

The Economic Club of New York

496th Meeting
111th Year

Adam Silver
NBA Commissioner

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Interviewer: Stephanie Ruhle
MSNBC Live
Velshi & Ruhle

Introduction

Vice Chair Glenn Hutchins

My name is Glenn Hutchins. I'm happy to welcome you to the 496th meeting of the Economic Club of New York, 496th. So, Barbara, we thought about who was going to be here for 500th. We ought to have a special thing for the 500th. It's getting pretty close. For those of you, our members, you know that the Economic Club of New York is the nation's leading nonpartisan platform for speeches and conversations on economic, political, and social issues. More than 1,000 prominent guest speakers, including many heads of state, have appeared before the Club over the last century and established a tradition of excellence. I want to thank the many members of our Centennial Society who are here. The Centennial Fund serves as the financial backbone of the Club. The Club is otherwise a very low membership dues organization. So we can have a broad range of people who are members of the Club. And so the Centennial Society members who provide some of the capital for the organization are very much appreciated. We'd also like to give a warm welcome to students in attendance today from both Syracuse and NYU Stern Business School. And we also have our Club fellows. Our Club fellows are young, rising business leaders who have become members of the Club. And if any members of the Club here would like to propose a fellow for the 2019 program, Barbara Van Allen here – in her canary yellow dress – will be very pleased to help you with getting an application.

It's my, as Vice Chairman of the Club, but also as a part owner of the – they gave me a little

script here, they forgot one part of this – the 17-time World Champion Boston Celtics...(Laughter), it is a real pleasure to introduce the Commissioner of the NBA, Adam Silver. Adam was unanimously elected NBA Commissioner in February 1, 2014. Hold that date in mind – February 1, 2014. And before that, served as Deputy Commissioner, Chief Operating Officer, and earlier than that, President of NBA Entertainment. The NBA is a global sports and media brand built around four professional sports leagues – the NBA itself, the Women’s NBA, the G League. G, I guess now stands for Gatorade. People think of it as a D League. It’s recently changed to the G League. And NBA 2K plus NBA China. Adam is known for embracing innovation and new digital technologies, working to grow basketball around the world, increasing transparency of the league, promoting health and fitness, and using basketball as a force for social good.

During his time as a senior executive of the NBA, the league has become a global leader in sports surpassing in my view what I describe as both forms of football, the NFL and the Premier League. And in not just global interests but also quite notably – and happily for me – franchise value. But in my opinion, this has not been his signal accomplishment. This is not what I think of when I think of Adam. To understand both the person and the executive well, think back to April of 2014, when Adam who had been a commissioner for a brief three months was confronted with the Donald Sterling controversy. His swift and forceful decision to ban Sterling for life from the NBA sent a powerful message, not just that there was a new sheriff in town, a thoughtful but decisive leader putting his own stamp on the league, but more important that the players and fans

could look to him as a moral leader who would model the highest ethical standards in the most challenging of times. I was very proud that day to call him my friend.

Our format today is a conversation. And we're especially delighted to have as our interviewer, Stephanie Ruhle, who those of you who, I hope, like me, caught her show this morning on MSNBC. She was pretty good today. Well done, Stephanie. Twice in one day is a special thing for me. And she also co-hosts, in addition to MSNBC Live in the Morning, 9 a.m., she also co-hosts a weekly business show with Ali Velshi called Velshi & Ruhle. I would like to remind everyone this conversation is on the record and we do have media in the back. Adam and Stephanie, the stage is yours.

Discussion Session

(Basketball highlight video)

STEPHANIE RUHLE: Adam, thank you. You can't help but get excited when you watch that.

ADAM SILVER: Absolutely.

STEPHANIE RUHLE: When you think about the NBA and where the NBA started, in the back, people were not interested. It was behind hockey. It was behind baseball. But today, what the

NBA has done is unified us. And at a time when we're so divided and we say, well, sports should bring us together, basketball is the one sport that is doing it. How?

ADAM SILVER: Alright, well, there's a lot there. Let me also just say to Glenn, thank you very much for that kind introduction. I don't know if you noticed, there's an NFL owner in the house. So, I'm not sure he agrees on the valuation in question, but that's alright. We'll talk about that. But I think, you know, Stephanie, you know, as Glenn pointed out, so I'm in my fifth year now as commissioner, but so much of the progress took place well before me. And I don't want to say when...you know, credit to David Stern who became commissioner in 1984 and just, for those, a lot of people in this room are my age or older, remember that back in the 80s the NBA Finals were still on tape delay. I mean, so they didn't even merit prime time in television. And so I agree, there's been tremendous progress over the years. And I think it's due to a lot of things. I think one, because we are a global sport, I mean I think, you know, taking nothing away from the NFL, that if you talk to the major athletic companies for example, they look at, you know, soccer, football obviously, outside of the United States, but call it soccer to make it easier, soccer and basketball as the two global sports. And basketball has been an Olympic sport since 1936. So we had, in some ways, this built-in advantage that young people were already playing the sport all around the world. And I think in the same way the internet has been so disruptive to some of the businesses that you're often talking about on your show, it was disruptive in a very positive way for the NBA in that I remember even in the early 90s when I got to the NBA, earlier on in my career I ran something called NBA Entertainment and, you know, the expression in TV, they

say bicycling tapes. I mean we used to use various courier services to send tapes of games to our broadcasters around the world. And people, for the most part, would be watching games a few days later or they sort of feasted off what were then home videos. And I remember, I mean there were still, we're just past the generation of international players in the league who grew up, there was a famous home video called Come Fly with Me about Michael Jordan. People of a certain age might remember it. And you'd talk to, like the Dirk Nowitzki's from Germany, players like that, and they would say, you know, I remember trying to spool the tape back on to the cassette – I had watched it so many times. But then when the, then of course there was satellite television, but more so the internet that enabled us, in real time, to bring the kind of highlights we just watched on that tape to young people around the world. And I think that was really what transformed our business, and to the point now where 25% of our players in the league – I think it was also on that video – you know, representing roughly 42 countries, were born outside of the United States. That's almost like turning a switch. I think, you know, to use one very prominent example, Yao Ming in China, people have played basketball there, but awesome to have one of their own, you know, being featured to be an All-Star, to be a great player.

STEPHANIE RUHLE: But they say even when Yao Ming isn't playing, basketball has stuck.

ADAM SILVER: You know what's so interesting about that, and again this wasn't, you know, roughly ten years ago or so, when he retired everyone was predicting that we'd had this huge rise in popularity and now it'll fall off because Yao is retired. And the exact opposite happened. And

again, I think, and you know, we connected a lot of issues. There's a lot of American brands like Nike becoming much more popular over in China. But then their own explosion of digital media to the point, today, we're, for example, our games are carried on Tencent. You know, one of the co-founders of Alibaba, Joe Tsai, has bought, in essence, a path to control of the Brooklyn Nets. Also will probably end up distributing our games on Alibaba as well and Chinese central television. So, you know, there's all these forces that have worked in concert. I think it helps that our sport is non-violent and I think that clearly – Steve, no knock on the NFL – that it's played equally by girls and women around the world. And I think it's also something increasingly that's worth talking about is that part of the reason we've gained in popularity, especially in places like China, India, and throughout Africa, where there's often a minister of sport. We're one of the only countries that doesn't have a high ranking governmental official that ultimately oversees sports for the entire country. And those ministers of sport generally work in conjunction with ministers of culture and health and welfare, and basketball is one of those sports that if you have, even in very poor countries, high levels of childhood obesity and diabetes, they want to find ways to get their kids more active. And basketball, because you know, somebody mentioned to me earlier, requires so little equipment, small spaces, you can play it by yourself, you can play it with two friends, boys and girls and all that, so governments have really embraced it. And I think that's had a lot to do with the increase in popularity post-Yao Ming in China. Because the government, through relationships we've built there, have instituted grass roots basketball programs, not because, I mean they think basketball is a nice sport, but more because they're worried about the health and welfare of their young citizens. And the team sport aspect, you

know, where, I've started to read a lot about this lately too because there's been a real focus on mental health and there's some very prominent NBA players – to their credit – who came out last year and said, raised their hands saying I'm suffering from anxiety and depression. It's not a weakness. We should be talking about that as well. But part of what we're seeing because of the amount of time that kids are spending on social media, it's leading to increased isolation – putting aside the screen time. And one of the antidotes to that is not just sports but team sports because – and we've talked about this in terms of your own kids – because, you know, it forces you to come together. And those values, you know, that Glenn talked about, you know, that have always been part of the DNA of the NBA, are even worth stressing that much more now. That, you know, if I could send any message now when I'm out talking to community groups, it's that, and especially a generation of parents younger than I am, to say get your, you know, your kids don't have to excel at sports, but get them out there and participate, boys and girls. I mean whether it's basketball or any of the other sports out there. It's so incredibly a value to them growing up to being, you know, complete people.

STEPHANIE RUHLE: What is it about the culture of the sport, though? We live in an age where kids don't just meet people at a park and start playing unless it's basketball. You could walk into a park where you've never been and walk into a pick-up game with four strangers. What is it about the game of basketball? LeBron James has said it's the first time he ever met kids outside his background and his community on the court. There's something about this sport that you don't see in other sports.

ADAM SILVER: Yes, that's a great question. And I think in part there's a, you know, it's a unique sport in that there's obviously clearly an individual component that means a player like LeBron can be so dominant, even though it's a team sport. Right? I mean it's not, and you can have an incredibly dominant football player, an incredibly dominant baseball player, but that player is unlikely to single-handedly take his team even to the playoffs. In the NBA, there are a few of these select players. And it's always interesting to me because in terms of premier basketball, there's really no competition. I mean there's great leagues developing around the world, but if you grow up in, you know, Shanghai, or you grow up in Mumbai, or you grow up in Johannesburg, and you play basketball, your dream is to be in the NBA. Maybe to play for your national team as well, but your dream is to be in the NBA. So we have a collection of the 450 very best players from around the world all coming to one league, yet among those 450 players there's five, maybe ten, but probably closer to five, that are these true difference makers, that are just that much better than all the other players. It would be an interesting study to try to understand that. But more precisely to your question, I think because there's that individualism, but yet you still need, it's team, but it's not so regimented. Like, you know, in the NFL, I mean it's a very clear play. You know you can't just wing it. I mean, you know, they know precisely where in the field they should be. There's a militaristic notion to that sport in terms of how you approach it. And I'd say in a sport like basketball, I think it's more comparable to you could put a bunch of jazz musicians together and they wouldn't necessarily have to rehearse and they could kind of riff off each other. And I think there's, it lends itself more maybe to that playground approach.

STEPHANIE RUHLE: You talk about those stars. You said they're difference makers. In the last 10 or 15 years, we have seen those difference makers – specifically in basketball – become cultural and social icons off the court, whether it's the family leader that Steph Curry is, whether it's what LeBron has done, or players who have talked about mental health. Go back 25 years when a Charles Barkley said, I don't want to be an example to your kids. What made that shift happen? Because now it's core to so many of those players.

ADAM SILVER: Yeah, you know again, a really interesting question. And I've said this before, but I often go back into the history of our league and I felt the same way when, after a brief time as commissioner, I had to deal with Donald Sterling. And that is, I looked to the core values of this league that long preceded me and, frankly, came before my predecessor, David Stern.

STEPHANIE RUHLE: Every company out there says we have core values. How do you actually live them and live them, because everybody loves the "we have core values" in their advertisements...

ADAM SILVER: But I'm going to say how we live them, but okay, fair enough. And I'd say, and here's where we're – in essence – walking the walk. And one specific example I use, and it's incredible because he's still around and an influence on our current players, is Bill Russell. And so, you know, Bill Russell, in 1963, and when we were in LA last year for our All-Star Game, Bill Russell, who is, I think, 84 now, was there and he was sitting court side. And I was talking

to him before the game. And we were in LA, and he reminded me that he had been the All-Star, he had been the MVP of the All-Star Game in 1963 in LA. And he then went on with Glenn's Celtics to win the championship that year. I think it was their sixth consecutive championship. And then that summer, August of 1963, he stood on the steps of the Lincoln Memorial in Washington, DC when Dr. King delivered his "I Have a Dream" speech. And what Bill was pointing out, which I think to most people today would seem like a value-driven decision and not overtly political, to be part of that rally. Or maybe not, maybe I'm deluding myself. But anyway, the reception he received in Boston, according to Bill, was a tremendous amount of overt racism. And I won't go into all the specific acts, but his home was vandalized, for example, in a very specific way. And he felt ostracized by the community because he had associated with Dr. King in that way. And that's what I mean by sort of in terms of the values of this league, to me – maybe go a step further – it feels and it gets passed on from generation to generation, and that's it's actually part of the DNA. I mean, interestingly enough, to also stay on the theme of the Celtics, Bill's teammate, Bob Cousy actually just wrote a book. It was about him. He helped to write it with a guy named Gary Pomerantz. It's called, *The Last Pass*. And it's about his life and his relationship with Bill, including some regrets from Bob Cousy on things, in retrospect, even though you look back at that time, in the way he stood up for his African-American players, it was maybe unlike what was happening in a lot of other segments of our society. Yet, here's Bob, who is 90 maybe now, looking back and saying, boy, you know, the metaphor of *The Last Pass*, there's maybe a few additional things I should have done and had I even been more empathetic about what he was going through. So, jumping now to 2014, it was Sterling, 2018...you know, it

was interesting when Michele Roberts, who runs our players association, when she and I always, and David Stern before me, and the head of the union, we always talk to the All-Stars before the All-Star Game. It's just an opportunity, they're all together in one locker room talking about what's going on. And we both had the same reaction. We both run into Bill Russell and we had said to the players, look, if you get a chance, Mr. Russell, is sitting court side. If you have a chance, say hello to him. And it was interesting, and we didn't say it but they came out of the locker room and each one of them went, you know, like sort of fist-bump, like just, there's Mr. Russell. And, like I think coming out of that locker room hearing the story about him standing there with Dr. Martin Luther King. So I only say, like to me it feels when you're in this league that, while I know a lot of companies say it and it's in a lot of their missions and charters, it just, it feels like it's the core to this league. And that it is something that veteran players talk to younger players about. I don't, not to take anything away from this current group of players because you know and you cover it every day, it requires an enormous amount of courage to speak out on things that are important to you. And that's what our players are doing. And I'm especially admiring of them in that, you know, there are other people in the world of sports and arts and culture who've talked out about political leaders, but frankly have done it in kind of, just a sort of, you know, just...

STEPHANIE RUHLE: Mean-spirited.

ADAM SILVER: Mean-spirited, just like throw a word out there. And what I appreciate, what

our players are doing, they're actually trying to speak to the issues. I mean it's not just he's a jerk. It's like let me explain why, an impact on my life that this is happening. And I find it amazing.

STEPHANIE RUHLE: You've created a platform so they could do that. In the last week, I reached out to some of your players and team owners and both described you, both said he's my partner. We don't see that. In corporate America right now, given how heated things are politically, CEOs of companies are struggling because their stakeholders are their employees who have different views, their customers who have different views, and their board. People who have your job in different sports have their players on one side, their owners on the other. For you, to have both of your stakeholders and your fans – your fans haven't called you a partner – but both your owners and your players say Adam is my partner. How do you create that? It's actually with team owners, I mean that's 30 bosses, 30 CEOs who think they know best.

ADAM SILVER: I'd say, look, the only place where I think, you know, it's not to credit me. As I said, again it's so much of what I've inherited, but I had the benefit before I became commissioner, you know, as Glenn said, I was with the league. I had already been with the league for 21 years before I became commissioner. And one of the things especially that I'd say to the students in the back of the room, it's tried and true, and that's build relationships and a willingness to listen. And I'd say that, you know, and just in the last week I've been in three different NBA cities and I meet with players and I meet with owners and I meet with fans. And a

lot of the players now in this league who are in positions of authority, for example, our Players Association – Chris Paul is the President of our Players Association, LeBron James is on the Executive Board – are players that, especially in earlier career, running NBA Entertainment, that I was able to build relationships with all along sort of their trajectory at the league. And the same with many of these team owners. And so I'd say at least try to listen and stick to certain core principles. And I think in this day and age, it's true for our business, but I would think most others in this room, is to practice a high level of transparency. And I've found that even in certain situations, because there have been other things that I've done that have been viewed as political by some – moving an All-Star Game out of North Carolina because of anti-LGBT legislation.

STEPHANIE RUHLE: But much of it you're doing for decency.

ADAM SILVER: I agree. But I think when, one of the ways I've approached it is not to just say we're right and we're doing this, it's to be incredibly transparent and to say we understand there's people who have a different point of view. Here's the factors that we've considered. Here's why we're doing it. I recognize you may disagree with me. If you disagree with me, I'm also willing to listen to you. I mean there are people who have written letters, whether it was after Sterling or whether it was after moving our All-Star Game, whether they said it online or wrote me letters directly saying I will never be a fan of your game again because you've taken that position. And my reaction was to try to engage with them.

STEPHANIE RUHLE: Really?

ADAM SILVER: Yeah, sure. And say, you know, maybe you want to rethink that because here's why we did this. And people are often, I think, surprised to hear back from me. And I say, listen I'm not, you know, I think the mistake would be – in this day and age – to say, you know, I know I'm right. And I recognize that I live in New York City and that we have a divided country and it's often geographically divided based on the coasts. I understand that too we're perceived more as a blue state sport, you know, then some others. We're a very urban sport. But to me, the fact that we're so global, that we have such a young, diverse group of players and diverse fan base creates an opportunity. And it was built into one of your earlier questions about I think the impact that we can have as a league by frankly at the end of the day bringing people together. One quick story I'll tell you. I was in China and we had two pre-season games in China and the great Yao Ming is now sort of my counterpart of the Chinese Basketball Association. He's President of the CBA and it's both their national team and a league. And he raised, you know, with all the difficulties going on between the US and China right now, it was interesting, he raised ping pong diplomacy, famously, you know, from Richard Nixon. And he said, but you know our ball is much bigger. Maybe it could have even a bigger impact. And I said I think you're on to something. You know, I'm in, basketball diplomacy.

STEPHANIE RUHLE: I like that.

ADAM SILVER: And I really mean it. I don't, like to me, this notion that, you know, a player should stick to sports and all that is just silly. I mean part of telling the Bill Russell story is that that's nothing new to the NBA or, I mean think of, you know, Arthur Ashe and Jackie Robinson and Billie Jean King, and we can go on and on, this notion. These great athletes are multi-dimensional people. They're citizens. The notion that they shouldn't have anything to say, I mean people can choose not to listen to them but they certainly have a lot to say. But I think in terms of what's going on in the world right now, there's maybe more an opportunity than there's been for sports because you would say there's very few trusted institutions left. And if we can play a role at least where people say I don't necessarily agree with everything that this institution is doing, but I trust them. They appear to be, you know, guided by certain core principles and they, the competition on the floor or on the field seems to be legit. And if people make a mistake, they're sanctioned in some way, that maybe things like basketball diplomacy or, you know, people-to-people exchanges as the State Department calls it. Remember, it was Dennis Rodman who was in North Korea before President Trump tried, you know, attempted to reconcile with North Korea. So, I mean there is special things, I think, that can happen through the language of sports, related directly to politics.

STEPHANIE RUHLE: When a bitcoin, cannabis company sponsors Dennis Rodman to be the appetizer before a summit with Kim Jong Un, I mean that is special. That's all of the crazy all in one place. (Laughter)

ADAM SILVER: You said it better than I did. (Laughter)

STEPHANIE RUHLE: I want to go back to what you said a moment ago, though. You engage with detractors. So, right now we love to say that everyone is so divided and so divided, but when you turn and say to that person, why are you going to turn off the NBA? Why don't you give it a chance? Do you see that all those people are really just trying to live their best lives and we're not so divided? Because when you go to a basketball game, everyone is there because of love of sport and we're not actually that different.

ADAM SILVER: I couldn't agree more. And I find that, especially, I mean I travel so much for a living, you know, I was in Detroit last night for a game, by the way, with some of his friends. And I was in Cleveland the week before. I was in Los Angeles. I mean, you know, I've already been to China just a month ago. I find that I can find commonality with almost anyone. And that if you look for it, it's there. And somebody says, well, we're divided on this issue, and I say, yeah, but let's talk about some other things. And sometimes commonality is just, we're parents, you know, or we have a sibling who does something different or our dads fought in the war, or, you know, we both enjoy college basketball. You know, it's hard work, though. I mean you can't live in an isolated, you know, screen world, and accomplish that. It does require sitting with people and often, you know, looking at them in the eyes. And part of it, I would say I've learned this even through collective bargaining process, you know, through the NBA, that I think many of our owners sometimes get impatient because it's not something they do for a living in their

other businesses in terms of collective bargaining. They think like, we know where this deal is going, let's just do it. And I say, you know, part of it is a process. You know, I think that you have to build trust. You have to sit with people and there's no shortcut for that. And I just think society right now, I think, like I'm actually, you know, I'm an optimist, and not just saying, oh, by nature I'm an optimist, when I travel, and one of the things, maybe not directly related to what you asked, even this notion of people being anti-government, I find that so much of the work I do is in cities and working on arena development. Like we both have friends in Milwaukee. They just got, you know, Governor, you know, Scott Walker, while he was running for president in a very, what would be an unpopular position to many, supported a public-private partnership to get a new arena done in Milwaukee that included \$100 million donation from the former Democratic senator, Herb Kohl, from Wisconsin. And you look now, I was just there now for the opening of that arena, and the economic engine that that arena is becoming in what was a very underdeveloped, poor area of Milwaukee. Thousands of jobs that have been created, the businesses that are being developed around it, that local government is working, I find, incredibly effective. And I deal with mayors throughout the country who are as bipartisan as can be and who just want to get things done. Often they have governors who are from different parties who feel the same way and work in conjunction with them. So, you know, I don't think government is as broken as some people might suggest. It's clearly broken in significant ways or appears to be on a federal level, but that gives me the optimism that those issues can be fixed. Because there's a lot of incredibly well-meaning people who give their lives to public service.

STEPHANIE RUHLE: It sounds like you have your dream job.

ADAM SILVER: Absolutely.

STEPHANIE RUHLE: When I talked, it's amazing when I listen to the words that you're saying because they are the words that team owners use to describe you. When I said, what is Adam Silver like? Over and over I heard compassionate, understanding, patient, but at the same time, decisive and no bullshit. I heard that over and over. Is that how you...

ADAM SILVER: You cannot say that word at the Yale Club.

STEPHANIE RUHLE: We can. We can actually. You have to hug them after...

ADAM SILVER: In the club that Steve and I hang out in, you can, but not here.

STEPHANIE RUHLE: If you're from Jersey, you can. So, did you think this is what this job would entail? Right? You worked for David Stern for 21 years and now that you're in this job and I'm hearing, listening, compassion, patience, understanding, is this what you thought it would be all about?

ADAM SILVER: Where's Jeff Mishkin? As Jeff would say, it's a little different approach than

David.

STEPHANIE RUHLE: It's very different, yes.

JEFF MISHKIN: ...A little different.

ADAM SILVER: I have my own style but I'd also – in all seriousness – credit David. I think it's where I began that, I think, when David became the Commissioner of the NBA in 1984, it required a very different approach. I think he, you know, there was that notion that we were kind of a second-class citizen. And I think David felt he had to break some china to get the attention of the world or that we wouldn't have progressed the way we did. And I think I've said this before, my hunch is that if David had become commissioner in 2014 instead of 1984, he may have taken a different approach. But I would only say that, you know, I think I will say that the surprise has been that, you know, I think going into the job and having watched David for all those years and others in positions like this, I think I thought it would need to be more of a performance than it is.

STEPHANIE RUHLE: Really?

ADAM SILVER: Yeah. No, I just think that once you get comfortable in these jobs you can be yourself. I mean there's a performance aspect to it, just like for you doing what you do. But I

watch you on television, it seems that, I mean...you have your moments that aren't you on TV, but you become who you are. And I think, you know, people in your position on television, it's the way they sort of, cable television particularly has gone, that people expect more of an authenticity from their announcers. It's no longer that notion that you don't let in the viewer on how you might feel about an issue. And I feel the same way as commissioner, that I've become much more comfortable just being myself. And I think that there's been plenty of instances where, you know, I speak out loud about sort of how I, the meanderings which I went through to get to a particular position, but then I'm willing to own a position. And I sort of accept that comes with it, that you might get a fair amount of criticism as well.

STEPHANIE RUHLE: Because of that, because you are open and you have an open mind and an open heart, but you're also decisive, do you think that has cushioned, that you haven't gotten such blowback when you've weighed in on cultural issues? Because you really are led by decency.

ADAM SILVER: I would hope so, but I'm not sure.

STEPHANIE RUHLE: Look at basketball compared to other sports. You have not gotten the kind of blowback other sports have.

ADAM SILVER: My hesitation is that every day is a new day.

STEPHANIE RUHLE: You don't want to jinx yourself. (Laughter) On that note, forget it.

ADAM SILVER: Right. New things happen all the time and I think that there's been some bad breaks for some leaders of some other leagues and things didn't go exactly as any of us would have predicted. And so again, you know, I think we've been fortunate. I think it's been helpful that I think, as you were saying that you heard there's a sense of alignment with our team owners and our players. It doesn't mean we always agree on everything, but what I appreciate, it's been a respectful disagreement and even acknowledgment of disagreement. And, you know, to the extent we negotiate things, we've been able to keep a lot of that behind closed doors. And I think because, from a fan standpoint, I get it. A lot of them are like, we shouldn't have to deal with that stuff. That's between you guys.

STEPHANIE RUHLE: I want to go back to you spent 21 years working for David, you have a different approach. But where I get to see Adam most often, and I'm telling you, it is an art, it is a ballet, you have 30 owners, and owners of sports teams are celebrities. They are. And they all have a very strong point of view. You worked for someone like David who was a celebrity business leader and now you have 30 team owners. Walk us through how, what a dance it is, what a process. Because I am telling you, it is an art form, how you can satisfy all of these stakeholders and your players. It is a challenge, like people don't realize.

ADAM SILVER: I'd only say there that, you know, again it's a process of helping them build

relationships with each other. Like I'd say one of the things that we've done, just in the past few years, we've created more social opportunities for those owners. You've been at some of them because you've hosted various business leaders who have talked to our owners. But even having a speaker series, sort of lunches, dinners like these, where they get to know each other better. Having, you know, a stronger committee system among our owners so that even in smaller groups they're spending more time with each other. Because then, invariably, when we have those disagreements, issues of like, you know, revenue sharing or how you, you know, divide up the spoils in certain ways, you know, bigger markets against smaller markets, at least perceived differences of interest, you know, when we're negotiating with the players, I think it's tried and true. When those people spend time with each other, you know, and then there comes time for disagreements, it's like how diplomacy works. And I think, you know, I'd say when, trips to China sometimes it's viewed as uniquely Chinese in some ways and I always laugh when I hear that. It's not uniquely Chinese. It may be a different formality in which they go about it. But if you, I think through clubs like this, I'm sure as people build relationships, then it comes time to do business, there's sort of built-in trust. You know there's a better sense of what that person's perspective is or why they want what they want. And also, I mean I've made this point directly to some of our team owners when we've had disputes. You know, I've said it would be easy to be Congress, and just like go to your corners and just say we're never going to compromise. Now is the hard part, we're all going to compromise. And, you know, they kind of work things through and I say it's the only way we're going to advance. And there's some good laughs and, you know, sometimes it gets a little uncomfortable in the room, but people sort of then leave and

move on and pick their next battle. But again, I think, to me I don't know if it's anything that special that I'm doing. I will say we're also the beneficiary, you know, we actually have far more than 30 owners because, you know, Glenn is a group of partners in the Boston Celtics. But we, in our league, I think have been very fortunate to have a whole group of next generation owners. I think people who incredibly accomplished in their own right who are very interested in rolling up their sleeves, getting involved in league issues, working with each other. You know, the latest, your friend in Houston...

STEPHANIE RUHLE: Tilman...

ADAM SILVER: Tilman Fertitta just came in, aggressive in a positive way. New owner, very interested in looking at the model. He's had tremendous success in casinos and restaurants and other retail operations. I mentioned earlier, you know, Joe Tsai coming in as one of the co-founders of Alibaba. He's already joined, we have an independent board of our NBA China business, what a luxury to now have him inside the boardroom helping us work through issues. Steve Ballmer, the former CEO of Microsoft – as you're sitting there trying to figure what a direct-to-consumer business looks like in the future – to have all the benefit of his knowledge. So, you know, again I have an incredible group of sort of partners in this enterprise to work with.

STEPHANIE RUHLE: I want to talk about two things that you leaned into early. It was 2014, you wrote the Op-Ed about legalizing gambling. And it wasn't pro-gambling, but, hey, it's here,

let's get it out of the shadows. Let's clean it up. But that was also four years ago. Where are you now?

ADAM SILVER: Right. So in 2014, that Op-Ed piece, in essence I said there's an enormous amount of illegal sports betting going on right now in the United States with just this pocket essentially of Nevada where sports betting has been legal for, you know, roughly 70 years at this point. Another place where, I turn to the internet and talk about the disruption there and I'd say if you, you know, used to be at the corner bar or whatever else and people had betting slips but now people are going to Google, typing in bet NBA, bet NFL, or whatever else, and there's thousands of sites. Whether or not those were in a gray area of the law or technically illegal or whatever else, more importantly, it wasn't stopping consumers from betting literally hundreds of billions of dollars a year on those sites. And my issue was, number one, in terms of the integrity of the league, that just like with a public stock market – many people in this room will understand that analogy – if there's unusual behavior around the movement of a stock, especially right before a major event occurs, the algorithms will spit it out and say, and actually go to the individual and say why was this person who never bought this stock before, why did they buy \$100,000 of that stock? And maybe it's because they figured something out or maybe because there was inappropriate activity. So, one, by having a regulated market, you have that transparency. And I think it helps us keep the league and all leagues on the up and up. You know, number two, and I didn't shy from this, you know, there was a business justification. Number one, we know that additional engagement comes from sports betting. That if you have a

bet on a game, one, a lot of the betting in this day and age is so-called proposition betting so you're not even betting on the ultimate outcome. It's how many points in the third quarter, even things as unique as defensive rebounds or whatever else. So, it keeps you engaged potentially for a longer period of time in the game. And I think that's sort of in fitting with this whole gamification of sports we've seen over the last decade. I mean people who have kids or people in this room involved, you know, in Fantasy Football, Fantasy Basketball, it's not just gambling but sort of gaming around it. And number three was my view that as the creators of this intellectual property, as the creators of this game, that we should be compensated directly. That if somebody is going to take, you know, the very games that we create – in the case of the NBA, we'll spend roughly \$8 billion this year on expenses, creating this product. And the notion that we spend \$8 billion and that casinos or illegal operators, whoever else it is, doesn't then compensate us for the intellectual property, to me made no sense. So, but what's interesting, I'll just, the last twist to this, you know, and I began my career as a lawyer, when I wrote that Op-Ed piece...

STEPHANIE RUHLE: A lawyer always is a lawyer...

ADAM SILVER: Okay, so I'm still a lawyer. When I wrote that Op-Ed in 2014, it never even occurred to me that the federal statute that was passed in 1992 called PASPA that had been sponsored by Bill Bradley would be declared unconstitutional 26 years later by the Supreme Court. And so I was advocating in 2014 for new federal legislation that would supersede PASPA and allow a sort of a consistent framework and then presumably allow states to opt in if they

want to allow it in their states. I think it's better now than it was. I think overall it's better to take sports betting out of the shadows. But I don't necessarily think it's ideal for the leagues that we now are faced with literally a hodgepodge of regulations. Seven states have passed sports betting legislation so far. Twenty others are actively considering it right now. I mean I think we're seeing reports out of New Jersey. It's generating far more revenue even than they had anticipated so it's potentially an important source of tax revenue. So other states are very likely to follow. And if you're the league, this enormous administrative cost has been imposed on us because we have to meet 50 different state regulations and, frankly, it's significantly additional risk based on the fact that more people are betting on our game. So, I still feel we should receive, you know, I coined this term and people got upset about it – integrity fee. That we should, you know, because I said tied to all these additional costs we have, but then people said, oh what you're really asking for is a royalty. Okay, call it a royalty. If you want to call it a royalty, it's a royalty. I said we spend billions of dollars creating the property, we should receive a royalty. You know, musicians whose music is played in the casino get a royalty. But I also said we should have a fair amount of say over the kinds of bets that can be placed. You know, like Rob Manfred used the example in baseball, he would say to casinos, you shouldn't be able to take a bet on whether the first pitch is a ball or a strike. It's just too easy to manipulate. In our sport, you shouldn't be able to take a bet on which player will commit a foul first. I mean, and it's just things like that that seem tempting because it's silly little stuff around the edges where even a player might do it just for fun, not thinking, you know, that it's just too easy to impact the outcome. So, we think that because it's our games, that a state should have regulations in place in relation with the casinos

where we should all agree on what the appropriate bets are for any contest.

STEPHANIE RUHLE: Another revenue stream that you leaned into early was eSports. How much has that changed basketball in that you now have a whole other fan base who are now engaged, not just core NBA lovers and kids who are playing basketball – that’s a whole new universe. I mean the eSports business, if you talk to the heads of any of those companies, they’ll say kids are practicing basketball three hours a day. They should practice video games three hours a day. They can make more money. Though I don’t know if they let their kids do that.

ADAM SILVER: They are saying that. I mean as I made an earlier point, even though we’re in that business, I’m a big advocate of kids actually playing sports.

STEPHANIE RUHLE: And how do you balance the two?

ADAM SILVER: Well, okay, here’s how we balance it. So we have a game called NBA-2K. So our game is an NBA simulation game in which you’re playing the character of other players. That’s with our partnership with Strauss Zelnick and Take-Two. That’s a game that’s been in the marketplace. What we did is we saw the rise of eSports, we decided to create our own league around the NBA-2K game. So, in our league you’re no longer playing Chris Paul, LeBron James. You’re playing yourself and there’s an avatar of you. And these are just another group of professional athletes. I mean it’s a different, it may be thumb speed and hand-eye coordination.

So 21 of our NBA teams have launched teams in this league. And, just to be clear, if people haven't watched it, it's five-on-five competition. They're in an arena. There's five players facing five players. There's a big screen up on the wall. And it's fascinating that you can draw an arena full of people who want to watch that competition and, even more importantly, there's a network called Twitch owned by Amazon that, you know, has something like 100 million uniques a month.

STEPHANIE RUHLE: And do you think that's healthy? So, like in ten years, when your daughter says I don't want to take up the cello, I don't want to play lacrosse, I'm going big on five-on-five...

ADAM SILVER: It's a fair point. I would only say there that I think if you're going to play, sort of compete in eSports, I think the fact that you're competing with a real live team, there's still that team environment. You're practicing with a team. You're competing against a team. But, look, to be honest, I'm not sitting here saying I think people should do that 14 hours a day. I'm not saying people should bet on sports 14 hours a day either or spend, you know, all their savings.

STEPHANIE RUHLE: But you get non-athletes in the game in a different way...

ADAM SILVER: Well, and I think to meet, well, I don't even want to call them non-athletes

because they're a different kind of athlete, this is my last thought on that, is that it democratizes our sport also to a certain degree. Because to compete in the NBA or the WNBA, you have to be a certain body type. You generally have to be a certain height, a certain build. And I think what's so cool, and I've even seen this already with our teams is that you can be any size, weight, I mean...

STEPHANIE RUHLE: Age.

ADAM SILVER: Age. You know, and the players aren't, you know they're not teenagers. A lot of them are in their 20s, increasingly some in their 30s. We have a whole program to get more women engaged in our game. I mean at least I'll say on a comparative basis, it's not a shoot 'em up game. You know, it's basketball. And we see a lot of those games. I mean, you could go a longer discussion – there's movies that are violent, video games that are violent. So I'm just saying at least in the case of the NBA, it's a non-violent game. It's basketball. It can be played as a team. But I accept your point, in moderation.

STEPHANIE RUHLE: Alright, we have time for a couple of questions.

ADAM SILVER: I think this woman has a mike.

Commissioner, I was curious on your thoughts on analytics in the sport. We obviously see it very

visibly in major league baseball with the shifts this year. I know there's a lot of analytics being used by the teams and by the NBA. What's your thought on the future of it? How much will it change the game in the future?

ADAM SILVER: You know in terms of analytics, I think it's already changed the game significantly in many ways, I mean some ways that aren't as transparent where it's not as much about, you know, combinations of players on the floor, but pretty sophisticated approaches to minutes played. You know a lot of it is related on injury prevention. Furthermore, I think in terms of analytics, I mean there's no secret that the rebuilding process that many of our teams have undergone have been driven by analytics with a better understanding of the value of a top pick in the league. And I think as a result of that we've actually made some changes in our rules. For example, even the draft lottery we go through to sort of dis-incentivize teams from racing to the bottom, as a result of, I think, some very skilled analytics people sort of finding ways to game the system. And there's nothing wrong with that. That's what their jobs are. We restructured it to dramatically decrease the odds of the worse performing teams getting the top picks just to dis-incentivize that. But also, I mean another instance of analytics, I mean it's become real precision over what spot on the floor for example. You know the three in the corner. I mean it's interesting, some of it, there was an article, I think, in the *Wall Street Journal*, the other day about this guy, Dan Peterson, who had been Mike D'Antoni's coach, you know, and sort of guiding light. And he was saying, you know, what took you all so long, you know, to realize the value of the three-point shot? But it came in our league more through analytics. So I

think it's going to continue to have an influence. And I think it's something, I've been watching, you know, as a baseball fan, I've been reading a lot about sort of the positives, but also the negatives, I think, that are perceived around it. I will say in our league, and this goes back a little to this concept we were talking about, this sort of individual together with a team that there still is no substitute for the best sort of team presidents, general managers, understanding the dynamic of those relationships. And it's been hard, I'm not saying, maybe someday somebody will figure out a formula for that as well.

STEPHANIE RUHLE: Hopefully not.

ADAM SILVER: Well, you know, I'm just saying that, you know, to me, where some of the teams have taken a bad turn is that it's been too much based on a spreadsheet and that it's just, you know, it's even, you know sometimes people make fun of when you say chemistry the way, you know, you understandably say, yeah, values, culture, I hear that from all these guys, but, you know, I think though, so it's easy to say, but in practice, I think really well-run teams, it's like any well-run business, those relationships, those personal touches really are meaningful.

I'm Sam Powell from Silver Lake Partners. My question is about social media. People are engaging with the content in a new way. They're using Twitter, they're adding clips that are being tweeted out, Facebook, etc. My question is to what degree does that enhance TV ratings or does it go the other way? I guess what's the impact of social media on television?

ADAM SILVER: So, if anybody couldn't hear it the back, the impact of social media on our ratings? You know it's something we continue to study. I'd say, at least the correlation is it's been very positive because in essence as we've created a bigger social media community, our ratings have gone up. And my hunch is that, I've heard this analogy used before, sort of snacks and meals, that the social media, or sort of content that people are feeding off is not going to otherwise cause somebody not to eat a meal. And I think because as a business matter, we sort of religiously protect our live streams of our games. In fact, our intellectual property lawyer, Ayala here, is nodding her head in agreement that her job is to make sure people aren't stealing those feeds on various services. But we've gone a different direction than a lot of the other leagues and content creators in that we've sort of allowed the aspects of our game, highlights for example, other insights, we've encouraged them to be distributed in a very aggressive way on social media. And I just, my hunch there is in addition to sort of a tease for a lot of the games that, you know, in terms of building a narrative around these athletes, and I've seen this change in my 26 years at the league, the more we can demonstrate how truly multi-dimensional these athletes are, the more you pull people in. And if you think of it watching the way NBC tells stories around the Olympics, you know, you may be watching curling or something that you would never otherwise watch except for that moment during the Winter Olympics.

STEPHANIE RUHLE: Those human interest stories.

ADAM SILVER: In the lead-in, there's this curler and, you know, and then, like her dad died

when she was eight and she had this, and then she overcame this obstacle. So you're crying by the time the competition comes on and you're watching something you would otherwise...and that's an extreme view. But I find with our athletes, especially who come from all around the world, the more you know, they overcome obstacles, they did incredible things in their lives, you know, their mom played basketball also and was on this team. And so I think it's been very positive.

STEPHANIE RUHLE: You're only saying the good side of it. That much more exposure is also exposure and there's risks associated.

ADAM SILVER: That's why you're good at what you do. Good question. Yes, so there's a downside to it. (Laughter) No, but that's right. And I think some of our players get in trouble on social media. It's interesting. We kind of have a pact with our players. I mean it's not all codified, but in essence the understanding is don't put much more on social media than you would in an interview with you or an interview with a sports reporter in a locker room. Now, we recognize they're out there on social media. I'm not like running around saying you're fined, you're fined, I can't believe you used that one word. But there's sort of an understanding that you're still representing your team and the league when you're on social media. And that, therefore, and it doesn't go as much to the content of the speech as to the form of it, a particular word you may choose to use. I mean obviously, you know, hate speech is not permitted in the NBA. I mean sometimes what is political speech, what is hate speech? I mean the line can blur a

little bit there. And so, as a result, some of our players have gotten in uncomfortable places, but you know again, like sometimes, some of them are really young. And when we say to them, you know, this is how that might be perceived, back to the conversation we were having, they say, okay. You know, and they learn from it. And I also, look, your point before on things that our players do engage in overt political speech on social media and it turns some people off. And I sort of accept that. I mean that's going to be part of the deal. But I think, net, it's very positive, but some people are going to say, uh, if they feel that way, you know, just like they do to me, I'm not going to watch your game. But I think overall people are increasingly accepting that these are citizens, that if they have a political point of view, and especially if it's expressed respectfully, isn't that a positive thing?

STEPHANIE RUHLE: We have time for one more.

Adam, do you think that the NBA will be the first men's league to have a woman head coach?

ADAM SILVER: You know, I won't make the comparison only because I don't know enough about what's happening in the other leagues, and sort of who may be sort of in the shoot ready to be announced, but I will say we are very focused on a woman becoming a head coach in our league. You know, Becky Hammon is one that people talk about a lot and she even interviewed for the head coaching job at the Milwaukee Bucks that you mentioned earlier. You know Sue Bird, who is still playing in the WNBA, but four-time Gold Medalist who is going to go down

clearly as a Hall of Famer, one of our greatest ever. She just took a position, an off-season position with the Denver Nuggets. Kristi Tolliver, another WNBA player down with the Washington Wizards. So, one of the things we're doing in the WNBA, and obviously it doesn't have to be the only place a potential female coach can come from, but they're working hand-in-hand with our NBA teams on assisting coaching teams and creating a pipeline. And so I'm very confident it's going to happen at some point. And I think increasingly as I watch even the interaction of our WNBA players and our NBA players that there's just respect across the board for people who understand the game. And the last thing I'll say to that point, one thing I'm proud of that, you know, one of the things I looked at a few years ago and said, it's sort of just like coaching where you get it, that on the floor men and women are built differently in terms of competing head-to-head, but why was it that we didn't have more women referees where you have to have the physical ability obviously to run up and down the court, but I think it was just something that grew up in the industry that men were refereeing men. And we sort of made a commitment going forward, there's no reason, I mean it's not a quota system, but if you have a big enough pool...

STEPHANIE RUHLE: It just was tradition.

ADAM SILVER: It was tradition. And so we just hired five new referees and two of them are women. And they came up through the pipeline in our G league system. It takes a few years. We didn't just go out and say put some women in. There's a big pool of women. They worked in the

G league for several years. But then when the next class came up, it worked that way. So, you know, I hope we're first. It would be a very proud moment for this league. But I think it will be wonderful if it happened in other leagues as well.

STEPHANIE RUHLE: Awesome. Well, this was a wonderful conversation. Thank you.

ADAM SILVER: Thank you Stephanie.

(Applause)

VICE CHAIR GLENN HUTCHINS: So, Stephanie and Adam, thank you very much. That was really fascinating. And as a reminder, we have some exciting events before the end of the year, including Jay Powell, Chairman of the Federal Reserve, on November 28. And on December 5, our year-end dinner with Hank Paulson and Tim Geithner doing a retrospective on the financial crisis. Bob Steel obviously was part of that team. Bob, you were part of the events we had in Washington on the 10th anniversary of the crisis. It's really a fascinating retrospective. So I would urge everybody to try to make both of those events. And I'd like to ask you to enjoy, not just your lunch, but also a nice Thanksgiving holiday on Thursday. Take care.