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## Case Study

### ***Public Impacts of Private Interests***

*The following case study illustrates the public impact of private interests. It portrays how state and local government priorities are misdirected in favor of welfare for the rich. The ecology is evident in the minds of many. In this scenario, the rich get richer at the expense of the middle and lower classes.*

It comes to why the ballparks matter to us— because exactly comparable people played a comparable game in this ballpark for generation after generation.

—*George Will* The Washington Post

What is more Boston than Fenway Park?

—*Peter Gammons* Boston native and ESPN-TV commentator

Almost a hundred years ago, when distinctions between the public and private sectors in the United States were far less complex, a baseball park was built in Boston. On April 20, 1912, Fenway Park officially opened for professional competition.<sup>1</sup>

After two rainouts, the Red Sox defeated the New York Highlanders (now parading around as the New York Yankees) 7–6 in 11 innings in the first professional baseball game played at Fenway Park. Baseball was pastoral in its origins, but the sport was an urban game.

Woodrow Wilson had not yet been elected by the smallest of margins over Bob Taft and Teddy Roosevelt. The Progressive Era had not yet begun. The Federal Trade Commission was not around to monitor unsavory business practices. Children were exploited in the labor force. World War I was yet to be played out on the hillsides of Europe, the federal income tax did not exist, and the Federal Reserve Board had not been created to regulate the American monetary system.

Except for Fenway and Wrigley Field in Chicago, the old parks of the golden age of American baseball are gone—victims of people's discomfort and inconvenience, their own obsolescence, and wrecking balls. They include Ebbets Field, Brooklyn; the Polo Grounds, Manhattan; Braves Field, Boston; old Comiskey Park, Chicago; Sportsman Park, St. Louis; Briggs Stadium, Detroit; Forbes Field, Pittsburgh; Crosley Field, Cincinnati; Shibe Park, Philadelphia; and Griffith Stadium, Washington.

The interiors of these fields of dreams were covered with advertising. No provisions were made for sanitation, the handicapped, or overcrowded seatings. Nothing was standardized. Conformity was not a concern.

Students do not have to be baseball fans to realize that this industry is permitted to operate as an economic cartel—better known as a monopoly. Organized baseball is an association of industrialists—and the industry is professional baseball.<sup>2</sup>

Major League Baseball (MLB) enjoys a complete monopoly of the sport. Franchise owners threaten to relocate their teams unless they receive large tax subsidies and related perks from their home cities. Institutional, ideological, and political factors prevent the repeal of baseball's antitrust exemption. Next to the old North Church, Bunker Hill Monument, the U.S.S. *Constitution*, and Freedom Trail, the Red Sox—a baseball team that, until 2004, had not won a World Series since 1918—confuse public and private concerns about as much as any culture permits. The Red Sox are Boston's "800-pound gorilla." The Boston American League baseball club does—and gets—what it wants.<sup>3</sup>

The Red Sox are a beloved New England institution. But the team is part of a larger legalized, formalized, routinized, controlled, wealthy monopoly of American professional baseball teams. Major league baseball commissioner Bud Selig, also owner of the Milwaukee Brewers, strongly supported efforts to secure public monies for the private interests of Boston's American League baseball club.

## Welfare for the Rich?

Red Sox management lobbied state and local government officials to soak the Boston and Massachusetts taxpayers to the tune of \$352 million for a new ballpark. The team's plan relied heavily on ticket surcharges and game-day parking fees to repay the city's investment in the project. The team was to cover any cost overruns on the purchase of adjacent properties and pay for the cleanup for the \$665 million project.<sup>4</sup>

But the power in Boston and Massachusetts is dispersed. The governor, mayor, state senate president, and state house speaker supported the appropriation of 352 million taxpayer dollars to destroy the old park and build a new stadium next door. The new stadium project needed the approval of the Boston City Council. The land would not come cheaply.<sup>5</sup>

The city was required to exercise eminent domain and compensate landowners adjacent to the 1912 structure. Not only did Boston's public sector elites lobby for large taxpayer spending for a new stadium, but the city's private sector elites called for "welfare spending" for the community's 800-pound gorilla—amounting to public welfare for the very rich. Prominent leaders from the Boston business community played behind-the-scenes roles in efforts to craft spending compromises.

Proponents for new sports facilities argue that infrastructure spending improves local economies in a number of respects:

- Building the new arena or stadium creates construction jobs.
- Fans and team employees generate new spending in the community—expanding local employment.
- The team brings in tourists and company personnel to the host city—also enhancing local spending and employment.
- A "multiplier effect" operates to increase local income—causing still more new spending and job creation.<sup>6</sup>

"Economic growth takes place when a community's resources—people, capital investments, and natural resources like land—become more productive," write Roger G. Noll and Andrew Zimbalist.<sup>7</sup> Most spending emerging from new stadium construction is a substitute for other local recreational spending—for example, at movie theaters and restaurants. Stadium construction is a consumption expense rather than an investment that produces more long-term jobs and local businesses.

Professional sports are popular with the American public. New stadium technology intensifies the tendency of sports teams to seek new homes. Approximately 115 professional teams aspire to move into new arenas or stadiums. The construction boom for housing these teams is heavily subsidized by federal and local taxpayers, and the tax bills will not stop until all payments are made. Taxpayer subsidies to pro sports are difficult to curb because the pro teams are so popular.<sup>8</sup>

Red Sox ownership wanted to demolish Fenway and replace it with a \$665 million replica across Yawkey Way. The new place would include ten thousand more seats, more luxury boxes, more concessions, more merchandise-sales areas, in-stadium team offices, better clubhouse facilities, and a parking garage—all of the amenities found at modern-day ballparks.<sup>9</sup>

Enter Dan Wilson and Save Fenway Park (SFP)—an interest group with approximately 500 contributors. SFP, as a community, citizen-based group, sought a compromise that would meet the needs of the team, fans, and taxpayers. The interest group posed a question both pragmatic and sentimental: Why not just renovate Fenway Park?<sup>10</sup>

Age may be on the side of the old ballpark. Fenway is a national treasure; it is a historic landmark, the oldest baseball park in the major leagues. The park preceded Babe Ruth. Ted Williams swung his bat in the batter's box. Carlton Fisk homered off the foul pole. Bucky Dent homered over the wall. This baseball diamond is a living baseball museum and the number one tourist attraction in Massachusetts.

*The Boston Globe* commissioned a public opinion poll to gauge how citizens felt about investing their tax dollars in a private venture. Only 34 percent of those polled supported the ball club's financing plan—

despite the team's promise to repay the public's \$352 million investment. "The bottom line is Bostonians don't want public money used for this project," concluded Gerry Chervinsky, the CEO who conducted the survey.<sup>11</sup>

The SFP organization and Fenway Community Development Corporation (CDC) released a detailed plan to renovate the park as an alternative to the club's desire to build a new, nearly \$1 billion stadium. The SFP renovation plan proposed building three decks, replacing nearly all the seating, and constructing parking garages and other related facilities on adjacent lots. The plan would preserve the Green Monster (the left-field wall) and the brick facade of the 1912 structure along Yawkey Way.

"This process has demonstrated that a public planning process can lead to something that satisfies everyone's needs," stated Fenway CDC president Lisa Soli. "It's in stark contrast to the backroom deals that surrounded the Red Sox plan." Boston is the cradle of American democracy. But Boston politics feature concentrations of political power and rigid economic structures. Fighting both city hall and the city's 800-pound gorilla is difficult! SFP and CDC have proven that participatory politics takes energy, commitment, time, and windows of opportunity. The SFP-CDC plan received favorable reviews from city council members and community groups.<sup>12</sup>

## Return on Investment

The Red Sox are an excellent market draw despite demanding perhaps the highest ticket prices in all of major league baseball. Fenway remains the smallest spectator venue in major league baseball. Wrigley Field is a close second. Fenway Park is consistently sold out. Every home game is televised. The John Henry franchise finds ways to increase seating capacity.

The first one-million season was in 1946, when 1,416,944 Red Sox fans attended games at Fenway Park. The first two million season was 1977, when 2,074,549 fans attended games at Fenway. The first three million season was in 2008, when 3,048,225 fans registered for Fenway Park baseball. Between seasons 2008 and 2012, attendance averaged 3,050,600 per year.

Fenway Park's streak of 820 straight sellout ballgames began in the 2003 season. The Red Sox sold out 794 straight home regular season games and 26 straight home playoff games for a total of 820 consecutive home sellouts.

Despite finishing dead last in the American League East in 2014 and 2015, the Red Sox averaged 36,495 and 35,564 Fenway Park game capacity respectively. The contours of Fenway Park are continuously in speculation. The Red Sox-Fenway Park are a Boston-NGO [non-governmental organization]. The domains of public and private are always in certain juxtaposition.

The sellout streak and world championships signify the team's winning ways, star players, historic ballpark, and loyal fans. They illustrate the public impacts of private interests.

What perspectives can this Fenway Park case offer students of public administration?

A review of history helps place current dilemmas into an expanded understanding. Baseball still is America's first sport, its national pastime. For many, after a day at the office, toiling for the boss and the all-American dollar, family and baseball come next.<sup>13</sup> The season is a daily process extending from February to almost November. Baseball is a democratic game, as even smaller athletes can play second base. The game has been exported to Cuba, the Caribbean, and Asia. The golden era of baseball was a product of the Progressive Era, when President Wilson traveled through Europe trying to make "the world safe for democracy."

Fenway Park opened the same day the *Titanic* sank, when a ship's safety in a sea full of icebergs depended mostly on the captain's experience—not on technology. Television and the Internet were not yet around to blend notions of public and private.

## Baseball and Ecology

How does the industry of organized baseball relate to its environment? Baseball and the ecology of American society share many common features. Equality is promoted if one can swing a bat and pitch a ball. Efficiency is ingrained in the baseball fabric, too: If you can really swing a bat and throw a ball with speed, a market may exist for your skills. At this juncture, supply and demand enter the picture. Professional baseball players average \$4.2 million each season. Civil services may get a piece of this economic windfall as federal, state, and local governments tax baseball's *Titanic*-like salaries.

The decision to tear down Fenway Park—or to renovate it—points out public and private differences. In terms of politics versus profits, the governor, mayor, state legislature, and city council must balance economic interests with their own political goals. The baseball team, as a private sector endeavor, is mostly focused on the bottom line—profits. How do Boston citizens measure team versus city objectives? Is the trade-off World Series wins versus good garbage pickups? Citizens may hear different points of view from “Red Sox management” and the “city administration.”

When taxpayer dollars are spent, decision-making procedures must be open to everyone. “Last time I checked, this was a democracy,” stated Rob Sargent of the Massachusetts Public Research Interest Group. “This is precisely the kind of thing that should be debated in public.”<sup>14</sup> The Red Sox management, state and city administrations, well-connected media from the *Boston Globe* and the *Boston Herald*, corporate executives, and big labor engaged in convoluted attempts to secure \$352 million to permit Boston's 800-pound gorilla to sit where it wanted. In the minds of many, subsidizing the Sox meant the “rich getting richer” at the expense of the middle class.

Boston is historic, wealthy, Irish, European, and sometimes sophisticated. The town's major industry is higher education. The state of Massachusetts is frequently referred to as “Taxachusetts.” State and local governments prosper in these environs. As Tip O'Neill, late Speaker of the U.S. House of Representatives, famously pointed out, “All politics are local.”

The Green Monster is part of a private domain—but also part of a very public park. The Big Dig is a \$14-billion-dollar public-sector effort to bury Boston's expressways underground and make the city “richer in green”—not only in commerce and in federal dollars, but in trees, parks, and clean air. The people of Massachusetts are pragmatic, seeking compromises between the extremes of equality and market forces. Pragmatic Bostonians insist that the market needs a place, but also needs to be kept in its place.

The law of supply and demand is short-term, and sports is show business. The secret of Fenway's appeal may be based on the ecology of this confined field of dreams. If Fenway's 33,871 seats were not so scarce, perhaps not so many folks would make the effort to fill them. The long queues along Yawkey Way to buy tickets at \$60 each are egalitarian: The line forms at the rear—regardless of one's race, sex, color, or creed.

Some things do not change. Teddy Roosevelt was the original Progressive thinker and actor. Industries—and markets—come and go. New concentrations of skills, expertise, and wealth emerge. A better method of community decision making in response to MLB's economic power might be to invoke antitrust laws to break up the cartel—forcing the American and National leagues to compete against each other.

Professional baseball salaries and schoolteachers' salaries are not even in similar ballparks. However, the prospects for reducing taxpayer subsidies to sports teams are not good. Karl Marx was wrong. Religion is not the opiate of the people; baseball is.

## Principle and Principal Coincide?

The principle of this case study is that the Boston baseball club is saving a sporting shrine of historical value. The new Red Sox management estimates the cost of building a new stadium at approximately \$300 million.

A rough estimate of renovation costs is about 60 percent of that amount. The principal is the money the Red Sox and Massachusetts save by keeping Fenway adjacent to the Fens. Scarce taxpayer dollars may be directed to pay for public projects more directly benefiting citizens and the common good.

In 2016, Fenway Park, the oldest and smallest baseball park in the major leagues, still stands. In a decade, from 2004 through fall of 2013, the Boston Red Sox were World Champions three times (2004, 2007, and 2013). In American League Championships, Boston defeated the New York Yankees, Cleveland Indians, and Detroit Tigers. In World Series play, they defeated the St. Louis Cardinals and Colorado Rockies.

For Fenway Park fans, this case study has a happy ending. After years of tears, the Red Sox suddenly have an empire to call their own. Red Sox ownership is committed to improving and renovating Fenway Park. The old and the new have a marketplace in Boston.

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### Questions and Instructions

1. How might deductive and inductive thinking affect citizen decision-making for and against industry monopolies?
2. "Rights are acquired and exercised without any monetary charge." What does this statement mean?
3. Explain the term *political principles of democracy* and *economic principles of capitalism* as they relate to the choices citizens confront in society.
4. In what circumstances should government employees apply principles of equality and efficiency?
5. "America is the country of individualism par excellence." What does this statement mean?
6. Public- and private-sector prerogatives differ on substantive and procedural issues. Explain why this is so.
7. In interest group liberalism, diverse groups check the values, or perspectives, of opposing interests by arguing for their own set of values in the marketplace of ideas. Explain and illustrate.
8. Is Major League Baseball a monopoly? If so, why? Explain and illustrate.
9. Baseball is pastoral in its origins, but the sport matured as an urban game. How did the ecology of the times affect baseball and the larger American culture? Explain with specific examples.
10. What are your thoughts about the NGO Boston Red Sox-Fenway Park cultural dominance of public and private lives? Should the 'Green Monster' be torn down for a friendlier venue-revenue?
11. "Karl Marx was wrong. Religion is not the opiate of the people; baseball is." Explain this statement.

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### Insights-Issues/Public Impacts of Private Interests

Clearly and briefly describe and illustrate the following concepts and issues. Interpret the word *role* in terms of impacts, applications, importance, effects, and/or illustrations of certain facts, concerns, or issues from the case study.

1. Roles of equality and efficiency in making short-and long-term decisions for or against a new baseball park.
2. Roles of rights and dollars in affording all citizens procedural guarantees in regard to the effects of new construction plans.
3. Role of progressive thinking for opposing, reforming, or accepting baseball industry monopolies.
4. Role of substantive and procedural issues for determining public-private decision-making alternatives if historic Fenway Park should be taken down.
5. Role of special interest groups in promoting—and questioning—construction of a new baseball stadium in Boston.

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### Notes

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2. Jerold J. Duquette, *Regulating the National Pastime: Baseball and Antitrust* (Westport, CT: Praeger Publishers, 1999); see also John Rouse, "Corporate Welfare, Taxpayer Subsidies, and Home Field Advantages," *Public Administration Review* 61, no. 5 (September/October 2001): 630–635.
3. Tom Farrey, "Historic Fenway Faces Uncertain Future," November 8, 2000, <http://espn.go.com/mlb/s/2000/1031/849361.html>.
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7. *Ibid.*
  8. Michael Gee, "Baseball's Fields of Bad Dreams: New Stadiums Not a Big Draw," *Boston Herald*, May 7, 2001; O'Toole, "Luxury Stadiums."
  9. Darren Rovell, "Fenway: Classic or Clunker? Part II," *ESPN.com*, November 3, 2000, <http://espn.go.com/mlb/s/2000/1103/854882.html>.
  10. Kimberly Anne Konrad, "Fenway Park's Green Monster," *CRM Online* 23, no. 10 (2000): 13–15, <http://crm.cr.nps.gov/issue.cfm?volume=23&Number=10>.
  11. Meg Vaillancourt, "Red Sox Plan Loses in City Poll; Public Funding for a New Ballpark Strikes Out," *Boston Globe*, July 10, 2000, p. A1, [http://www.boston.com/dailyglobe2/192/metro/Red\\_Sox\\_plan\\_loses\\_in\\_city\\_poll%2b.shtm](http://www.boston.com/dailyglobe2/192/metro/Red_Sox_plan_loses_in_city_poll%2b.shtm). See also Rouse, "Sox Plan Strikes Out: Ten Reasons/ Arguments for Saving Fenway Park," *Boston Phoenix*, April 6–13, 2000, <http://www.bostonphoenix.com/archive/features/LETTERS.htm>.
  12. Meg Vaillancourt, "Opponents Offer Alternative Fenway Plans," *Boston Globe*, August 23, 2000, [http://www.boston.com/news/packages/fenway/0813\\_alternative.htm](http://www.boston.com/news/packages/fenway/0813_alternative.htm).
  13. See John Rouse, "Fenway and Family Values," *The Harvard Crimson*, April 20, 2000, <http://www.thecrimson.com/opinion>.
  14. Steve LeBlac, "Ballpark Opponents Critical of Closed-Door Meeting," Associated Press, May 9, 2000.
  15. Gordon Edes, "Red Sox Explore Adding 10,000 Seats to Fenway," *Boston Globe*, October 11, 2002, p. A1.

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