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Gerald W. Scully: Dallas economist changed baseball with free agency theory

By Joe Simnacher

Gerald W. Scully was a utility player of an economist who enjoyed tackling and solving a variety of economic questions, from the market value of a professional athlete to the optimum size of government.

His work helped change the face of sports by arguing that players should be free to find their market value through free agency.

Dr. Scully, University of Texas at Dallas professor emeritus, died May 4 of complications of pancreatic cancer at his daughter's home in San Diego. He was 67.

No services were held. His ashes are to be spread in the Pacific near his last home in San Juan Capistrano, Calif., and on his land in San Cristobal, N.M.

Dr. Scully was the first to apply labor economics to sports, said former colleague Philip K. Porter, now professor of economics at the University of South Florida.

Sports economists refer to his groundbreaking work as "the Scully Equations," Dr. Porter said.

The theory is credited by many as underpinning the legal arguments that eventually would lead to the end of Major League Baseball's "reserve clause," which bound players to one team. The reserve clause was lifted, and player salaries began to rise, in 1975, the year after Dr. Scully published his work.

Despite being known for his knowledge of sports – especially baseball – Dr. Scully was an economist first and foremost, said his daughter, Audra Scully of San Diego. His initial sports query in the early 1970s was for the Brookings Institution, the Washington, D.C., think tank.

"Once he figured out something, he moved on to the next thing," said his daughter, who has a doctorate in biology. "He became quite an expert in sports economics and he felt like he had done the max there that he could do, so he moved on."

Dr. Scully wasn't a baseball fan when he launched his sports analysis, his daughter said.

"It was an interesting question, because in the old days, players didn't get paid the high salaries that they are now," she said.

Dr. Scully determined that players should be compensated for the revenue they brought to a team.

Later in his career, Dr. Scully helped place a value on sports franchises for owners who were headed to divorce, his daughter said.

Dr. Scully was an economics professor at Southern Methodist University from 1972 to 1985, when he joined the UTD faculty. He had been a UTD professor emeritus since 2002 and was a senior fellow with the National Center for Policy Analysis in Dallas.

"He was a big proponent of freedom," his daughter said. "His aim was to find out what the maximum size of government vs. most productivity."

Dr. Scully devised a formula that estimates that the optimal size of government is 21 percent of national income. He believed that governments around the world could boost economic growth by cutting taxes.

In the days before he died, Dr. Scully said he had fought tooth and nail against anything that diminished human liberty, and that his body of work reflected that commitment, his daughter said.

Dr. Scully consulted governments around the world.

While he was on the SMU faculty, Dr. Scully took a research leave to Harvard University, where he was an economic adviser to the Shah of Iran.

Dr. Scully was born in New York. He received his bachelor's degree in history and philosophy from Fairleigh Dickinson University in Rutherford, N.J., in 1962. He did graduate studies in Chinese language and culture at Columbia University in New York but changed majors when he realized he would never become fluent in Chinese. He found his passion was economics, his daughter said.

He received a master's degree in economics from the New School for Social Research in New York in 1965 and a doctorate in economics from Rutgers University in New Brunswick, N.J., in 1968.

He was an assistant professor of economics at Ohio University and Southern Illinois University before coming to SMU as an economics professor.

In 1985, he joined the UTD faculty and was acting dean of the school of management from 1987 to 1988.

He had lived in California for about eight years.

Dr. Scully wrote or edited five books, including *The Business of Major League Baseball*, (The University of Chicago Press, 1989); *Constitutional Environments and Economic Growth*, (Princeton University Press, 1992); and *The Market Structure of Sports*, (The University of Chicago Press, 1995.)

In addition to his daughter, Dr. Scully is survived by another daughter, Deirdre Grant of Allen; and a brother, Tom Scully of Cary, N.C.