Table 1: OLS and Regime Switching Regression Results[1]

	Reserve Clause Era (1905-1971)[2]			Free Agency Era (1972-2008)[2]		
Variable	OLS (One Regime)	Regime One	Regime Two[3] (Change)	OLS (One Regime)	Regime One	Regime Two[3] (Change)
Constant	1.0939*** (0.3003)	1.2108*** (0.2204)	-0.3410 (0.8044)	1.2387 (1.9392)	0.5930 (2.0437)	8.1856** (3.7011)
Age	-0.0334*** (0.0102)	-0.0253*** (0.0062)	-0.0233 (0.0308)	-0.2779*** (0.0700)	-0.1323* (0.0686)	-0.5180*** (0.1328)
Experience	0.2463*** (0.0129)	0.2133*** (0.0105)	0.0789** (0.0338)	1.3943*** (0.0724)	0.9661*** (0.0704)	1.0636*** (0.1383)
ERA	-0.0110 (0.0156)	-0.0192 (0.0161)	0.0071 (0.0363)	-0.7501*** (0.0562)	-0.6482*** (0.0652)	-0.2500** (0.1057)
Wins	24.0421*** (0.8873)	20.5015*** (0.8368)	15.3359*** (2.8445)	77.5905*** (4.1596)	65.2244*** (4.7039)	25.7847*** (7.8040)
Saves	1.2369 (1.8251)	-0.2552 (1.9370)	2.8444 (4.1925)	10.0691*** (3.0901)	18.8307*** (3.1540)	-20.8688*** (5.8279)
SO/BB	0.3875*** (0.0530)	0.3069*** (0.0533)	0.0955 (0.1399)	0.7334*** (0.1396)	0.1719 (0.1386)	1.0106*** (0.2663)
WHIP	0.2631** (0.1100)	0.2226** (0.1013)	0.1921 (0.2864)	4.2443*** (0.5494)	2.8885*** (0.6897)	2.0939** (1.0299)
p	-	0.8757 (0.0557)		-	0.9673 (0.0340)	
q	-	0.8064 (0.0843)		-	0.9052 (0.0763)	
R^2	0.5831	0.6273		0.4565	0.5165	
$R^2_{RS/OLS}$	-	0.1062		-	0.1104	

* Significant at 10% level, ** significant at 5% level, *** significant at 1% level.

1. Dependent variable is detrended salary. Reserve clause era salaries are expressed in thousands of dollars and free agency era salaries are expressed in tens of thousands of dollars.

2. Number of observations for reserve clause era: 2,095. Number of observations for free agency era: 2,650.

3. The quantities reported in the columns labeled Regime 2 (Change) are the differences in the coefficients between Regime 1 and Regime 2. The marginal effect of a variable in Regime 2 can be found by adding the coefficient in Regime 1 to the quantity reported in the column for Regime 2. A quantity in the Regime 2 columns that is statistically significantly difference from zero indicates statistical evidence there is a difference between the two regimes when it comes to the given coefficient.