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Geese and Greed

We all know the old tale about a certain goose and her golden eggs, but once in a while it's good to remember and apply it to particular circumstances.

The owner of that fabled goose went from countryman to well-to-do. Not exactly overnight, but one golden egg at a time. So, a step at a time, he grew rich.

It wasn't enough. He thought to himself one not-so-fine morning that he might as well get all that gold at once. And so that goose became the subject of what could only be described as a spectacularly failed surgery. "Greed often overreaches itself."

The goose that is California racing – and perhaps North American racing as a whole – has been on the operating table for quite a long time now. It has been prodded and plucked and poked. It still lives, but for how long? A loud and healthy honking has been gradually replaced over the decades by what sounds in comparison like meager quacking.

A cooked goose might be preferable to a dead duck, but not by much.

When the flock of geese that are the race tracks and their communities of horsemen were at their happiest and healthiest, conditions were a lot different. Going way back – but less so as the decades went by – owning a race horse was the province of the privileged very few. In the era of mighty private stables competing one against another, the sporting collegiality that largely prevailed (particularly at the top of the sport but also throughout it) led to rules and practices suited to those eras.

They are much less suited to this one.

Once upon a time, 100 years ago, most purses paid to three places, and often over 90% went to the winner. More recently, a benchmark of 60% to the winners was established, with minor awards to fifth. Presumably that was meant to insure that everyone tried to win, so great was the gap from winning to minor prizes. There weren't exactas, trifectas, and superfectas in the earliest days, either! The wealth involved in owning horses and operating tracks was so great that the results of potential wealth-redistribution among winners and losers in the races themselves couldn't have calamitous consequences, at least not for most owners. Remember, owning a successful race horse (or any stable of race horses) once was a superior status symbol to just about anything else imaginable.

Statistical analysis of purses and where they go is a fairly modern pursuit. In my own case, I didn't start studying this arcane discipline until about 40 years ago now, when reliable data was harder to come by than now. I began when horsemen were constantly agitating for higher purses, which they knew would be the answer to their prayers. "Everyone" knew it.

Shockingly, instead, we learned fairly quickly that 80% of purses (no matter how high or low) were being banked by 20% of connections.

Among the population of racing's owners in the old days, the reasons for and consequences of applying that rule weren't matters of great interest. Everyone involved could afford to lose money racing their horses, since great status and ever greater horses were the goals.

Not so much these days! Sport for sport's sake and for improving the breed have collided with "capitalism," loosely defined.

Now, however, more winnings are being banked by fewer interests. Those ever-higher purses (unadjusted for inflation) benefit only a few. The latest Southern California data shows that last year, 16% of horsemen won 80% of purses, meaning that 84% of horsemen were struggling for their relatively tiny slivers of the remaining 20%!

In addition, more horses are controlled by fewer trainers, proportionally, than ever before in the modern era. And fewer major trainers are working for more top-end owners than ever, too.

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The consequences are startling to consider, since this didn't happen overnight. The bettors who make it all go now face a growing number of races where contending separate interests are often few, even in large fields! Purse-generating handle declines accordingly. Racing offices struggle to fill more races than ever, up and down the cards. And the most prosperous owners complain about their high-end prep races not going, failing to sympathize with the healthy and aspiring "bottom" 84% that is essential to the continuing success of the (already) successful.

Confidence-enhancing safeguards are long gone, such as coupling partial or identical betting interests. Stall limits are, too, which previously divided horses of similar levels and categories among far, far more trainers, and also provided both incentive and opportunity for aspiring horsemen, including owners.

So, just how do we resuscitate our aging goose and keep her prolific? Greed and increasingly short-term thinking are not the answers.

Owners tend to forget that Mother Nature only produces a paucity of top horses, no matter what! While Grade I stakes winners may well deserve 60% of those riches, purses should logically be distributed much more broadly, increasingly down each level of stakes and overnights. After all, in our pari-mutuel model, it's betting on the overnights that generate those enormous purses for the stakes. Last year in Southern California, 35% of purses were devoted to stakes, but stakes were just under 11% of total races run. Without 90% of the races being appealing to bettors – competitive, attractive betting contests – riches at the top end must decline.

It's long past time to develop a rational and effective new model for variable purse distribution, coupled with a return to meaningful stall limits. Without them – not to mention my other favorite topics of marketing investment and optimal, flexible pricing – we are all cooked. ■