries for 1967 to 2001 seasons).

117. See Noll, *supra* note 96, at 6. Noll estimates the cost of buying out contracts and minor league teams to be \$100 million together. See *id.* He individually estimates the cost of eliminating minor league teams alone to be fifty to seventy-five million dollars. See *id.* Subtracting the second amount from the first yields twenty-five to fifty million dollars. See *id.*

118. See *id.* (noting there are twelve minor league teams affiliated with two major league teams that could be bought out).

119. See *id.* (estimating that buying out twelve minor league teams would cost at least additional fifty to seventy-five million dollars).

120. See *id.* The \$500 million total is obtained by adding the \$400 million estimate to purchase two teams plus the \$100 million estimate for buying out the ousted players' contracts and the minor league teams affiliated with the eliminated teams. See *id.*

121. See *id.* Dividing the \$500 million among the twenty-eight remaining teams equals \$17.9 million per team. See *id.*

122. See Noll, *supra* note 96, at 6 (noting each remaining team would receive more revenue from MLB broadcasting and licensing rights).

123. See *id.* (stating out of twenty million dollars total, fourteen million comes from Fox Television rights).

there would be a decrease in the amount of local revenues that are shared between the weaker clubs.¹²⁴

The Expos received a little over \$28.5 million from additional revenue sharing during the 2001 season.¹²⁵ The Twins received \$19.1 million, while the Florida Marlins obtained \$18.6 million.¹²⁶ Kansas City and Tampa Bay acquired \$16 million and \$12.4 million respectively.¹²⁷

In terms of the benefits of contraction, the question is, how much money are the surviving teams going to save by eliminating the various clubs? Eliminating the Expos would collectively save MLB teams approximately \$52.9 million per year.¹²⁸ Eliminating the Twins would save the clubs \$43.5 million a year and elimination of the Marlins would save \$43 million.¹²⁹ Dissolving the Royals would save \$40.4 million while contracting the Devil Rays would give back \$30.6 million to MLB.¹³⁰ Furthermore, eliminating both the Expos and the Twins would save every one of the other MLB clubs approximately \$3.4 million per year.¹³¹

After crunching the numbers to get the expected return, it is easy to determine which teams are worth contracting. The Expos are certainly worth folding.¹³² Although contracting the Twins would not provide as great a benefit as would eliminating the Ex-

124. See *id.* at 6-7 (illustrating elimination of weaker MLB teams would terminate their windfalls).

125. See *Special Report: Economics of Baseball, Comparison by Club*, at www.mlb.com/mlb/hearings/downloads/comparison_by_club.pdf (last visited Oct. 21, 2002) [hereinafter *Special Report*] (noting potential generating loss of \$10,002,000 after revenue sharing).

126. See *id.* (stating both Twins and Marlins incurred past revenue sharing operating losses of \$536,000 and \$9,180,000 respectively).

127. See *id.* (explaining Royals incurred past operating loss after revenue sharing of \$137,000 while Devil Rays incurred \$10.5 million).

128. See *id.* This figure is reached by adding the \$28.5 million the Expos received to the \$24.4 million in central revenues. See *id.*

129. See *id.* The figure for the Twins is reached by adding the \$19.1 million the Twins received to the \$24.4 million in central revenues. See *id.* For the Marlins, this figure is reached by adding the \$18.6 million the Marlins received to the \$24.4 million in central revenues. See *id.*

130. See *Special Report*, *supra* note 125. The Royals figure is reached by adding the \$16 million with \$24.4 million in central revenues. See *id.* The Devil Rays figure is reached by adding the \$12.4 million with \$18.2 million in central revenues. See *id.*

131. See *id.* This figure is obtained by adding the combined savings to the other clubs from contracting the Expos (\$52.9 million) and Twins (\$43.5 million) and then dividing this total (\$96.4 million) among the remaining twenty-eight MLB teams.

132. See Noll, *supra* note 96, at 7 (stating revenues would increase by approximately forty-five million dollars if Montreal were eliminated).

pos, the Twins are also worth folding.¹³³ Thus, MLB would be financially justified in contracting the Expos and Twins.¹³⁴

This, however, does not adequately address all the problems facing MLB. There are growing revenue disparities, insufficient levels of revenue sharing, and competitive imbalances that are all intertwined.¹³⁵ As told by former Commissioner Bowie Kuhn when discussing contraction, "[i]t is not the only solution, but not any one solution is going to fix the problems the industry is facing."¹³⁶

What else can MLB do? Primarily, MLB must start with following some of the recommendations of baseball economists: sharing more local revenues; putting a luxury tax on player payrolls that exceed certain thresholds; having an unequal distribution of any new MLB Central Fund revenues; permitting special fund revenues; reforming the Rule 4 Draft; instituting a competitive balance draft; and allowing MLB clubs to exercise their monopoly power by relocating. Many of these issues, however, must be collectively bargained with the MLB Players Association, and thus the resolution is not as clear-cut as it appears. Regardless, it represents a good starting point for the reformation of Major League Baseball.

133. See *id.* at 6 (estimating portion of central revenues received by teams from MLB is \$24.4 million). Folding the Twins would save MLB \$43.4 million (\$24.4 million from the central revenues added to \$19 million received from revenue sharing). See *Special Report*, *supra* note 125 (indicating Minnesota receives \$19 million from revenue sharing).

134. See Noll, *supra* note 96, at 7 (noting MLB would save forty-five million dollars from folding Expos and thirty-nine million dollars from folding Twins).

135. See *Special Report*, *supra* note 125 (revealing operating revenues, operating expenses, amount received from revenue sharing, and operating income after revenue sharing different among MLB franchises).

136. Jim Street, *Kuhn: Contraction, Additional Steps Make Sense*, at http://www.mlb.com/NASApp/mlb/mlb/news/mlb_news_story.jsp?article_id=mlb_20011129_bowiekuhn_news&team_id=mlb (Nov. 29, 2001). Ex-Commissioner Kuhn also stated that "contracting two teams is a good idea at this time, but that it is only part of the solution needed to bring competition and financial stability back to the national pastime." *Id.*