

# Outside the Lines

Vol. II, No. 3  
1996

SABR Business of Baseball Committee Newsletter

Summer

Copyright © 1996 Society for American Baseball Research

**Editor:** Doug Pappas, 100 E. Hartsdale Ave., #6EE, Hartsdale, NY 10530-3244, 914-472-7954.  
E-mail: 76615.662@compuserve.com or DougP001@aol.com.

## Annual Meeting Report

The Business of Baseball Committee held its second annual meeting at SABR 26 in Kansas City. Our thoughtful hosts scheduled the meeting for 7:30 AM Friday, June 7 -- opposite the trivia preliminaries and three research presentations, and before many attendees had even registered. I know most fans wish the economic and labor issues would just go away, but this is ridiculous...

Nonetheless the meeting attracted a large, enthusiastic group of SABRites, including about a dozen new Committee members. **Andy McCue** wanted to know if the newsletter would run more historical articles; **Jerry Wachs** thought the newsletter too sympathetic to the Players' Association on labor issues. Andy should enjoy pp. 2-6, while Jerry should turn to pp. 6-7. "Give the readers what they want," I say...

## Labor Peace At Last?

As this issue went to press, the players and owners had agreed on virtually all details of a new labor agreement except the players' entitlement to service credit for the period of the strike. The players received service time in past strikes, but a small group of hard-line owners, led of course by Jerry Reinsdorf, would prefer to blow apart the entire settlement rather than yield on the issue. Acting Commissioner for Life Selig is believed to have the 21 votes necessary to approve the agreement, but one should never under-estimate the owners' capacity for self-destructive behavior.

The proposed deal will run through at least the year 2000, with the MLBPA pushing to extend it through 2001. While the agreement hands management a major symbolic victory in the form of a "luxury tax" on high-payroll clubs, the structure of the proposed tax suggests it will have little practical effect.

The luxury-tax threshold will be \$51 million in 1997, rising to \$55 million in 1998 and an estimated \$58 million in 1999. There will be no luxury tax in 2000, nor in 2001 if the agreement runs that long. In 1997 and 1998, teams over the tax threshold will pay a 35% tax on the excess payroll, with the tax rate falling to 34% in 1999. If the 1997 tax system had applied in 1996, only four teams -- the Yankees, Orioles, Indians and Braves -- would have paid the tax, contributing a total of \$10,930,500. Assuming that these teams would have reduced their payrolls by the full amount of the tax, total player compensation would have fallen less than 1%.

Looking ahead to 1997, only the Cardinals have a 1996 payroll within 5% of the 1997 tax threshold, while many large-market clubs remain far under the cap. For example, the Cubs, Dodgers, Angels, Phillies and Marlins could increase their payrolls by at least \$10 million next season without owing the tax, while the Mets and Tigers have more than \$20 million to spend. Nor should the luxury tax significantly reduce salaries in future years. The threshold rises by 8% in 1998 and at least 6% in 1999, even as greater revenue sharing leaves the high-revenue teams with less to spend. Moreover, the tax-free year in 2000 affords any competent GM a way around the tax -- look for lots of back-loaded multiyear contracts with balloon payments that season -- and will force the owners to engage in meaningful labor negotiations before the contract expires, since they'll be operating without a luxury tax until another agreement is reached.

Of longer-term significance, labor peace means that the owners will finally phase in the revenue-sharing agreement adopted in 1994. This plan will ultimately boost revenues of MLB's smallest-market clubs by an estimated \$10 million/season. Economic theory suggests that greater revenue sharing will be more effective than a luxury tax in checking the increase in player salaries, by reducing the funds available for high-revenue teams to outbid others for coveted players. To help fund this revenue-sharing agreement, the players have agreed to pay a two-year, 2.5% tax on their salaries, estimated to raise about \$50 million. Three-fourths

of this sum will be used to fund revenue sharing, the other 1/4 for a joint labor-management fund.

The new agreement provides for three-person panels to hear all salary arbitrations -- a victory for management insofar as it reduces the risk of "freak" results. The minimum salary will rise from \$109,000 to \$150,000 for 1997, with additional increases to follow. The players will reduce their share of ticket revenue from first-round playoff games from 80% to 60%, and have authorized the owners to extend the first-round playoffs from best-of-five to best-of-seven games. Interleague play will begin in 1997, with the DH used in American League parks. In a victory for the players, the owners have committed to expand to 32 teams before the end of the century, selecting two more franchises in 1999 to begin play by 2002.

So was this agreement worth disrupting two seasons and destroying the 1994 World Series? Arguably for the players, who lost 2-1/2 months' pay and suffered a PR black eye, but fought off proposals which would have permanently reduced their collective income by about 15%. Not for the owners, who sustained long-term damage without winning significant restrictions on player compensation. And certainly not for the fans, many of whom remain hurt, alienated and distrustful of a business whose key division -- between large- and small-market owners -- has left it virtually incapable of governing itself.

### The MacPhail Report of 1946

Like the rest of America, Organized Baseball experienced sweeping economic and social change after World War II. Overnight the number of minor leagues jumped from twelve to 42. The White Sox, who operated no farm teams in 1945, had seventeen in 1946. The majors adopted a new bonus rule, seeking to deter expensive bidding wars for young prospects by mandating that any player signed for a bonus of \$6,000 or more could not be optioned or sent to the minors without clearing irrevocable waivers. The Yankees inaugurated the luxury-box era by creating a Stadium Club: at a cost of \$600 for a four-seat box, fans could enjoy a private lounge, bar and restaurant, as well as priority rights for tickets to postseason games, pro and college football and championship boxing.

But three areas dominated Organized Baseball's thinking: race, unionization and the Mexican League. Checkbooks in hand, the Pasquel brothers dangled huge sums to entice major leaguers south of the border. Robert Murphy's fledgling American Baseball Guild sought to unionize those who remained, demanding salary arbitration, a \$6,500 minimum salary and a requirement that players sold to another team receive 50% of the purchase price. Meanwhile in Brooklyn, Branch Rickey's signing of Jackie Robinson to a contract with Montreal of the International League threatened the majors' 60-year-old "gentleman's" agreement barring blacks.

The majors appointed a six-member Major League Committee to study these and other issues. The Committee included both league presidents, Will Harridge and Ford Frick, along with owners Phil Wrigley, Tom Yawkey and Sam Breadon, and Larry MacPhail, operator of the Yankees. Under MacPhail's leadership, the Committee met seven times in July and August 1946 before reporting to the owners at the August 27, 1946 owners' meeting. Recognizing the explosive nature of the report, MLB took great pains to keep its contents secret, asking the recipients to destroy their copies. Even the existence of the Committee report did not become public knowledge for five years, until a Congressional committee uncovered a copy. Excerpts then appeared in the October 24, 1951 *Sporting News*, and then-Commissioner Chandler's copy is quoted extensively in Murray Polner's 1982 biography of Branch Rickey.

**Organizational Inadequacies.** The report condemned Organized Baseball's outmoded management structure. "Professional baseball has not attempted survey or analysis of its administration set-up for 35 years. The Major League Agreement has been in effect for 35 years, the National Association agreement for 45 years, without any material revision to meet changing conditions."

More specifically, "League presidents have little actual responsibility and authority for anything except employment and assignment of umpires and control of players. The Advisory Council, whose responsibility or authority is not defined in the rules, has never met, and might as well not have existed. Boards of directors of the leagues are rotating honorary appointments. Club owners, in whom all legislative authority is properly vested, meet generally once a year. . . . League meetings, lasting a day or so, have been aptly described as 'town meetings.' Minor league conventions are apt to be little more than political log-rolling contests."

Notwithstanding this condemnation from within, the majors only made matters worse. The only central authority, Commissioner Happy Chandler, antagonized many owners by acting like a CEO. He was replaced by Ford Frick, who aggressively avoided any sign of leadership for 14 years. Frick once congratulated himself for completing the American League's annual meeting in only seven minutes -- symptomatic of the hands-off style which prompted Bill Veeck to suggest that Frick title his autobiography *Armageddon Is a League Matter*.

More recently, after briefly giving Peter Ueberroth the power to save them from themselves, the owners have tied their own hands by requiring a 3/4 majority for important decisions such as revenue sharing and a labor agreement, thereby assuring that they can't even formulate their own position without six months of internal infighting.

**Labor Issues.** Unionization efforts forced the owners to act: they established the first player pension, adopted a \$5,000 minimum salary and a 25% limit on annual salary reductions, and agreed to pay moving expenses and \$25/week spring training expenses ("Murphy money"). Yet the MacPhail Report warned that Robert Murphy's attempt to unionize professional baseball players "would have been successful if he had started with minor league players."

The Mexican League threat was not so easily addressed, for it implicated the fundamental issue of clubs' right to control player contracts in perpetuity. The MacPhail Report admitted: "In the well-considered opinion of counsel for both major leagues, the present reserve clause could not be enforced in an equity court in a suit for specific performance, nor as the basis for a restraining order to prevent a player from playing elsewhere, or to prevent outsiders from inducing a player to breach his contract." In other words, the reserve clause didn't bind players at all! When baseball executives were questioned on this point during the 1951 Congressional hearings, they disavowed the report. NL lawyer Louis Carroll testified that the report was merely a draft, subsequently altered because it contained legal opinions that "we did not think were accurate and should not be contained at all in a report of that character." After all, if that report became public, players might think they should have the same right as other employees to switch jobs when their contract expired...

Unsurprisingly, despite Carroll's disavowal the owners rewrote the standard player contract after the 1946 season to address just these issues. During the AL-NL and Federal League wars, courts had routinely held player contracts unenforceable for lack of mutuality: the player was bound to the club for life, while the club could release the player at any time, for any reason, and owe only 10 days' pay. The revised contract responded to these decisions by eliminating the old 10-day clause. Instead players released for injury were entitled to their full salary for the contract period, while those released for lack of skill received 30 days' pay plus travel expenses home. Reinforcing the clubs' claim for injunctive relief, a new paragraph 4(a) of the revised contract required the player to warrant that he had exceptional and unique skills; that the club would suffer irreparable injury if he breached the contract; and that if he breached, the club would be entitled to enjoin him from playing for any other team for its duration.

The new contract also modified the language dealing with renewal of unsigned players. The original contract bluntly asserted club authority: if the parties couldn't agree on a salary for the upcoming season, "the player will accept such salary rate as the club may fix, or else will not play baseball otherwise than for the club, or for an assignee thereof." The revised contract allowed the club to renew it "by written notice...for the period of one year on the same terms, except that the amount payable to the Player shall be such as the Club shall fix," subject to a 25% limitation on salary cuts. Another paragraph stated that the renewal rights "have been taken into consideration in determining the amount payable" under the contract. Thereafter, the clubs contended that renewal "on the same terms" created *another* right of renewal the following season, thus perpetuating a lifetime reserve clause. Thirty years later arbitrator Peter Seitz disagreed: his decision that the reserve clause was not self-perpetuating created the free-agent era.

**Race.** With Jackie Robinson already tearing up the International League, Organized Baseball launched every tired, circular weapon in its arsenal to defend the color line.

Baseball is being pressured by meddling publicity hounds who don't care about blacks: "Certain groups in this country including political and social-minded drumbeaters, are conducting pressure campaigns in an attempt to force major league clubs to sign Negro players. Members of these groups are not primarily interested in Professional Baseball. They are not campaigning to provide a better opportunity for thousands of Negro boys who want to play baseball. . . . They know little about baseball -- and nothing about the business end of its operation. They single out Professional Baseball for attack because it offers a good publicity medium."

Signing a few black players won't solve anything because most Negro Leaguers aren't qualified for the majors: "Jobs for half a dozen good Negro players now employed in the Negro Leagues are relatively unimportant. Signing a few Negro players for the major leagues would be a gesture -- but it would contribute little or nothing towards a solution of the real problem."

Negro Leaguers can't play in the majors because they haven't played in the minors: "A major league

player must have something besides great natural ability. He must possess the technique, the coordination, the competitive attitude, and the discipline, which is usually acquired only after years of seasoning in the minor leagues. The minor league experience of players on the major league rosters, for instance, averages 7 years. The young Negro player never has had a good chance in baseball. Comparatively few good young Negro players are being developed. This is the reason there are not more players who meet major league standards in the Negro Leagues."

Club owners had to respect Negro League contracts: "They do not sign, and cannot properly sign, players under contract to Negro clubs. This is not racial discrimination. It's simply respecting the contractual relationship between the Negro leagues and their players." The report conveniently ignored the options of signing black players before they entered the Negro Leagues or after their contracts expired -- and once the color line was broken, many clubs disregarded Negro League contracts, realizing that as a political matter, Negro League owners couldn't let themselves be perceived as blocking their players' path to the majors.

Almost as an afterthought came the *real* reasons. Many teams profited from segregation: "The Negro leagues rent their parks in many cities from clubs in Organized Baseball. Many major and minor league clubs derive substantial revenue from these rentals. . . . Club owners in the major leagues are reluctant to give up revenues amounting to hundreds of thousands of dollars every year. They naturally want the Negro leagues to continue." And black players would attract black fans, whose presence might drive away more desirable white patrons: "a situation might be presented, if Negroes participate in Major League games, in which the preponderance of Negro attendance in parks such as the Yankee Stadium, the Polo Grounds, and Comiskey Park could conceivably threaten the value of Major League franchises owned by these clubs."

This section of the MacPhail Report closed with a thinly veiled warning to Rickey and the Dodgers: "There are many factors in this problem and many difficulties which will have to be solved before any generally satisfactory solution can be worked out. The individual action of any one Club may exert tremendous pressures upon the whole structure of Professional Baseball, and could conceivably result in lessening the value of several major league franchises." But the Dodgers had the last laugh. While the lily-white lineups fielded by Breadon's Cardinals and Yawkey's Red Sox -- who met in the last pre-Robinson World Series -- faded from contention, Robinson, Roy Campanella and Don Newcombe helped the Dodgers dominate the NL for a decade.

### Team Updates

Cincinnati: Swallowing hard, national embarrassment Marge Schott confirmed that John Allen would continue operating the Reds through 1998. Allen, the Reds' controller, took over following Schott's June 12 banishment, but earned Schott's ire for bringing the Reds' marketing department back to the 20th century. For the first time in the Schott Reich, the Reds discounted tickets, hired entertainment and honored stars from the team's past, re-learning the maxim "it takes money to make money."

Detroit: Tiger Stadium's death warrant was signed when the state Supreme Court rejected the Tiger Stadium Fan Club's challenge to the use of state funds to construct a replacement. Soon thereafter the Detroit Lions announced plans to create a downtown sports complex by building a football stadium near the new ballpark.

Houston: Astros' attendance continues to lag behind the 30,000/game owner Drayton MacLane said was required to keep the team in Houston. MacLane released financials indicating that he lost \$12 million on the Astros in 1993, \$24.1 million in 1994, and \$24.5 million in 1995. By contrast, *Financial World* estimates that the Astros earned \$6.7 million in 1993, then lost \$8.4 million in 1994 and \$4.9 million in 1995. As part of the difference, the Astros' figures almost certainly include depreciation of player contracts and may include interest on the money spent to buy the team. MacLane may also have shifted some profits to the Astrodome, which he also owns; its parent reported \$9 million net income over the same period.

Milwaukee: Despite yet another broken promise from Bud Selig, the Brewers will get their new stadium after all. Last fall the Wisconsin legislature agreed to issue \$160 million in tax-exempt stadium bonds in reliance on Selig's pledge to pay the remaining \$90 million in construction costs. Within months, Selig reported that the Brewers couldn't raise the money --

which prompted several of his fellow owners to suggest he move the team. But a combination of public and private sources has bailed out the Brewers. Under the new plan, the Brewers' promised \$90 million contribution includes \$20 million from Miller Brewing for naming rights; \$10 million from concession revenues; a \$10 million letter of credit from the American League; and advances of \$15 million in bonds issued by the City of Milwaukee, \$14 million from Milwaukee's business community, and \$21 million in loans from local foundations...with *no* up-front cash from the Brewers.

Sacramento: Huh? Well, not yet, but the California legislature has created a regional authority. Its mission: attract a team, then persuade voters to approve at least \$250 million in bonds to build that team a stadium. The nearby Oakland A's seem the likeliest candidate..

San Francisco: The Giants announced plans to raise \$40 million of their new stadium's cost through a one-time sale of seat licenses. Licenses for the 13,700 best seats in the house will be sold for \$1,500-\$7,500 each, entitling the purchaser to permanent renewal rights.

### At Last, a Marketing Man

4-1/2 years into Bud Selig's interim tenure, Major League Baseball filled a more important void on June 10 by naming Gregory Murphy to head its marketing arm. Murphy, appointed chief executive officer of Major League Baseball Enterprises, has spent his career building brand recognition for Kool-Aid, Pepsi-Cola, Kraft and Entenmann's Bakery. He's got his work cut out for him -- one recent survey showed Mickey Mantle as the most popular and recognized name associated with baseball -- but vows, "We're going to restore major league baseball to its proper place in American life. This is an icon."

### Supreme Court Endorses Rationale of Earlier Sports Labor Decisions

The Supreme Court has endorsed the interaction of labor and antitrust law in sports cases previously adopted by several Courts of Appeals. In *Brown v. Pro Football Inc.*, a case arising out of a case arising out of the NFL's 1989 labor dispute, the Court allowed professional sports leagues to impose the terms of their final offer after a bona fide bargaining impasse has been reached. But if a league takes such steps, individual players can sue under the antitrust laws if they first decertify their union, a step which automatically ends the collective-bargaining relationship.

The decision does not directly apply to baseball, which retains its judge-made antitrust exemption. However, press reports suggest that as part of the proposed collective-bargaining agreement, MLB's owners will join with the Players' Association in asking Congress to repeal baseball's antitrust exemption in labor matters, thereby placing it under the same rules as other sports.

### Marge Schott -- Suspended Without Legal Recourse

In mid-June, Major League Baseball removed Marge Schott from everyday control of the Cincinnati Reds. Yet even though the Reds mean more to Schott than any non-St. Bernard on the planet, she accepted the ban without challenging it in court. Why?

Principally because of a pair of 20-year-old precedents upholding MLB's authority to discipline errant owners: *Atlanta Natl. League Baseball Club v. Kuhn*, 443 F. Supp. 1213 (N.D. Ga. 1977), and *Charles O. Finley & Co. v. Kuhn*, 569 F.2d 527 (7th Cir. 1978). These cases arose in the early days of free agency, when bad-boy owners Charles O. Finley and Ted Turner tested Commissioner Bowie Kuhn's power to discipline them.

Finley's A's were especially vulnerable to free agency because everyone on the mega-talented Oakland team hated Finley's guts. When an arbitrator ruled after the 1975 season that players could become free agents by playing out the option year of their contracts, many of the AL's best players returned their contracts unsigned and counted down the days to liberation.

liberation.

But while the baseball establishment shared the A's' contempt for Finley, they had to admit that he often thought several steps ahead of the pack. Long before any other owner, Finley realized the key consequence of free agency: player contracts were worth a fraction of their former value because those contracts no longer included a perpetual reserve clause. Rather than lose his players at the end of the season without compensation, Finley vowed to get what he could for his free-agents-to-be. Even before the 1976 season began, Finley traded the unsigned Reggie Jackson, along with Ken Holtzman and a minor leaguer, to Baltimore for Don Baylor, Mike Torrez and Paul Mitchell.

Finley hit the jackpot in mid-June. In two days he sold three players for \$3.5 million: Joe Rudi and Rollie Fingers to the Red Sox for \$2 million and Vida Blue to the Yankees for \$1.5 million. (By comparison, three years earlier George Steinbrenner paid \$10 million for the entire Yankee franchise.) But on June 18, Commissioner Kuhn voided the sale as "inconsistent with the best interests of baseball, the integrity of the game and the maintenance of public confidence in it."

Later that year, Ted Turner earned Kuhn's wrath for being *too* interested in free agents. Before the free-agent signing period began, Turner publicly proclaimed that he would spend as much as necessary to sign Gary Matthews. Turner's courtship included throwing a "Welcome to Atlanta" party for Matthews before acquiring the rights to negotiate with him. For his public comments, Kuhn suspended Turner for one year, stripping him of all authority to manage the Braves or negotiate with other major league teams.

Both Finley and Turner sued Kuhn, claiming that he had exceeded his authority as Commissioner. Finley argued that nothing in baseball's rules empowered the Commissioner to invalidate player sales; Turner challenged his suspension by contrasting his one-year banishment with the \$5,000 fine given to Cardinals' owner Gussie Busch for violating the same directive. But the courts resoundingly reinforced Major League Baseball's authority over its owners.

Quoting an earlier court's description of Judge Landis' powers, the judge in Turner's case noted that in creating the office of Commissioner the owners themselves had given Organized Baseball's supreme ruler "all the attributes of a benevolent but absolute despot." Under the Major League Agreement, the Commissioner was broadly empowered to "investigate any act...alleged or suspected to be not in the best interests" of baseball and to punish violators, and this grant of power bound the owners in any subsequent disciplinary proceedings. The Court of Appeals in Finley's case also enforced a clause in the Major League Agreement by which the owners agreed not to challenge the Commissioner's actions in court.

The *Finley* court made clear that when Major League Baseball disciplined an owner, the courts would not interfere except in the most extreme circumstances. Even if the owners hadn't waived their right to sue, "the courts are generally not available to an association or its members to review actions of a voluntary association [Major League Baseball is an unincorporated association] with respect to its own members." 569 F.2d at 542. The courts will only intervene if MLB's rules or the discipline imposed violate the law or MLB's own bylaws, or if MLB "has failed to follow the basic rudiments of due process of law." This latter standard gives MLB broad authority to prescribe its own procedures: they need not strictly adhere to judicial standards of due process, but must simply "not be a sham designed merely to give colorable propriety to an inadequate process."

Judged against this standard, any legal challenge by Marge Schott seemed doomed to fail. Even if MLB disciplined her merely for espousing unpopular views, the First Amendment doesn't help her because the constitutional guarantee of freedom of speech only prevents the *government* from punishing unpopular speech. Before suspending Schott, MLB carefully afforded her a hearing and the opportunity to present her case. Thus having accepted Major League Baseball's authority to discipline her, Schott cannot expect the courts to second-guess how that

how that authority has been exercised.

### Long-Retired Players Seek Pension, Licensing Money

With the players and owners battling over billions, baseball's eldest statesmen are seeking a few crumbs from the table. Spokesmen for the 77 survivors who played at least five years in the majors but retired before the pension plan took effect at the end of the 1946 season wonder why their performances remain unrecognized. This moral issue aside, Pete Coscarart and others have also raised the *legal* issue of their right to be compensated for the use of their name or likeness by baseball's official licensees.

Acting Commissioner Selig told the *New York Times* that the veterans' situation is "categorically unfair" and should be addressed in the pending labor agreement -- but it won't be.

Donald Fehr says the Players' Association can't pay such benefits from its pension fund. His deputy Gene Orza weasels, "I sympathize with them, but the current players have no duty to bargain over retired employees. [Ask the UAW or United Steel-workers how they feel about retirees, Gene.] And you can't ask the players or the owners to give them charity. It seems unseemly." There *might* be a gracious way to justify indifference, but this wasn't it.

Amazingly enough, in 1987 the NFL overcame this feeling of "unseemliness" to establish a \$40 million fund for its pre-1959 players, while in 1989, the NBA voted a stipend of \$100/month per season played to veterans 62 or older. By contrast, an annuity to provide each of these 77 MLB veterans \$1,000/month for the rest of their lives would cost about \$5 million: 1/8 of the NFL's commitment, less than 1/2 of 1% of 1996 player compensation, and less than 10% of the MLBPA's annual licensing revenues, which for most of the Nineties have been paid into the union's strike fund rather than directly to the players.

The 77 affected players include six-time All-Star Jo-Jo Moore, former NL MVP Dolph Camilli, Harry Danning, Whitlow Wyatt, Babe Dahlgren, Woody English, Frenchy Bordagaray, Billy Rogell...and, in the interest of full disclosure, my great-uncle Joe Cascarella. At an average age of about 85, these players can't wait forever for *someone* connected with Major League Baseball to do the right thing.

### New Material for the Committee Archives

This issue's five-star additions include an invaluable aid to the Committee's salary project, the recently-expired labor agreement and the 1992 report of a blue-ribbon panel of economists hired to study the game.

**Gary Skoog** has donated a copy of the Basic Agreement dated January 1, 1990 -- the document which, under Judge Sotomayor's injunction, continues to govern the relationship between the owners and players until a new agreement is ratified. The Basic Agreement prescribes the rules governing free agency and salary arbitration; player benefits, including expense allowances and termination pay; procedures governing player discipline; the waiver and reserve systems; etc. Copies of this 55-page document are available for \$6.60.

Gary also contributed the 102-page Report of Independent Members of the Economic Study Committee on Baseball, a blue-ribbon panel of economists formed pursuant to the Basic Agreement. The panel, two of whom were appointed by MLB and two by the MLBPA, unanimously recommended broader revenue sharing and the elimination of salary arbitration in favor of granting players free agency after three years of service. Union appointee Henry J. Aaron (the Brookings Institution economist, not the home-run king) contributed a Supplementary Statement in which he asserted that there is no credible evidence *any* franchise is in financial trouble, and stated, "[A] governance structure of professional baseball clubs that is incapable of enforcing greater revenue sharing is *the* problem. Unless that problem is addressed and solved, labor management peace will never come to baseball."

The Committee archives now also include a copy of Joint Exhibit 1 from the 1996 salary arbitrations: a complete, accurate summary of the 1993-95 contracts, including bonuses, no-trade provisions and salary guarantees, for all players on a major league roster as of August 31, 1995. The Exhibit runs about five pages per team -- an estimated 140 pages, or \$16.80 for those ordering copies. If anyone's willing to let me copy

earlier editions of this Exhibit, please let me know.

**Gene Carney** sent me two papers presented at the Eighth Annual Cooperstown Symposium on Baseball and American Culture in June: Paul D. Staudohar's *The Baseball Strike of 1994-95* (22 pages) and Karen S. Koziara's *Labor Relations in Baseball: Lessons Learned About Collective Bargaining* (17 pages). Gene recommends Koziara's paper, while describing Staudohar's as one which "might be of interest to those new to the planet" and observing, "It lowered the likelihood of my ever cracking his book *Playing for Dollars*." I second his conclusions. Staudohar's paper adds some historical context to recent events painfully familiar to all of us, but breaks no new ground. Koziara's uses baseball's disastrous negotiations to illustrate more general principles of collective bargaining.

**Jim Eaton** has prepared a handy 14-page summary, "Baseball History (With a Business and Economic Emphasis)," listing significant developments from Alexander Cartwright to the 1994 labor dispute.

The June 18, 1996 issue of the *Village Voice* carried an article by **John Holway**: "The Payoff Pitch: How to Build a Better Baseball Team" (3 oversized pages). Holway uses the Expos to show how small-market teams can succeed both on and off the field: "While other teams shell out big bucks for free-agent has-beens, the Expos grow 'em cheap down on the farm."

**Gary Skoog** also forwarded a number of documents from the owners' abortive attempt early in 1995 to impose new terms pending a labor agreement. The 83 pages of management-side documents include correspondence, a revised Uniform Player's Contract, proposed rules governing the salary cap and reserve system, and details of the salary cap. Eight pages from the Players' Association contain the union's analysis of the proposed cap and changes in free agency.

Received a while ago but never listed: Kevin F. Leahy's *Baseball, Expansion, and the Antitrust Exemption*, a seminar paper written by the son of the Senator from Vermont (43 pp.). Leahy argues that if the antitrust exemption is removed, the antitrust Rule of Reason would force MLB to establish objective criteria for the awarding of expansion franchises. Any group satisfying these criteria would be entitled to a franchise.

### Blasts from the Past

Ford Frick, *Games, Asterisks, and People* (1973), p. 193: "In any elimination of the reserve clause, the prime sufferers will be the players, and indirectly, the fans. Management can protect itself. Players cannot."

Charles Webb Murphy, former president of the Chicago Cubs, "How Most Ball Clubs Lose Money," September 1919 *Baseball Magazine*: "Baseball needs overhauling and putting on a business basis. The salaries of players are too high in what are denominated as major leagues, and the other overhead expenses make a total that can't be taken in at the gate, save in New York and possibly one or two more cities. A readjustment is needed in operating expenses if the leagues are to go on. . . . It must be shown instead that the owners deserve sympathy and aid for their bravery in going ahead and providing the national game at an annual loss" (p. 280).

Francis Richter, 1920 *Reach Guide*, p. 247, opposing a players' union: "So, in the last analysis, an organization will serve no purpose other than possibly to protect the players against abuses, and in this matter the game is not worth the candle, as few good players are ever treated arbitrarily or unjustly by the magnates. In this matter, rather, the burden is on the players, who, as a class, are temperamental, hard to handle, and not averse to violating both the expressed and implied terms of their contract. As a matter of fact, few players give their clubs the best that is in them, as they are bound in honor to do, and for every player treated unjustly by a club fifty players give their clubs more or less the worst of it."

### Changes to the Committee Roster

New members:

Mihran Berejikan, 2167B Greenwich St., San Francisco, CA 94123, Mihran.Berejikan@arthurandersen.com

Lee Califf, 5305 Denwood Ave., Memphis, TN 38120

Greg Gajus, 2643 Pinto Dr., Duluth, GA 30136

Steve Garlick, 200 E. 66th Terrace, Kansas City, MO 64113

Rich Hansen, 513 Braemar, Naperville, IL 60563



Patrick Lethert, 1210 Fallbrook Lane, Woodbury, MN 55125, plethert@westpub.com  
Wade Minter, CS Unit 1423, 200 Richmond Road, Williamsburg, VA 23186-1423, hwmint@cs.wm.edu  
Rod Nelson, P.O. Box 308586, Denver, CO 80248-0583, LoDoKid@prodigy.com  
Claudia Perry, 526 Lanfair Circle, San Jose, CA 95136, Rockdog59@aol.com  
Owen Ricker, 5012 Queen St., Regina, Saskatchewan, S4S 6Z9  
Gary Skoog, 1527 Basswood Circle, Glenview, IL 60025  
Gloria Smith, 110 Silver Spring Rd., Short Hills, NJ 07078  
Leverett T. Smith, Jr., 735 Sycamore St., Rocky Mount, NC 27801

New mailing addresses:

Neal Traven, 615 Churchill Court, Cranberry, PA 16066, baseball@nauticom.net  
Ted Turocy, 2218 Maple, Apt. 208, Evanston, IL 60201, arbiter@adler.kellogg.nwu.edu  
Cliff Wexler, 4 James Lane, Kinderhook, NY 12106, BER00165@berk.com

New E-mail addresses:

Frank Roth, commin-since@prodigy.com

*Note:* All opinions herein are those of the authors, or where not otherwise credited, the Editor. Copies of any material in the Committee archives can be obtained from the Editor for 12 cents/page, including postage.