

# Activities and Discussion Questions



## Inning 6

### 6.1 The Growing Salary Gap Between Players and Fans

William "Harry" Wright was player/manager for baseball's first professional team, the Cincinnati Red Stockings. According to the calculations of sports economist Andrew Zimbalist, Wright earned seven times the U.S. average income in 1869.

In 2001, Alex Rodriguez earned \$25 million to play shortstop for the Texas Rangers – approximately 850 times more than the average U.S. worker. Big difference!

**Question:**

In your opinion, how has the widening financial gap between players and fans affected pro sports?





## Inning 6

### 6.2 They're All Good, and Some Are Exceptional

Next time you're tempted to boo a ballplayer who strikes out or pops up in a key situation, think about this:

- Home plate is only 60 feet 6 inches from the pitcher's mound.
- A big league fastball travels at more than 90 miles per hour and reaches the plate in just over four-tenths of a second.
- The batter has only a few thousandths of a second to decide whether or not to swing.
- And pitchers don't always throw fastballs. A good curveball, traveling 80 to 85 miles per hour, can look as if it's coming straight at your head before it drops over the plate for a strike.

Big deal, you say. Athletes still make a lot of money for playing a game. And maybe you have a point.

#### **Question:**

Teachers, nurses, and day care workers – people who do things that are truly essential – earn only a fraction of what an average pro athlete makes. Is that fair? Maybe not. But there is an economic explanation. See if you can come up with it.

**HINT:** Think "revenue" and "marginal revenue product."



*Courtesy of the Boston Public Library, Print Department*

"The Kid" hits another one. Ted Williams, 1948



### 6.3 Who's Forcing Team Owners to Pay Big Salaries?

Here's a question for anyone who thinks high salaries are ruining sports:

Who is forcing team owners to pay high salaries?

#### **Try This Exercise:**

If you work after school or on weekends, go to your boss and ask for an \$11 million salary. What do you think will happen?

On second thought, if you want to keep your job, maybe you shouldn't try this exercise. Just use your imagination to predict how your boss would react.

The point is that no one can force an employer to part with more money than he or she is willing to pay – or to part with more money than he or she thinks an employee is worth.





### 6.4 “We Finished Last with You . . .”

Owners measure a player’s market value in terms of how much the player will add to a team. They focus on how much the player produces in terms of team wins and team revenue.

But what if a star plays for a losing team that isn’t drawing many fans? How valuable is he then? Will the team be willing to pay a lot to keep him?

Outfielder Ralph Kiner hit 54 home runs for the last-place Pittsburgh Pirates in 1949. It was quite an individual accomplishment. But when he asked Pirates general manager Branch Rickey for a raise, Rickey replied, “We finished last with you; we could have finished last without you.”



Raph Kiner

*Courtesy of National Baseball Hall of Fame*

#### **Try This Exercise:**

Professor Phillip J. VanFossen has developed an exercise for measuring a player’s value. Be sure to check it out at:

[www.econedlink.org/lessons/index.cfm?lesson=EM75&page=Teacher](http://www.econedlink.org/lessons/index.cfm?lesson=EM75&page=Teacher)





## Inning 6

### 6.5 “Winner-Take-All” Markets: Nice Work If You Can Get It

Lots of talented high school and college athletes share a dream: Make it to “The Show,” sign a fat contract, buy a big house for mom and a new car for dad.

Nice dream, but for most kids it never comes true. Just look at how tough it is to make it to the major leagues:

- On opening day 2002, there were 849 players on the 25-man rosters and disabled lists of Major League Baseball’s 30 teams.
- And there were approximately 273 million people in the United States. This means that, in round numbers, one out of every 337,000 Americans had the skill and the luck to become a Major League Baseball player.
- If you take the global view, the figures are even more dramatic. Approximately 26 percent of the players were foreign born. So roughly one out of every 7.3 million of the earth’s 6.2 billion inhabitants has the skill and the luck to become a big league ballplayer.

Of course, the person who “makes it” in sports or entertainment wins big. But what about all those who try and fail?

In their 1995 book, *The Winner-Take-All Society*, Robert H. Frank and Philip J. Cook point out the downside of going for a big payday in highly competitive markets that have very little room at the top:

“[A]lthough the competition for top slots in winner-take-all markets does indeed attract our most talented and productive workers, it also generates two forms of waste: first, by attracting too many contestants, and second, by giving rise to unproductive patterns of consumption and investment as contestants vie with one another for top positions.





## Inning 6

“. . . Becoming a contestant in a winner-take-all market entails a decision to pit one’s own skills against a largely unknown field of adversaries . . . . When people overestimate their chances of winning, the number who forsake productive occupations in traditional markets to compete in winner-take-all markets will be larger than could be justified on traditional cost-benefit grounds.”

### Something to think about . . .

Here’s a quote from former NBA star Charles Barkley:

“I never discourage any young people from pursuing their dreams, even if it’s to become a professional athlete. But it can’t be their only dream. Kids have to have many dreams, enough to ensure that at least one of them will come true.”

### Questions:

- What do you think Charles Barkley meant?
- When a talented young person dreams of entering a winner-take-all market (professional sports, the Olympics, Hollywood, pop music), what are the pros and cons of encouraging that person to pursue a “safer” career path?
- What do Frank and Cook mean when they say that winner-take-all markets give rise to “unproductive patterns of consumption and investment as contestants vie with one another for top positions”?



*Photograph by Lewis Hine. Courtesy George Eastman House*



### 6.6 Maybe If You Work a Bit More Overtime. . .

No two ways about it, professional athletes make a lot of money. But they're not alone. Top entertainers and top executives earn just as much, if not more.

Each year, *Forbes* magazine lists the highest-earning athletes, entertainers, and executives. Visit the site [www.forbes.com](http://www.forbes.com) and compare the earnings of the five top entertainers, executives, and athletes. (Click on "Lists".)

Surprise! Athletes earn less than top entertainers and executives.

**Question:**

Why do people seem to get so much more agitated over athletes' salaries than they do over the earnings of rock musicians, movie stars, and top executives?





## Inning 6

### 6.7 How Much is Enough?

Sometimes a rare and wonderful thing happens: A professional athlete will decide to stay in the same town, even though he could make more money with another team. Maybe he stays because he feels a sense of loyalty to a city and its fans, or maybe he just doesn't want to move his family.

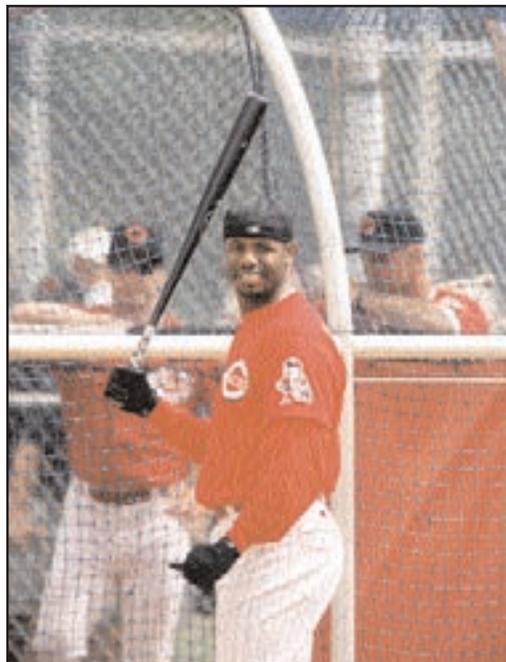
Or maybe a superstar decides to sign with a small market team for less money. That's what Ken Griffey, Jr. did after the 1999 season. The star outfielder turned down a \$148 million eight-year deal with Seattle and signed with Cincinnati for \$116 million over nine years. (That comes down to \$18.5 million in Seattle versus just under \$13 million in Cincinnati.) Why did he do it? Because Cincinnati was his hometown, he wanted to be closer to his winter home in Florida, and his father was a Reds coach at the time.

**Question:**

How much money is enough? (Seriously. Don't just give the stock answer: "You can never have too much money.") What do you think is an adequate income? How did you arrive at your answer?

**Question:**

What motivates some people to work harder or choose a certain job? Is it always money?



*Courtesy of the Cincinnati Reds*

Ken Griffey, Jr.



### 6.8 How a Broadway Show Sent Babe Ruth to the Big Apple

Even the most casual Boston Red Sox fan knows all about opportunity cost, trade-offs, and what author Susan Lee calls “the measure of what could have been.”

The Red Sox and their long-suffering fans have not tasted World Series champagne since 1918. *Boston Globe* sports columnist Dan Shaughnessy traces their misfortune to “The Curse of the Bambino.”

In 1920, Red Sox owner Harry Frazee sold Babe Ruth – a.k.a. “The Bambino” – to the arch rival New York Yankees. Why? Because he needed the money.

Frazee was an avid sportsman, but the Red Sox were not his number one priority. He was, first and foremost, a theatrical impresario, and in 1919 he desperately needed cash to finance his Broadway productions. When Yankees owner Colonel Jake Rupert offered to “buy” the Babe for more than \$100,000 in cash and a \$300,000 loan for a mortgage on Fenway Park, Frazee took the deal.

The rest is history. Harry Frazee enjoyed continued theatrical success, most notably with *No, No Nanette* (hit song: “Tea for Two”). Babe Ruth went to New York, became a sports legend, and made the Yankees a baseball dynasty.

And to this day, Yankees fans taunt Sox fans by chanting “1918.”

#### **Question:**

How does the concept of opportunity cost relate to Harry Frazee and Babe Ruth?





## Inning 6



*George Bush Presidential Library*

Babe Ruth presents the manuscript of his autobiography to George Bush, captain of the Yale baseball team, 1948.





### 6.9 Dirty Laundry: The Black Sox Scandal

Some say “money is the root of all evil.” Others say it’s the lack of money. The 1919 World Series made a case for both points of view.

The Chicago White Sox were everyone’s pick to win the 1919 World Series. Pitching, fielding, hitting, coaching – they had it all.

But they were an unhappy bunch, mainly because White Sox owner Charles Comiskey was so tight with a dollar. At one point, he even tried to charge the players for laundering their uniforms. The players expressed their displeasure by wearing the same unwashed uniforms day after day. Soon their flannels looked so dingy that fans and sportswriters dubbed them the “Black Sox.”

Comiskey eventually waived the laundry fee. But after the 1919 season ended, the Black Sox nickname resurfaced in a scandal that involved dirty money rather than dirty laundry.

The problem was money. White Sox stars like Shoeless Joe Jackson and Eddie Cicotte were earning only a fraction of their “fair market value.” Less gifted players on other teams were making far more money – a fact that made White Sox players increasingly unhappy but didn’t trouble Comiskey in the least.



Charles Comiskey

*Courtesy of National Baseball Hall of Fame*

If a player was dissatisfied with a contract offer, Comiskey’s standard response was “Take it or leave it.” His team was winning ballgames, his franchise was making money, and regardless of how unhappy his players were, he knew that the reserve clause in their contracts prevented them from jumping to another team.





## Inning 6

But a contract clause could not stop bitter players from selling out to gamblers. And that's exactly what eight of the White Sox were alleged to have done during the 1919 World Series.

The episode, which would forever be remembered as the "Black Sox" scandal, shocked even the most jaded fans – including a Chicago alderman who had lost a considerable sum betting on the White Sox. The idea that a team would actually "throw" the World Series was almost too terrible to comprehend.

Team owners were so desperate to restore baseball's tarnished image that they hired federal judge Kenesaw Mountain Landis to serve as permanent Commissioner of Baseball. They gave him absolute power over every aspect of the game and agreed to pay him \$50,000 a year. (Note: The White Sox star pitcher, Eddie Cicotte, had earned less than \$6,000 for winning 29 games in 1919.)

The eight players indicted in the Black Sox scandal went to trial in 1921. None of them were convicted. But after the trial, Landis exercised his absolute power and banned all eight from professional baseball for life.

"Regardless of the verdict of juries," declared Landis, "no player who throws a ball game, no player that undertakes or promises to throw a ball game, no player that sits in conference with a bunch of crooked players and gamblers where the ways and means of throwing a game are discussed and does not promptly tell his club about it, will ever play professional baseball!"



*Courtesy of National Baseball Hall of Fame*  
Judge Kenesaw Mountain Landis

And none of the eight "Black Sox" ever played on a major league diamond again.





## Inning 6

### Question:

When's the last time you heard of a professional athlete being implicated in a gambling scandal that involved point-shaving or deliberately losing a game? It almost never happens anymore. Modern sports gambling scandals are more likely to occur at the college level. Why?

### Question:



Who does a league commissioner work for – owners or players?

Courtesy of National Baseball Hall of Fame

Chicago White Sox, 1919.





### 6.10 Curt Flood and the American Dream

Shortly after Curt Flood died, columnist Joan Ryan wrote a tribute to him that celebrated who he was and what he accomplished. Here are excerpts from the article.

(The entire article is available on the *San Francisco Chronicle's* web site: <http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/1997/01/22/SP23037.DTL> It's worth the effort.)



The American Dream, circa 1950.

*Courtesy of National Archives, Still Pictures Branch*

*"You know what? I believed in the great American dream."*





## Inning 6

*I believed if you were right that nine smart men on the Supreme Court would say that. I believed that if you were right, people would understand and be compassionate."*

They weren't. He was so reviled in the U.S. after his suit that

he spent most of the next five years in Europe. "If you do what I did to baseball, if you destroyed the underpinnings of this great American sport, you are a hated, ugly, detestable person."

I said some people still blamed him for ruining baseball. The game was simpler before free agency. Tickets were cheaper. Players stayed with the same



*Courtesy of National Baseball Hall of Fame*

Curt Flood

