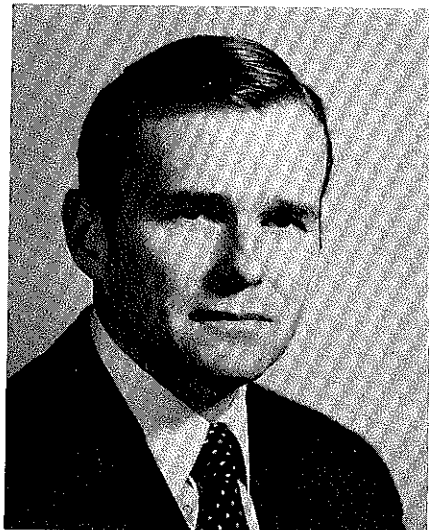
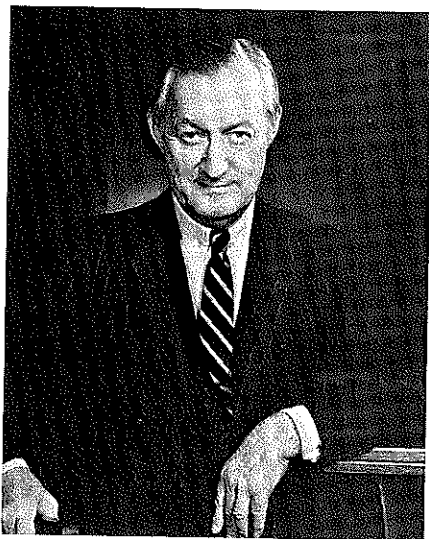




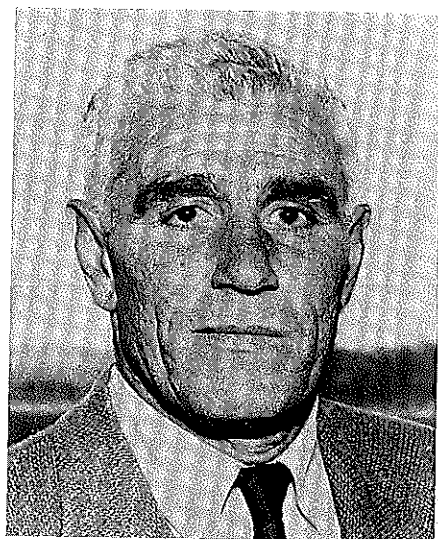
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Nicholas F. Brady, Chairman

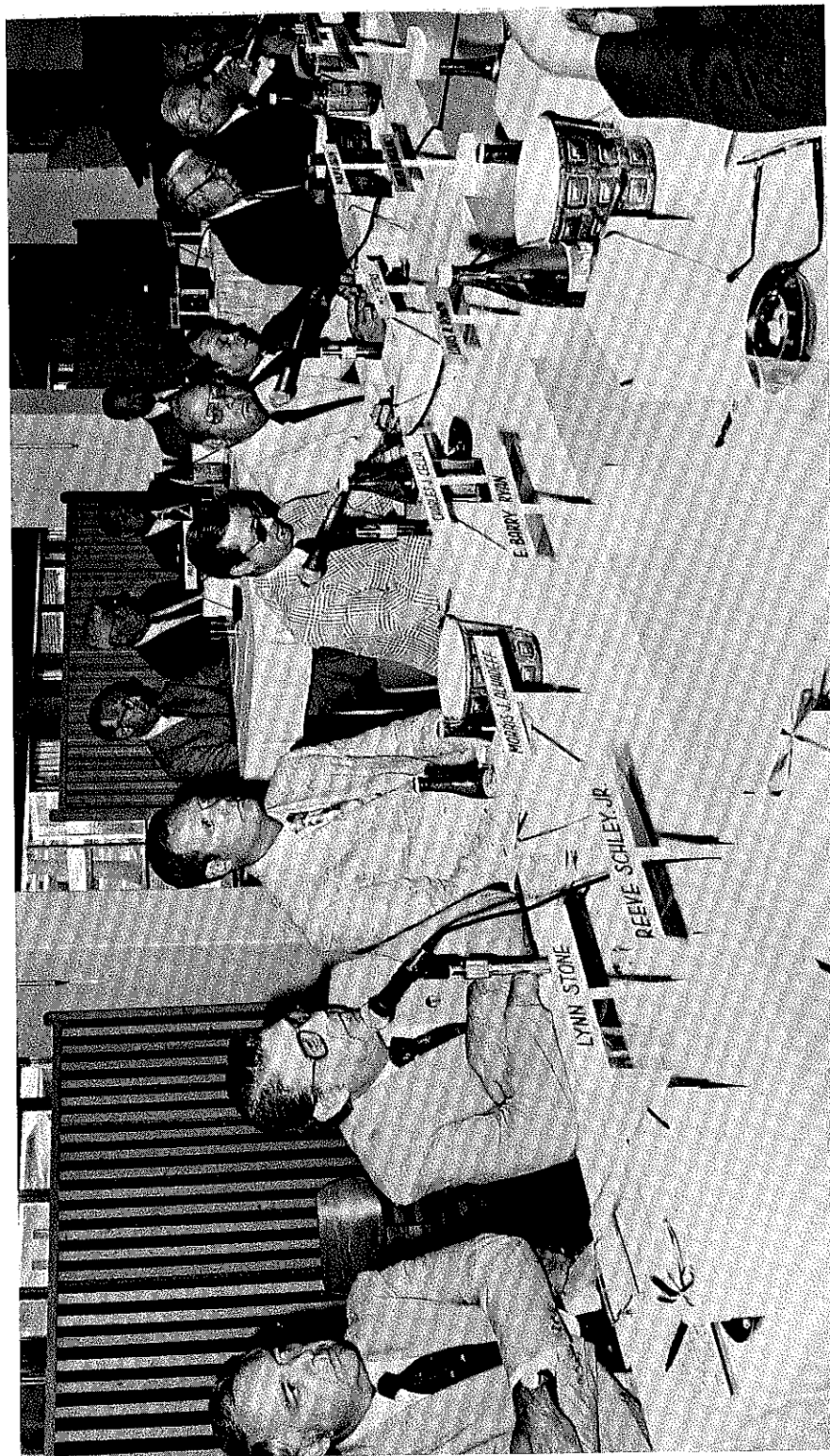


Paul Mellon, Vice-Chairman



Louis Lee Haggin II, Secretary-Treasurer

Panel — "Race-track Attendance"



Lynn Stone, Morris J. Althadoff, Charles J. Cella, M.E. Peters, Raymond Haight

Panel — "Permissive or Controlled Medication"



*Kent Hollingsworth, Harry J. Farnham, Jean Romanet, Philip G. Johnson, Arthur Davidson
John A. Bell III, Manuel A. Gilman, George Jaggard, Fred W. Hooper*

GUEST SPEAKER



Kenneth P. Veit

TWENTY-SECOND ANNUAL ROUND TABLE CONFERENCE
ON
MATTERS PERTAINING TO RACING
HELD BY
THE JOCKEY CLUB
AT THE
NEW SKIDMORE COLLEGE CAMPUS
SARATOGA SPRINGS, NEW YORK
SUNDAY, AUGUST 11, 1974

IN ATTENDANCE:

M.J. Alhadeff, President, Washington Jockey Club
William T. Ashton, New York State Racing Commission
Lieutenant Colonel Charles Baker, Chairman, The Ontario Jockey Club
Philip J. Baker, General Manager, Santa Fe Downs
*Thomas M. Bancroft, Jr., Breeder, Owner
Mrs. Thomas M. Bancroft, Jr., Breeder, Owner
George B. Barrett, Vice President, Los Angeles Turf Club, Inc.
James G. Bell, Mill Ridge Farm
John A. Bell III, Breeder, Owner
Price H. Bell, Jonabell Farm
Stanley F. Bergstein, Executive Secretary, Harness Tracks of America, Inc.
William Bork, President and General Manager, Mountain View Association
Augustus M. Boyd, Jr., Vice President, McCann-Erickson, Inc.
Edward Bowen, Journalist
Joseph Boyd, Jr., New York State Racing and Wagering Board
*James C. Brady, Jr., Breeder, Owner
*Nicholas F. Brady, Chairman of The Jockey Club; Breeder, Owner
Mrs. Nicholas F. Brady, Breeder, Owner
John L. Brennan, President, Harness Track Security, Inc.
John J. Bresnahan, Administrative Officer of the Thoroughbred Racing Protective Bureau
J. Newton Brewer, Jr., Chairman, Maryland Racing Commission
Dr. John T. Bryans, Professor of Veterinary Science, University of Kentucky
J. Elliott Burch, Trainer
Gerard Burke, Steward
Joseph F. Carlino, Attorney and former Speaker of The New York State Assembly
Charles J. Cella, President, Oaklawn Jockey Club
Anthony R. Chamblin, Editor and Publisher, Horsemen's Journal
*George M. Cheston, Breeder, Owner
John S. Clark, Counsel, New York State Racing Commission
Albert G. Clay, Secretary, American Horse Council, Inc.
Nichols Combest, Trainer
*Leslie Combs II, Breeder, Owner
John E. Cooper, Executive Secretary, National Steeplechase and Hunt Association
Mark Costello, Resident Manager, Saratoga Racecourse
John Dailey, New York State Racing and Wagering Board
Arthur Davidson, Veterinarian
Fred P. Davis, Vermont Racing Commission
Thomas A. Davis, Attorney
John I. Day, Director of Service Bureau, Thoroughbred Racing Associations
Jack DeFee, National President, Horsemen's Benevolent and Protective Association
L.P. Doherty, President, Grayson Foundation
Spencer Drayton, Jr., Thoroughbred Racing Protective Bureau
Spencer Drayton, Sr., President, Thoroughbred Racing Protective Bureau
Francis P. Dunne, Steward

Aime Des Rosiers, Retired Chairman, Windsor Raceway
Mrs. Richard C. duPont, Breeder, Owner
Thomas M. Evans, Breeder, Owner
William S. Evans, Director of Sales, Keeneland Association
Harry J. Farnham, Chairman, Nebraska State Racing Commission
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John M.S. Finney, President, Fasig-Tipton Co.
Thomas J. FitzGerald, Executive Vice President and Treasurer,
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James Fitzsimmons
*Daniel M. Galbreath, Breeder, Owner
*John W. Galbreath, Steward of The Jockey Club; Breeder, Owner
Harold M. Gentry, Meadow Stud
Dr. Manuel A. Gilman, Chief Examining Veterinarian,
The New York Racing Association, Inc.
Raymond Gillespie, Director, The Jockey Club Statistical Bureau
*Tyson Gilpin, Breeder, Owner
Joseph A. Gimma, Chairman, New York State Racing Commission
Herbert Goldstein, Columnist, Triangle Publications, Inc.
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Fred Grossman, Editor, Triangle Publications, Inc.
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Major General John P. Henebry, Breeder, Owner
Joe Hirsch, Columnist, Triangle Publications, Inc.
Kent Hollingsworth, Editor, The Blood-Horse
Lord HolmPatrick, Secretary, Irish Turf Club
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Fred W. Hooper, Breeder, Owner
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Paul Mooney, Executive Vice President and Managing Director, Miles Park
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John V. Newman, Chairman, California Horse Racing Board
Joseph C. Nichols, Turf Writer, New York Times
Patrick W. O'Brien, Vice President, Operations, The New York Racing Association, Inc.
Thomas O'Brien, Continental Thoroughbred Racing Association
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American Horse Council, Inc.
Jean Romanet, Director General, Societe d'Encouragement, Paris, France
Patrick J. Rooney, President, Continental Thoroughbred Racing Association
*Donald P. Ross, Jr., Breeder, Owner
*Louis R. Rowan, Breeder, Owner
John W. Russell, Trainer

TABLE OF CONTENTS

*E. Barry Ryan, Breeder, Owner
 Fred H. Ryan, President, Los Angeles Turf Club
 Walter J. Salmon, Jr., Breeder, Owner
 Michael Sandler, Publisher, Triangle Publications, Inc.
 John D. Schapiro, President, Laurel Racecourse
 *Reeve Schley, Jr., Breeder, Owner
 Warren Schweder, Executive Vice President,
 National Association of State Racing Commissioners
 Paul Screvane, President, New York City Off-Track Betting Corp.
 Charles V. Schwenker, Ohio State Racing Commission
 John J. Shumaker, President and General Manager, Penn. National Racecourse
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 Paul Silvergied, Chairman, Connecticut Commission on Special Revenue
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 The New York Racing Association, Inc.
 Brian Sweeney, General Manager, California Thoroughbred Breeders Association
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 *Daniel G. Van Clief, Breeder, Owner
 *Alfred G. Vanderbilt, Chairman, The New York Racing Association, Inc.;
 Breeder, Owner
 Frederick L. Van Lennep, Treasurer, American Horse Council, Inc.
 Kenneth P. Veit, Guest Speaker
 Sylvester E. Veitch, Trainer
 Michael Venezia, Jockey
 Newman E. Wait, Jr., Trustee, The New York Racing Association, Inc.
 Ben Walden, Vice President, Thoroughbred Breeders of Kentucky
 Thomas M. Waller, Breeder, Owner
 Mrs. Thomas M. Waller, Breeder, Owner
 Gene Ward, Columnist, New York News
 John T. Ward, Trainer
 Raymond Watkins, Mayor, Saratoga Springs, New York
 Charles Weatherby, The Jockey Club of England
 Simon Weatherby, Secretary to the Stewards, The Jockey Club of England
 *Reginald N. Webster, Breeder, Owner
 Henry B. Weil, Vice President, Pugh-Roberts Associates, Inc.
 William H. Welch, Director, New York State Thoroughbred Breeders Service Bureau
 David A. Werblin, Member, New Jersey Sports Exposition Authority
 Nat Wess, Public Relations, Hollywood Park
 Clifford Wickman, Vice President, Thoroughbred Racing Protective Bureau
 William H. Williams, Regional Manager, Triangle Publications, Inc.
 Jacques D. Wimpfheimer, President, Thoroughbred Owners and Breeders Association
 Frank Wochinger, Chemist, New York State Racing and Wagering Board
 Dr. Jordan Woodcock, Administrator of Drugs and Medication Program,
 American Horse Shows Association

David Kirk, Observer
 Goldy Mitchell, Observer
 James W. Phillips, Observer
 Frank Ritz, Observer

Richard Simon, Observer
 John Simmons, Observer
 Mrs. John Simmons, Observer
 Gene Schwartz, Observer

Coordinator, Calvin S. Rainey

*Member of The Jockey Club

	Page
Welcome to Participants and Guests Nicholas F. Brady, Chairman	6
Racetrack Attendance Panel Lynn Stone, Moderator	6
Charles J. Cella, President Oaklawn Jockey Club	M.E. Peters Director of Racing The British Columbia Jockey Club
Raymond Haight Monmouth Park Jockey Club	Morris J. Alhadeff, President Washington Jockey Club
Permissive or Controlled Medication Panel Kent Hollingsworth, Moderator;	13
John A. Bell III Breeder	Fred W. Hooper Owner
Arthur Davidson Veterinarian	George Jaggard, Chemist Director, Dalare Associates
Harry J. Farnham Chairman, Nebraska State Racing Commission	Philip G. Johnson Trainer
Manuel A. Gilman Veterinarian	Jean Romanet Societe d'Encouragement Paris, France
Address Kenneth P. Veit	23
Director of The Jockey Club Study of the Thoroughbred Industry	

MR. BRADY: Good morning, ladies and gentlemen and welcome to the Twenty-Second Annual Round Table Conference on Matters Pertaining to Racing. We're delighted you all could be here and we're particularly grateful to Lynn Stone and Kent Hollingsworth who have agreed to chair our two panels.

As you see, the first panel is on Racetrack Attendance and the second is on Permissive or Controlled Medication. As you know, Lynn Stone is President of Churchill Downs and also President of Hialeah Park; Kent Hollingsworth is President of the Thoroughbred Club of America, Past President of the National Turf Writers, Secretary of the Grayson Foundation and Editor of The Blood-Horse. Lynn, would you take over and introduce your panelists.

MR. STONE: Thank you, Mr. Chairman. Good morning, ladies and gentlemen. We are pleased to be here and appreciate the opportunity to participate with you this morning. First of all I would like to introduce the gentlemen who have volunteered to serve on this panel to discuss a large and encompassing subject, Racetrack Attendance. Morris J. Alhadeff, President of Longacres Racetrack, Washington Jockey Club in Seattle, Washington; Mr. M.E. Peters, Director of Racing, the British Columbia Jockey Club in Vancouver; Mr. Charles J. Cella, President of Oaklawn Jockey Club; and Mr. Ray Haight, Director of Public Relations for Monmouth Park Jockey Club is here today substituting for Phil Iselin who could not make it at the last minute.

Racetrack Attendance certainly is a large subject and what we'll attempt to do today is to outline the many factors that we think affect racetrack attendance. We want to touch all of the bases, to stimulate you to make notes as we go along and hopefully touch upon an area or areas that may need special attention in your own locality.

Some of the factors that affect attendance we have no control over. Others seemingly unimportant are part of an overall checklist for all of us to monitor constantly so that as many of the different areas of concern that need attention get the attention they need and perhaps more.

Not one of us has all the answers but let us go over the outline of racetrack attendance factors and permit us to elaborate on some of them that we are most familiar with and hopefully we may encourage you to take the time to overhaul your efforts to increase attendance. I do not personally believe that there is any magic formula to substantially increase attendance. But I do believe that a balanced program of effort directed by dedicated and hard-working employees will get the job done to the maximum potential. I guess all of us that are interested in racetrack attendance could make their own outline, but let me run over ours for you, not necessarily in the order of importance of all the panel and probably not in the order of importance that you all might place them yourselves.

First of all, racing dates. Probably the most important thing for any racetrack, the time of the year you run. And so many other factors that affect the best time for each racetrack to run. Competition, such as other pari-mutuel operations, other sporting events, television, other leisure-time activities, the weather, tourists and the availability of horses.

Number two, racetrack facilities. Certainly we know how important it is to present clean and comfortable facilities for the public.

Three, and a long way from the bottom of the list, is horses, both quality and quantity.

Four, special promotions such as Ladies Day, Senior Citizens Day, special races for girl jockeys, give-aways and commercially sponsored races.

Five, group attendance including fund-raising days for special groups. Advertising, direct and hard-hitting, the type of advertising that tells the customer to come out and have fun or the type that says come out and wager your money. Also, institutional publicity and how important that is with the media; multiple pools and their effect on attendance; Sunday racing, night racing including twilight racing.

Educational programs which can include railbird clubs, breakfast and tours, paddock clubs, youth programs, and of course one of the most important is accessibility and along with that, public transportation, all transportation, cost of transportation and parking facilities.

Pari-mutuel takeout, and we will hear more about that later on. Of course, prices. Admission prices, concession prices, parking and so on. Controlled medication.

Also, proliferation of racing dates. We've put it down in sixteen major topics. We're very pleased this morning to have these gentlemen who are here who volunteered to serve on this panel, who have selected their own topics out of these factors, the ones that are the most important in their own minds and the ones they want to discuss with you this morning. We're going to reintroduce each one and let them discuss with you the topics they are most interested in and then, time permitting, when we are finished if there are any questions or open discussion, we would be pleased to participate.

I would like to introduce at this time Morrie Alhadeff from Longacres, who wishes to speak with you about racetrack facilities and youth programs. Morrie.

MR. ALHADEFF: Thank you, Lynn. Good morning, ladies and gentlemen. I feel highly honored to be here and to participate with you in all these discussions. What I would like to discuss primarily with you are youth programs, but I have to divert at the outset and tell you that once again, I had the privilege of visiting the Museum of Racing and before I go into what I want to talk about mainly, I have a suggestion to make. As in the great art galleries of the world, millions of people do not have the opportunity to witness the great artifacts of art. Might it not be an idea to take segments of the National Museum of Racing to different parts, geographical parts, of the United States if those areas which would be the beneficiaries would be willing to foot the bill? That way we could expose the culture of racing on a first-hand basis to millions of people that otherwise would never have the opportunity.

We all know, to get on the subject of attendance, that in addition to reading the fact-finding elements of Robert Novick and others, that in attendance in the United States, Thoroughbred racing is not bouncing along, as we say, as well as it should be. There are many factors which have already been mentioned, such as the competition from other sports and other activities in the world of entertainment. What we have to sell is Thoroughbred horse racing.

What racetrack operators in the United States have to decide, in my opinion, is whether we are going to run nightclubs, amusement parks, entertainment parlors, casinos, or Thoroughbred horse racing tracks. Now there may be partial merit to promotions in various fields, but the principal element of our business is the Thoroughbred horse, and the more that we can do to educate the oncoming generations on that question, the more we can expect the continuation of this great industry.

We are all certain that the future of our industry lies with the young, but we need more than to simply speculate. There was a word introduced on television the other day called specificity and I think that we should look into some of the specificities of what needs to be done with the youth. First of all, through the media of radio and television and the newspapers, I think it is important for us to relate to the young people; to let them know that we are aware of their presence and that we understand that the racetrack may be a place for them to express their freedoms in ways that they cannot express them in other sports. In Thoroughbred racing a fan is not a spectator, he is a participant.

We have instituted various youth programs. One of them is to deal with the 4-H Clubs and I want to make a bold statement that everyone in the Thoroughbred racing industry should immediately set their thoughts to sponsoring all the 4-H activities in the United States. That is our sandlot. We all played basketball; we all played football; we all played baseball; but not every child has the opportunity to deal with a horse. What we can do more than anything else is to identify our industry in the

arenas where we can operate, which is in the 4-H Clubs, Boy Scouts, Girl Scouts and other youth groups.

Over the past two years more than twenty-five hundred youngsters ranging in age from twelve to twenty have roamed the never-never land of Longacres racetrack's barn area. The youths have snooped into every phase of the Thoroughbred racing world and in a period of from eight to ten hours, learned a smattering of that mysterious thing called horse racing. Youths taking the tours met at eight o'clock in the morning, generally on Saturdays. Normally the groups ranged from seventy-five to a hundred and fifty people. Met by the members of the Public Relations Staff, the young visitors were escorted through the barn area. They were shown how to walk a horse, how to gallop a horse, how to curry a horse, how to shoe a horse, and all the things with which you are familiar. One of the most interesting contributions that was made was when a group of blind children was brought to the barn area and we had an old horse, a gentle old horse, and these children were permitted to feel the horse and to touch its legs and to smell the hay and the leather and the liniment and oil and all of the things that really go for making a relationship between young people and the horse.

I've talked too much already, according to my time, but I feel very strongly that everyone in this industry must make a bold move toward the young people and to give them the facilities when they get to the track: parklike areas, terraces, gazebos, colorful aspects of the outdoor world rather than simply steel and concrete. Thank you.

MR. STONE: Thank you, Morrie. Next it's my pleasure to introduce to you the President of Oaklawn Jockey Club, Mr. Charles Cella, who wants to visit with you this morning on two subjects that he is very interested in. One is proliferation of racing dates and the other is controlled medication and how it will affect public confidence. Mr. Cella.

MR. CELLA: Good morning. I, too, am greatly honored to be here. I would have to agree with Mr. Stone that admissions at Thoroughbred racetracks is such an inexact science that I doubt any of us have the real combinations. But we have learned, through experience, certain factors relative to attendance, and the two that I briefly will comment on are proliferation of dates and controlled medication, and the impact these two factors have on admissions.

As an example, if Oaklawn, which now races fifty days, were to program fifty-seven days and at the end of the fifty-seventh day announce boastfully that our attendance was up fourteen percent, we would be deceiving ourselves. True, that we had fourteen percent more people, but our daily average attendance figure, which is the real yardstick, would be down. This is a perfect example of the impact that proliferation of racing dates has on attendance figures.

I believe all of us in racing were relieved in January when once again it was announced that Thoroughbred racing was the most popular sport in America in 1973. We achieved this goal by racing some 300 more days but attracted only two million more people. I believe the 1973 figures show a couple of facts about our patronage. One, it's a hard-core, durable fellow that we rely on and that he will go to the races just as long as he possibly can until one of two things happen. One, he can no longer go because of battle fatigue, or two, he must refrain because confiscatory tax has evaporated his disposable monies.

So, with our apparent love for more racing, I feel comfortable in projecting in years to come Thoroughbred racing will continue to be the number one spectator sport in America, but we will achieve this goal by negative growth. Substantial increases in attendance figures in recent times have been achieved by existing and new racing centers increasing racing days and not by increasing average daily attendance. Simply stated, proliferation of racing dates has caused a national decline in average daily attendance at our Thoroughbred racetracks.

Just as important, it seems to me, when it comes to studying the inexact science of

admissions and attendance, is the new wave of permissive medication which is chipping away at the very foundation of this sport. We have one foundation that no other sport has, and that is the credibility and integrity that we can sell to our patronage. In an effort to defend the use of medication, particularly butazolidin, I was shocked to read in June of this year in the Horsemen's Journal an editorial that stated since 1960 racing opportunities had more than doubled in this country, but the breeders of America could not keep up pace by producing healthy Thoroughbreds. In other words, I presume this magazine is proclaiming to the public that we are no longer interested in conducting Thoroughbred racing for the betterment of the breed, but rather we should concern ourselves with turning losers into winners utilizing various medications. No longer are we interested in pedigree, trainer, jockey, conformation, but with a new dimension, medication. To me it is not important whether a medication is a stimulant or a depressive. The important fact is that we are injecting into a horse a foreign material which will affect his efficiency and therefore affect the outcome of a race. We can no longer, and certainly in the long term, believe that we will attract new faces, thereby increasing our average daily attendance, if we continue to erode integrity.

If you are a racing commissioner, a breeder, management of a racetrack, or a member of the hard-core who loves racing for what it is, I urge you to go home to your state and do everything possible to take the chemist out of racing and put the sport back in. Thank you.

MR. STONE: Thank you, Mr. Cella. Now it's my pleasure to introduce to you the Director of Public Relations from Monmouth Park, Mr. Ray Haight, who will give you the benefit of the experience of Monmouth Park in an extremely successful group attendance program. Ray.

MR. HAIGHT: Good morning. I'm not only honored to be here, I'm rather surprised and I consider myself lucky I'm subbing this morning for Phil Iselin, President of Monmouth Park and Chairman of the TRA Public Relations Committee. Mr. Iselin is also President of the New York Jets and had to be in New York this morning to meet the team when it came back from the west coast and to talk to them about the NFL walkout. I don't know too much about the NFL strike or anything, but I realized it was serious when I saw some of our jockeys wearing New York Jet jerseys on the track and carrying footballs into the jockeys' room, and I knew it was critical when we got the New York Jet playbooks at a department head meeting. But I didn't realize how desperate it was until I saw Jimmy Jones and Joe Hirsch practicing down and out patterns in our paddock.

I'm going to read Mr. Iselin's thoughts on group attendance and attracting new fans. These are the words of Mr. Iselin:

"Horse racing is a sport with a unique problem, a problem that is generally recognized and acknowledged but which has no simple solution. The problem is where to find and how to attract new and younger fans. Other sports, football, baseball, basketball, golf and tennis are vying for the same sporting dollars which horse racing seeks. Yet they have the strong advantage which makes racing's problem unique—all of those sports and many others are activities in which almost anyone can become physically involved as a participant. They're games which youngsters play as naturally as they learn to ride their bicycles. Most of them are taught to children by their own family but if not there, then certainly in school. They're intrigued with the fun of the sport long before any more sophisticated mental challenge of tactics and statistics interests them further. But how many young people today ever see a horse, much less ride one? Our age of mechanization has eliminated horses from the streets, and urbanization has lured more and more people away from the rural areas and into the cities. Physical participation on the most amateur level in the sport of horse racing is virtually non-existent.

"But I will stop here and contradict that statement, because I believe that horse racing is not just a spectator's sport but, rather, one in which the fan participates on a

high level. Of course I am talking of the fan as a bettor. When the fan bets two dollars on a horse race, he is likely to be as close to a participant in that game as a sideline viewer of any sport can be. The horse he bets on belongs in some small measure to him by virtue of his bet. The jockey might well be under his orders. No one can deny the excitement of a good horse race, but before he can become an active fan of the sport, a person needs a strong introduction, an introduction intriguing enough to win him suddenly and quickly because the time for a gradual introduction in most cases is lost. Racing was not a course in physical education for him and, especially in states where an age limit is imposed on attending racetracks, his parents probably did not take him racing at an impressionable age.

"In recent years some tracks have undertaken programs to win new fans. Monmouth Park is no exception and certainly can be held up as a good example of what a racetrack can do to attract new fans, more fans in a period when the crunch is on. Racing dates and racing plans are increasing every year and it takes a continuing effort to keep attendance figures from sagging or, hopefully, to bolster them. New Jersey has a minimum age requirement of twelve years for attending the races, but at Monmouth Park we are not waiting for twelve-year-olds to come along. Two of our programs are designed for younger children and are held outside of racing hours. They are the Dawn Patrol, which includes a guided tour of the backstretch, and Breakfast at Monmouth, an early morning program to watch the workouts. Breakfast at Monmouth is similar to other tracks' workout shows held at trackside with a commentary on activities on the track and interviews with horsemen. There is no cost to attend and a reasonably priced breakfast is available, cafeteria-style. Many tracks do this. The Dawn Patrol, however, is a little different. Starting with a brief view of the workouts, the tour continues through the jockeys' room and then via tram-trains to the starting gate and through the stable area, all with commentary. Because the tram-train seats a limited number reservations are taken for this program which, like the breakfast, is held twice weekly during school vacation months, coinciding with our race meeting. Since it was begun in 1968, every session of the Dawn Patrol has been fully booked. There is no charge. Also successful, with as many as twenty-five hundred people attending depending on the guest speaker, is Monmouth's Post and Paddock Club, held in the paddock twice a week prior to the races. Jockeys, trainers and other personalities are interviewed. The show is only for those attending the races, because of the hour, but it provides a personal glimpse of racing people and provides information for the fan. Monmouth's largest program in terms of numbers is our group plan, whereby groups of fifty or more attend the races at reduced prices. It provides organizations with an attractive outing, and many of the people that belong to the groups are introduced to racing this way. Last year a total of thirty-three thousand people attended Monmouth Park on a group plan. We expect to increase this figure to forty thousand this year. This represented three hundred and sixty-four separate organizations, as many as two thousand people on a Saturday. They included fund-raising groups, fraternal organizations, college alumni, and Senior Citizens groups.

"All of these efforts cost the racetracks money. They are, however, investments in the future, the future of that track and all tracks—indeed, in the future of horse racing. They are good investments and should be supported and spread throughout the country for the good of the sport." Phil Iselin, Monmouth Park. Thank you.

MR. STONE: Thank you, Ray. It's now time to hear from the Director of Racing from the British Columbia Jockey Club, Mr. M.E. Peters, who'll speak to you this morning on pari-mutuel takeout.

MR. PETERS: Thank you, Lynn, and I'd just like to say it's an honor for me to be here today. The last time I was in New York in racing was in 1960, when I attended The Jockey Club School for Officials. I was interested in racing at that time and I was fortunate enough to become involved.

The purpose of today's exercise, as outlined by Mr. Stone, is to explore ways to

increase racetrack attendance. Now, there are many factors involved and many factors that have been discussed here today. But I would like to offer, from the experience in our area, my own magic formula. It is quite simple: reduce your pari-mutuel tax. Now this might appear to be an outrageous over-simplification of the problem that faces us today. But pari-mutuel wagering has to be the governing factor in making it all work. It provides the means with which to attract the people to racetracks. It provides the wherewithal to do everything that we have discussed, that Mr. Alhadeff has discussed, Mr. Cella has discussed, and Mr. Iselin has pointed out. The greater your pari-mutuel handle, the better your purses. The greater your purses, the better the horses and jockeys you attract. Better purses provide incentive for better breeding and it all contributes to putting a better show on the track. In my opinion there is no substitute for offering the public a quality product. Your mutuel handle governs your ability to provide better facilities. If you don't have the bucks, you can't build, either for your public or your backstretch. It governs the extent of your promotional and advertising programs. Pari-mutuel handle is the overwhelming major influence on all the intangibles involved in the successful conduct of racing. In our own experience, we have found that there is no greater influence than the pari-mutuel dollar. For many years after 1948, we operated under an almost unbelievable total takeout of twenty-one and a half (21.5) percent. Now, I don't think there's many areas, if any areas, in North America that have that burden. Twenty-three years later, after constant lobbying, voluminous briefs, approaches as groups and as individuals to our government, and then concessions by the management and the horsemen, our takeout was reduced by three and a half (3.5) percent from twenty-one and a half to eighteen percent. The government reduced its share by two percent, the management took one percent less and the horsemen said okay, we'll gamble with you, we'll take a half of one percent less. The result, our daily average mutuel play increased beyond all expectations, all the projections, all the conjecture. We couldn't believe it. It was thirty-eight point seven (38.7) percent in one year. Track commissions went up twenty-five point five (25.5) percent. Our average purse increased by twenty-four point three (24.3) percent and the government, as unbelieving as it was and as reluctant as it was, increased its revenue by five point seven (5.7) percent. After many years of treating racing tax as a political football, the legislators were finally convinced that they too could benefit by taking a lesser percentage while permitting racing to grow into a viable industry. Twelve years ago we were on our uppers. We didn't know what to do. We had two racetracks, two associations. The attendance was down, the pari-mutuel play was down. They had to find an answer. What were they going to do? They amalgamated. They merged into one racetrack. The result, we were able to continue and we grew slowly. In 1965, after four years of five and six and seven percent increases, normal growth, it slowed down. So they built new facilities and that helped, and the play increased by about twelve percent. Three years later, it was again level. What were we going to do now? We put in lights; we went to twilight racing; and that helped. But nothing had the immediate impact of the reduced tax in 1972.

Now, it's only reasonable to ask what other factors could have influenced the sudden growth. I would like to put it down to brilliant management. We're very clever. Our weather was constant. Our population growth was normal. Our economic conditions were slightly better, and then there is inflation. We considered, too, that the average betting increase in other Thoroughbred tracks in Canada that year was twelve percent, attendance five percent. This still left us with overs of twenty-six point seven (26.7) percent in wagering and nineteen percent in attendance. We felt it was reasonable to assume that allowing for all these factors and your normal growth as experienced by others in Canada, the tax reduction had to be directly responsible for a minimum of twenty-five percent of our increase or approximately seven percent for each one percent reduction. It is interesting that this closely parallels experience in other areas that have experimented in the past with tax reductions.

An obvious question, too, is what have you done lately since 1972. The first year, we experienced a thirty-eight point seven (38.7) percent increase. The second year I thought, well, if we can do ten percent, we're really going to be fine. We did twenty-four point one (24.1) percent. The following year which is this year, 1974, we are now sixty days into a one hundred day season and we are running at a twenty-two point nine (22.9) percent increase. The tax reduction, in my opinion, provided the momentum for a total increase in a three-year period of one hundred and ten percent. Our daily average handle over the three years increased by one hundred and ten percent as compared to a thirteen point seven (13.7) percent increase in the preceding three years.

I don't think there can be any argument that excessive tax can cripple racing. I've seen all the figures throughout North America and I don't think there is any area that cannot stand a reduction. Go to your legislators and continually harass, if necessary, to convince them that by helping you, they can help themselves and they can help racing to remain as a viable industry. The time might come in our area when momentum from the tax reduction will slow down. But we're still high at eighteen percent and if it looks like it's going to happen, we're going to go back and ask for another three percent. I think that our experience has proven that it would again benefit all segments of racing. Thank you.

MR. STONE: Thank you, Mr. Peters. We would like to give you an opportunity to ask our panel members questions but we've just about extended our time period. Mr. Chairman, I would like to thank you on behalf of the panel for having us here. I'd just like to give you another closing thought and that is, again no simple solution, I don't believe. It's not as simple as ABC but the three most important things, I think our panel will agree, are the time you race, racing dates; present clean and comfortable facilities; and put on a good show. Thank you very much.

MR. BRADY: Any questions of Lynn and his panel? Yes sir.

MR. WARD: I'm Gene Ward of *The New York Daily News* and I have a question which I would like to place before this panel, a problem for consideration. It concerns the subject under discussion, attendance. And let me start by saying that the newspaper business is, like racing, an inexact science and I don't feel that I'm doing my job when it comes to informing and entertaining my readers. But I'm also saying it isn't all my fault.

The News has something in excess of two million in daily circulation, four million on Sunday, and the stories and columns I write on racing, which is my beat, certainly must stimulate interest in the sport and thus, to some degree, affect attendance. The stimulation is felt in two areas—those fans who already are racegoers, and the potential racegoers of all ages. Anything on racing which appears on the sports pages has to be a large plus because racing is living in a competitive jungle with pro football, baseball and other sports.

But getting these racing stories and columns into the paper these days is becoming increasingly difficult. And the racing establishment is hindering rather than helping. For instance—and this affects me and my paper particularly, as well as Triangle Publications—the running of the eighth race as the feature. Because of early deadlines, the eighth as a feature means I have trouble getting my story or column into the paper. And it is impossible to make the country (out-of-town) edition which comes up here to Saratoga. If you don't get a story in early enough, forget it. Technical problems, problems with the unions, make early copy imperative. You've got to make a spot in the paper, get your franchise so to speak, and hold it.

Racing spends millions on advertising, but here is a great waste of "free" material on the sports pages, and why? The answer is a stubborn refusal to look into the carding of the feature as the seventh race rather than the eighth race. I don't think it would make a bit of difference if holding on to your players is what has you worried. I could provide you with examples, other tracks which card an earlier feature without losing their players for the later races, but there isn't the time.

All I'm saying is that it would make a world of difference in racing coverage in my paper, and there are a lot of people who read *The News*. With that leeway—the seventh race as the feature rather than the eighth—we can give them the story in their morning paper, and it's good for racing and for attendance to have people reading about racing every morning. Thank you.

MR. STONE: Thank you, Gene. I don't know if any of these gentlemen, Ray Haight, do you want to take a crack at that question? I've got a suggestion at the end but we'll see if anyone here has anything to say about Mr. Ward's comments.

MR. HAIGHT: Well, I think that most tracks realize that problem, particularly the one that Mr. Ward has mentioned about having the feature race as the seventh race. But I think racetrack management feels, and justly so, that if they have it the seventh race they lose a lot of fans because that's the best race of the day. A lot of people do leave following the feature race. Now, other than that, I think that's the only reason that the eighth race has been designated as the feature race at most tracks all over the country. How we can correct it, I don't know. I really don't.

MR. STONE: Mr. Peters, any comment?

MR. PETERS: No, all I can say is to echo what Ray has said. You have to keep your audience. If you shoot your best early, I'm afraid you're going to lose them. It seems to be a marketing problem. You save your best shot for the last.

MR. STONE: Charles?

MR. CELLA: I would have to agree with that. I have nothing to add to that.

MR. STONE: The only thing I would like to say is that over the past eighteen months, at least in the TRA, I think that this communication problem and dissemination of information from racetracks to the news media has become more and more a topic for serious conversation at some of the other meetings that I have attended. I have urged that a panel be considered to discuss this and I would like to offer that suggestion to this group also. I don't know what their future plans are but I agree with Mr. Ward, that not only just the eighth race but the communication between racetrack management, their departments of publicity and public relations, and all news media would be a great subject for a panel. I'd love to see Mr. Ward and some of his associates serve on it, and let's have some wide discussion on it as I do think there is room for improvement.

MR. ALHADEFF: Mr. Stone, I would like to make a comment on news coverage, not particularly regarding the eighth race or feature race but one of the problems that we face, all of us in this business, is that the dollar sign grabs the headlines. The trifectas and the double perfectas and the double exactas and whatall seem to dominate the news rather than the quality and the breeding of the horse.

MR. STONE: Well, we would like to thank Mr. Ward for his question and participation. We would like to thank you all for your attention. Mr. Chairman.

MR. BRADY: Thank you, Lynn. Kent.

MR. HOLLINGSWORTH: Racing people have been arguing about medication now for about twenty years. Many of you recall when we had the Round Table at the National Museum on the second floor, when the question was posed, the late Irving Gushin revealed that "we have so many sore horses up in New England breaking down, you've got to have five stars to get an ambulance." This is not a new subject that we are coming to today. We have been talking about it for a long time, but with greater frequency in the past few months. The various studies in various states and jurisdictions have led to or caused alterations or amendments to existing prohibitions against racing on medication.

I hope today that we can present some facts on this subject of medication, because we have assembled here men who have been in racing for a long time—who have personal experience—and each of them speaks from his own frame of reference, from a different point of view. I did not know until we talked yesterday as to their final conclusions. What we have asked is that they state their positions on racing on medication and their reasons for holding that position—not just what somebody told

them as heresy evidence but what their personal experience has led them to believe. Each of them is qualified to speak on this subject, and I hope they will introduce to your thinking some new facts that are from personal experience.

Let me introduce at this time, as our first participant in this panel, Dr. Manuel Gilman, who in his capacity as the New York Racing Association's veterinarian has been closely inspecting horses for racing soundness for some thirty years.

DR. GILMAN: Thank you, Kent. I'm against racing horses with medication mainly because these drugs are harmful to the horse. They can change the performance of a horse in a race, and the use of these drugs cannot be controlled properly. During the past five years, we have seen many racing commissions change their drug rules and permit drugs formerly considered illegal to be used on horses when they compete in races. In the past, these same commissions were firm in their belief that in order to have well-supervised racing, horses should not be permitted to compete with drugs in their systems, especially with those drugs that could change the performance of the horse in the race. When such drugs were detected in the body fluids, the purse was taken away and given to another owner in the race. The thinking was that past performances should be meaningful and the betting public should be protected.

Why have so many commissions changed their views on this subject? They have been lulled into thinking that these drugs are harmless and that they cannot change the performance of a horse in a race.

The fact remains that analgesics and steroids can change the performance of a horse in a race. A sore or lame horse does not stride out properly and the jockey riding such a horse will not ride with confidence. He knows better than anybody that sore horses are more apt to break down. If such a horse is medicated with analgesics and steroids, he will stride out better and the jockey will ride him with more confidence—he will run a better race. If a drug were available that would make a sound horse sore, I do not believe that any commission would allow its use and yet the same type of change would occur in reverse.

There are two basic kinds of sore and lame horses: those that have solid legs and those that have fragile legs. Those with solid legs will run better with little or no risk of breaking down when analgesics and steroids are administered. This group includes those suffering from back injuries, muscular soreness, rheumatism, shoulder bursitis and so forth. Those horses with fragile legs will also run better but are more apt to break down as they can no longer protect their ailing legs under the strain of racing. This group includes those with partially healed fractures, fissure fractures, bucked shins, unset bowed tendons and the like.

The commissions are told that these are harmless drugs. They don't realize that the majority of horses medicated for a race are also constantly medicated between races with either the same or similar drugs. So, these drugs are actually administered to the horses over long periods of time against the very recommendations of the drug companies that sell them. As a result of these prolonged treatments with drugs, especially the steroids, we see certain horses lose their haircoat, become dull and listless, and often lose weight. We have also seen some horses collapse following the running of a race because these drugs have created a metabolic imbalance that shows up only under the strain of racing.

Drugs that are used to treat horses in races are a private matter in most states that allow medication in races. The betting public is not informed and cannot make use of this information in making its selections. Also, when a trainer claims a horse, he cannot find out what drugs the horse had in his system and therefore cannot give the same medication to the horse when he runs him. As a result, the medication is changed in most cases and the horse will either run a better or a worse race as a direct result of a different medication formula. Now last year, Dr. Alan Edmonson, the official track veterinarian in California, stated that he received a veterinary report on a treated horse racing at one of the California tracks in which the following drugs were found to have been used within twenty-eight hours of the race: (1) Intravenous

amino acids, dextrose and vitamins; (2) anabolic hormone injections; (3) corticosteroids injected into four joints; (4) liver and iron; (5) intramuscular injections of corticosteroids; and (6) Butazolidin. He goes on to state that the horse ran sound but was next to last, some seventeen lengths behind the winner. Actually this horse was lucky, as he could have collapsed following the race and, in fact, he could have dropped dead during the race. I don't know what this veterinarian tried to do in treating this horse for this race but he didn't accomplish anything. If this was the only horse in that race that was treated, we can see how the outcome of the race was changed. However, over half of the horses in that same race were also treated with the same or different drugs. This compounds the changes caused by drugs in the outcome of races at one of our major tracks.

Many racetracks that permit the use of drugs in races test the urine samples for the presence of these drugs. In doing so, they use up a proportion of the urine sample, leaving a smaller portion of the sample for the detection of stimulants and depressants. Sometime there is an insufficient urine sample remaining to test for prohibitive drugs.

My thinking is that if we want a new ball game, we must be certain that the new game is better than the one that we now have—better for the entire horse industry. If it is not, we should not make the change. Thank you.

MR. HOLLINGSWORTH: Thank you, Dr. Gilman. Reasonable men differ on the subject of medication. Racing in Louisiana was going to be halted just a few weeks ago because owners and trainers there were united in the belief that they could not race their horses unless they were permitted to race with a permissive medication rule; the Louisiana Commission agreed with it. Because of relaxation of the medication prohibition in California, Illinois, Florida, Kentucky, and Ohio, it is being evaluated in other states.

Mr. Harry Farnham, an owner and breeder, a practicing attorney in Omaha, the chairman of the Nebraska State Racing Commission, past president of the National Association of State Racing Commissioners, was violently opposed several years ago to medication of any kind. Now he is satisfied with a qualified medication racing rule in Nebraska. Mr. Farnham.

MR. FARNHAM: Thank you, Kent. First of all I want to make it very plain that when I'm talking about racing under medication, I'm referring solely and strictly to Butazolidin, nothing more.

I have personally undergone a gradual process of conversion during the decade of the sixties, starting from a position of absolutely against, and ending with one enthusiastically for. This was not an overnight process and time does not allow mention of even a fraction of the considerations, but I do want to briefly refer to just three of them.

First, our old standard forty-eight hour rule was unworkable, impracticable, and unenforceable; and it has been said that a rule that will not stand up in court is not a rule, it is just a bluff.

Secondly, racing economics forced training horses on Butazolidin at about every track in the country, resulting in most workouts being run on Butazolidin but the horses not racing with the same benefit, creating in my mind an undesirable situation.

Thirdly, it became very apparent to me that the same economic necessities did not apply to all tracks within a given state. Yet legally, the same medication rule must apply in the same manner to all tracks within the state. Now in the case of my state, Nebraska, we have eight to nine months of racing per year at five different tracks, ranging from Ak-Sar-Ben, our largest track with an average mutuel handle of over a million dollars a day for a fifty-five day meet, to Atokad, our smallest track, with an average daily mutuel handle of over \$170,000 for a thirty day meet. Now considering the condition of the horses available to a large track as compared to those to a small track, it was certainly far easier to race at Ak-Sar-Ben without a Butazolidin rule than

it was to race at Atokad without that rule, and I don't think that we can forget that within our framework of racing, the small tracks must have our attention as they are an integral part of our racing picture.

But even after I became convinced, we did not agree to change our medication rule until completely satisfied on two additional counts and, incidentally, this change was made four years ago. The first count was that of public confidence. Such a medication rule, even if it had the unanimous approval of everyone in racing, would be bad if the racing fans thought that it was wrong. However, surveys taken at that time and some surveys taken subsequently, which I'll refer to in just a moment, showed clearly that the racing fan was not concerned when he knew that Butazolidin was not a stimulant or a depressant and that, and it was surprising that this was such an important thing to the racing fan, that it was equally available to all.

Then the next matter of which I had to be convinced, and probably the most important, was the question of whether it was possible to draw a line. By that I mean, could a line be drawn with Butazolidin, and only Butazolidin, being placed on the allowable side of the line, with everything else on the unallowable side? It is true that other medications are similar, that others are similar with additional properties, etc., etc. I know that an argument can be made for many, so that any line drawn must necessarily be very arbitrary. Yet such a line must be drawn and that line must allow for a simple, enforceable medication rule that is sufficient to satisfy the legitimate needs of horsemen racing under our present economic system of racing, and yet meet these needs without the necessity of opening the doors to more complex medication rules which allow all kinds of medication.

To my way of thinking, drawing the line as I have suggested does fulfill that requirement. These are established testing procedures for this particular medication. We know exactly what it is, what it does and what it does not do. In short, we know enough about it so that, properly controlled, it presents absolutely no danger to the integrity of our sport.

Therefore, after being convinced on these counts, we instituted a rule in Nebraska generally allowing only Butazolidin, requiring that it be given by, or under the direction and supervision of, a veterinarian, not on the day of the race but at least twenty-four hours before post time of the first race on the day that horse would run, and also making that information available to the fans and to the horsemen. We worked closely with the veterinarians to set up the procedures and the rule, as the veterinarians' cooperation is absolutely essential for the success of such a rule; and their cooperation has been outstanding because they are professional men who, given the chance, want to operate responsibly under a workable rule.

Of course, the proof is still in the pudding, so I can only very briefly tell you what our four-year experience in Nebraska has been. Track management, racing officials, jockeys, owners, trainers, veterinarians and the racing public have been almost unanimous in their acceptance and approval. Hence, for whatever the reason, the usual arguments against the Butazolidin rule have not held up according to our experience in Nebraska. To illustrate that: first, in these four years our racing has actually been more formful statistically. Secondly, the percentage of horses breaking down in this four-year period has been less than in the prior four-year period. Thirdly, in a non-populous area and a sparsely populated state, we have registered substantial yearly gains in our attendance and mutuel handle. Fourthly, the Nebraska Racing Commission has not allowed, and will not allow, this rule to be used as a wedge to open the door to any extensive medication, any more medication. Lastly, samplings taken by the Commission show that the knowledgeable racing fan tends to believe more in the integrity of racing under a strictly enforced Butazolidin rule than he does under the old style forty-eight hour rule.

So, to paraphrase on oft-repeated statement, I personally believe that if they need any more than hay, oats, water and Butazolidin, they should be sent to the farm. Thank you.

MR. HOLLINGSWORTH: Thank you, Mr. Farnham. I can think of only one man who could deliberately breed a filly by Specialmante out of a *Quibu mare and then, to introduce his grandchildren to racing, invite them up from Birmingham on the day he beat Chris Evert. The first yearling that Fred Hooper ever brought, and one that he personally picked out, was Hoop Jr., who won the Kentucky Derby, and over the years he has put a great deal of money into racing and breeding. I know very few owners who have such a close tie with their stable as does Mr. Hooper. He is aware of what is going on in his stable. He is concerned with the economics of his stable and the welfare of his horses at the same time. He has twenty-three horses in New York and ten more in Chicago. In the past thirty years, he has raced in jurisdictions all over the country that prohibit medication and, in recent years, in states where they do permit medication. Mr. Hooper.

MR. HOOPER: Thank you, Kent. I got a little lost, but you started a little story a while ago. I wrote a little note that I was going to read a part of today, but since I gave it to you and you probably were like the clerk in the court in Cleveland, Georgia when I was about fifteen years old. The bailiff had made a search for a bank to find something they could sell to collect the loan, and the bailiff scratched something down and the Clerk couldn't read it to the Judge. So they called for the bailiff and said, "Mr. Bailiff, will you come up and read this note?" So he looked at it and he read it and said, "It looks like any set of damned fools could read that." So maybe it's good that you kept this, and I don't have it to read now because it's three days old and probably I couldn't read it.

I am going to stay away from medication for just a second. I think that the beginning at the farm is the greatest answer to this thing. If we would take more interest in our breeding and try to breed sound horses and eliminate so many of these cripples that are being bred, why, we'd come up with sounder horses. Next is trying to keep your horses what I call happy. I'm an owner who gets up in the morning at any hour, as I got up Friday morning at five o'clock and went to the barn and told my trainer, "Blow Quaze Quilt out, we're going to run her." We weren't going to run her, but decided to do so on Friday morning. We blew her out, and I'm happy I had that thought because it turned out to be very pleasant.

As many of you know, I race in the South, East, Central West and West, and have raced in states where they use medication. I am racing now in a state where they don't. I am strictly against medication for race horses, and I think it is damaging to the horse. It's just something that I don't believe in. I never go to my barn that I don't pet every horse, whether he's what you might call a bum or one that I think a lot of, and when I go to the barn they all look at me, the good ones, if I have any good ones, and the bums too. To try to keep these horses happy, in my way of thinking, is a great thing for the racing animal. There's too little care taken, I think, of horses and care, I believe, would eliminate a lot of maybe necessary medication. I'm strictly against medication for racing horses because I don't believe there is any way in the world to control this properly. There are a lot of scientists and technicians and so on in testing, but I personally don't believe you can control it if you open up the door to let horses have certain medications. I let my horses speak for themselves whether they need it or not.

I would yield part of my minutes to Mr. John Bell. He's an intelligent man, had great experience. Since we were limited to five minutes, I'm trying to keep mine to three minutes and let Mr. Bell have my other two minutes. Thank you.

MR. HOLLINGSWORTH: Thank you, Mr. Hooper. Dr. Arthur Davidson, a practicing veterinarian in Lexington, has the properly earned reputation as one of the best veterinary surgeons in the business. For more than thirty years he has treated horses with racetrack injuries. He is a racing commissioner in Kentucky, charged with the responsibility of administering harness racing, and one of the most thoughtful and knowledgeable veterinarians that I know. Dr. Davidson.

DR. DAVIDSON: Thank you, Kent. Ladies and gentlemen, it is very hard to say

anything in the time allotted so I will say very little. However, I will make some statements in here that should be enlarged upon and you'll have to go with that in any direction you want. As I see it, the use of medication in racing, in the racing horse, would, in my opinion, be for one of three reasons. First, supposedly to improve the performance or speed of the horse with some agent which would stimulate him. Of course, we have all thrown this out many years ago and will have nothing to do with it. However, there are people in racing who are still trying to find something to do just that. Secondly, we try to maintain the physical condition and performance of a horse by use of supportive medication in the nature of vitamins, fluids, and supplements given either orally or by injection. Since racing has become a year-round enterprise, there is considerable desire to keep horses in the racing stable on a year-round basis. Many of my colleagues feel, and I would in their place feel the same way, that it is necessary to use quite extensive programs of medication just to maintain form. Some of these programs carry into the day the horse is to race. This was brought out very clearly in the Kentucky area this year when our racing rules were changed and 24-hour prohibition was enforced. There was a great cry of distress by many racetrack people. Some of these programs may or may not be necessary but I will not try to judge that. Thirdly, medication may be used to alter the course of unsoundness through the use of anti-inflammatory agents such as Butazolidin or the steroids. To allow the use of or not to use this type of medication has caused most of us many hours of conference and debate. The use of such medications, referring to Butazolidin or steroids, does allow a small percentage of horses that are borderline performers because of soreness, to continue to race and sometimes to perform freely. I believe the percentage is somewhat smaller than is popularly believed. However, to fill races at many tracks, sore horses must be used. I see this constantly at some of the lesser tracks. They are racing quite sore horses. This is both Standardbred and Thoroughbred. In order to do this, the horse must have help in order to maintain any kind of performance. Back behind this at the lesser tracks is the family-type owner. The owner trains it, and the rest of his family help. Now, I personally do not like this kind of racing but we have it and I know that these people have been doing this for a number of years, depending upon these horses to support them. They love the sport and it is very hard to refuse them when they ask for medical help if it is allowed by the rules of racing. However, I will conclude by saying that I wish we could race without the use of any medication. I believe the 48-hour prohibition prior to racing is the best for the horse and for the overall picture of racing. However, this cannot be tolerated by all in racing. Many rules should be enforced as best we can, allowing limited and carefully monitored use of specified medications. Two-year-olds must have special attention in these rules as I feel they should not be raced unless sound and without aid of medication. Thank you.

MR. HOLLINGSWORTH: Thank you, Dr. Davidson. Phil Johnson has operated a public stable for many years in New York and elsewhere and has raced good horses. Like everybody else that has been around a racetrack for a long time, he too has had a lot of problems with horses. He has trained horses for the little man and for the big man, and for himself too. He has financial investment in these horses. Phil.

MR. JOHNSON: Thank you, Kent. I am going to talk about Butazolidin specifically. I am very much opposed to racing on Butazolidin. In the New York area during the summer, sixty percent of the horses on the grounds are two-year-olds. I think Butazolidin is a very dangerous preparation for racing two-year-olds and I think it makes trainers lazy. I have raced in areas where we can use Butazolidin and I have used it. I think we fail to X-ray, and I think we fail to make use of the veterinary talents that we have around us. We tend to do a lot less old-fashioned leg work, icing, tubbing, poulticing, even turning out—that is a forgotten thing nowadays.

When we get a horse going that we think is a little sounder than it was before, we start jamming the races closer and closer together, until the horse gets too sore or too smart to extend himself—not necessarily broken down, but economically ineffective.

In reference to keeping records of horses that break down, many horses that are on Butazolidin break down and even if they are not carried off the track in an ambulance to become a statistic, they cannot get out of the stall the next day. The damage is done.

The pre-race examinations which we have in New York and in a lot of states work, I think, to the benefit of the owners, trainers and the public. However, Butazolidin tends to nullify the usefulness of this examination. Many a horse that would otherwise jog sore and become a vet scratch can, when given Butazolidin the night before, jog pretty sound the morning of a race. He still might run badly and pull up sore and, to make matters worse, I could claim him. That's more dangerous. In any state or any area where the qualifications for a trainer's license are to hang around the track kitchen for two years and then pass a simple written test, Butazolidin is too powerful a drug to give such a person to play with, unless he is restricted to training horses owned exclusively by himself. At one time, Butazolidin was accused of masking drugs. We used to hear about all the drugs it would mask. You do not hear much about that any more, but at the same time, they never talk about the fact that it could mask a hairline fracture of the cannon bone or a small chip in the knee or even a slight crack in the coffin bone. Allowed to extend himself by the use of Butazolidin, a horse could spread these fractures to the point of no repair.

It reminds me of Citation when he was a two-year-old back in Chicago, and Ben Jones devised a bit. Citation was a very tough horse to gallop, and the bit was called the "Citation bit" or the "overcheck". Nobody paid much attention to it until Citation started winning. Then the tack man got rich. We all went and bought "overchecks" and we tore up a lot of mouths.

I think if you use a lot of Butazolidin, you will tear up a lot of horses. It was voted down in New York. They took a recent poll of trainers in New York, asking their opinion of the use of Butazolidin and it was voted down. I certainly agree with those trainers. Thank you.

MR. HOLLINGSWORTH: Thank you, Mr. Johnson. George Jaggard is the past president of the Association of Official Racing Chemists. He is head of the Dalare Laboratory in Philadelphia. He has been a racing chemist in Pennsylvania, New Jersey, Delaware and the Bahamas, and for steeplechasing and horse shows. He has seen the changes in testing procedures since 1930. Mr. Jaggard.

MR. JAGGARD: Thank you. A little history. In 1962, to the best of my recollection, a great deal of pressure was put upon some racing commissions to permit the unrestricted use of phenylbutazone. One of our commissions felt that they had to give consideration to this pressure temporarily and for one month previous to the NASRC Convention, while we reported many positive phenylbutazones, no action was taken.

The 1962 NASRC Convention voted practically unanimously not to make an exception of phenylbutazone and all commissions agreed to the ban. I mention this because many commissions have held the line for at least twelve years and have, I think, contributed to the best interests of racing.

Now, as to acceptable methods of medication, we know of numerous trainers who administer phenylbutazone to many of their horses shortly after a race to relieve soreness and stiffness the following day. It would seem to me that this is the proper use of the medication as far as the horse is concerned. Phenylbutazone is then administered daily for a few days, if indicated. Remember, the horse is not entered until the medication has been discontinued for at least seventy-two hours. This, in my opinion, results in a horse fit to run, and is fair to the horse and the racing public that we are all obligated to protect.

The term "controlled medication", as applied to racing with phenylbutazone in the several jurisdictions that I know of, is completely false and misleading. This is so because no attempt is made to test the horses that are supposed to be on the drug. Horses can be run "hot" or "cold" as only the winner's urine is tested. This lack of control is misleading and it's unfair to the horse and certainly unfair to the racing

public.

Now, as to the limit of recovered drug, such as one hundred and sixty-five micrograms per milliliter of urine as a basis of punishment. It is our experience that the rate of excretion after two- to four-gram doses of phenylbutazone, whether orally, intramuscularly, or intravenously, is extremely variable between individual horses during the first forty-eight hours. Therefore, recovery of fifty micrograms to one hundred and sixty-five micrograms per milliliter, in my opinion, does not indicate the size of the dose of phenylbutazone or the time of the medication within a reasonable degree of accuracy.

We have found that the amount of excreted drugs and metabolites is much less variable between different horses at seventy-two and ninety-six hours. We think that our recommendation of discontinuing the use of phenylbutazone for at least seventy-two hours before the race, and penalties based on average recovery of phenylbutazone at seventy-two hours or longer after medication, are more dependable and more fair to all concerned.

If permissive medication means, for example, the use of phenylbutazone is to be permitted, how is one going to discriminate against some other drug that has been or will be introduced in the future as a superior analgesic? There have been, to our knowledge, ten other drugs introduced in recent years that were expected by the manufacturers to be equal or superior to phenylbutazone as an analgesic and we would expect this list to increase each year. Who's to decide if a new drug is to be permitted?

Phenylbutazone, to the best of my knowledge, has been accepted after approximately twelve years of use as not having appreciable side effects such as stimulation or sedation. Many drugs, however, do have side effects if the dose is varied over a wide range. It will probably take several years to settle the question of side effects, and who is going to make this decision?

Now, permitted drugs can be abused. Only a few years ago "Lasix" was suggested as a major step forward for the treatment of bleeders. This is a powerful diuretic and reduces blood pressure. A few years ago bleeders were relatively rare. Approximately five percent or less of entries under our jurisdiction exhibited this condition. Today I believe the drug is abused and there are tracks with as high as twenty-five percent of entries claiming to be bleeders or potential bleeders. These are treated by veterinarians or someone with "Lasix" before every race. "Lasix" in these jurisdictions is being abused and could make it very difficult to detect other illegal medication. I think its use should be limited to proven bleeders.

This, in my opinion, is a good example of the abuse of permissive medication and illustrates how difficult it is to regulate a drug if its use is going to be permitted.

Masking. Chemists may as a matter of pride hesitate to admit on certain samples that the presence of large amounts of phenylbutazone, polyethylene glycol, or any other drug, might prevent the detection of other medication. In my opinion, this interference or masking is possible, particularly if the other drug is more powerful so that less of it is used and if the sample of urine is small.

These are some of the reasons why I am opposed to permissive and controlled medication. Thank you.

MR. HOLLINGSWORTH: Thank you, Mr. Jaggard. John A. Bell III was introduced to racing in Great Falls, Montana before the war. He is an owner and breeder and has raised for himself or others Battlefield, Never Say Die, One for All, and Damascus at the Jonabell Farm in Lexington. He sells yearlings, buys horses, raises horses for others, owns the Cromwell Bloodstock Agency, insures horses, and is a former racing commissioner. Mr. Bell.

MR. BELL: Thank you, Kent, and thank you Fred. I might need a minute or two. The structure of Thoroughbred racing and breeding is dependent completely upon the confidence of those people who make the entire industry possible—the people that actually go to the betting windows and bet their money on the outcome of the race.

Without their confidence in the sport and their active participation through legal wagering, both on and off course, there could be no Thoroughbred breeding and racing industry. I am convinced that most individuals bet and, of more importance, they actually go to the racetrack, because they think the sport is well regulated and is on the level and that every participant in a race is trying to win. It is my opinion that this confidence can best be gained and maintained by the abolishment of all pre-race medication. In other words, I strongly feel horses should race only when they are in or near top physical condition, and they should race without the so-called permissive medications. Horses should race on hay, oats and water, to oversimplify my position.

I'm well aware of the economics of racing from all standpoints, specifically, those of the owners, trainers and jockeys as well as the track management and state tax revenue. It is my opinion that if a horse requires medication, he should be treated accordingly under the supervision of competent veterinarians, and that a horse should not be given some medication that would permit it to race when it could not otherwise race without the medication. Horses that require medication in order to race are an actual threat to the lives of the jockeys that ride them in the race and to the jockeys riding other horses in the same race. I have seen X-ray pictures and post-mortem reports where knees and ankles of horses treated with corticosteroids have literally exploded during the running of a race. There were horses that were insured through our agency so I was more than mildly interested. The true soundness and competitive ability of a given horse cannot be determined if the horse is running with the aid of medication. This in turn results in misleading statistics on the sire and dam.

It is my contention that the breeders should strive to produce the soundest possible horses as well as the fastest. The selection of breeding stock for soundness is made much more difficult when the statistics are clouded with permissive medication. The young horses that require pre-race medication are often ruined for future racing by the owners and/or trainers trying to get one more race out of them by administering certain drugs that mask pain. If these young horses were taken out of training and were properly treated it is entirely possible, in most instances, that they would develop into sound three-year-olds and older horses rather than being doomed to a life as a racing cripple or perhaps ruined completely for future racing. I think it is much more important to the sport to have someone ask an owner, "Who's your trainer?", not, "Who's your veterinarian?" In the long run, everyone in racing and breeding gains by having physically fit horses rather than chemically fit horses competing in a race.

The drug manufacturers seem to be able to stay well ahead of the racing chemists. I feel that the only way to successfully combat this fact of life is to ban all pre-race medication and to have the rules of racing provide for much more drastic penalties for those who violate them. I am well aware that the track management, especially at the minor tracks, wants full fields for betting purposes. In many instances they can successfully fill a card only with the aid of permissive medication. However, I think it has been proven many times that the racing patrons will bet on small fields of sound horses when they have the confidence that they are betting on sound horses and on the racing ability of the individual horse and the skill of his trainer and jockey, not on the skill of the veterinarian who is able to get the horse to the post with the aid of the pharmaceutical companies. If the young horses are treated properly at the major tracks and are not abused to the point of unsoundness by racing them with so-called permissive medication, then they will be sounder horses when they drift down the ladder from the major tracks to the minor tracks or even down the ladder of racing class at the minor tracks.

I feel that the racing press, specifically, and the sporting press in general, does not understand the very complicated and sophisticated subject of permissive medication. I've only to point to the classic example of the headlines throughout the world following Dancer's Image's Kentucky Derby finish when they flatly stated, "Doped Horse Wins Kentucky Derby".

The easy way out is permissive medication. The hard way out is to permit no

pre-race medication. The easy way out will eventually lead to the complete deterioration of the sport and the industry. The hard way out will restore the integrity of the sport and the confidence of the bettors, which will eventually accrue to the benefit of all segments of the very complex Thoroughbred racing and breeding industry. Thank you.

MR. HOLLINGSWORTH: Thank you, Mr. Bell. Our last participant in this panel is Mr. Jean Romanet, who is the Director General of the Societe d'Encouragement as were his father and grandfather before him. Mr. Romanet, what is the policy and the practice insofar as racing on medication in Europe?

MR. ROMANET: In Europe we are all against drugs. The question of drugs reminds me of an old story, that of the beautiful dancer Miss Isadora Duncan, who wanted to make love with George Bernard Shaw to get a baby having his intelligence and her beauty. As you know, the great humorist refused by telling her, "Just imagine what it will be if the baby gets my beauty and your intelligence." That was not very kind but it did reveal the true knowledge of heredity. The bad part of heredity always takes the best of the good part. If it does not happen immediately, it will sooner or later.

Until now, all around the world races have been organized to keep soundness in horses and sound horses are still the aim of breeding. You are already proud of what American horses are doing around the world, but those horses are sound, with much black type in their pedigrees. If a permissive medication policy gets extensive in your country, the sales companies will have to create a new kind of type to mark drugged winners in pedigrees. I propose them to use red type.

MR. HOLLINGSWORTH: Thank you, Mr. Romanet.

One of the lines that Clarence Darrow used in his final arguments, which Henry Fonda has not incorporated in his monologue, seems appropriate here: "How do you settle whether your opinions are right or wrong? There is nothing to measure them by. Sometimes I have thought I had a gleam of truth; sometimes I felt that I had in my hands the truth, a truth that could not be disputed, that would be true forever. And then, the truth I so fondly held in my hands proved to be only an empty dream, not the truth at all.

I expect it will be this way until the end. It is not given to man to be sure of the truth."

MR. BRADY: We have time for a few questions, Kent. Any questions from the floor?

MR. HOLLINGSWORTH: May I ask for questions or disputants to raise their hands as to some point which was raised by our eight panelists? Does everybody agree with this thing? (Applause)

MR. BRADY: Apparently, yes sir.

MR. HOLLINGSWORTH: Jack DeFee, president of the HBPA.

MR. DeFEE: You made the remark, "Does everybody agree with it?" Are we supposed to debate this here or do you want us to ask questions?

MR. HOLLINGSWORTH: Mr. DeFee, any question that you feel our panelists might respond adequately to, we'd be delighted for you to direct it.

MR. DeFEE: That's all right because I don't think time will let us proceed with it. Thank you.

MR. BRADY: The Jockey Club has begun a study of the racing industry. We've had plenty of them. Do we need another one? We have undertaken this study because in the last several months we've had more and more people in all segments of the industry voice concern as to where racing is going and are we on the right course. We've heard this many times. Is it possible to know if we are on the right course? Do we know if we are on the right course? Can anybody find out if we are on the right course?

I became impressed about six months ago with a group of young men and a new approach which our principal speaker will describe to you today. They seem to have

the capability to recognize and reconcile all of the differing interests in the racing industry. So we asked them to make the study.

Our speaker today is not himself in the racing business. Professionally, he is a distinguished actuary and a Vice President of the Aetna Life and Casualty Company in Hartford, Connecticut. However, his hobby and love is racing and breeding, and the racetrack has been his consuming interest for over twenty years. I think if you give Ken Veit a chance to pick where he'd be on any Saturday afternoon, it would be at the racetrack as a fan. It's my pleasure to introduce Mr. Ken Veit.

MR. VEIT: Thank you, Nick.

Anyone who reads the pages of *The Blood-Horse*, *The Thoroughbred Record*, or *The Daily Racing Form* is aware that the racing industry has a great many problems. Many of you are quite vocal and specific in detailing the occurrences and trends which concern you: excessive taxation, runaway costs, difficulty of getting qualified people, undercapitalization, inadequate purses, spiraling prices of race horses (if you are an owner), spiraling prices of breeding stock (if you are a breeder), lack of coordination between different industry segments, etc.

But you all have different perspectives on these problems, and you don't always agree on all the causes or on the solutions. This is not unusual. Each man views the world through his own pair of glasses. Each of you is concerned primarily with what affects you.

Personally, I am not in the racing business. I am in the insurance business. But, as a businessman and a long-time lover of horses and horse racing, I've been concerned about the racing business. Last January, John Marsh, then President of the Virginia Thoroughbred Association, invited me to address that group on how a businessman saw racing. I expressed many concerns.

Warner Jones read my remarks and contacted me. Most of you know his concern for and efforts on behalf of racing through The American Horse Council. We agreed that there appeared to be a lack of an industry-wide approach to many of racing's broader problems and a distinct lack of understanding of how each segment of the industry impacted the others.

Warner put me in touch with Nick Brady who, as The Jockey Club's new Chairman, is interested in trying some fresh solutions to old problems. I told Nick about some success which my company and I had had with a unique management consulting firm (Pugh-Roberts Associates, Inc.) which specialized in building computerized simulation models of complex organizations, industries and systems in general.

These simulation models are quite fascinating. They are what are called "strategic models," and are designed to answer broad questions of the variety, "Where are we going and where will it all end?" about specific parts of whatever it is that is being studied. Although they are a relatively small firm, Pugh-Roberts has done this sort of thing for a number of the largest corporations in America, including some one-third of the top 100 on *Fortune's* list.

After some preliminary discussions, The Jockey Club has engaged Pugh-Roberts to build a strategic model of the racing industry, and I'll tell you about it as we go along this morning. Nick asked me to act as The Jockey Club's director of the study, as I am familiar with the methods to be used and know enough about racing to be able to act as an interpreter for the parties involved. Mr. Henry Weil, Vice President of Pugh-Roberts, and his associate, Dr. William Killingsworth, have already begun working on this project and are here today.

But what will this study accomplish that other studies haven't? This is the question that most people will ask. To answer that, I'll have to explain something about a simulation model and what it does.

Any system of complex and interrelated parts is full of what are technically called "feedback loops." These are nothing more than circular cause and effect relationships. For example:

Betting Handle affects
 Purse Structures which affects
 Owner Profitability which affects
 Yearling Prices which affects
 Breeder Profitability which affects
 Supply of Horses which affects
 Average Horses per Race which affects
 Betting Handle,

and we are right back where we started. Not all of these relationships are equally important and they are only a few of the many variables involved, but it gives you the idea.

Most people in one sector of any industry understand that sector quite well; their understanding of more remote sectors is often less perfect. Consequently they do not always fully appreciate the more subtle ramifications of actions in their area on others outside that area, and particularly how the responses of others to change will eventually propagate through the system to cause some changes in their own part of the business. A complex business system such as racing is a classical *dynamic* system in that it contains many of these relationships. And it is almost impossible for anyone to figure out what is happening and going to happen unless he has a mind like a computer.

Most economic and other studies of the racing industry with which I am familiar show the trend of monetary flows in only one area, the one under consideration. However, these trends affect other sectors in significant ways. While breeders and racetrack operators run businesses which are more or less subject to standard economic analysis, racing stable owners are the critical link between the breeders and the tracks. The behavior of owners, which at times has a highly emotional and sometimes seemingly irrational content, is not subject to traditional economic analysis. Rather, what we must do is to study past cause and effect relationships between the various segments of the industry to determine behavior patterns. I will explain a little bit more in a minute how this is done. However, at the moment, let me explain the chart which I have brought with me which indicates, in very rough fashion, one aspect of the kind of thing that this study will examine.

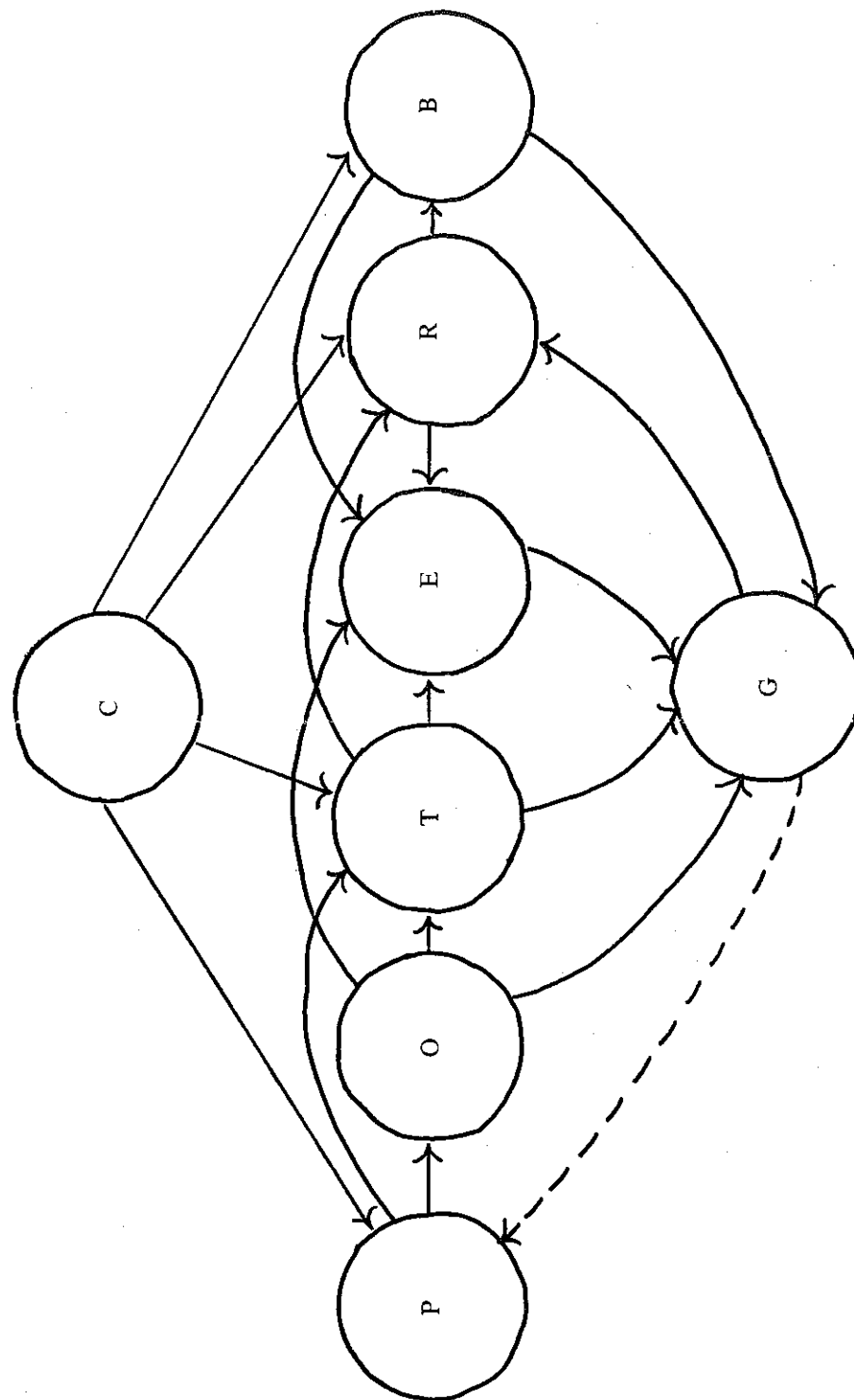
Flow of Funds Analysis

This is a chart of the financial dynamics which we find in the racing industry, showing the flows of money into, out of, and internally throughout the entire system. After all, most of racing's major concerns have to do with finances. The chart is not as complicated as it appears at first glance. Actually, the eight circles represent the eight major financial sectors which must be considered in the racing industry. The arrows between them indicate aggregate *net* flows of money between those sectors.

P = Public
 O = OTB
 T = Tracks
 E = Employees (in the broadest sense, including trainers, jockeys, stable help, track and farm employees, etc.)
 R = Racing Stables
 B = Breeders
 C = Outside Capital
 G = Government (both Federal and State)

The black arrows indicate who is paying whom *within* the industry. The blue arrows at the top indicate new outside capital flowing into racing (net of people pulling out), while the red arrows at the bottom indicate tax dollars going out of the system and into Federal and State governments. Let's look at several of these flows,

NET FLOW OF FUNDS THROUGH THE SYSTEM



starting with the T Sector. The tracks (T) receive income from the public directly and indirectly (through OTB). They also receive new capital whenever new money not already in the system is invested in construction or improvement of racing plant facilities. And, of course, racetracks pay taxes, provide jobs for many employees and also the purses which are the primary income of racing stables.

Racing stable owners (R) either use up capital generated from outside the industry or cover their expenses through winning purses. Their money goes primarily to their trainers, jockeys, and other employees and to breeders for new racing stock, with a good deal of it exchanged among themselves as they essentially trade horses back and forth. One important relationship is the red line for G to R. This indicates a net subsidy from the Government to racing stable owners as a group, in the form of tax savings. One might argue that there should be a similar flow to breeders (B). I don't know. If that is the way it turns out, the model will reflect this fact. Also, the diagram shows a net flow of funds from owners to breeders for new racing stock. Against this must be applied the proceeds from the sale of retired race horses to breeders as new bloodstock. With bloodstock prices soaring, it is possible that this flow of funds may also reverse.

Several important things become apparent from analysis of this chart. First, the continuation of an influx of outside capital—in whatever form it takes—is critical to keeping the industry afloat. The industry is chronically in a net loss position; it consumes far more capital than it generates. Therefore, things which tend to encourage new capital investment in racing are good. Trends, structures and practices which do not bring money into racing have serious long-term implications, and it is these that the study will be focusing on.

Second, the system—the whole racing industry—is “unstable.” By that I mean that there appear to be very delicate balances between the various sectors of the business which, when disturbed, result in shifts in the flow of funds which alter the balance sheets of different groups in significant ways, so much so that they must take drastic steps to cut their losses, steps which often hurt the industry as a whole.

This represents only one of many segments of the model which Pugh-Roberts will be building. Another one will be what might be termed the “population dynamics” sector which will examine what happens to horses from the time that they are foaled, through their racing and subsequent breeding careers. This is all done in terms of aggregates; it is not intended to study individuals or specific cases, except to learn something about how the system behaves in general.

What the Study is Intended To Do and What It is Not

This study is not being undertaken as an attack on any segment of the industry, nor is it an attempt to prove anyone's pre-conceived notions about any of the vital subjects which concern so many of you. This study is an attempt first to find out what will happen if natural forces continue to operate in the manner that they now do, and secondly, to try to see where action and intervention by people such as yourselves, in your various roles as leaders of the racing industry, can have an impact on the dynamic behavior of the system which may lead to different results, hopefully in the best interests of everyone involved.

Methodology

In building a simulation model, there are four steps:

- (a) Identify key participants or variables and define the relationships between them.
- (b) Fact gathering—Opinion is as important as statistical data, since the behavior of individuals is often more largely determined by their opinions as to how things are going to work out than it is by facts which they may or may not have at their disposal. (This is not to say that statistical data is ignored,

but only that opinions must be considered also.)

- (c) Quantification (in terms of where have we been and where are we now).
- (d) Testing and modification until the model can reasonably reproduce what has been happening in past years, and everyone is satisfied that the model accurately represents the dynamics of what is going on.

Such a simulation model will then enable us to ask “What if?” questions about things which have importance to you all. Thus for example,

- (a) With respect to racetracks, we are *not* going to be able to ask how successful a new track in a specific location is likely to be, or where it should be put. Rather we are going to be posing questions such as: “*What if* the trends in expansion in number of racetracks continue or change in whatever way you think it might change? What will be the total result as the effects of this change work their way through the entire industry? What, for example, will be the impact on demand for race horses which will occur, and how will this demand be met?” One of the things which many of you have told us is that there are not enough horses currently to go around, and yet many breeders do not seem particularly interested in greatly expanding their breeding operations. In addition, there are natural restraints on how fast the horse population can be expanded. It is this kind of “What if?” question which this study will address.
- (b) In the area of breeding, we are *not* going to ask questions about the importance of racing ability vs. pedigree on the stud prospects of any particular horse or horses in general. Nor are we going to attempt to answer absolute questions such as “Are yearling prices too high?” Rather, we are going to ask “What if?” questions about supply/demand implications on price levels; the implication of price levels on racing stable expectations, on the changing importance of syndications, and the increasing importance of the breeding value of race horses. I must emphasize that these questions will be asked in terms of effect on aggregates. In other words, what would be the impact on *all* of you—not on any particular breeder, but on all breeders as a group.

We will also be able to ask a question such as “Suppose that tax laws are changed adversely (in whatever way), so that yearling prices fall by any specified percentage that you think they might. How will such a change work its way throughout the system?” And, we can ask this question whether we assume the change is temporary or permanent in nature. In other words, what we are looking for is the impact over a long period of time throughout the entire industry as all of the different participants act and react to protect their interests against the adverse aspects of the change.

- (c) With respect to racing stable owners, we are *not* going to ask whether or not owners pay “too much” at yearling sales, or whether particular owners or particular trainers can make money by claiming horses at the track. Rather, we are going to ask questions like “*What if* the total number of owners is growing or shrinking at some rate? If new owners are being attracted to racing at one rate, while existing owners are dropping out at another rate, what are the implications for the entire industry?”
- (d) With respect to off-track betting, we are *not* going to ask how to get rid of off-track betting or discuss the politics surrounding this highly charged subject. Rather, the model will be able to answer questions such as: “*What if* off-track betting continues as it is, or changes its character? What will be the change in dollar flows throughout the entire racing system? Which groups will benefit, which will be hurt?”

Large numbers of people here have suggested that many of racing's problems in those areas where off-track betting exists could simply be solved by running the money through the machines at the track. But suppose that were done and suppose

that, in addition, large numbers of off-track betting facilities were set up in areas where there are no racetracks now. This would dampen the demand for racetracks in those outlying areas, and this would have an impact on the demand for horses, which in turn would have a negative impact on breeders, etc. Where the system would finally reach equilibrium, and how everyone would finally make out—better or worse—is almost impossible for the human mind to work out. But it is quite simple for a computer if the model is properly built.

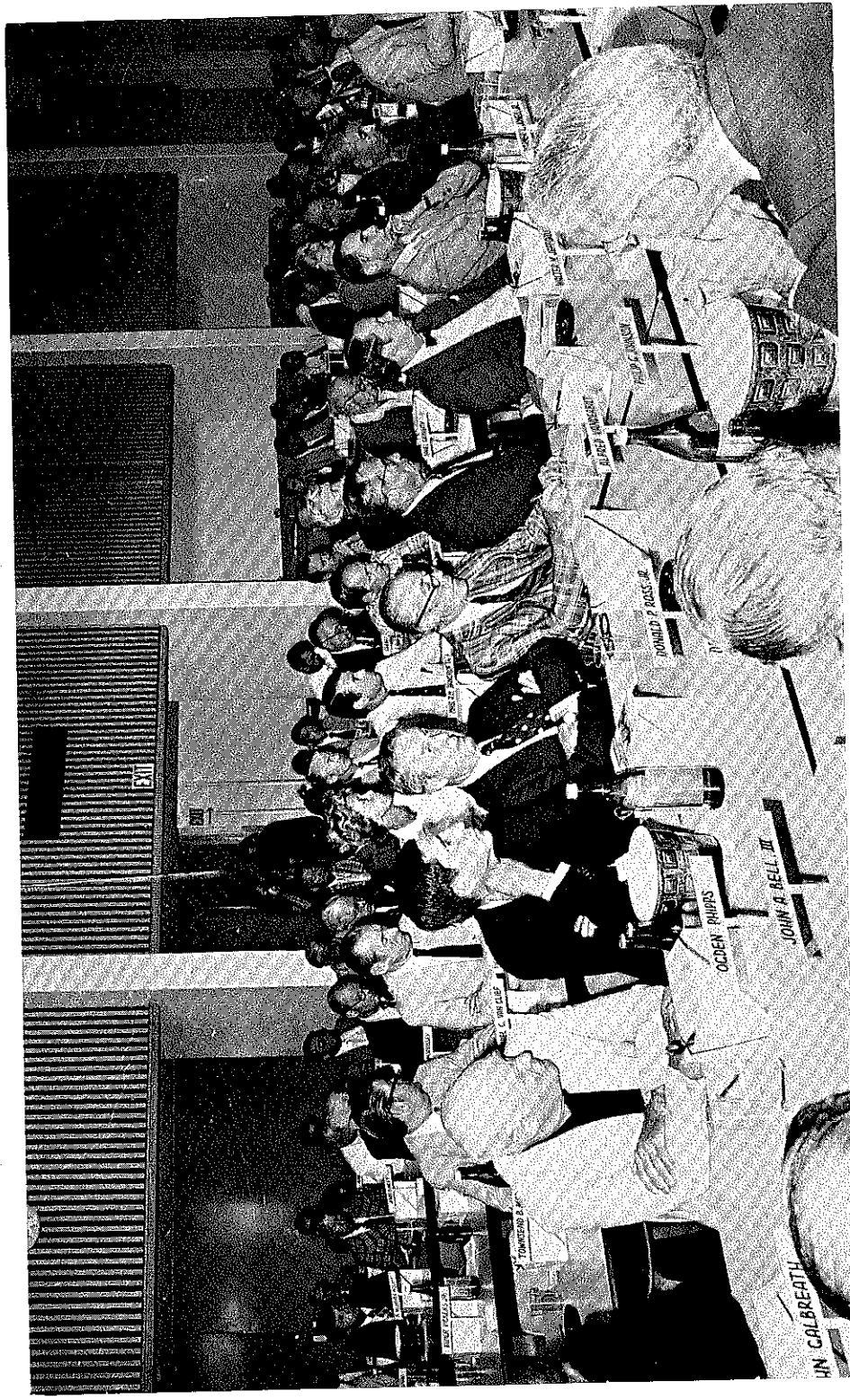
Most of the questions which we will pose do not have answers which are intuitively obvious. And in many cases, answers which seem quite plausible will be seen to be wrong when all of the critical relationships have been considered, simply because the deferred impact of some of the relationships are not fully appreciated. For example, everyone asks the question: "Are recent yearling prices sustainable?" The answer to this question depends not only on obvious things like purse structures and buyer expectations with respect to getting their money back through racing or breeding their purchase, but more importantly on who is buying and whether or not the money which is being used to pay for these yearlings represents new capital coming into the industry or a recycling of the money that has been in the system previously, and is merely changing hands. It is this type of analysis which the model will be able to make.

As I mentioned earlier, Henry Weil and Bill Killingsworth have already begun work on the model. They've been interviewing dozens of racing people around the country and will be talking to many more in the months to come. The model should be completed around the end of the year. The results will then be reported to the Stewards of The Jockey Club.

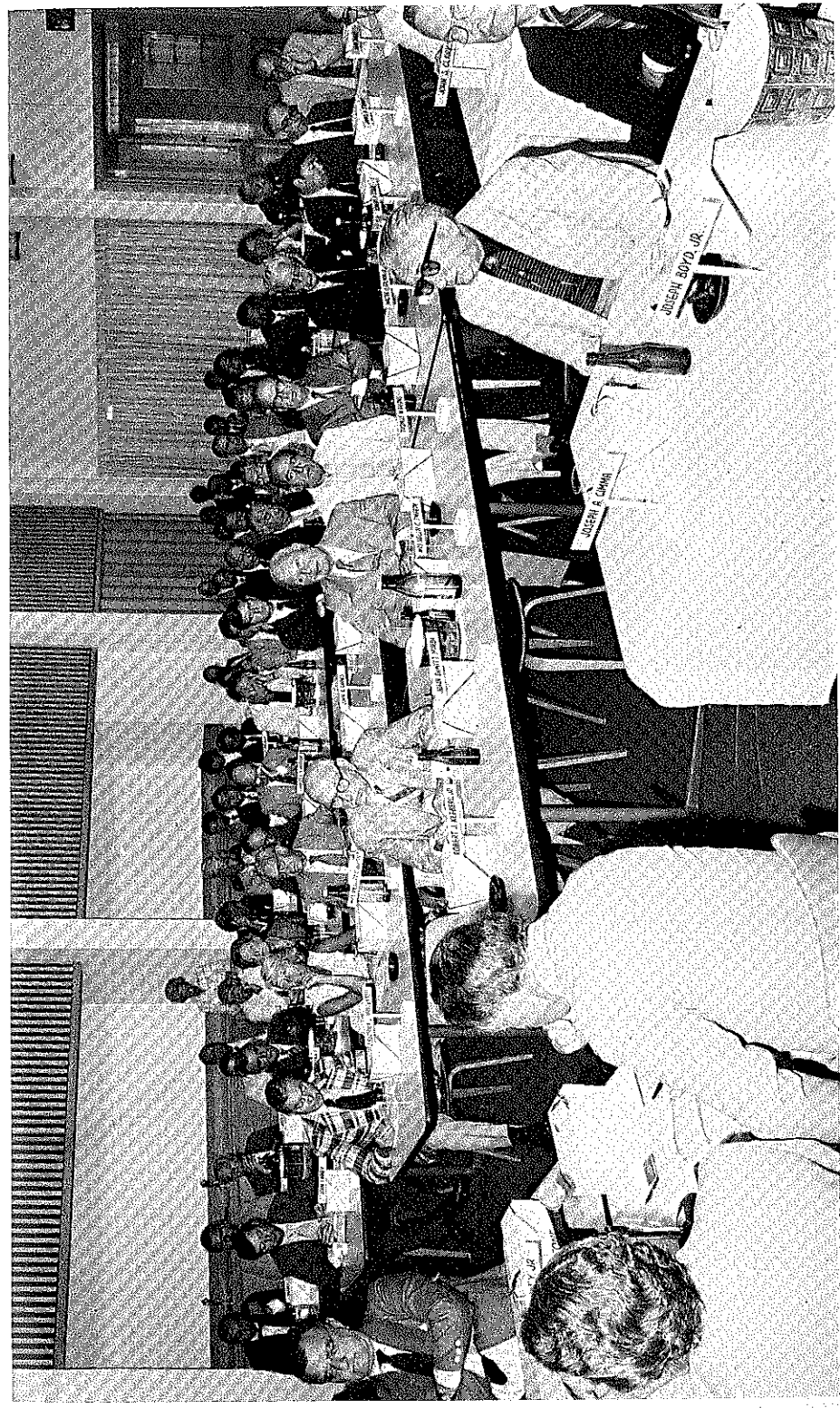
MR. BRADY: Thank you, Ken, and many thanks to Kent Hollingsworth and Lynn Stone, and all of our panelists. The bar is open and you are all invited to lunch on the Clubhouse at the Terrace.



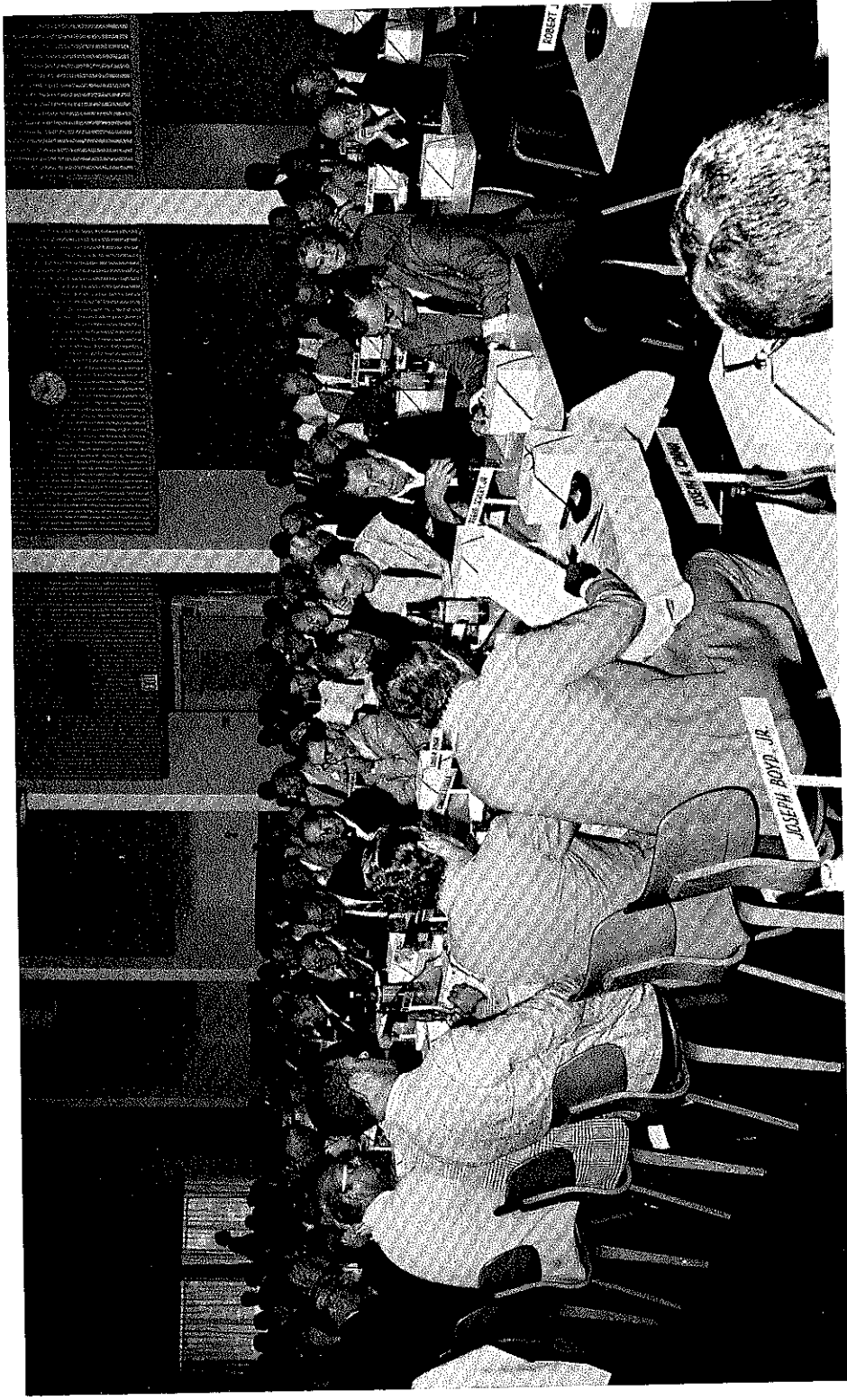
A view of the Conference in session



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A view of the Conference in session



A view of the Conference in session

(photographs by Bob Coglianese)