Baseball's Changing Salary Structure

Historically, baseball players generally were not highly paid. This has changed in more modern times. Some of today's superstars can be compared with idols in the entertainment industry and tycoons of the business world, in terms of earnings. However, their enormous paychecks still are the exception, and polarization of team salaries has occurred.

BY PAUL D. STAUDOHAR

The phenomenal salaries paid to baseball stars have become a source of friction between fans and players. It doesn't seem fair, argue some fans, that a player should make, say, 200 times more than they do. Besides which, sniff the fans, playing ball for only part of the year is a lot of fun. All that dough for playing games—what's the world coming to?

The objective of this article is to put baseball's salary structure into perspective by comparing our Nation's pastime to other sports, the entertainment industry, and business. Also examined are salary trends in baseball and their effect on the sport. Particularly interesting, in this regard, is the widening gap between average and median salaries. (See chart.) Some of the thoughts here are impressionistic, while others are based on research. The analysis indicates that baseball's salary structure is undergoing major changes and suggests that the future for baseball salaries, while fairly bright, may not replicate the rapid escalation of the past.

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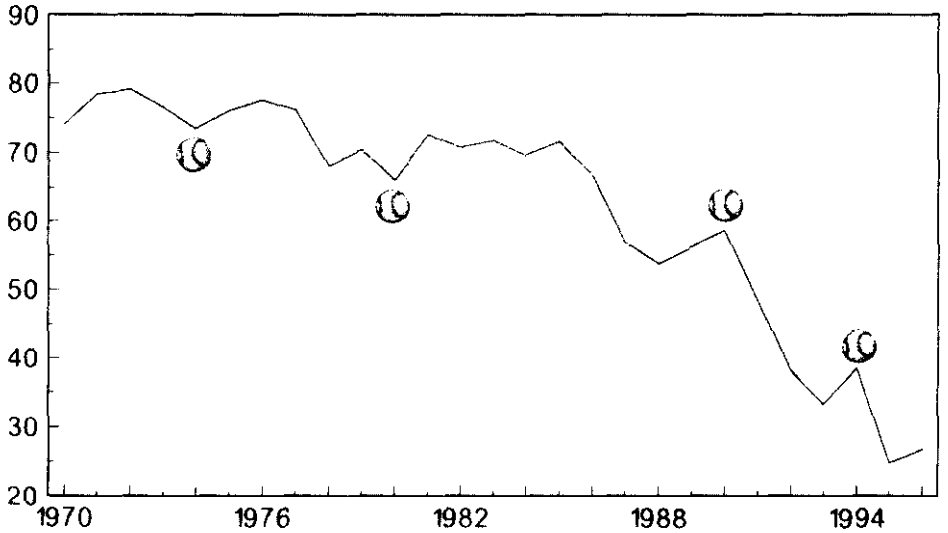
Some early anecdotes

Salaries have always been a key issue in baseball, although it is only recently in the game's history that players have enjoyed a strong bargaining position. Early players hardly ever made big money—usually the opposite was true—and there were several attempts at unionization, to overcome the control owners had over the purse strings. In fact, some of the early unions were set up by players who went on to become members of the Baseball Hall of Fame. In 1885, for instance, John Montgomery Ward established the Brotherhood of Base Ball Players. The Players Protective Association was formed in 1900 by several stars, including Clark Griffith and Hughey Jennings. It was the low salaries, kept in place by the reserve clause in player contracts, that sparked the formation of these and other unions. In the face of owner resistance, however, the unions were all ill-fated.

An interesting anecdote on the early importance of salaries is the

Ratio of median to average salaries, major league baseball, 1970-96

(In percent)



NOTE: In 1994-95 actual salaries were less because of the players' strike.

SOURCE: Average salary data from Major League Baseball Players Association. Median salary for 1970-82 from MLBPA, and for 1983-96 from Major League Baseball

Black Sox Scandal. In 1919, eight players on the Chicago White Sox conspired to lose the World Series to a clearly inferior Cincinnati Reds team. Chicago was one of the most powerful teams of all time. It was the misfortune of the players, however, that the club was owned by Charles Comiskey, a real penny pincher. One of the conspirators, pitcher Eddie Cicotte, won 28 games in 1917, leading the Sox to the world championship. Two years later, he won 29 games, yet was paid only $6,000 by Comiskey.[1] Shoeless Joe Jackson, one of the greatest sluggers to ever swing a bat, never made more than $6,000 a year. Most of the other Black Sox were paid less than half that. As a consequence, they became easy prey to gamblers who were out to fix the World Series and promised a big payoff to the players who threw the games. (This is not to excuse the venality of the Black Sox, but it makes their action somewhat easier to understand.)

It wasn't until Babe Ruth came along, with his prodigious hitting exploits, that a player was lavishly rewarded. In 1930, Ruth signed a contract for $80,000 for each of 2 years. But "The Bambino" was the exception. While on the 1927 New York Yankees (held by most observers to be the best baseball team ever), Ruth was paid $70,000. But the other great players on this "Field of Dreams" team made far less: Herb Pennock, next highest after Ruth, was paid $17,500; Bob Meusel made $13,000; Joe Dugan and Waite Hoyt, $12,000; Earle Combs, $10,000; Lou Gehrig, $8,000; Tony Lazerri, $8,000; and Mark Koenig, $7,000.[2] Ruth's salary dwarfed those of the other players and was a fantastic sum in those days.

Most fans consider Babe Ruth to be the greatest ballplayer in the history of the game. He ranks first or second in six major offensive categories: Career home runs, runs batted in, runs, home run and slugging percentages, and walks. What would his $80,000 salary be worth today? It would be approximately equal to $750,000 in current (1996) dollars—about 14 percent of what Yankee right fielder Paul O'Neil made in 1996.[3]

Despite Ruth's breakthrough, few players made much money. Then, World War II drained the majors of its stars and further dampened salaries. By 1946, salaries were so low that several players jumped from the majors to the Mexican League. The multimillionaire Pasquel brothers bankrolled the deals, luring players, such as Mickey Owen, Sal Maglie, Max Lanier, and Danny Gardella south of the border. Lanier, a star pitcher making only $10,000 for the St. Louis Cardinals, was paid a bonus of $25,000 to sign and $20,000 a year by the Pasquels.[4] Gardella, an outfielder, had been offered $5,000 to play for the New York Giants, but instead signed with the Mexican League for $8,000 plus a $5,000 bonus.[5] When the players jumped the Rio Grande, Commissioner A. B. "Happy" Chandler retaliated by blacklisting them from the majors for 5 years for violating the reserve clause in their contracts. (Unhappy) player Gardella sued Happy Chandler and major league baseball for conspiracy to deny a player his livelihood. After Gardella lost the initial court trial in 1948, the

U.S. Court of Appeals ruled in his favor, finding that baseball was interstate commerce under the Sherman Antitrust Act. Chandler appealed this ruling; but since baseball was at risk of losing its antitrust exemption (provided in 1922 by the U.S. Supreme Court), the commissioner declared amnesty for the Mexican League "jumpers" in 1949. Later that year, Gardella settled the case out of court for $60,000.[6]

Why the rise?

There are several factors explaining the modern rise in baseball salaries, which apply to other professional team sports as well. Perhaps the most crucial is the players' union. The Major League Baseball Players Association (MLBPA), formed in 1952, got going strong when Marvin Miller took over as executive director in 1966. It took a few years for Miller, a former Steelworkers Union official, to negotiate key provisions. But once he nailed down free agency and salary arbitration, salaries shot up quickly.

Before free agency, players had no bargaining leverage with their clubs, because the team that owned a player had the exclusive right to re-sign him. Under free agency, players with 6 years of major league experience can sign with other teams. Teams competing for talented free agents bid up salaries. Moreover, once a player serves about 2.7 years in the majors, he can have his salary arbitrated, if the club won't come to terms. Arbitration results in higher salaries, because arbitrators award compensation attuned to a player's worth, rather than what his team would be willing to pay in a closed market.

If free agency, combined with salary arbitration, is the engine for salary escalation, television provides the fuel. While revenues from attendance and luxury boxes are important, the strongest force behind salary expansion is money from network and cable television. When television money is bountiful, both owners and players get rich. But if this revenue falls off, as it did during the 1993-95 agreements with NBC and ABC, salaries necessarily moderate. This decline in television earnings put a squeeze on clubs, particularly those with high payrolls, and was probably the most important reason why there was a long strike in 1994-95.[7]

Because local television revenues are not shared equally among teams, as national television revenues are, clubs in large markets get far more local television money than those in small markets. The Yankees, for example, are paid about $50 million annually from local contracts, while small market clubs, like Milwaukee and Seattle, are lucky to get $2 million. This disparity led to proposals to share at least some of the local television revenues. As a result of the 1996 collective bargaining agreement (discussed later in this article), local broadcast revenues are now shared. However, teams in large markets still retain the lion's share of the money paid by broadcasting companies.

Relative to what?

Comparisons between salaries in baseball and those in industrial America are misleading, because baseball is part of the entertainment business. And in entertainment, the same rules do not apply to one-of-a-kind artists, as with the typical wage earner. It is not uncommon for top movie stars to get $10 million to $15 million (and occasionally, as much as $25 million) per picture. Recording artists have signed contracts for as much as $80 million for a few albums. Many ballplayers are also star performers. Perhaps some are actually underpaid, considering the revenue they bring to their teams.

High pay does not, of course, guarantee success. When a team pays several million dollars for a free agent player who proceeds to have a terrible year, fans groan. Yet, in 1996, movie actor Jim Carrey was guaranteed $20 million for his performance in "The Cable Guy," a comedy that *The New York Times* called "the true disaster film of the summer." Twenty million to one actor—for a box office flop. Heavyweight boxer Mike Tyson fought three fights in 1996 and made $75 million. This was, according to Forbes Magazine, more money than any athlete has ever earned in a year. Yet, the first two of these fights were stinkers, and Tyson lost the third fight (and his championship) to Evander Holyfield.

Besides celebrities, there are leading corporate executives who also receive astronomical pay. In 1996, five executives from Wall Street's Bear Stearns Co. received $81.3 million in compensation. This was easily more than the $58 million paid that year to the 12-man roster of the champion Chicago Bulls—the highest paid team in the National Basketball Association.[8] A few years ago, the CEO of Coca Cola was paid an annual bonus of over $50 million; and in 1997, Michael Ovitz, let go by Walt Disney Co. (after only 14 months as its president), walked away with a contract settlement of $130 million.[9] In this light, paying $10 million to a major leaguer doesn't seem excessive. As celebrities in American culture, ballplayers are paid well, because they entertain a large audience. This may not seem fair, but, in exceptional cases, it is the way the labor market works.

Salary trends

Average salaries began a sharp increase in 1976, which corresponds to the time that the benefits of free agency became available to players. (See table 1, which shows average and median salaries in major league baseball.) The rate of increase moderated in 1987 and 1988—a time of collusion by the owners in not signing free agents. The MLBPA filed grievances over this collusion (which was prohibited by the collective bargaining agree-

Table 1. Major league baseball salaries, annual averages, 1970-96

Year	Average salary	Percent change	Median salary	Percent change	Median as percent of average
1970	$ 29,303	–	$21,750	–	74.2
1971	31,543	7.6	24,750	13.8	78.5
1972	34,092	8.1	27,000	9.1	79.2
1973	36,566	7.3	28,000	3.7	76.6
1974	40,839	11.7	30,000	7.1	73.5
1975	44,676	9.4	34,000	13.3	76.1
1976	51,501	15.3	40,000	17.6	77.7
1977	76,066	47.7	58,000	45.0	76.2
1978	99,876	31.3	68,000	17.4	68.1
1979	113,558	13.7	80,000	17.7	70.4
1980	143,756	26.6	95,000	18.8	66.1
1981	185,651	29.1	135,000	42.1	72.7
1982	241,497	30.1	170,900	25.9	70.8
1983	289,194	19.8	207,500	20.8	71.8
1984	329,408	14.1	229,750	10.7	69.7
1985	371,157	12.7	265,833	15.7	71.6
1986	412,520	11.1	275,000	.3	66.7
1987	412,454	–	235,000	-14.5	57.0
1988	438,729	6.4	235,000	–	53.8
1989	497,254	13.3	280,000	17.0	56.3
1990	597,537	20.2	350,000	25.0	58.6
1991	851,492	42.5	412,000	17.7	48.4
1992	1,028,667	20.8	392,000	-4.9	38.1
1993	1,116,353	8.5	371,500	-5.2	33.3
1994	1,168,263[1]	4.4	450,000	21.1	38.5
1995	1,110,766[1]	-4.9	275,000	-38.9	24.8
1996	1,119,981	.8	300,000	9.5	26.8

[1] Actual salary was less, because of the 1994-95 players' strike.

SOURCE: Average salary data are from the Major League Baseball Players Association. Median salary data for 1970-82 from MLBPA and for 1983-96 from Major League Baseball

ment), and the owners wound up having to pay the affected players about $280 million.[10] The rate of salary increase also slowed in the 1993-96 period. This moderation was due, in great part, to the decline in national television revenues and other shortfalls associated with the 1994-95 players' strike.

Median salary refers to the level at which half the players earned more, and half earned less than the median. The data in table 1 show that player salaries have become polarized lately. Whereas for many years, median salaries were roughly two-thirds as high as average salaries, in recent years, averages have been two to four times higher than the medians. The reason for this is that clubs are signing a small number of very high-priced free agents and, thus, have less left over to pay the rest of the players. In the major leagues in 1994 for instance, 12 percent of the players accounted for 54 percent of the payrolls.[11]

It has become common in the 1990s for clubs to replace high-salaried fringe players with younger players from the farm system. The number of rookies increased significantly during this time. In a typical club, 20 percent of the players make 80 percent of the money—a kind of "Hollywoodization" of the work force, because the same wage disparity is found in the movie and television businesses. The stars make the big bucks. This has always been true. While exceptionally talented performers will usually get the biggest share of the pie, one of the reasons that unions have arisen in sports, as well as in traditional segments of the entertainment industry, is to bolster the economic fortunes of the little guy—the marginal players, equipment operators, stagehands—whose more modest talents make them vulnerable to replacement and wage exploitation.

Despite the success of the MLBPA in raising average salaries in baseball, the growth in recent years has resulted from a small portion of the ballplayers becoming extraordinarily rich, while marginal players have not shared the gains. In fact, some "mediocre" players have been shunted aside to make room for still lower-paid players, to offset the disproportionately large share of the payroll going to the handful of superstars. The good, but not spectacular, journeyman player is getting much less of the pie than in the past—and may not even be kept around for this smaller slice. Nor is the threat to journeymen veterans confined to baseball, as the same trend is noticeable in basketball and hockey. These two sports also provide huge contracts to a few players, so on a typical club, there are more players at, or near, the minimum salary level than in the past.

Table 2. Highest and lowest-paying teams, selected years 1980-95

Year	Highest-paying team	Average salary	Lowest-paying team	Average salary	Percentage difference
1980	N. Y. Yankees	$ 242,937	Oakland	$54,994	342
1982	N. Y. Yankees	411,988	Minnesota	67,335	512
1984	N. Y. Yankees	458,544	Cleveland	159,774	188
1986	Atlanta	657,657	Seattle	187,850	250
1988	N. Y. Yankees	673,000	Texas	215,000	213
1991	Oakland	1,394,119	Houston	395,444	253
1992	Toronto	1,719,694	Cleveland	326,537	427
1993	Toronto	1,765,582	San Diego	378,471	367
1994	N. Y. Yankees	1,827,539	San Diego	477,017	283
1995	N. Y. Yankees	2,000,271	Montreal	411,142	387

SOURCE: Major League Baseball Players Association

One way for a sports union to seek to reduce wage dispersion is to place greater emphasis on raising salary minimums through collective bargaining with owners. Another is a revenue-sharing system, in which players are guaranteed a certain percentage of gross revenues, combined with a salary scale in which players are compensated, according to a predetermined formula. Salary scales have been proposed in major league team sports collective bargaining but have not yet been adopted. As shown later, minimum salaries have not kept up with the average salary rise.

The growing gap between average and median salaries is also a symptom of the economic disparity between teams. This disparity is often characterized as big-market versus small-market teams. While much of the difference in economic wherewithal is due to geographic location of clubs, it is not the whole story. Some clubs in relatively small market areas have done relatively well economically and have been active in signing high-priced free agents. Examples are the Baltimore Orioles, Cleveland Indians, Colorado Rockies, and Texas Rangers. It is not a coincidence that these clubs recently built new stadiums with abundant luxury boxes for added revenues. While their local television revenue potential is not as great as it would be for a team in a big-market city, enhanced gate receipts have made up much of the difference.

Further indicative of economic disparity between clubs is total payroll. In 1996, the highest payroll in baseball (including prorated signing bonuses and deferred money) was the New York Yankees, at $61.5 million. The Yankees are also in the Nation's biggest market and have the richest local television deal in baseball, so are able to pay players handsomely. The lowest 1996 payroll in baseball, on the other hand, was for the Montreal Expos, at $15.4 million—about one-fourth that of the Yankees. A team like the Yankees can afford to pay generously for top talent. If one of their key players goes down to injury, they can readily acquire a high-quality replacement. Low payroll clubs usually can't do this.

One might, therefore, suppose that big-market teams would dominate the standings. While there is a positive correlation between high salaries and winning teams, some high-paying teams have not done that well. The Yankees, for instance, didn't even make the playoffs from 1983 to 1993, despite having one of the highest payrolls throughout this period. In contrast, Montreal, despite its low payroll, has done surprisingly well in the standings.

In 1996, however, big-market teams clearly translated their economic superiority into success on the field. The three teams with the three highest payrolls—the Yankees, Baltimore Orioles, and Atlanta Braves—were among the final four in the playoffs, joined there by the fifth highest paying team, the St. Louis Cardinals. This domination by high-paying teams is one of the factors leading to the demand for revenue sharing among clubs, as well as a payroll (or luxury) tax on teams paying the highest total team salaries.

Table 2 shows that the percentage gap between payrolls of the highest- and lowest-paying clubs has fluctuated in recent years. In a typical year, the difference between the payroll of the highest paying team and the lowest paying team is about 300 percent, with a recent range of from about 200 to 500 percent.

What ordinarily happens is that if a club is successful on the playing field, the average salary on the team increases, because next season players are compensated on the basis of past performance. With greater success on the field comes increased gate receipts, so the club can afford to pay more. If a team starts losing consistently, its salaries will moderate, relative to those of other clubs. A good example of this fluctuation is the Oakland Athletics. In 1980, the A's were the lowest-paying team in baseball. By 1991, with a winning ballclub, they were the highest paying team. But then, as fortunes on the field declined, salaries moderated, so that just a few years later, Oakland was again one of the lowest-paying teams.

The factors most influencing individual player salaries are performance, seniority, and market

Table 3. Highest-paid players in baseball, 1997

Player	Team	Years	Average per year
Albert Belle	Chicago White Sox	1997-01	$11,000,000
Ken Griffey, Jr.	Seattle	1997-00	8,500,000
Roger Clemens	Toronto	1997-99	8,250,000
John Smoltz	Atlanta	1997-00	7,750,000
Mike Piazza	Los Angeles	1997-98	7,500,000
Barry Bonds [1]	San Francisco	1993-98	7,291,667

[1] In 1997, Bonds signed a contract extension to the year 2000, with an option to 2001, that will pay him significantly more after 1998.

SOURCE: *Los Angeles Times*, January 1, 1997, p. CI; and January 23, 1997, p. CI

Table 4. Minimum baseball salaries, 1967-97

Year	Minimum salary	Year	Minimum salary	Year	Minimum salary
1967	$ 6,000	1978	$21,000	1988	$ 62,500
1968	10,000	1979	21,000	1989	68,000
1969	10,000	1980	30,000	1990	100,000
1970	12,000	1981	32,500	1991	100,000
1971	12,750	1982	33,500	1992	109,000
1972	13,500	1983	35,000	1993	109,000
1973	15,000	1984	40,000	1994	109,000
1974	15,000	1985	60,000	1995	109,000
1975	16,000	1986	60,000	1996	109,000
1976	19,000	1987	62,500	1997	150,000
1977	19,000				

SOURCE: Major League Baseball Players Association

size of team. Performance is the dominant factor, and those players making the highest salaries are those whose achievements are greatest. However, a high salary based on past performance will not necessarily translate into outstanding future performance. It is not uncommon, for instance, for a player who has a career-best year to sign a lucrative long-term contract but then experience a decline in performance. It may be that a guarantee of future riches dulls incentive to perform. But if individual performance drops off, it is more likely the result of a player's skills having peaked before the contract was signed, or perhaps because an injury impedes his play.

The highest paid players in 1997 are shown in table 3. Each of them has performed at truly exceptional levels. A player has to not only perform brilliantly to reach these levels of compensation but must also maintain this brilliance over a sustained period of time. Until a player puts in about 2.7 years in the major leagues, he is not eligible for salary arbitration and, thus, has little bargaining leverage with his club. Eligibility for salary arbitration helps ensure that compensation will be more closely correlated with performance.

Highest salaries are typically commanded by outstanding players who are eligible for free agency. Free agency status means that a 6-year veteran without a contract can sign with any club. Even though a talented free agent may sign another contract with his old team, the competitive bidding process among clubs powers his salary upward. Data from the MLBPA indicate that salaries usually peak in the ninth or tenth year of a long-term player's career. Market size is positively correlated with average salaries, since teams in big markets can afford to pay more, because of their greater gate receipts and local broadcast revenues. As shown in table 3, only Ken Griffey, Jr. is from a small-market area.

Another point of interest is minimum baseball salaries. These are shown in table 4. Minimum salaries have been negotiated by the MLBPA, since the first collective bargaining agreement in 1968. Data show a steady increase in minimums over the years. However, the minimum as a proportion of average salary has gone down over the years. In 1967, for example, the average of $19,000 was a little over three times the minimum of $6,000, while in 1981 the average was about six times greater. In 1995, the average salary was about 10 times more than the minimum salary. (See tables 1 and 4.) This is another indication that the players on the low end of the pay scale are receiving a diminished proportion of total salary revenue.

There was an increase in mini-

mum salaries, as a result of the new collective bargaining agreement reached in 1996. In June 1994, the MLBPA had proposed to the owners that minimum salaries be raised to $175,000 and eventually to $200,000. While the union was unsuccessful in achieving these levels, the minimum did rise, in 1997, to $150,000.

The new agreement

The long delay in reaching a collective bargaining agreement in 1996 and the 1994-95 baseball strike played havoc with the game, costing owners and players about $1 billion in lost revenue over a 3-year period. The old agreement, which expired after the 1993 season, remained in effect and governed important salary issues, such as free agency and salary arbitration. Among the hard-line owners who wanted to drastically alter the agreement in their favor was Jerry Reinsdorf of the Chicago White Sox. Ironically, it was Reinsdorf who finally broke the log jam.

Also owner of the Chicago Bulls in the NBA, Reinsdorf was no stranger to paying high salaries. Michael Jordan of the Bulls was the highest paid player in team sports in 1996, making $30 million. It is, therefore, not surprising that in November 1996, Reinsdorf agreed to pay free agent Albert Belle an unprecedented $55 million over 5 years. This shattered the pay scale in baseball. The next highest paid player that year was Ken Griffey, Jr., of the Seattle Mariners, who was paid $2.5 million less per year than Belle. What is surprising about the Belle signing is that Reinsdorf was a staunch advocate of salary restraint and revenue sharing in baseball, so all teams would be more competitive. The signing of Belle to such a whopping contract belied Reinsdorf's rhetorical advocacy of restraint.

More importantly, the Belle signing galvanized the owners into opposition to Reinsdorf. The owners had voted on November 6, 1996, by a vote of 18 to 12, to reject the tentative agreement reached between the negotiators for baseball and the union. But as a result of Reinsdorf's action, the owners called for another vote and this time ratified the agreement 26 to 4, thus ending 4 years of labor strife. The new 5-year agreement makes several changes to the salary structure.

The biggest change in the new agreement is the adoption of a luxury tax. Teams that spend over a certain amount in payrolls—$51 million in 1997—are taxed at a rate of 35 percent on the amount of the payroll exceeding the cap figure. In 1998, the cap rises to $55 million, and in 1999, a 34-percent tax will be paid on payrolls exceeding $58.9 million. The luxury tax will not be in effect in 2000. Additionally, players have the option to extend the contract to 6 years—to 2001. If they elect to do so, the luxury tax would not be in effect in 2001 either. Also, players will be required, under this agreement, to pay a 2.5-percent tax on their individual salaries, which will be contributed to the revenue-sharing pool. Another feature is that service credit was given to players for games lost during the strike. This resulted in 12 players qualifying for free agency.

The revenue-sharing arrangement is expected to redirect about $70 million to 13 small-market teams, so they can more vigorously compete for high quality players, if they choose to do so. Part of this money will be paid from the luxury payroll tax and the individual player salary tax, while the remainder will come from partial sharing of local broadcast receipts by high-revenue teams. This shared revenue should help small-market teams become more profitable, or to lose less money than before. These teams are not required to spend the extra shared revenues on players, although it seems likely that many will elect to boost their payrolls, in order to be more competitive on the field.

The payroll tax is not expected to be a significant deterrent to big-spending clubs, like the Yankees and Braves. Their revenues from other sources are so substantial that they can afford the tax. Because only the five highest-paying clubs are potentially affected by the tax, high-paying clubs not in this group will not be penalized. Also, the deal is not a bad one for the players, in that little salary restraint is likely, and the players were able to avoid a firm salary cap.

While the new collective bargaining agreement will redirect some revenue, and may act as a restraint on salary escalation for some clubs, the overall effect is not expected to be great. Consider, for example, that just after the agreement was reached, the Florida Marlins committed $89.1 million to sign six free agent players. This was the biggest spending spree in baseball history. Other clubs also spent freely after the agreement was reached. In December 1996, in one week, 14 clubs (including the Marlins) committed a total of $216 million to 28 free agents.[12]

Future prospects

With the status quo not radically altered, the overall fortunes of both owners and players should be enhanced by the settlement. The absence of a labor agreement was a big cloud hanging over baseball, and many fans who were leery of another strike directed their attentions elsewhere. An estimated $500 million in sponsorship deals negotiated by baseball's new marketing chief, Gregory Murphy, were awaiting a labor agreement.[13] The national television agreements have been greatly improved. A number of very attractive stadiums have recently been built, and more are on the way. Two new teams begin play in 1998—the Arizona Diamondbacks and the Tampa Bay Devil Rays—raising the number of teams in the majors to 30. Baseball should also gain from increased fan interest as a result of interleague play

(starting in 1997), which was established in the 1996 collective bargaining agreement.

What this suggests is that salaries should start to rise again. As shown in table 1, average salaries have been almost level since the 1994 season; and median salaries have dropped significantly. These trends should be reversed, as the economics of the game improve and market forces translate into higher salaries, especially higher averages. It is expected, however, that the median salary as a percentage of the average will remain low, as owners will continue to pay very high salaries to a few exceptionally talented players, while economizing by paying marginal players far less. Even before the strike, television ratings for baseball were down significantly. And the strike itself alienated many fans. One might not expect, therefore, that salaries for the "Boys of Summer" will increase as sharply as they have in the past.

—*Endnotes*—

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