

# THE ECONOMIC CLUB

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O F W A S H I N G T O N, D. C.

**Adam Silver, NBA Commissioner, discussed the overall state of the  
NBA and the future of the league.**

**Adam Silver  
Commissioner  
National Basketball Association  
Thursday, May 9, 2019**

DAVID M. RUBENSTEIN: We're very pleased to have Adam here today. And what I'd like to do is just start a little bit with your background, introduce everybody about your background. But you have been the commissioner since 2014, and you had spent 22 years at the NBA office before that. And before that, you were a graduate of the two best schools to go to in combination – Duke University and the University of Chicago Law School, right?

ADAM SILVER: Which you happened to go to as well.

MR. RUBENSTEIN: Right, right. So, you can't do any better than that. So, let's just start with the NBA today and how it's doing. And honestly, since you've been the commissioner, revenues are up, ticket sales are up, TV viewership is up, the owners' value of their teams is up by about three times. So, are you adequately paid for the job you're doing, do you think? [Laughter.]

MR. SILVER: I am. And, by the way, I noticed you charged today for tickets for this event. And I think this is the first time people have ever paid to hear me speak. So, I want to make sure you tell me where the money goes.

MR. RUBENSTEIN: Well, we give them a refund – we give a refund is possible. [Laughter.] But I'm sure they'll be very pleased with it. So today the NBA, it seems to be at its peak. Right now, it's very popular all over the world. Why do you think it is that NBA basketball is so popular around the world, whereas our Major League Baseball and professional football isn't quite as global a sport?

MR. SILVER: Well, I think part of the reason is that it's been an Olympic sport since the 1930s. I think that's made a big difference, and that it's a sport that has been played around the world. It was actually invented by Christian missionaries in – you know, James Naismith was a Christian missionary, and the game was – shortly after it was invented in Springfield, Massachusetts, brought to China. And so, it's been global since its earliest days.

And I think when you think of the two most popular global sports, I don't think it's an accident that both involve round balls, one you kick and one you shoot – use your hands. And I think there's almost something evolutionary about it, about round balls. And I think most people, even if you're not a basketball player, if – you know, whether it's you're, you know, balling up paper and shooting it into a garbage can, or your little – I have a young daughter. When she sees a ball, she kicks it, or she picks it up and she throws it. And I think part of it is the simplicity of the game. I always say, I mean, for people who grew up in the States, there's a reason they use basketball in gym class, because it's a way to get all the kids quickly involved. It's, you know, at least, again, incredibly difficult to master, but at least the concept of it is to – you know, you dribble the ball and then you shoot it into the basket, and it doesn't require a large amount of space. You can practice it on your own. Parents encourage it, and administrators and coaches, because it requires you being physically fit. And lastly, it's a team sport.

And I think, you know, from – and this is where we've had a lot of success outside the United States because it's often the government that is running – you know, I was saying, the U.S. is one of the few countries where there isn't a Cabinet-level person who's a sports minister. I mean, most countries where we do business there's a minister of sport that I deal with. And

there the government plays a large role in deciding what sports the populace is going to be involved in. And I think because of the values of this sport, because of physical fitness, and especially because it's a team sport, it's something that societies think is very important in getting people to learn to work together.

MR. RUBENSTEIN: So today are there any more franchises that might be for sale, by the way? Is there any – [laughter] –

MR. SILVER: Not that I'm aware of.

MR. RUBENSTEIN: Not that you're aware of. OK. But some of the people that have bought these franchises have done extremely well. People who bought, I think – let's say the 76ers were bought a few years ago for 3-or-\$400 million, the Bucks for maybe 4- or-\$500 million. And when Steve Ballmer came in and paid \$2 billion for the Clippers, were all the other owners happy because it made their team look more valuable, or not?

MR. SILVER: Yes, they were happy. [Laughter.]

MR. RUBENSTEIN: OK. OK. And today –

MR. SILVER: But, and since Steve bought the Clippers two teams have sold for more than he paid, the Houston Rockets and the Brooklyn Nets.

MR. RUBENSTEIN: So, one of the most difficult things you had to do after you became the commissioner was to, in effect, ban the then-owner of the L.A. Clippers. Was that a tough decision for you?

MR. SILVER: Yes. I mean, I think people may not realize it, but he's the only owner who's ever permanently been banned from a sport. And it's difficult because I, in essence, work for the owners. I work for the owners collectively; I don't work for any one owner. But my job is to do what's in the best interest of the league. But those are my 30 bosses, and he was someone – as you said, I had been with the league for almost 22 years before I had become commissioner, and he had been an owner from before I even – I had joined the NBA. So, he's someone I had known for a long time.

So, it was difficult. I mean, I had no doubt that it was the right thing to do. But also, as you mentioned, I had only been commissioner for a short time. And I think – you know, I've said this before – in some ways I think it was better that I had only been commissioner for a short time because it seemed so straightforward to me. I think the longer you're in the job the more you see nuance. And not that I wouldn't have banned him five years into the job, but to me I sort of had my head down. And as people here may remember, that the tape that came out, the recording for which he was banned, came out, you know, in the middle of the night L.A. time. So, I was in New York, so I didn't hear it till Saturday morning, and he was banned on Tuesday. So, I mean, he received NBA-style due process, but I think in most walks of life people – you know, to think that from beginning to end that was four days is – was remarkable.

MR. RUBENSTEIN: Well, his – I think he paid probably less than \$100 million when he bought the team many, many years earlier. It was in San Diego then.

MR. SILVER: I know that's the way you look at it, but he made a big profit. [Laughter.]

MR. RUBENSTEIN: I know. So, well, my view is, is the –

MR. SILVER: But I don't think, frankly, from his standpoint – he's an extraordinarily wealthy guy. And you know, I don't think his reaction was look how much money I just made. The team was worth that regardless of whether he sold it.

MR. RUBENSTEIN: OK. The family didn't call you up and say thank you for doing that?

MR. SILVER: No.

MR. RUBENSTEIN: No, they didn't do that. OK. [Laughter.] So –

MR. SILVER: But I understand that's how you look at it. [Laughter.]

MR. RUBENSTEIN: Well, it's – private equity. So, what about – another tough decision you had to make is when North Carolina had its bathroom rules and there was legislation in the state,<sup>1</sup> you banned the NBA All-Star Game from going there. Was that a tough decision?

MR. SILVER: Well, so, in essence, I banned the All-Star Game. But what I did was we, the league, made a decision that we would not play our All-Star Game in North Carolina while that law, HB2, was still on the books. And you know, you and I first met when you were the chairman of the Duke board and I'm on the Duke board, so we both do – in essence, are involved with North Carolina. So, I was very aware of what was happening beyond just the fact that we were bringing an All-Star Game there. And I think we made a decision – not that it was our right to direct a state how it should run itself, but that that law was inconsistent with the core values of the league, no different than what Donald Sterling<sup>2</sup> said was inconsistent with our core values.

And so, we – you know, as I pointed out to people at the time, we weren't boycotting North Carolina. We still had a team, owned by Michael Jordan, Charlotte Hornets, that were playing in North Carolina, a minor-league team that was still playing in North Carolina. But we decided for an event like an All-Star Game, which is a celebratory event, that given that there was a large part of the community that wasn't feeling welcome both within North Carolina and those we would expect to come to North Carolina from outside of the state, we made a decision to move that game. And then, as you know, a new governor came in, Roy Cooper, and the law was changed, and we returned to North Carolina.

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<sup>1</sup> House Bill 2 - The Public Facilities Privacy & Security Act, a 2016 North Carolina statute that required, among other things, transgender people in public facilities to use the bathroom that corresponds with the gender listed on their birth certificate. The bathroom portion of the statute was later repealed.

<sup>2</sup> Former owner of the Los Angeles Clippers (1981 to 2014), referred to earlier in conversation.

MR. RUBENSTEIN: So, on a decision like that, would you make that decision yourself or do you call some of the owners up and say what do you think, and – how does that work?

MR. SILVER: I call lots of owners and say what do you think. No different with Donald Sterling. It's not something that we have a – took a vote on. I mean, I think it's – and it's not just owners that I call. I mean, of course I speak – spoke a lot to Michael Jordan because he owns the team in that state. He's from North Carolina. I spoke to some of our Duke friends before I made that decision. But I also spoke to not just our Players Association, who are our partners, but many of our players are from North Carolina. In fact, Chris Paul, who's the president of the Players Association, is from North Carolina. Steph Curry<sup>3</sup> is from North Carolina. I wanted to make sure that they understood why we were making that decision. I spoke to many of our corporate partners. I remember Ken Chenault, American Express; Indra Nooyi, who was then the CEO of Pepsi; large sponsors of the NBA. And Mark Parker, CEO of Nike, I spoke to him at the time to understand his feeling. But then I feel once I take that information in it's my job to make that decision, and not to say I did it because or to suggest on a controversial decision that it wasn't my responsibility.

MR. RUBENSTEIN: One of the controversial things in college basketball has been the so-called one-and-done situation, where college – or high school players go to college for one year, more or less, and then they get drafted into the NBA. Are you in favor of continuing that one-and-done policy? And what would you change it to if you did change it?

MR. SILVER: It's interesting. So, when I first became commissioner five years ago, I announced that I thought the minimum age for entering the NBA should be 20 instead of 19. Roughly 11 years ago we changed it from 18 to 19. And that has to be collectively bargained with our Players Association, so that's an area where I don't have the unilateral right to make a decision.

I'd say then, once I became commissioner and became more aware of how the one-and-done situation actually worked in operation, sort of how the recruiting worked, then there's obviously been some very high-profile criminal proceedings around sort of college sports right now. And then, in the middle of all of that, Mark Emmert, the head of the NCAA, appointed a commission that included or was chaired by Condoleezza Rice to look at lots of issues involving college sports, but particularly to focus on the one-and-done situation. And ultimately, Condoleezza Rice and her commission recommended to the NBA and our Players Association that we return to the 18-year-old entry age. And I would say that had a huge impact on me, that together with a better understanding of what is happening to these top players in that it's hard even to see it as a full year in many cases in college. Most of them leave once the tournament is over. And so, I have changed my position.

It's a tough one because not all the teams agree with me on this, because you could argue that in the – in the pure self-interest of the NBA we are better being at 19 or 20. Because if you asked an NBA GM who has to scout those players and make a really difficult decision on who they should draft in many cases, they would much rather see that player have competed against top-notch competition in college for even two years or even three years than just in high school,

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<sup>3</sup> Wardell Stephen "Steph" Curry II plays for the Golden State Warriors.

where it's more difficult to tell. So, it's one where I think it would be 50/50, frankly, if I polled our teams. But I've changed my position to 18. The Players Association has historically been that it should be 18. But there are a bunch of issues that need to be worked through between us and the Players Association, so it's something we're in active discussions with them about.

MR. RUBENSTEIN: So, it's a couple years away from – it's a couple years away?

MR. SILVER: It's a few years away. I think also, in fairness to teams that have already traded picks, and also in terms of those young men, my – what I've said previously is that if we are to make the change, I think the first season that it would make sense to make that change for is 2022, in part because that's the current class that's just, in essence, finished their freshman year in high school. And the cohort is pretty well-known. I mean, lots of these young men may move from, you know, 10<sup>th</sup> projected pick to third projected pick, but there aren't that many surprises in the cohort. And so, if there was no longer an issue of eligibility – because remember, now because of NCAA regulations, we can't be involved with that cohort of players right now. So, if the rule were to change, we and our Players Association, USA Basketball, other groups would work much more directly with those young players to prepare them for the NBA at 18.

MR. RUBENSTEIN: I mean, the one-and-dones, after they finish the NCAA Tournament, they're not finishing their classes?

MR. SILVER: I don't want to say that's the case for all schools, but it's the case with many of those players, understandably because the moment they – look, I think that's the whole hypocrisy in a way of the one-and-done program. Those top players are being recruited by those schools as the best path to being a top draft pick in the NBA. So, once they – once they finish their collegiate career after one season, they are fully focused on preparing for the NBA Draft, so whether or not they're still going to some classes...

And remember, I mean, just to put it in context, for a player coming in – for a top player coming into the NBA, let's say a top-10 pick that's going to come into next year's draft, given our pay scale now, and assuming the NBA continues to prosper, and assuming that player stays healthy and plays around where the expectation is that player will play, that player just in salary alone is going to make well over \$200 million. So –

MR. RUBENSTEIN: Well, let's talk about that. [Laughter.]

MR. SILVER: So, the stakes – it's hard. It's hard, I think if you were that parent or guardian, to say to that player it's more important that you go to three more classes as opposed to preparing for such a critically important decision, I think it – and I think that's where the hypocrisy lies.

MR. RUBENSTEIN: OK. So, in terms of the money, though, when you're drafted in the NBA and you are a lottery pick – and we'll talk about that in a moment – you have – you get paid – the maximum you can get paid for three years is what? Is there –

MR. SILVER: There's a scale now. There didn't used to be when Tom<sup>4</sup> came into the NBA. But now we negotiated with our Players Association a rookie scale. So, the number-one pick – I may be off slightly – will enter into a three-year contract at roughly \$10 million a year in salary.

MR. RUBENSTEIN: And then after the three years is over, they've made \$30 million. Forget the shoe contracts. Then they can get into whatever contract the market will allow.

MR. SILVER: Right.

MR. RUBENSTEIN: And you have a maximum contract, so-called. What is that?

MR. SILVER: So, we have a salary cap system, and within – it's a so-called soft-cap system for the team, but then there is a maximum an individual player can make. And incidentally, you can see how that would work in collective bargaining because if there's a fixed pool of money, in essence there's negotiation among the players that a star player should only take so much out of the system. So right now, that's about \$35 million a year.

MR. RUBENSTEIN: For three years or something.

MR. SILVER: No, no. So, well, it's \$35 million a year. You can enter into a five-year contract with your own team.

MR. RUBENSTEIN: All right, five. So, five years –

MR. SILVER: But it goes up every year, yeah.

MR. RUBENSTEIN: Five years times 35 is the so-called max contract. That's what they can get.

MR. SILVER: Roughly, yes.

MR. RUBENSTEIN: OK. And if you're a superstar, your shoe contract could be \$100 million over six, seven, eight years?

MR. SILVER: Or more.

MR. RUBENSTEIN: More. OK. Take college athletes like Zion Williamson, who presumably shortly will be the number-one draft pick, a Duke student – not graduate yet, but eventually he'll graduate.

MR. SILVER: He hasn't gone to Chicago yet, though.

MR. RUBENSTEIN: Right, right. [Laughter.] But in his case do you think people like Zion should get paid by the colleges to play? Or should they just kind of say, well, we're here for

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<sup>4</sup> Charles Thomas "Tom" McMillen is a retired professional basketball player, Rhodes Scholar, and Democratic U.S. Congressman from the state of Maryland.

education reasons or to get ready to be pros, we don't want to be paid? This was a controversy that arose when he was injured this past year.

MR. SILVER: You know, honestly, it's such a complicated issue. Of course, they are paid, in essence. I mean, they are – they're on scholarship. They get all kinds of benefits by virtue of being at the school. I don't – I don't think there's an easy answer, which is why Condoleezza Rice and her commission suggested those players come directly to the NBA. I mean, clearly, there is an enormous amount of revenue being generated around them. I think you and I both know by virtue of being on boards of those schools that it's money that's reinvested into other athletic programs and still – and still doesn't pay for itself, which might surprise people.

MR. RUBENSTEIN: Well, the truth is virtually no college athletic program, with the exception of two or three schools, actually is profitable.

MR. SILVER: Right.

MR. RUBENSTEIN: They all have to be subsidized by the university.

MR. SILVER: Right. But –

MR. RUBENSTEIN: Even Duke is completely subsidized by the rest of the university.

MR. SILVER: But we would both agree that's not necessarily the measure of the market value of those players.

MR. RUBENSTEIN: Right.

MR. SILVER: And I think part of the reason, you know, an economist would say there's so much corruption around college sports is presumably that that player is worth more to the school than that scholarship, which is why markets are broken. So, you know, I don't want to allay the issue completely. I think the complication also comes in terms of if you're paying Zion, do you pay all his teammates? Do they all make the same amount? Are there individual negotiations? Do you pay the women's basketball team the same amount because of Title IX? Do you pay non-revenue sport players the same? And I think it's one reason why – and I understand why the college community wants those players to come directly to the NBA as a result. But college football presumably has many of the same issues.

MR. RUBENSTEIN: What about the board of trustees people who are – they should get paid too, right, for helping to support these athletic programs? [Laughter.] No? That probably won't happen. [Laughter.]

So, in terms of the – you're going to –

MR. SILVER: You keep coming back to the same theme. [Laughter.]

MR. RUBENSTEIN: Well, it is professional basketball, but OK. So, let's go to the lottery and the draft. For those people who are not aficionados of college basketball and professional basketball, what is the lottery system and what is the draft system? And how long has it been in place?

MR. SILVER: The lottery system has been in place since the early '80s, and the purpose of the lottery is to take those teams that don't make the playoff and determine the order in which they're going to pick. And the reason why we have a lottery is because, just as you and I are talking about, those top draft picks are so valuable to teams that, again, an economist always – when they look at our system they always say, don't you guys know you have it all backwards? You've created an incentive to be bad. You've created an incentive to race to the bottom because Zion Williamson is so valuable – just assume we didn't have a lottery and it would – you have a team that won zero games because – [laughs] – they'd say whatever it takes to get Zion, that's going to change the fortunes of our franchise.

So we have a lottery that we instituted in the '80s which – we changed the odds again for this season, which I think is the fifth time we've changed the odds, and we're always trying to calibrate that balance between on one hand allowing the teams that are most in need of a top pick – the very purpose of a draft – to get that pick as against incentives to lose. So, we're at the point now where the teams with the – the three teams with the worst record in the NBA have a 14 percent chance of getting the top pick now.

MR. RUBENSTEIN: OK. Now, if you want to – and if you weren't in the worst three, you'd have a lower chance than 14 percent. So, there are some people who say that some of the teams, in order to be one of those three bad teams, do something that's called tanking, which is to say that they try to lose games. I know that's hard to believe, but they want to have a bad record – and some teams are good at having a bad record – [laughter] – so they can get a better draft pick. Do you think there is tanking? And –

MR. SILVER: Well, my response to that is – not trying to be coy – is that, to me, tanking, exactly as you said, it suggests a team is intentionally trying to lose, meaning the coach and the players are in on it and they're told we don't want to win this game, don't win this game. What actually happens is maybe the euphemism is rebuilding, but there it's where a team – and I think this is legitimate to a point – that a team has a starter who they believe is not going to take them where they want to go, and they take – they trade that player away knowing they are going to get worse by virtue of trading that player away, but they will be rebuilding their team. And a legitimate way to rebuild their team is through the draft. I think that's very different than setting out and saying to the players – who, incidentally, have no incentive to go along with tanking. If you're a player in the NBA, you have every incentive to want to win. And so, the issue then becomes – I mean, there is an issue in terms of minutes for players, arguably. That's something players don't have control over.

But listen, the very nature of why we have the lottery, we understand there is an incentive for teams to race to the bottom. And do I think there's still – that race continues? Absolutely. And by changing the lottery odds to 14 percent it's still clear that some teams think it's in their

best interest to go through a rebuilding program rather than doing everything they can to win in that season.

MR. RUBENSTEIN: But if an owner came to you and said, look, I really want to be in the lottery, and I want to have a terrible team, and I've told my players don't work too hard, and you can call it tanking, would you fine that person if an owner actually said I am tanking? You would fine that person or not?

MR. SILVER: And I won't say his name, but I did fine an owner two years ago for saying publicly that he had that discussion with the players, that maybe – over dinner, maybe it wasn't in our best interest. He said – you know, he said it wasn't exactly what he said. But there was an owner who was fined for having that exact conversation.

MR. RUBENSTEIN: OK. So, there's another phrase that's come along. "Tanking" is a word that, you know, people maybe have gotten used to, but there's another one I wasn't that familiar with. It's called "load management." Now, that means –

MR. SILVER: That wasn't around when Tom was in the NBA. [Laughter.]

MR. RUBENSTEIN: Now, load management means that players don't really play that much compared to what they could play. In other words, they want to rest themselves up or maybe they just want to take a day off. What is that –

MR. SILVER: I think you're overstating it a bit. I mean, load management, this concept, I mean, it is what it sounds like. It's in terms of managing the load on players, the load being the amount of minutes they play. I would say most of our top players are still playing virtually every game. I mean, there's actually an article in The Wall Street Journal today about Kawhi Leonard, about how – that he – I forget the precise number of games, but I think he missed something like 20 games this past season. But I think what the story, it – they say it, but what is unusual about Kawhi is he missed almost the entire prior season, so he was recovering from an injury almost the entire season. And what people are pointing to right now is that he's playing great. I mean, they haven't won anything yet, but you know – and he's playing a lot of minutes in the playoffs. And that article suggested that maybe that's a strategy other teams should be following. But I would also say with the Philadelphia 76ers, Joel Embiid missed almost the same amount of games this season and it – we'll see what impact it has on him.

So, I just think load management has come more to mean in the NBA – it may mean that, you know, every, you know, 15 games or something like that you may not play. And I'd only say, I think even from a fan standpoint, from a league standpoint – and the science is not quite maybe what people may think it is here – I think we all thought in terms of our best players if legitimate resting of players resulted in them being healthier in the playoffs, healthier longer, able to continue their careers longer, I think we'd be in favor of it. This last issue is, though, then, as a league, we may need to revisit the number of games in the season because maybe in the modern NBA – we've had an 82-game season for roughly 50 years, and maybe it's too many games on the players' bodies.

MR. RUBENSTEIN: And you have publicly said before maybe you could change it and maybe it would change the all-star situation. Could you explain this? The all-star situation is now to give players more rest, let's say you have a one-week All-Star Week. You've suggested maybe get rid of the all-star game and do something else. What did you have in mind?

MR. SILVER: Well, what I have suggested there, I think the concept of all-star games has changed a lot certainly since I was a kid. And I remember watching all-star games in all sports when I was a kid when you pretty much only saw your team. If you grew up in New York and you were a Knick fan or a Yankee fan or whatever else, you would see your team and you'd see that other team when they came to play, but you didn't have what in our league we call it League Pass. I mean you can go on your phone or your tablet now or your television and if you're a fan of the Golden State Warriors you can watch every game. Provided you want to stay up late at night, you can watch every game they play. And when the All-Star Game came around in the old days, it was like, wow, I'm seeing all these – my heroes. I'm seeing them all out on the court. I hardly ever get to see these players.

And frankly, these players didn't know each other as well because they didn't, at least in our sport – now when – and I'm with our draftees when they come together on draft day. They've all – the top cohort of players have known each other since they were 12 or 13 years old.

And what's happened now in our all-star games, because of so-called load management, in essence, it's not as much the players; in many cases it's their teams telling them when they go out for the All-Star Game, they're like, hey, have fun but don't overdo it because they want them to get rest and even more importantly they don't want to get – them to get injured playing in what's in essence an exhibition game.

And my point has been – you know, we've tried some tweaking it. We now have players as captains; Giannis Antetokounmpo in the East and LeBron (James) were captains. We had a television show where they picked their teams. And it was kind of fun and people – and we thought, with social media, the players would get a little bit more into it. But bottom line, what I'm saying is if they don't – if they and their teams don't really want to play an exciting All-Star Game, at the end of the day we got to put the fan first. This is a business. And if in response fans are going to say this isn't all that interesting to me, I see these guys play all the time, we got to come up with a new concept.

And one of the things I've thrown out there is that maybe – and taking a page from international soccer, where they play for a lot more than one championship. I mean, people have pointed out, you know, our championship trophy is the Larry O'Brien Trophy, former head of the Democratic National Committee –

MR. RUBENSTEIN: One of your predecessors.

MR. SILVER: – whose office was broken into in Watergate. [Laughter.] So, the Larry O'Brien Trophy. And it's unusual. In international soccer, they play for different cups throughout the year. And what I've said to our teams is that maybe, for example, we should maybe shorten the

number of regular-season games and have a midseason tournament. And my predecessor – we'll call it the Stern Cup, and we should play for the Stern Cup in the middle of the year, and the Larry O'Brien Trophy is something for the – for a tournament that in essence runs throughout the season. I'm only saying that we have to look at other concepts. At the end of the day, you know – it was something I said recently – especially as the television marketplace is changing and people are moving away from a pay bundle and they're in essence making elections every day in terms of what they want to watch, if that – if an All-Star Game as a result of actions that we're taking as a league is less interesting to our fans, we have to adjust.

MR. RUBENSTEIN: What does David Stern<sup>5</sup> think about that idea?

MR. SILVER: We haven't talked about it.

MR. RUBENSTEIN: OK. So –

MR. SILVER: Although I have a feeling, he might like the Stern Cup. [Laughter.]

MR. RUBENSTEIN: OK. So, in terms of the draft, the draft is – the lottery is next week. You're going to have the lottery. You're going to pick who's going to be in what lottery pick and then the draft. And the draft, you have two rounds. Is that right?

MR. SILVER: Right.

MR. RUBENSTEIN: In the old days, when I was much younger, you had, like, 25 rounds. Why do you only have two rounds?

MR. SILVER: Yeah, we – you know, we used to have, I think, long before my time we had 20 rounds, and then I think in the '80s, you know, at some point we came down to seven rounds, and then three rounds, and then it became – we went to the – to a two-round draft in the late '80s.

The reason we went to a two-round draft, I think, again, the NBA maybe as opposed to some other sports, the top players – and it's part of the reason why we have the issue with our draft lottery – the top players are so valuable and make such a difference to the team that that's really where all the focus is. And furthermore, in terms of a team's ability to rebuild, the more players a team can stock, the more difficult it is for another team to acquire new talent. So, the notion is that if you have – right now the question that you're – is a follow up is that roughly 25 percent of the players in this league were not drafted.

MR. RUBENSTEIN: Twenty-five percent.

MR. SILVER: Twenty-five –

MR. RUBENSTEIN: Twenty-five players.

MR. SILVER: Twenty-five percent.

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<sup>5</sup> David Stern is the former commissioner of the NBA.

MR. RUBENSTEIN: Oh, were not drafted?

MR. SILVER: Twenty-five percent of the league – 25 percent of the players in this league were not drafted in our two-round draft. And that cuts both ways. On one hand, if you had more rounds, you'd create incentives for a team – if I had that player locked in, even though they're not starting or maybe don't get any minutes, I would be incentivized to develop that player. On the other hand, that player is not available to then go to another team. So, you just try to strike the right balance.

MR. RUBENSTEIN: OK. So, let's talk about the players themselves. You have 15 players allowed on a team. You have 30 teams. Is that right?

MR. SILVER: Yes.

MR. RUBENSTEIN: So, there are 450 people, more or less. How many of those players play more than five years in the NBA? The average player in the NBA is three years, four years, or?

MR. SILVER: The average career is seven years, but much longer for our – for all-stars. Probably the average career for an all-star is closer to 13 or 14 years.

MR. RUBENSTEIN: So, when the players are completing seven years on average, whatever it might be, do they actually have financial problems, or they've made so much money that they can coast the rest of their life? Or how do you deal with players and the amount of money they're getting and what they do with it?

MR. SILVER: A player coming into the league now is – the average player in the league this year is making \$8 million. So, by anyone's math, if you average seven years in the league, you should be set for life – maybe not private equity style, but – [laughter] – set for life. And to the question –

MR. RUBENSTEIN: Private equity are never set for life but go ahead. [Laughter.]

MR. SILVER: To the – to the question do they have financial issues, I know in certain cases they do because I know some of those players who have financial issues, some who didn't make nearly the kind of money players are making now but players who made a lot of money who either were taken advantage of or didn't invest it wisely. It's something that we work, you know, very hard on with our Players Association, directly with our players. We, of course, don't have control over their money. They're our employees, but –

MR. RUBENSTEIN: But you give them counseling sessions? Is that available?

MR. SILVER: Of course, we have counseling.

MR. RUBENSTEIN: OK.

MR. SILVER: And we have – there's a – we have a pension plan. Something, you know, I'm very proud of it that the team owners and the Players Association did together in our last round of collective bargaining, we now provide health insurance to every player who's ever played in the NBA. So, we went back, retroactively. So, anyone who's ever played in the league now has lifetime health insurance. And we also have a program – a needs-based program where if a former player comes to, in essence, a council comprised of the league and the Players Association and says I'm in – I'm in need of assistance, we provide that. But it's an ongoing issue because you can imagine that if players are coming in at even 19 or possibly 18 and you're given a lot of money, I don't think it's a function of being an NBA player, I think young people generally tend not to be as responsible and think they're going to live forever.

MR. RUBENSTEIN: So, if you are one of these players and let's suppose you're a superstar high school player and you can't make any money in one year you might play at Duke or Kansas or someplace. Why do they not go to Europe for a year and then come back? I know one or two players have done that. Why do they not – why do not more of them do that?

MR. SILVER: Some of them do. The fact is the market's not that great in Europe. I mean, it's –

MR. RUBENSTEIN: They don't get paid that much, or it's –

MR. SILVER: I mean, I think where – basketball is most popular largely in Southern Europe. You know, you think of, you know, Greece traditionally, Italy, Spain. Their economies aren't great. There was – the, you know, comparability to the NBA was much better in the sort of old days than it is now. There aren't – I mean, many do. It's actually – more players are playing in China now, top players who can't make the NBA, than in Europe.

MR. RUBENSTEIN: You have 450 players, more or less, now.

MR. SILVER: Right.

MR. RUBENSTEIN: And you're not thinking of expanding beyond 30.

MR. SILVER: Not at the moment.

MR. RUBENSTEIN: OK. So, 455 – 450 players. How many of them do you think have college degrees?

MR. SILVER: Boy, I – you know, a small percent. I don't know, but a small percent.

MR. RUBENSTEIN: OK. And how many of them –

MR. SILVER: Because even if you're not one and done, many are coming out after two years or coming out at three years. And 25 percent of our league is made up of international players, and there almost all of our top international players became pro at – many of them 14, 15, 16. So none of them went to college.

MR. RUBENSTEIN: So, the racial composition of the players is roughly what?

MR. SILVER: Roughly 75 percent black.

MR. RUBENSTEIN: And the rest is European or white American, something like that?

MR. SILVER: Yeah.

MR. RUBENSTEIN: And the Latin American and Chinese –

MR. SILVER: Small contingency of Latin Americans.

MR. RUBENSTEIN: OK. And – OK. And today, of your owners, the owners, you have a very small number of minority owners. It's harder, I guess, for a minority owner to exist or to buy a team, there's not as many opportunities?

MR. SILVER: Yeah. I mean, you know, I'd say if you follow the money, I guess, in terms of – as you said, by definition you have to be a billionaire to own a team in the NBA right now. Of course, Michael Jordan owns a team in the NBA. We have an owner I'd say of color, Vivek Ranadive, who was born in Mumbai, India, and made a fortune in Silicon Valley and bought the Sacramento Kings.

We do have several players who have smaller interests in teams. Grant Hill, our Duke friend, owns a significant piece of the Atlanta Hawks. David Robinson owns a piece of the San Antonio Spurs. I mean, Shaq owns a piece of the Kings. So, there's some great stories. But in terms of majority ownership, you have to be extraordinarily wealthy.

MR. RUBENSTEIN: So how come you don't have very many Jewish players, I notice? There's not that many Jewish players. [Laughter.]

MR. SILVER: I'm not sure.

MR. RUBENSTEIN: Is there discrimination against all the good Jewish players? OK. So, the rules of basketball – the rules of basketball were set when James Naismith more or less invented it and, obviously, they've changed and over the years you've changed your rules. But the three-point play now is by far the most important part of professional basketball because more teams are just using three-point shots. Is that a concern to you that so many teams are just focusing on three-point?

MR. SILVER: It's not a concern and I think it's opened up the game in many ways to skilled players who, when the game was more physical, probably wouldn't have been able to compete in the NBA. I mean, certainly, even in the '90s when I first got to the NBA when you think of, like, for example, the Knick team of Anthony Mason and Charles Oakley it was a much more physical game and I think a finesse player like Steph Curry could never have been as successful in those days as he is now.

I mean, it's an open issue whether there's too much three-point shooting now. I would say – I mean, for a long time, again, in my, you know, first 20 years in the league, generally, in a forum like this the question would have been isn't there too much dunking. And so, you know, I get it and now people want to say maybe there's too much shooting.

I do think, though, what I love about great shooters is that for the most part, you know, you have to, obviously, have a – be incredibly skilled and that's a function in part of DNA but it's also a product of how hard you're willing to work at it, and I think that if you have aspects of the game where you're only as good as the effort you put into it, that's something you do want to reward.

MR. RUBENSTEIN: You're not going to have a four-point play or there's not – if you're further out than the three-point? You're not going to do that, or?

MR. SILVER: You know, I'd only say when – I remember I went back and read that when we adopted the three-point shot, Red Auerbach said the sky has fallen and, you know, the world's over. So, I don't want to be the one sitting here saying never, ever, ever will there be a four-point play.

MR. RUBENSTEIN: But –

MR. SILVER: But nobody's talked about it in –

MR. RUBENSTEIN: But anybody talking about –

MR. SILVER: – in any of the meetings that I've been in.

MR. RUBENSTEIN: What about a one-point if a dunk is – you know, if you're seven-foot tall dunking is –

MR. SILVER: Well, there is a one – I mean, for a free throw, you know, you get one point. There's – technical fouls is a one-point shot. So, I mean, I'd say one thing about the NBA. I mean, as compared, let's say, to baseball, which I think is much heavier into tradition, although Bud Selig, when he was commissioner, made some significant changes – I think in the discussions we have it's less about tradition and more in terms of what will improve and make the game better and I think that if – you know, we're constantly looking at the data and we have, you know, obviously, very precise information not just on three-point shooting – exactly where on the floor are those three-point shots being taken.

You know, there's the corner three versus, you know, the three, you know, sort of from the middle of the court and, you know, they're different distances right now. And so, I don't want to say we would never make adjustments. It's things we look at and we want to make sure the game remains attractive to fans.

MR. RUBENSTEIN: Now, your referees are – they seem to be in pretty good shape. Sometimes they're, you know, not 20 years old but they seem to be – you require them to exercise a lot. They don't seem to have pot bellies. They seem to be really in good shape. They

–

MR. SILVER: I hope that's not the best you can say about them. [Laughter.]

MR. RUBENSTEIN: Well, they – well, they know the rules too, but –

MR. SILVER: They don't have pot bellies. [Laughter.]

MR. RUBENSTEIN: Well, they seem to be – for guys their age they seem to be in pretty good shape.

MR. SILVER: I think so.

MR. RUBENSTEIN: But are there women referees now?

MR. SILVER: Yeah. Absolutely. By the way, that's – we have – we have three female referees right now and I think it's an area, frankly, where I've acknowledged that I'm not sure how it was that it remained so male dominated for so long because it's nary the game where physically, certainly, there's no benefit to being a man as opposed to a woman when it comes to refereeing and, in fact, you know, we're now – in terms of the last group of referees that we hired into the league, and they came from – our development league is called our G league – two of the last five officials that came in were women and the goal is, going forward, it should be, roughly, 50/50 of new officials entering the league.

MR. RUBENSTEIN: Let's talk about –

MR. SILVER: Same for coaches, by the way. I mean, the program, too. There's no reason why women shouldn't be coaching men's basketball.

MR. RUBENSTEIN: How is – [applause]. OK. That's from – I guess from all the men in the audience who are applauding that. But so how does it work in terms of fans? The percentage of your games which are sold out – is that a large percentage or –

MR. SILVER: Our arenas are – this past season were, roughly, 93 percent full. So, a lot of our games are sold out.

MR. RUBENSTEIN: And so, if – what's the cheapest price you could pay to go watch an NBA game?

MR. SILVER: There are still some arenas that have – that have kept a select few \$10 tickets, but it's pretty rare in the league.

MR. RUBENSTEIN: Hard to find them.

MR. SILVER: Right.

MR. RUBENSTEIN: You don't go on StubHub to get those, I guess.

MR. SILVER: Right. Well, it's – actually, it's interesting. It's the one place you can get them because the way the secondary market works, regardless of what people paid for a ticket, if it's one minute before the game – it's the way the market works – and you want to unload a ticket you're going to take whatever you can get for it. So sometimes on StubHub you can find tickets that are priced below the face value of the ticket.

MR. RUBENSTEIN: What's the most expensive? Let's suppose I say I happen to want to go watch the Knicks. I want to sit right on the court. I mean, I want to be right next to the coach.

MR. SILVER: I think their courtside tickets are close to \$5,000 a ticket.

MR. RUBENSTEIN: A ticket? A night?

MR. SILVER: Yes. Yes.

MR. RUBENSTEIN: All right. So, explain this to me.

MR. SILVER: And by the way, you can't even get them. I mean, they're sold out.

MR. RUBENSTEIN: Well, somebody one time gave me one for the team here and I sat – they have a thing here in Washington where you can sit right behind the bench and you're right behind it. I don't know what they cost. I sat there and the coach was in the way and I kept saying – [laughter] – hey, can you get out of the way – I can't see anything. But he didn't listen. But OK.

MR. SILVER: You know, by the way, we get that complaint a lot and it's not just –

MR. RUBENSTEIN: Oh, really? It wasn't just me?

MR. SILVER: Because we now – our teams sell – sometimes I look over at the bench, and the assistant coaches often have suits on, and then you have people coming from work weekday nights right after the game and they have suits on, too, and there's no line between where the assistant coaches are and the fans. And then often a lot of the head coaches get up and they walk back and forth, and you can see people are – and then – and they then complain to the league office and they say that your coach is standing in front of me.

MR. RUBENSTEIN: Well, what do you do about that?

MR. SILVER: You know, we say to the coach, move around a little bit while you're coaching so you're not blocking your customers' view. [Laughter.]

MR. RUBENSTEIN: OK. So, now, if you want to go to a game on a spur of the moment, do you go to StubHub, or how do you get a ticket? [Laughter.]

MR. SILVER: I have a pass. I do. I –

MR. RUBENSTEIN: You can go to any? And where do – where do you get – you can't sit –

MR. SILVER: We have – but the truth is –

MR. RUBENSTEIN: Can you sit right in the front?

MR. SILVER: No. I don't – I don't sit on the floor. We have – the league office has four – we call them commissioner seats – for every game.

MR. RUBENSTEIN: OK. So how does –

MR. SILVER: But they're back about 10 rows or so.

MR. RUBENSTEIN: Like, the L.A. Lakers, how does it happen that Jack Nicholson and other movie stars happen to get these seats right on the floor? I mean, is that they want them to be there or they just got lucky?

MR. SILVER: You know, incidentally, it's – and all the credit goes to the former now-deceased owner of the Los Angeles Lakers, a guy named Jerry Buss, who was really – you know, he ran an incredible franchise, had an enormous number of championships. I think over the – it's an incredible record – over the, roughly, 30 years that he owned the team I think they were in the finals almost 50 percent of the time.

I mean, it was quite incredible what he did, and he was fully – he was one of the first owners who did it on a full-time basis. I mean, that's what he did. He bought the team and he ran the Los Angeles Lakers. In addition to, you know, fielding incredible teams, he, in essence, invented – we even call them in the league now – the Jack Nicholson seats. I mean, he came up with that idea of putting a celebrity courtside and he –

MR. RUBENSTEIN: And did that celebrity pay for that or they kind of got a discount?

MR. SILVER: You know, I don't know what happened in the old days. Now they pay for those tickets. But I don't know what his arrangement was. But for – you know, and Billy Crystal famously is a huge Clippers fan but – and it began in L.A. but it happens in other communities now and, you know, I was watching – Aaron Rodgers was sitting courtside at the Bucks game I was watching the other night and he actually has a small ownership interest in the Bucks, but that I think people like to see other well-known people, celebrities, sitting courtside.

But Jerry Buss also invented the dancers, the Courtside Club. I mean, he brought all this innovation to the modern NBA.

MR. RUBENSTEIN: How many owners today are full-time owners?

MR. SILVER: Very few.

MR. RUBENSTEIN: All right.

MR. SILVER: I mean, I'd say in this market – I mean, Ted Leonsis does a lot of other things but he's not – you know, he runs an enterprise, Monumental Sports, also the Capital – Capitals, also the Mystics, and he's an investor. But he, in essence, is the CEO of his own organization. That's rare. Many of our owners, whether they're running private equity firms or running huge companies – Dan Gilbert, Quicken Loans – that, you know, they hire CEOs to run their teams for them.

MR. RUBENSTEIN: OK. So, let's talk about one serious issue that I didn't really address before. You've said that players have depression and melancholy and they feel isolated. Can you explain, you know, somebody's making \$50 million a year. They seem to be, you know, well respected by everybody. Why are they so depressed and isolated?

MR. SILVER: Well, in all seriousness, what I've said is that when I – in talking about our players I said they are no more immune from mental illness than any other sector of our society and I think – I'm sure people in this room know families firsthand that, regardless of how much money you're making or your position in life or your family, that in some cases it's chemical, in some cases environmental, but that it cuts across, you know, all socioeconomic groups.

And what's changing, though, in our league – and, again, I think this is – it's wonderful that players are now willing to talk about these things – we had two high-profile players, DeMar DeRozan, when he was still with the Raptors, and Kevin Love on the Cleveland Cavaliers, who came out publicly and said they were suffering from depression and had issues with anxiety, and I don't think – I'm sure, you know, and I know firsthand they weren't the first players in our league suffering with issues like those but they were certainly the first players while they were current players in the NBA to talk about it.

And I think what – and I've heard from so many mental health professionals that when – it really goes to the heart of your question – when people who are perceived as having everything and then especially in something – professional sports where there's a certain machoism associated with it and a certain perceived toughness that – and I think the stigma, historically, has been suck it up, right, and you're not tough if you're dealing with something that's not physical.

The fact that these players are talking about it not only has had a huge impact on other players, and as I point out to other players, the important thing is if you have these issues to get help. It's not to be going public about it. That's sort of a completely separate issue. But I think, even more importantly, for our youth programs now because the kids will follow the NBA stars, that when a young kid sees that a star is talking about it, it gives that coach the ability at any level to say to a player, come talk to me if you're – you know, if you're nervous, if you're – if you can't sleep, if you're having difficulty dealing with your thoughts, and it's been a sea change. And so – and where – you know, when originally our junior basketball programs were

literally just about basketball skills like keep your elbow in and shoot this way and this is how you play defense, and then we morphed those programs into more about physical fitness in addition to basketball skills, and now in the last year we've added a mental wellness component.

It's been incredibly well-received by people throughout the country, you know, who – because I know from the letters we get and from the mental health professionals we work with that kids are now coming in and saying, wow, this NBA player is able to, you know, raise their hand and say, you know, I'm suffering. I need help. You know, regular kids feel comfortable doing that as well.

MR. RUBENSTEIN: So, have you heard – let's suppose – [applause] – the Supreme Court has said that sports betting is more or less going to be legal. Essentially, it's legal. So are you worried that – in the 1950s and so on in the college sports we had sports betting – shaving. People were – because of the odds or related to the point spread – are you worried about that in the NBA?

MR. SILVER: I'm always worried that we could have a scandal of any kind, certainly one involving sports betting. I think that we are better off with a regulated betting framework than keeping it all underground and illegal, and I know firsthand as the league that, you know, the Supreme Court decision has only been in – within the last year and now something like eight states have now legalized sports betting.

Our preference would be that there would be a consistent federal framework, because if you're a league and you're potentially dealing with 50 different states and all their different requirements, it becomes a huge burden for the business and it's also a bit of a race to the bottom among the states sometimes from a regulatory standpoint.

But putting that aside, in terms of our concern, that like any public market just if you think of NASDAQ or the New York Stock Exchange, part of their ability to ferret out illegal activities from the algorithms that show when there is deviations that caused their computers to, you know, issue red flags and say that something aberrational has happened here, when everything is illegal, other than having, in essence, tipping services and relationships, we can't know those things.

So, I think it's better that it be transparent, regulated, you know, and controlled and authenticated, and this way also people are betting with their credit cards, so you know who they are. And it's been not only legal in, obviously, the state of Nevada for a long time but for decades in Europe, and I have learned a lot from our counterpart soccer leagues because they are – they've worked and lived in regulated betting frameworks for a long time and they have much better controls than we do.

MR. RUBENSTEIN: So, would you like to own a piece of the betting profits in the league?

MR. SILVER: Not the profits. I think our proposal is – I mean, it's been a bit controversial. But, you know, we've proposed that we receive something that I've called an integrity fee and some people said, oh, that's a euphemism for you just getting a royalty, and I'm saying, all right,

call it a royalty. You know, my view is this year the NBA will spend, roughly, \$8 billion creating the NBA.

I mean, we'll generate around \$9 billion and we spend about \$8 billion, and my feeling is as the creators of the intellectual property and the organization in which the burden of regulation has been imposed on us by the states – I mean, again, this is – you know, the Supreme Court did what it did and now states are doing what they're doing – legalizing sports betting. They are now imposing a set of requirements on us in terms of how they expect us to protect the integrity of the product.

And so my view is we should get a fee not off the profits, because I don't want anyone to think in any way that we're incentivized for a particular team to win or for a game to go or for a particular score or for, you know, seven games instead of six games or whatever else.

But, yes, I feel as a business matter we should share in the proceeds.

MR. RUBENSTEIN: OK. Is every team profitable in the NBA?

MR. SILVER: No. Probably close to three-quarters of the teams are profitable.

MR. RUBENSTEIN: So how do the tickets work? If you are the L.A. – the Golden State Warriors – I think they make, like, \$3.5 million a game – a home game – do they keep all the revenues from the ticket sales from their home games?

MR. SILVER: There's something we call a gate tax of 6 percent that goes to the league office for administrative costs. But other than that, they keep the revenue from their regular season games. A little bit different formula in the playoffs. I mean, there's a little bit of nuance to it. But, in essence, 25 percent goes into a fund as opposed to 6 percent during the playoffs.

MR. RUBENSTEIN: And the sports paraphernalia – the equipment and the jerseys – who's the most popular player in terms of jersey sales?

MR. SILVER: I think – the last I looked I think LeBron may still be the number-one jersey seller. Steph Curry is up there. James Harden –

MR. RUBENSTEIN: And does the NBA get all that revenue or they share it with the players or –

MR. SILVER: Everything is – in essence, the way our system works we are partners with the players through a revenue-sharing system and the revenue share is what sets the cap. So, I mean, there are exceptions to this. It's not quite the gross. But we – the pool of money comes in. Fifty percent of that money goes to the players. They are guaranteed to get 50 percent, and the way our cap determined – I mean, again, I'm really simplifying it, but we take their 50 percent and we divide it by 30. That's our team salary cap.

MR. RUBENSTEIN: In all of business, you don't usually have salary caps. Like Google and Facebook, they don't have salary caps. So, they just pay whatever they want – the market is. Why don't you just get rid of the salary caps and let the owners pay whatever they want and what the market is?

MR. SILVER: The view is – first of all, it's collectively bargained with the players. But, number two –

MR. RUBENSTEIN: The players would be happy with that probably.

MR. SILVER: – because we think part of what we're selling is competition.

MR. RUBENSTEIN: OK.

MR. SILVER: And so, the notion is that through a draft – I mean, the draft is the same thing. Typically, in a business – in competing businesses you don't take your worst-performing competitor and say, here, take now the best new employee – we want you to have that employee. We also have revenue sharing and we take our poorer-performing teams and we – and the better-performing teams write them checks to keep them in business.

So, the notion is here that the product is NBA basketball, not an individual team.

MR. RUBENSTEIN: Are you OK when teams have three or four superstars? Is that good for the league?

MR. SILVER: You know, it's an interesting question. I mean, I think, to me –

MR. RUBENSTEIN: That's the first one you said was interesting that I did. [Laughter.]

MR. SILVER: Well – no. Well, I – to me, it depends how that team is developed. I think that most people would agree if you draft those players and you develop them into superstars, that's a good thing. I think that in a situation where a superstar is joining a team that is already a so-called loaded team and a great team, that I think people, in terms of wanting parity in the league, that's not ideal.

I don't want to take anything away from the Golden State Warriors because that's the team, of course, I'm talking about. But I think that's where the collective bargaining agreement comes in, because the collective bargaining agreement isn't just designed to determine how much players make but to create competition without the league. Because, think about it, if you're a player being drafted into the NBA, you don't want to be drafted by a team that has no chance of winning either.

MR. RUBENSTEIN: If you're a Golden State Warrior and during the season as a player on the Golden State Warriors or the L.A. Lakers, are they allowed to go have dinner with somebody on the opposing team and socialize, go to parties with them, or is that not allowed?

MR. SILVER: They are allowed to do whatever they want socially with players on other teams. They can't do that with management of other teams.

MR. RUBENSTEIN: OK. And now you have a big presence in China. So that's been – why does the – China, a big country – why do they need the NBA to have an NBA kind of business there? Why don't they just do it themselves?

MR. SILVER: I'd say they don't need the NBA and, in fact, Yao Ming, former NBA great, is my counterpart now in China. He is – he runs the Chinese – I don't think his title is commissioner, but he runs the Chinese Basketball Association, which is both their league and their national team. And as I was saying before, it's really – I think that next tier of great players now are increasingly going to China as opposed to Europe because they're paying greater salaries.

So, they definitely don't need the NBA. I think, though, that from a consumer standpoint, from a fan standpoint, they want to see the best basketball. I don't think it's any different than in the U.S. We have an MLS,<sup>6</sup> a great U.S. sports league, but plenty of Americans are watching La Liga or Bundesliga or the English Premier League on television or on whatever device. I think it – we have incredibly popular athletes and fans want to watch that basketball.

MR. RUBENSTEIN: You're never going to have a commissioner one-on-one kind of thing with him, right? One-on-one –

MR. SILVER: Definitely not with Yao Ming.

MR. RUBENSTEIN: So, what about Africa? You recently announced you were doing something in Africa, and President Obama was said to be involved. What is that?

MR. SILVER: So right now, you know, your question before about where our players are from, we have 35 players in the NBA right now who were either born in Africa or one of their parents were born in Africa, and we've been – three of the last four summers we played games in Johannesburg over the summer with NBA players, collection – not with teams but a collection of NBA players, and we increasingly have a very popular business in Africa, especially as a media business.

So, we made a decision, working with the African Union, with President Kagame from Rwanda who just stepped down as head of the African Union, to create a league in Africa, and we're in the process of forming it now. And to your point, you know, does Africa and China need us? Does Africa need us? We're creating an independent league there of competition and the purpose is to continue to foster the development of the game.

MR. RUBENSTEIN: So today, you have an eSports league, in effect, eSports is – can you explain what eSports is and eSports basketball?

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<sup>6</sup> Major League Soccer

MR. SILVER: So, I mean, eSports is, in essence, you know, computer sports – you know, virtual sports – and in the NBA there is a popular video game called NBA 2K, and when people play that game, you’re playing NBA characters. You are Steph Curry. You are LeBron. We created a separate league where you’re not playing the NBA players. You’re playing your own avatar, and these are professional athletes no different than NBA athletes, and they try out. We had a draft and we have 21 teams now in the NBA who have created these, you know, virtual teams.

So, you have, you know, the Wizards here and they have other – Ted Leonsis has other investments in eSports as well, but he has a Wizards gaming team, competes against Knicks gaming and these are – again, these are not athletes playing NBA players. They are competing five on five in a virtual basketball game.

MR. RUBENSTEIN: Is it profitable?

MR. SILVER: It’s not – it’s not profitable yet. But it’s growing quickly. And back to the point about the style of the game, what I love about it, it truly democratizes the game because, true, height is relevant, obviously, to the game of basketball. This, you have – essentially, any body part, any body style, any person, man, woman, or whatever else can compete in this league in their avatar, you know, in basketball.

MR. RUBENSTEIN: Why is women’s basketball not profitable?

MR. SILVER: It’s not popular because it hasn’t developed into a strong consumer business yet. I mean, it’s increasingly –

MR. RUBENSTEIN: Is the NBA subsidizing?

MR. SILVER: It’s increasingly popular at the college level. I mean, I don’t – I wouldn’t – I don’t like to call it subsidized. I’d say we are investing in women’s basketball right now. We have a WNBA. It has 12 teams. The NBA owns 50 percent of the league and the 12 WNBA owners own the other 50 percent, and I’d say even though the league has been in existence for 22 years, we’re, in essence – we announced we’re doubling down on it. We believe in it and we believe we can turn it into a successful business.

MR. RUBENSTEIN: So, lots of people are watching that say, I’d like to be NBA commissioner. How do you get to be NBA commissioner, really? Do you – I mean, did you grow up saying, I want to be NBA commissioner?

MR. SILVER: I didn’t grow up wanting to be the commissioner. I don’t even think I had any sense of what it was.

MR. RUBENSTEIN: You went to Duke, but you did not go to Duke on a basketball scholarship.

MR. SILVER: I definitely didn’t, and I’m pretty sure that when – even when I went to law school if somebody had asked me what the NBA commissioner did, I would have said he hands

out – he hands out rings and, you know, and sets the schedule. I wouldn't really have even understood the job.

MR. RUBENSTEIN: When you graduated from the University of Chicago Law School you clerked for a federal judge.

MR. SILVER: I did.

MR. RUBENSTEIN: Then you went to Cravath, Swaine & Moore –

MR. SILVER: I did.

MR. RUBENSTEIN: – a well-known Wall Street firm. And then how did you go from there to the NBA? Because a lot of young lawyers who are not happy practicing law would love to go work for the commissioner of the NBA. How did you do that?

MR. SILVER: Honestly, I got incredibly lucky. I had worked at Cravath for about two years and decided that – I was working – at the time, one of Cravath's big clients was Time-Warner and I was doing – working on a lot of media cases at the time for HBO in particular and I became fascinated with the media business. And while I was working on a particular litigation, I was following what was happening in sports media and the move of sports to cable television, really, you know, and it was Ted Turner, in essence, through TBS and then TNT who was leading that charge.

And David Stern, then the commissioner, was at the forefront of that movement, and David Stern had worked at Proskauer in New York, which was the same law firm that my father had worked at, and I didn't know David but I wrote him a letter and asked him if he could give me some advice about transitioning from law into a media job, at the time having written the letter not even thinking about working at the NBA or understanding what – that this was something I could do at the NBA.

Make a long story short, he gave me – you know, this is pre-email. I wrote him a letter – an old-fashioned letter. His assistant called me a few weeks later, said, he can see you on whatever date. I went over. I met with him for a half hour. He gave me some advice, which I didn't follow.

MR. RUBENSTEIN: Right.

MR. SILVER: And then about a month later he called me, and he said, what are you up to, and he said, I have an idea, and after a series of meetings he hired me as his assistant, and that was my first job at the NBA.

MR. RUBENSTEIN: Now, if you got a letter from a young lawyer today, what would you – seeking a bit of advice –

MR. SILVER: I'd pass it to our HR department. [Laughter.]

MR. RUBENSTEIN: And all right. So, David Stern – David Stern was a spectacular commissioner by everybody’s account. He did it for 30 years and I think he retired when he was, like, 72. So were you – when he was 65, 66, 67, 68, 69, 70, did you say, David, maybe I’m ready? Did you ever give him a little push, or how did that happen?

MR. SILVER: Never. Never. Never. And, again, I was – being commissioner of the NBA is my sixth job at the NBA, and so for five of those jobs I worked directly for David, and he gave me enormous opportunity. He’s a brilliant guy. I ended up running an entity called NBA Entertainment. I was interested in the media business, sort of the television and media and then became the internet arm of the NBA.

Many years later, I became the deputy commissioner of the NBA. But, ultimately, you know, David could recommend me, but it required the team owners voting me. That’s how the commissioner is determined. And he sort of set his own timeline for when he was going to step down, and I think also I was very fortunate that the league was in great shape at that moment. I assume there could have been a scenario where if things weren’t going so well, they might have looked outside the NBA. But, again, I owe a lot to David and I was very fortunate to be in that job.

MR. RUBENSTEIN: So, what do you think is the leadership trait that you had that enabled David to, you know, think you deserved to be the commissioner?

MR. SILVER: I think, you know, nothing necessarily so unique to me. I was willing to work very hard and I did work very hard over the years. I certainly love the sport of basketball. I think that much of my job now is spent on media. It’s the primary revenue source for the NBA. So, the fact that I developed an expertise in media over the years was very important.

I’d say I think, while, certainly, being a lawyer isn’t a prerequisite to be NBA commissioner – no different than being a lawyer, obviously, in your job – but I think you and I would say the same thing. I think – I think you’d say the same thing. Having gone to law school, learning those skills, has been very beneficial. A large part of my job is being a professional negotiator, whether it’s collective bargaining, whether it’s commercial relationships that we enter into. So, I think it was all of those skills.

MR. RUBENSTEIN: A lot of your media today, and this is contrasted with the other leagues, is social media. You encourage your players to be involved in social media. You’ve encouraged LeBron James and your best-known players to really be, if not controversial, to have public views. Why do you – why do you do that and has it been helpful to the NBA?

MR. SILVER: I don’t – I don’t – certainly don’t encourage them to be controversial. I encourage them to be genuine and earnest about their views and I make sure that they know that – within certain boundaries, frankly. I mean, I think they’re still more around issues of decency, not particularly political speech. But I want them to know that they should feel safe, frankly, as NBA players.

I ultimately think it's in our business interest to demonstrate to our fans and the greater community these are multidimensional people. Earlier on in my career at the NBA I think when we had the biggest issues as a league – and this was before there was that opportunity with social media for players to have that ability to show who they are directly to fans – they were portrayed in many cases as being one-dimensional people.

They were just sort of just ball players and people didn't understand, you know, that – where they were from and what they did and what their other interests were or if they were – if they were from other countries. They were just from China. There was no sense, well, it's a big place. They're from Beijing and this is what they did, and this is how they grew up. And I think social media as a complement to the traditional media, which is really helpful, too, allows them to show who they really are, and I think it helps to engage fans in our game.

MR. RUBENSTEIN: Who's the best player in the NBA? [Laughter.]

MR. SILVER: There's many great players in the NBA, David.

MR. RUBENSTEIN: OK. And do you think Zion can be as great a player as LeBron?

MR. SILVER: You know, honestly, I would never want to put that pressure on him, and it's – you know, from what I've seen, and I don't claim to be an expert there on scouting – obviously, it's a high probability he's going to be a top pick in the draft. He seems like a terrific young man and I think he potentially could have a fantastic career ahead of him.

MR. RUBENSTEIN: And, now, you have recently married – a couple years ago, right?

MR. SILVER: Four years ago, yes.

MR. RUBENSTEIN: Four years ago.

MR. SILVER: Yeah.

MR. RUBENSTEIN: And now you have a baby who is –

MR. SILVER: Two years old.

MR. RUBENSTEIN: Two years old.

MR. SILVER: A little over two.

MR. RUBENSTEIN: And is she interested in basketball?

MR. SILVER: Absolutely. [Laughter.]

MR. RUBENSTEIN: And –

MR. SILVER: She watches, and that's why I got to make sure that WNBA prospers. My wife is tall. I'm tall. She watches basketball games with me. I may get some tips from our other Coach K here in the audience, and I would love to coach her one day.

MR. RUBENSTEIN: So, I guess –

MR. SILVER: You know, I want to – she loves the game. I'd love her – she's –

MR. RUBENSTEIN: So, you're going to stay – and you're going to stay in this position for the foreseeable future? You're not going to go buy a team, go on to private equity – nothing like that? You're going to stay?

MR. SILVER: No plans to go anywhere.

MR. RUBENSTEIN: All right. Thank you very much for an interesting conversation.

MR. SILVER: Thank you, David. [Applause.]



Adam Silver was unanimously elected NBA Commissioner on Feb. 1, 2014, by the NBA Board of Governors.

Silver presides over a global sports and media business built around four professional sports leagues: the National Basketball Association, Women's National Basketball Association, NBA G League and NBA 2K League. He is dedicated to growing basketball around the world, embracing innovation and new technologies, increasing transparency and using basketball to bring people together and promote health and fitness.

Silver has twice been ranked No. 1 on SportsBusiness Journal's annual list of the 50 Most Influential People in Sports Business. He was also named to TIME's 100 Most Influential People, Fortune's World's 50 Greatest Leaders, and The Bloomberg 50, Bloomberg Businessweek's list of 50 people who defined global business. Additionally, Silver has earned Sports Executive of the Year honors at the Sports Business Awards and was named Sports Illustrated's Executive of the Year.

Prior to becoming commissioner, Silver served as NBA Deputy Commissioner and Chief Operating Officer for eight years. He has been instrumental to many of the league's signature achievements, including the negotiation of three collective bargaining agreements with the National Basketball Players Association; the development of the WNBA, NBA G League and NBA 2K League; the partnership with Turner Broadcasting to manage the NBA's digital assets; and the creation of NBA China.

Before serving as the league's second-in-command, Silver spent more than eight years as President and COO, NBA Entertainment. Since joining the league in 1992, Silver has also held the positions of Senior VP & COO, NBA Entertainment; NBA Chief of Staff; and Special Assistant to the Commissioner.

Silver was elected to Duke University's Board of Trustees in 2015 and received the 2016 Distinguished Alumnus Award from the University of Chicago Law School. He is also a member of the Council on Foreign Relations and serves on the board of the Lustgarten Pancreatic Cancer Foundation.

Before joining the NBA, Silver was a litigation associate at the New York law firm of Cravath, Swaine & Moore, where he concentrated on media and antitrust cases. He also served as a law clerk to Federal District Court Judge Kimba Wood in New York City. Silver graduated from Duke University and the University of Chicago Law School.