

MAJOR LEAGUE BASEBALL

Major League Baseball (MLB) is no longer as popular as professional football and is losing ground to other sports (particularly auto racing), yet it remains firmly ingrained in the American imagination, retaining the title of "national pastime." In 2004, 2005, and 2007 two teams with long histories of futility, the Boston Red Sox and the Chicago White Sox, saw World Series victories. Their success evoked an emotional response in fans across the United States and seemed to spark renewed interest in a sport that has had more than its share of bad publicity since the 1990s, mostly because of steroid scandals. Baseball's steroid problem was magnified in 2007, as Barry Bonds (1964–), the player most closely associated with the scandal, approached the all-time home-run record held by Hank Aaron (1934–) since 1974. Bonds broke Aaron's record on August 7, 2007, eliciting an ambivalent response from fans and the national media. It remains to be seen if the renewed interest in baseball will translate into long-term gains in attendance and television viewership in the face of stiff competition from other sports, old and new.

MLB Structure and Administration

As of 2007 MLB consisted of thirty teams. These teams are divided into two leagues: sixteen in the National League and fourteen in the American League. Each of these leagues is further split into three divisions—East, Central, and West—that are loosely based on geography. The MLB season normally runs from early April through late September and consists of 162 games. This season length was established in 1961, before which teams played a 154-game schedule. Most games are played against teams within each league, though not necessarily within each own division.

Following the regular season, the champions of each division (three teams in each league) plus a wild-card team—the team with the best record among those not winning their division—from each league compete in the playoffs. The playoffs consist of three rounds: two best-of-five Division Series in each league; a best-of-seven Championship Series in each league; and finally the World Series, a best-of-seven game series between the champions of each league to determine the major league champion team.

According to Plunkett Research, in "Sports Industry Overview", MLB took in \$5.2 billion in revenue in 2006. The average player salary was \$2.7 million. Table 4.2 shows the latest team values and revenue figures for each MLB team. The Sports Business Journal estimates that of the \$10.5 billion worth of officially licensed sports merchandise sold annually, from banners to bobbleheads, \$2.3 billion is spent on goods licensed by MLB and its member teams, second only to the NFL among the major sport leagues. Technically speaking, "Major League Baseball" refers to the entity that operates the National and American Leagues, the two top

National League	
East	
	Atlanta
	Washington
	Miami
	NY Mets
	Philadelphia
Central	
	Milwaukee
	St. Louis
	Cincinnati
	Pittsburgh
	Chi Cubs
West	
	San Francisco
	Colorado
	LA Dodgers
	San Diego
	Arizona
















professional baseball leagues in North America. MLB operates these two leagues under a joint organizational structure that was established in 1920 with the creation of the Major League Constitution. This constitution has been overhauled many times since then. MLB team owners appoint a commissioner, under whose direction MLB hires and maintains umpiring crews, negotiates marketing and television deals, and establishes labor agreements with the MLB Players Association.

MLB maintains a level of control over baseball that is somewhat unique among the major sports. This comes as a result of a 1922 U.S. Supreme Court decision in which baseball was deemed not to be "interstate commerce" and therefore not subject to federal antitrust law. Consequently, MLB is allowed to operate in monopolistic ways that would not be legal in most other industries. This privileged status allowed baseball to stave off player free agency (a professional athlete who is free to sign a contract with any team), and the high salaries that accompanied it, until the mid-1970s.

MLB History

The first professional baseball team was the Cincinnati Red Stockings, founded in 1869. That year the team—which still exists as the Cincinnati Reds—embarked on a fifty-seven-game national tour and went undefeated against local amateur teams. Their success led in 1871 to the creation of the first professional baseball league, the nine-team, eight-city National Association of Professional Baseball Players. Various other competing leagues were formed over the next decade, including a precursor to the modern National League. The American League was founded in 1901. The champions of the American and National Leagues faced off in what became the first World Series in 1903. The popularity of professional baseball continued to grow over the next several years. A crisis unfolded in 1919, when several members of the Chicago White Sox were paid by gamblers to throw the World Series, in the so-called Black Sox scandal. In the wake of the scandal, club owners hired baseball's first commissioner, Kenesaw Landis (1866–1944), to clean up the game. As of 2007 the commissioner was Allan H. Selig (1934–), a founder of the Milwaukee Brewers. Selig, the ninth commissioner in MLB history, was appointed to the post by the team owners in 1998.

Baseball's golden era took place between the two world wars, marked by the rise of such all-time greats as Babe Ruth (1895–1948), Ty Cobb (1886–1961), and Lou Gehrig (1903–1941). The major leagues survived the Great Depression (1929–1939) by introducing night games, which soon became the norm for games played during the week; weekend games were still played during the day. From its beginnings through World War II (1939–1945), MLB was racially segregated. That changed in 1947, when the African-American player Jackie Robinson (1919–1972) joined the Brooklyn Dodgers. Such legends as Willie Mays (1931–) and Hank Aaron followed over the next decade, and by the middle of the 1950s black players were fairly common on major league rosters. More recently, the number of

American League	
East	
	NY Yankees
	Baltimore
	Toronto
	Boston
	Tampa Bay
Central	
	Detroit
	Kansas City
	Minnesota
	Chi White Sox
	Cleveland
West	
	Oakland
	LA Angels
	Seattle
	Texas
	Houston

African-American players in baseball has plummeted, as young African-American athletes have flocked to other sports. The 2005 World Series roster of the Houston Astros did not include a single black player; it was the first team to compete for the MLB championship without an African-American player in half a century.

After fifty years of stability, the 1950s brought changes to MLB in response to demographic shifts in the United States. The Boston Braves moved to Milwaukee in 1953. Two New York teams moved to the West Coast in 1957: the Brooklyn Dodgers departing for Los Angeles and the New York Giants to San Francisco.

Baseball started losing fans, especially younger ones, in big numbers during the 1960s and 1970s as labor conflicts and other challenges plagued the sport. In 1966 the MLB Players Association was formed. The association's main goal was to end the reserve clause, a contractual provision that essentially gave teams ownership of players, meaning they were bound to a particular team until they were traded or released. The reserve clause was finally overturned in 1975, ushering in the era of free agency in baseball, wherein players were free to negotiate with any team they wanted once their existing contract had expired. Labor squabbles continued over the next twenty years, and parts of several seasons were lost to work stoppages. The worst of these took place in 1994, when the final third of the season, including the World Series, was canceled.

The sport survived in spite of these distractions, however, thanks partly to a handful of individual accomplishments. These included Cal Ripken Jr.'s (1960–) destruction of Gehrig's long-standing record for consecutive games played, and Mark McGwire's (1963–) and Sammy Sosa's (1968–) 1998 competition to break the record for home runs in a season—a record that was broken again by Bonds just three years later. Unfortunately, enthusiasm over these feats has since been muted by ongoing scandals involving performance-enhancing drugs, which call into question the validity of the exploits of Bonds, McGwire, Sosa, and others who just a few years earlier had been credited with reviving public interest in the sport.

The Labor History of MLB: Players versus Owners

MLB's first major strike took place in 1981, as owners sought to blunt the impact of free agency. Team owners wanted to receive compensation when one of their players was signed by another team. The players went on strike in protest, and more than seven hundred games were canceled before the two sides agreed on a limited form of compensation for free-agent signings.

In 1990 owners proposed a sort of salary cap and the elimination of the arbitration system in place for resolving salary disputes. A thirty-two-day lockout ensued, resulting in the cancellation of spring training that year. The owners finally dropped their demands, and the full regular season took place, though its start was postponed by one week.

In "The Baseball Strike of 1994–95" (Monthly Labor Review, March 1997), Paul D. Staudohar reports that in June 1994 the owners proposed a salary cap that would have limited the players to 50% of total industry revenues. This represented a pay cut of about

15% for the players; not surprisingly, they declined the offer and went on strike in August. This strike resulted in the cancellation of the 1994 postseason, including the World Series. A ruling by the federal judge Sonia Sotomayor (1954–) ended the strike in March 1995. The 1995 and 1996 seasons were played under the terms of the expired contract.

In 2002 MLB appeared to be on the brink of another strike, the causes of which were mainly rooted in imbalances between teams in large and small markets that resulted in some financial disparities. The team owners lobbied for salary caps, but the players were understandably opposed to this. Instead, the owners came up with the idea of a luxury tax, which would be imposed on any team that spent more than a predetermined amount on player salaries. A strike was thus averted. The impact of the luxury tax, however, has been questionable. The New York Yankees, for example, have continued to spend vast sums to lure top players; in 2005 the Yankees became the first team in the history of sports to spend more than \$200 million on salaries in a season. According to Barry M. Bloom, in "Yanks, Red Sox Hit with Luxury Tax Bills", this was about \$80 million over the luxury tax threshold, triggering a \$34 million tax bill for team owner George Steinbrenner. The article "Yankees Hit with \$26 Million Luxury Tax" indicates that the Yankees were billed another \$26 million in December 2006. By contrast, only one other team, the Boston Red Sox, had to pay the luxury tax in 2006, so the tax is generally believed to work as a deterrent to reckless spending for most teams. However, the fines do not seem to have deterred big spending on the part of the Yankees organization. Among the highest paid MLB players in 2007, only three were paid more than \$20 million per year, and all three—Jason Giambi (1971–), Alex Rodriguez (1975–), and Derek Jeter (1974–)—played for the Yankees.

The other part of the 2002 deal was increased revenue sharing, meaning a greater share of each team's revenue was put into a pot to be divided among the entire major leagues. The biggest difference between baseball's revenue sharing system and football's is that baseball teams earn significant revenue from local television broadcasts, whereas almost all football coverage is national. MLB's 2002 contract brought a sharp increase in the amount of local revenue that teams must share. The 2002 collective bargaining agreement ran through the 2006 season; a new agreement, signed in the fall of 2006 and running through the 2011 season, preserved the luxury tax and revenue sharing systems with only minor alterations.

Current Issues in Baseball

One of the most critical issues facing baseball is how to respond to recent revelations of the rampant use of performance-enhancing drugs among top players (see Chapter 9 for more detailed information). As news has come to light about the use of steroids and other substances by some of the players credited with reviving the sport during the 1990s, professional baseball's credibility has come under fire. Important questions inevitably arise, such as how to account for records broken by players who were probably using banned substances. Bonds's eclipse in 2007 of one of the sport's most venerable records has brought this question to the fore. The ability of the league to handle such questions in a way that satisfies disgruntled fans will have a huge impact on the future of professional baseball in the United States.