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Homework Assignment 1

1.Major League Baseball gained its antitrust exemption through a string of litigation that ended with a unanimous Supreme Court decision in Federal Baseball Club v National League 259 U.S. 200. Ned Hanlon, the owner of the Baltimore Terrapins, decided to sue National and American League managers because he felt that the owners had acted unlawfully by conspiring against his team, and others in Federal League, to restrict their ability to trade for talented players. He claimed that in doing this, they had violated the Sherman Antitrust Act. Justice Oliver Wendell Holmes wrote the decision in which he asserted that the traveling of the players between states did not establish interstate commerce saying, “A game of baseball is not susceptible of being transferred. The players, it is true, travel from place to place in interstate commerce, but they are not the game.” This case has served as the precedent in Major League Baseball retaining its antitrust exemption.

2. The emergence of the radio and television expanded baseballs’ market into many states and because of this allowed the teams to generate much more revenue. This called into question the legitimacy of the Major League’s antitrust exemption since it made the teams far more of a presence in other states than they previously were.

3. The Reserve Clause allowed teams to reserve players and basically cut off any bargaining opportunities that the players had outside of that team. When this clause was in place the league would even place sanctions on other teams for "tampering” with the players other teams had reserved. This type of system allowed for players salaries to be pushed below “the fair market value”. Once a player signed a contract containing a reserve clause that team no longer had any real competition retaining that player’s talents and were able to keep the players for less than their talents were worth.

4. Stare Decisis is the practice of adhering to the precedent set by a previous court. In this case Mr. Flood was challenging the precedent set in previous cases such as Federal Baseball Club v National League and Toolson v New York Yankees, Inc., since this is the case it does not appear to me that the Supreme Court could have ruled in favor of Mr. Flood while applying the principle of stare decisis.