COMMENT: NO TO THE CAP

By Bill Oppenheim.
This article also appeared in the Blood-Horse magazine of September 21

The Jockey Club has asked for public comment on the proposed cap of 140 mares for stallions for which they are the registry. I will outline six reasons why this proposal should not gain traction, but also I have three suggestions which could merit further discussion.

First, we have the luxury of operating in an international business-without-borders, essentially unregulated except for requirements like health and transport across borders (at least pending Brexit, in Europe). The best horse can come from anywhere, and the finish line means there is always a time where the talking stops. From the point of view of an analyst like myself, any artificial intervention in a marketplace which is not health-related, or safety-related, is unwelcome, because it has the potential to confuse the picture. This would particularly be the case when one country institutes a protocol which is not in effect everywhere else.

Two. Restraint of trade. There is no doubt a good amount of law which would apply to this proposal, and it is above my pay grade to comment on it. The Jockey Club is the breed registrar but to the extent they aspire to make decisions about which thoroughbreds should be registered and which shouldn't, is that really a decision they should be making? The Jockey Club advocates policy in a vacuum created by the structure of the gambling business, which is (unfortunately) devolved to the states.

Three. Take us with you. It has the scent of backroom decision-making. Public comment is fine, but the only way to establish whether there is consensus for such proposals is a serious formal poll of individual breeders and stallion owners – one person, one vote. If The Jockey Club then comes to the industry and can show that 75%, or whatever the decisive percentage would be, support this initiative, then they can cite public backing. Otherwise, not. That's my first suggestion: a proper poll.

Four. Narrowing the gene pool? Here we have a proper morass of conflicting evidence. Yes, 15 sires were responsible for 75% of the yearlings catalogued in Keeneland Book 1. Guess what? 340 yearlings sold for an average of near enough $500,000. There were 42 yearlings by American Pharoah catalogued in Book 1; 26 of them sold for an average of $675,577; for the sales season so far, he has had 34 yearlings average $618,128, and even his median is $325,000.

There have been 40 yearlings by Into Mischief sold, for an average of $461,565 and a median of $350,000. Sure, there a lot going to be sold for a lot less from here on out, but cutting down the number available and/or offered doesn't mean the ones selected will be better than the ones declined.

The whole concept of 'narrowing' or 'diluting' the gene pool is a minefield. Horses are rarely if ever a blend of their pedigrees anyway; more typically they 'throw back' to something in a pedigree. The fact that great non-Phalaris lines like Ribot, Princequillo, and Hyperion are disappearing from pedigrees, well, it's too bad, but it was happening before the big books. Lyphard and Nijinsky are under threat as well. But the fact is, the names change but the physical types and the aptitudes do continue. As long as Galileo, Sea The Stars, and Frankel are star European stallions there is no danger of the thoroughbred turning into a bunch of 6-furlong rabbits: the combined average of 21 horses by these three stallions which finished in the first three at Royal Ascot this year was 12.0 furlongs. This 'narrowing of the gene pool' is a phoney war.

Five. If the US Jockey Club invokes a unilateral cap on stallion books, what will prevent a flight of sires to Europe, Japan, and Australia which will likely further shrink the American foal crop? One person familiar with the discussions taking place supposed "once it is successful in America, other jurisdictions will follow suit". I doubt that; more likely they will capitalize on America's new restrictive policies to add to, or upgrade, their own stallion bases. If The Jockey Club wants to prevent a flight of stallions to other countries they would be well advised to ensure it's a worldwide ban, not simply a national one which will result in American breeding painting itself farther into a corner than it already has.

Six. The law of unintended consequences to which John Sparkman referred in his piece supporting the ban. The claims which are being made as to the potential results of this policy proposal are further proof that no one really has any idea what would actually happen, other than that there would be some distribution of mares which are now bred to 140+ stallions, to other stallions. How would that play out? They're guessing.

I said I would make three suggestions. The first, as mentioned above, is to do a serious poll of breeders and stallion owners and managers to gauge the actual level of support for such a radical move. My second suggestion is to organize a voluntary cap, not a mandatory one. In fact quite a few farms already have a cap on the number of mares they will allow their stallions to breed, and presumably they do so because they think this will keep both stud fees and foal values higher – and they may well be right. There's nothing to stop a group of farms from lining up to announce such a decision and implementing it.

My third suggestion is, if The Jockey Club and a number of farms believe there should be some kind of cap, then cap at 140 the number of mares stallions can breed in their first year. That might force more mares to stallions in their second to fourth years, which are still before there is any racetrack evidence for or against them. We know there is a 'normal' downward diagonal from the second-fourth crops, this could be a way to counter that now well-established trend. After all, the only other big group of sires breeding 140+ mares are the really successful ones; by proposing to limit those sires The Jockey Club and their friends would literally be penalizing the owners of those horses which have evidently become 'too successful'. That would certainly suppress future investment, especially in America.

Neither the international nor the domestic thoroughbred marketplace is in need of fixing, and Book 1 of Keeneland September proved it again. There are not too many Into Mischiefs, American Pharoahs, and Uncle Mo's, otherwise people would not be paying literally hundreds of thousands of dollars over and over again for the progeny of these sires as prospective racehorses. There is not some ominous narrowing of the gene pool, there are simply dominant lines which are always going to be susceptible to desired outcrosses. What are you going to tell me, there is too much Northern Dancer in the breed? Really? So what if Phalaris becomes like Eclipse, and Northern Dancer becomes like Phalaris – these things happen a hundred years apart. We humans, it seems, interfere with nature in innumerable ways, not all good. This proposal is an unnecessary, unjustified, and unwelcome intervention with unpredictable consequences. It should be rejected.

The Bill Oppenheim Group
www.billoppenheim.com

Bill Oppenheim
bopp@billoppenheim.com

Dr. Emily Plant
Emily.Plant@gmail.com

Brianne Stanley
bristanley1@gmail.com