

Testimony of

The Honorable Orrin Hatch

February 13, 2002

I have - for quite some time now - been concerned about the health of baseball both in its role as our national pastime with millions of fans and as a multi-billion dollar industry that - in one way or another - affects financially hundreds of thousands, if not millions, of Americans. I am pleased that the Committee has decided to continue to examine whether and how the federal antitrust laws may be contributing to baseball's problems, as well as how the antitrust laws might be used to fix some of these problems. Having sponsored and co-sponsored proposed legislation to limit baseball's antitrust exemption, I have a particular interest in today's hearing and welcome the testimony and opinions that will be offered by our distinguished witnesses.

As many of those participating today may recall, I sponsored legislation in the 103rd Congress that would have made clear that antitrust laws apply to major league baseball with regard to labor relations. In the 105th Congress I again, along with several others, including Senators Leahy and Thurmond, introduced legislation to clarify how and to what extent the federal antitrust laws apply to baseball. This legislation - enacted as the Curt Flood Act of 1998 - made clear that Major League Baseball, like all other professional sports, is subject to our nation's antitrust laws, except with regard to a few areas such as team relocation, the minor leagues, and sports broadcasting.

Major league baseball continues to face serious and controversial problems and issues, including the alleged need for contraction, the potential relocations advocated by some, substantial increases in player salaries coupled with reported operating losses, and finally the systemic competitive imbalance that practically ensures that only the teams which can afford to spend significantly more on payrolls than their competitors have any realistic chance of reaching - let alone winning - the World Series.

As demonstrated by my past support for narrowing the exemption, I am not opposed to redefining or even repealing baseball's exemption if arguments and evidence presented indicate the need for such action. At this time, however, I personally am not convinced that the limited antitrust exemption is - as some claim - the root cause of the problems identified by opponents of the exemption. In this vein, I think it is advisable for this Committee to work to compile a factual record sufficient to support a reasoned and fully-supported decision on what, if anything, to do with the antitrust exemption.

In the hopes of encouraging the type of testimony and debate that I believe will be most valuable to the compilation of such a record, I suggest that two basic questions need to be addressed at this hearing, and I would ask each of today's witnesses to comment on them with as much specificity as possible. First, in what specific ways do the antitrust laws - and baseball's limited exemption from these laws - actually affect or contribute to the problems that have been repeatedly identified by industry participants and commentators? Second, how would legislative

action modifying or clarifying baseball's exemption ameliorate or eliminate the relevant problems?

In conclusion, I want to restate that I come to this hearing with an open mind. I look forward to the testimony that will be offered here today, and sincerely hope that this hearing will help to elucidate with some specificity how the current application of the antitrust laws affects baseball - both as a sport and as an industry - and what further action, if any, is warranted with respect to major league baseball's antitrust exemption.

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