

A. D. Chandler.

REPORT

For Submission to National and
American Leagues on 27 August, 1946.

MAJOR LEAGUE COMMITTEE

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NO. —

Delivered to

A. D. Chandler.

SYNOPSIS

	Page
I. INTRODUCTION	1
II. FOREWORD	1
III. PROBLEMS	2
A. Organization	
B. Legality of Structure	
C. Player Relationships	
D. Public Relations	
E. Race Question	
F. Operations	
IV. RECOMMENDATIONS	3
A. Organization	3
1. Executive Council	6
B. Legality of Structure	10
1. Reserve Clause	11
C. Player Relationships	12
1. Revision of Uniform Players' Contract	13
(a) Termination	13
(b) Assignment	14
(c) Disability	14
(d) Submission of Contracts	14
(e) Spring training and expenses	14
(f) Promotional activities	14
(g) Physical condition	15
(h) Breach of contract	15
2. Revision of Major League Rules	15
(a) Minimum salary	15
(b) Barnstorming	15
(c) Player representation	15
3. Security or Pension Fund	16
D. Public Relations	17
E. Race Question	18
F. Operational Problems	20
1. Bonus limitations	20
2. Schedules	23
3. Prices	24
4. Miscellaneous	24
V. CONCLUSIONS	25
VI. APPENDIX	
A. Proposed Uniform Players' Contract	

REPORT OF MAJOR LEAGUE STEERING COMMITTEE
FOR SUBMISSION TO THE NATIONAL AND AMERICAN LEAGUES
AT THEIR MEETINGS IN CHICAGO

27 August 1946

I. INTRODUCTORY

The following resolution was adopted unanimously by the National League at its meeting in Boston on July 8, 1946:

"RESOLVED; that the President of the National League appoint a Steering Committee of two Club representatives, the League President to be a member and Chairman of said Committee. The Committee is directed to employ counsel and to consider and test all matters of Major League interest and report its conclusions and recommendations not later than August 15, 1946. The said Committee is also authorized to represent the National League in conference with a similar Steering Committee of the American League. Said Committee is to function until the next annual meeting of the National League."

A similar resolution was adopted unanimously by the American League, meeting in Boston on the same date.

Pursuant to these resolutions, a Joint Major League Committee, consisting of Messrs Frick, Breadon and Wrigley of the National League and Messrs. Harridge, Yawkey and MacPhail of the American League, was constituted. The Committee met and organized in Boston July 9. L. S. MacPhail was elected Chairman and Louis F. Carroll Secretary. Subsequent meetings were held in Boston July 10, Chicago July 17 and 18, and New York August 4, 5 and 6. Several sub-committees were appointed. Counsel for both Major Leagues were requested to study legal questions.

The Committee desires to acknowledge the assistance of Messrs. Hostetler, Carroll and Fiery, of Counsel; of Messrs. Giles, Trautman, DeWitt and Gallagher, for sub-committee reports; and of Mr. Leslie O'Connor, who met with the Committee at its request in an advisory capacity.

II. FOREWORD

Baseball, as a game, provides pleasure and relaxation to millions who see it played and to countless millions who follow it through the printed page and radio. The time is not far distant when more millions will relax at home or in a theatre and see and hear the game wherever it may be being played.

Professional Baseball, however, is more than a game. It is Big Business - a one hundred million dollar industry - actively engaged in providing the American public with its greatest and, next to the movies, its cheapest entertainment buy.

Professional Baseball is a peculiar and complicated industry. Most of us like to think that we run our own organizations and that it is our initiative, experience and ability that have been responsible for success. This is true, of course, to some extent.

But, to a greater extent, we are in business with seven (and sometimes fifteen) active partners. This partnership, and the agreement among the partners to cooperate in the business of baseball, constitute a monopoly. Our counsel do not believe we are an illegal monopoly (because our partnership arrangement and cooperative agreements are necessary in the promotion of fair competition and are therefore for the best interests of the public) but we are a combination, and as such, the policies and rules and regulations adopted control every one of us in the operation of our individual businesses.

In considering the extent to which baseball functions as an entity, compare a Major League Club with a large motion picture corporation. They both operate and maintain plants and have a product to sell. They have similar public relations and personnel problems, and both are dependent upon publicity. But Metro-Goldwyn-Mayer, for instance, hires whom it pleases to make whatever pictures it chooses to make. They show the pictures where and when they please. They do their own planning, visualize their own needs, and determine for themselves the most advantageous future course for their business. RKO, United Artists, Paramount and others are competitors, not partners.

While the Detroit Baseball Club also operates its own plant, sets up its own accounting systems and handles its own finances, - Baseball tells the Detroit Club whom it may or may not hire, where and when it will play its games, what proportion of its income it may retain, and, in great degree, determines its policies and controls its employee and public relations.

The Detroit Club handles its finances and accounting and maintains its plant and concessions as efficiently as corporations in other fields. The organizational structure and procedure for all Baseball, however, which determine the policies and control the Detroit operation in great degree, are neither sound nor efficient, and would not be tolerated in other industries of like size and importance.

Baseball in this country has been like Topsy; it "just growed." Nor did it do a bad job of it. Through the years, however, the business of Baseball has been run in the most haphazard way imaginable. On the whole it has gone along pretty well, and human nature being what it is, we have just "let it go."

Today, however, Baseball faces the most critical period in all its history. It is under attack as an illegal monopoly. Its right to survive as it has always existed is being challenged by rapidly changing conditions and new economic and political forces. What the future holds none can foretell, but certain it is that the character of American baseball for many years to come will be determined in large measure by its ability to withstand the pressures of today. At no time in the history of professional baseball has there been greater need for intelligent management and procedures to determine the common ends toward which efforts shall be directed and to maintain coordination and cooperation between the various components of the baseball structure.

We have an important job to do. In the opinion of your Committee, now is the time to do it.

III. PROBLEMS

The major problems with which we have been concerned and for which definite recommendations are herewith submitted may be grouped as follows:

A. Organization

(The problem of setting up machinery for efficient over-all administration; intelligent consideration of proposed rules changes; clarification and proper enforcement of rules; continuing contact and cooperation between Major and Minor Leagues; and prompt action in considering problems of an over-all nature.)

B. Legality of Structure

(Means to combat attacks upon baseball as constituting an illegal monopoly and raids from individuals or agencies outside Professional Baseball.)

C. Player Relationships

(Methods to prevent outsiders from being successful in attempts to organize players into unions or guilds for purposes of collective bargaining. Contract and rules revision to improve player-Club relationships. Security or pension funds.)

D. Public Relations Problems

(Means to protect Baseball against injurious and unfair attacks calculated to undermine public confidence in its integrity and methods.)

E. Race Question

(Methods to protect Baseball from charges that it is fostering unfair discrimination against the negro by reason of his race and color.)

F. Operational Problems

(Relating to schedules, prices, and payment of bonuses to first year players.)

IV. RECOMMENDATIONS

A. Organization

There is nothing about any business more important than its future, and there should be more concern about where a business is going than about where it has been. Provision should be made for management and procedures under which future objectives can be visualized and initiated. The more specifically any organization, or any future course of operation, is conceived and defined, the more likely is its realization. Baseball's most pressing need, in the opinion of your Committee, is a sounder plan of organization to insure it adequate planning and clarification of objectives and permit over-all problems to be surveyed, studied, and handled promptly as they come up.

Professional Baseball has not attempted survey or analysis of its administrative 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. There has never been anybody, or any group, except the Club owners, with responsibility and authority to face, study or handle the game's over-all problems. As matters now stand, all such matters must wait until the Club owners (Major or Minor) assemble. Unlike other business organizations, we do not have a Board of Directors which investigates, surveys and recommends action on matters of a pressing nature.

Baseball probably never would have had even a Commissioner if there had not been a Black Sox scandal. The authority of the Commissioner is limited to "conduct detrimental to baseball" and "players' claims." 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. The Club owners, in whom all legislative authority is properly vested, meet generally once a year. Our existing machinery does not provide for continuing contact and cooperation between the Majors and big Minors, whose over-all problems are similar. 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. Administrative details under which we function are handled in offices thousands of miles apart, with duplication of expense of operation. The administration of these offices has been constantly characterized by disputes as to policy and procedure. All this has resulted, in the opinion of your Committee, in an acute situation representing almost total confusion.

Rules and regulations which govern the game are ambiguous, conflicting and complex, and even though this fact has been recognized for years, little, if anything, has been done to correct it.

Legislation unanimously passed by the Minors and concurred in by the Majors has not found its way into the statute books. (Examples: Rules regulating payment of bonuses to first-year players and determining whether optioned players are controlled by assignor or assignee Clubs.)

Salary limits are specified in the Major-Minor League rules for every Minor League except the Pacific Coast League. Salary limits are not being enforced in any Minor League. Players in some Class D Leagues are getting \$800 or \$900 a month. This situation, if not corrected, will ultimately spell ruin for the small Minor Leagues.

Bonuses to players, except first-year players, are prohibited in all Leagues below AA. Minor League Clubs in Leagues of all classifications are paying bonuses to first, second, third and fourth-year players. No attempt has been or is being made to stop this practice.

A number of bulletins have been issued, without rules authority, abrogating the right of contract for future service of players serving with the armed forces, or who faced induction "immediately" or "almost immediately" or "in the near future. Some Clubs disregarded the bulletins. Other Clubs complied. It was impossible for several years (and until a month or two ago) to straighten out the resultant confusion.

Problems confronting Leagues in B, C and D classifications differ from the problems confronting Leagues of higher classification. In some instances their interests are common, but in many others they have little in common. These differences in problems and methods of operation are recognized all through the Major-Minor League rules in the present National Association agreement. The rules provide for limited draft of players from Clubs in Class A and higher classifications and unrestricted draft from Clubs in lower classifications. The provisions for recall payments on optioned players recognize the differences in methods of operation. Triple A and Double A Leagues are permitted to establish their own salary limits which in effect can result in no salary limits at all for those classifications. The "required player and rookie rules" indicate recognition of the vast difference in the operations problems of the higher and lower classification Leagues. With post-war operations problems confronting all Baseball, and with the marked change in player and Club relationships confronting particularly the Major and the big Minors, the division of interest and problems between the big and little Minors becomes even more pronounced. More and more it appears that the Big Minors have more in common with the Majors than with the small Minors.

In considering any revision of the over-all administrative set-up for Baseball, your Committee recognizes that changes in Major-Minor relations can not be effected without the concurrence of the Minor Leagues. Any such concurrence could not be secured before the meetings in Los Angeles. For this reason we have not made any recommendations covering a re-organization of the set-up which controls Major-Minor operations. Your Committee is, however, of the opinion that this matter should be discussed with authorized representatives of the Minor Leagues.

In the event Major Leagues' approval is given to changes in our own administrative set-up as recommended herein, we suggest they could well be discussed informally with a Minor League Committee. If agreement could be reached in principle the recommendations of a Joint Major-Minor Committee could then be submitted to the Major-Minor Revision Committee and submitted to both Majors and Minors at the Los Angeles meetings.

The Chairman of the Executive Committee of the National Association and the Presidents of the AAA and AA Leagues have expressed a desire for informal conferences and discussions with a Committee from the Major Leagues after it has been determined what action the Major Leagues may take upon this report. We believe such a conference immediately following these meetings will be mutually beneficial.

Your Committee recommends the following changes in the Major League agreement, as a first and necessary step towards streamlining our organization.

Amend Major League Agreement Dated February 3, 1945
as follows: to wit:

I. Article I--"The Commissioner". In Section 6 substitute "Executive" for "Advisory" (in four places).

II. Article II--"The Advisory Council". Substitute the following in lieu of the present Article II:

ARTICLE II.

The Executive Council

Section 1. The Executive Council is hereby created, to be composed of the Commissioner, the President of each of the Major Leagues and two other members, one to be elected annually by a majority vote of each of the Major Leagues; provided, however, that in all matters which concern the standard form of players' contract or its provisions or regulations, the players shall be represented on the Executive Council by two active players, one to be elected annually by the players of each Major League.

In case of a division within the Council, the decision of a majority shall be controlling and final.

Section 2. The Executive Council shall have jurisdiction in the following matters:

- (a) To cooperate, advise and confer with the Commissioner and other offices, agencies and individuals in an effort to perpetuate baseball as the national game of America, and to surround it with such safeguards as may warrant absolute public confidence in its integrity, operations and methods.
- (b) To promote and protect the interests of leagues and clubs, and especially to protect the interests of the Players and Umpires, and to insure to them advancement in their profession and fair and adequate compensation commensurate with their individual skill, expertness and experience.
- (c) To survey, investigate and submit recommendations for change in, elimination of, addition to or amendments to any rules, regulations, agreements, proposals or other matters in which the Major Leagues have an interest and particularly in respect to

- (1) Rules and regulations determining relationships between Players and their Clubs, Between Clubs and Clubs or Leagues and Leagues and any and all matters concerning Players contracts or Regulations; and
 - (2) Rules and Regulations to govern the playing of World Series games, the All-Star game and any other inter-league contests or games in which Major League clubs participate and/or games which may be played for charitable purposes.
- (d) In the interim between joint meetings of the Major Leagues, to exercise full power and authority over all other matters pertaining to the Major Leagues not within the jurisdiction granted to the Commissioner under this Agreement, including the adoption, amendment or suspension of Major League Rules for said interim; provided that all actions of the Executive Council pursuant to this paragraph (d) shall be presented to the next joint meeting of the Major Leagues for approval or other disposition.

Nothing contained in this Section 2 shall be deemed to diminish or curtail the jurisdiction granted to the Commissioner under Article I hereof or to empower the Executive Council to amend or suspend in any respect any provisions of this Agreement.

Section 3. The Commissioner or the Executive Council or either Major League or any Major League Club may, from time to time, propose to the Major Leagues the adoption or amendment or rescission of any rule, regulation or standard form or any other matter for joint action of the Major Leagues.

Except by unanimous consent, no action shall be taken at any joint meeting upon any matter of which thirty (30) days' prior written notice shall not have been given all Major League Clubs and the Executive Council. The Executive Council shall study each proposal so noticed for consideration at a joint meeting and shall submit to the joint meeting the recommendation thereon of the Executive Council.

Section 4. The Executive Council shall recommend to the Major Leagues, from time to time, the appropriation of such funds as may be necessary to cover the clerical, administrative and operational expenses of the Commissioner's office and the Executive Council.

Section 5. The Commissioner shall be permanent Chairman of the Executive Council. The Secretary-Treasurer of the Commissioner's office shall act as Secretary-Treasurer of the Executive Council but shall not be entitled to vote on any matter acted upon by the Executive Council. The members of the Executive Council shall receive no compensation for their services as members thereof but shall be allowed their traveling expenses while attending meetings of the Executive Council or conducting business of the Executive Council away from home.

Section 6. The Executive Council shall hold regularly scheduled meetings at least once each quarter of each calendar year. At the third-quarter meeting all matters of player grievance, player relations and contractual matters shall be considered, and the players shall be represented at such meeting as set forth in Section 1 of this Article II. The Executive Council shall hold such other meetings as may, from time to time, be called at the request of the Chairman, the President of either Major League or a majority of the members of either Major League. The Executive Council shall establish its own rules of procedure for all such meetings.

Section 7. The Executive Council shall keep minutes of its meetings and shall submit a report covering all matters acted upon by the Executive Council which have not been previously reported and approved by the Leagues, together with its recommendations, to each member of the Major Leagues at least thirty days prior to the annual meeting of each League, which shall be held in December of each calendar year.

III. Article III--"The Secretary-Treasurer". In lieu of "Advisory", insert "Executive".

IV. Article IV--"Uniform Rules". In lieu of Article IV substitute the following:

ARTICLE IV.

Uniform Rules.

Section 1. Any rules, regulations or standard forms proposed as above by the Commissioner, the Executive Council, a League or any club, shall, upon formal acceptance by the Major Leagues, become binding upon them and shall not thereafter be amended, except by the concurrent action of both Major Leagues. The authority of the Commissioner to determine finally a disagreement between Major Leagues shall extend to the case of a disagreement over a proposed amendment.

Section 2. Amendments to rules, regulations or

standard forms shall, after they have become operative, be subject to further amendment only as provided in Section 1 of this Article.

V. Article VI--"Finances". Substitute the word "Executive" for the word "Advisory" in Line 1 of Section 1.

B. Legality of Structure

The reserve clause, which gives Clubs in Professional Baseball, under certain conditions, continuing options upon the services of players, is, in the opinion of your Committee, the fundamental upon which the entire structure of Professional Baseball is based, and it must be maintained if the structure and competition of Baseball are to be preserved.

The reserve rules are not only necessary but they are for the benefit of all parties concerned - Club owners, players, and the public. They create jobs for the players in an industry which probably could not survive if the basis of fair competition between Clubs and between Leagues, built around the basic fundamental of the reserve clause, is not maintained.

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.

The present option or reserve clause might be successfully attacked in the courts on the grounds that:

1. The terms of renewal are indefinite, in that
 - (a) the amount of the salary does not appear on the face of the option, and
 - (b) no time is fixed for the Club to exercise its right to fix the salary;
2. The option and the circumstances under which it is obtained is inequitable, because the provision that the player shall accept a salary fixed by the Club is an unreasonable restraint upon the player.

There are a number of actions now pending in the Courts in which the legality of the option or reserve clause may be attacked. In the opinion of your Committee the raids upon our players by interests outside Professional Baseball will probably continue. For both reasons we believe it is extremely urgent and desirable that the option clause of the present contract be strengthened, if possible to do so without concessions which unduly hamper and prejudice our present operations.

Your Committee considered, and discarded as impracticable, suggestions that salary disputes be arbitrated, or referred to the Commissioner. In lieu of arbitration we requested counsel to revise the option clause so as to remove the grounds on which the option could be attacked successfully.

Counsel and the Committee have spent a great deal of time and thought on this matter. The new option clause which we present for your approval is, in the unanimous opinion of your Committee and Counsel for both Leagues, the best clause which can be worked out.

The new clauses are as follows:

Extension

(a) On or before February 1st (or if a Sunday, then the next preceding business day) of the year next following the last playing season covered by this contract, the Club may tender to the Player a contract for the term of that year by mailing the same to the Player at his address following his signature hereto, or if none be given, then at his last address of record with the Club). If prior to the March 1 next succeeding said February 1, the Player and the Club have not agreed upon the terms of such contract, then on or before 10 days after said March 1, the Club shall have the right by written notice to the Player at said address to extend this contract 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 in said notice; provided, however, that said amount, if fixed by a Major League Club, shall be an amount payable at a rate not less than 75% of the rate stipulated in Paragraph 2 hereof or \$5,000 per year, whichever is greater.

(b) The Club's right to extend this contract, as provided in subparagraph (a) of this paragraph 10, and the promise of the Player not to play otherwise than with the Club have been taken into consideration in determining the amount payable under paragraph 2 hereof.

In the opinion of counsel the only clear and certain way to meet the test of indefiniteness is to provide for renewal, in case the parties are unable to agree, at a definite salary. This is done by providing that the amount fixed by the Club shall not be less than 75% of the fixed salary - or \$5,000 per year, whichever is greater.

Any form of option in a uniform contract may be attached as inequitable on the grounds that the player is deprived of bargaining power on the option and the option is a perpetual one for the player's life and amounts to "peonage." The answer to this criticism is the necessity for uniform contracts and reserve rights if baseball structure and competition are to be preserved. The new clause would be much more likely of enforcement than the present one because it is less harsh.

In the judgment of counsel and Committee, it is extremely desirable that the players' representatives recognize that the reserve rules are for the benefit of players, as well as Club owners. Consequently the Committee, in its meeting with the representatives of the players, took the initiative to secure such a statement.

If a uniform contract can be adopted which is in general satisfactory to both parties to the contract, and if the players' representatives agree that the reserve clause is necessary for the protection of the industry and benefits the player - your counsel and your Committee believe the Courts will be inclined to recognize this fact and uphold the validity of the option clause. In other words, we believe the revised option clause would have a very good chance of meeting any court test of its legality.

We recommend its prompt adoption.

C. Player Relationships

A leading baseball columnist, whose friendship and cooperation are traditional, recently stated:

"That there is an alarming amount of dissatisfaction and unrest among baseball players can not be denied. Neither can it be denied that there are a lot of inequities in the baseball contract players are required to sign. What's going on in baseball, however, is nothing more than what has been happening in every other line of business.

"There is necessity in this country for capital and labor to pull together on a friendly basis, and this is especially true in baseball.

"There is no doubt but that the owners have been tardy and negligent in not putting baseball's house in order in line with the times, but this bureau, at any rate, has never believed the owners meant to be unfair and it is extremely doubtful if a players' union, run by outsiders, would work out or help the situation.

"There are rumors that the owners and the players are going to get together and talk over their problem. If true, the importance and significance of this development can not be overestimated. It represents the most forward-looking and social-minded action baseball has taken in more than a century. Baseball wasn't dead; it was only sleeping."

Your Committee thinks this criticism was fair, friendly and constructive.

You are familiar with the attempts to organize our players for purposes of collective bargaining. Mr. Murphy would have been successful, in our opinion, if he had started with Minor League players. In that event we would probably have awakened to what is known as a "fait accompli."

Your Committee felt that attempts to organize players represented our most pressing problem. If we were to frustrate Murphy and protect ourselves against raids on players from the outside, we deemed it necessary that the uniform players' contract be revised, and our players satisfied, at least to such extent as is feasible and practical. A healthier relationship between Club and player will be effective in resisting attempts at unionization - or raids by outsiders.

Your Committee considered it desirable, from a standpoint of both employee and public relations, that the new contract should be regarded as a contract in

the players' interest, as well as the Club owners. If this was to be accomplished, it was necessary to ascertain the players' views.

Your Committee therefore requested the Commissioner to call meetings of the players of each Major League Club in order that player representatives from each Club would elect League Committees authorized to represent the players in negotiations for a new contract.

As a result of this request, players' meetings were held; player representatives from each Club selected; a Committee of three from each League elected. Players Herman, Walker and Marion were elected to represent the National League players; Murphy, Harder and Kuhel the American League players. Your Committee met in conference with the Players' Committee in New York on August 5.

The New York meeting provided opportunity for a frank and friendly exchange of ideas and viewpoints. We were impressed with the fine attitude of the players' representatives - with their desire to work matters out for our mutual benefit - with their concern for the best interests of the game as a whole.

Every request or suggestion offered by the players was discussed. We were also impressed with the soundness of the opinions and position of the players on many of their proposals. We believe the players' representatives, in turn, were convinced of our sincerity and our desire to reach mutually satisfactory understandings. There was a certain amount of "give and take" in evidence and the concessions were not entirely one-sided.

An important development, in our opinion, was the expressed willingness of the players' representatives to cooperate in defending baseball against attacks upon the reserve clause.

The Committee feels that these procedures and the concrete evidence that we were willing to meet with the players on a friendly basis and consider our mutual problems, without procrastination upon our part, has already been effective in preventing the spread of guild sentiment - and has materially improved over-all player-Club relationships. If it were not for this, we believe guild representation and collective bargaining would now be in effect at Pittsburgh.

Many of the matters which were discussed with the players' representatives pertain to the proposed new uniform players' contract. Consideration was also given to modification or revision of the Major League Rules, as they affect Club and player relationships.

As a result of its deliberations, both before and after the meeting with player representatives, your Committee recommends the following:

1. Revisions in Uniform Players' Contract

- A. Termination

- Revise the present clause covering contract termination to include specification of the causes which would give both Clubs and players the right to terminate. In the event the Club elects to terminate the contract on account of the failure of the player, in the opinion of Club management,

to exhibit sufficient skill or competitive ability to qualify or continue as a member of the Club's team, provide that the player shall be entitled to receive 30 days' instead of 10 days' separation pay with transportation to his home.

In the event a Club desires to release a player unconditionally, establish a waiver price of \$1.00 instead of \$7,500, and provide that in the event the player is claimed on such waiver request he shall have the option either of accepting assignment to the claiming Club or accepting his unconditional release together with separation pay and transportation allowance.

B. Assignment

Revise the present clauses permitting assignment of player's contract to provide that the payment stipulated in any contract so assigned shall not be diminished by any such assignment except for failure to report promptly, and that any player whose contract is assigned to another Major or Minor League Club during the regular season shall be entitled to his reasonable and actual moving expenses, not to exceed in any contingency the sum of \$500.

C. Disability

Change the disability clause in the regulations so that disability will include accident or injury in the course of and within the scope of the player's employment, instead of disability only as a result of playing in the games. Provide that players disabled within the scope of their employment shall receive full salary for the season or during the period of their disability, whichever is shorter, and shall receive all necessary hospitalization and medical services at the expense of the Club.

D. Submission of Contracts

Provide that contracts shall be submitted to players on or before February 1 of each year (beginning in 1948 this would mean that contracts would be submitted at least 30 days prior to the beginning of the training season).

E. Spring Training Period and Expenses

Provide in the regulations for an allowance of \$25.00 per week, payable in advance, in addition to housing, meals and transportation, to all Major League players, to cover all incidental expenses of the player during spring training. Provide for limitation of the period in which players are required to report for spring training to a period beginning not earlier than February 15 in 1947 and not earlier than March 1 in 1948 and subsequent years.

F. Promotional Activities

Add provisions to the uniform players' contract to require players to cooperate with Clubs and participate in promotional activities, including

public meetings, radio broadcasting and advertising, for the purpose of promoting the welfare of the Club and/or Professional Baseball.

Add a provision in which player agrees that his picture may be taken for publicity and advertising purposes, and a provision that during the playing season player will not make public appearances, participate in radio or television programs, or write or sponsor newspaper or magazine articles or commercial products without the Club's consent.

G. Physical Condition

Add a provision to the contract in which the player agrees to keep himself in first class physical condition and obey Club training rules.

H. Breach of Contract

Add a provision under which the player agrees that the Club shall be entitled to injunctive relief to prevent breach of the contract by the player, including, among others, the right to enjoin the player from playing baseball for any other person or organization during the term of the contract.

2. Revisions in Major League Rules affecting player-Club relationships:

A. Minimum Salary

Amend the Major League rules to provide for a Minimum Major League salary at the rate of \$5,000 per year, effective as of the cutting down date, and retroactive to the opening of the season, for all players retained on Major League Clubs after the cutting down date. Provide for a minimum salary at the rate of \$5,000 per year for all players added to Major League rosters during the season, after the same approximate number of days of trail, and retroactive to the date service of the player began.

B. Barnstorming

Amend Major League Rule 18 (b) to permit players to engage in post-season exhibition games, with the written consent of the Commissioner, for 30 days after the close of the Major League championship season. Provide that player conduct on and off the field in connection with such post-season exhibition games shall be subject to the discipline of the Commissioner and that the Commissioner shall not approve participation in any such games of more than three players of any one Club.

C. Player Representation.

In connection with the proposed creation of a Major League Executive Council (and, if concurrence of the Minors is secured, a Major-Minor League Executive Council), include provision for the representation of players (to be elected annually by the players of each Major League and, in the case of the Major-Minor League Executive Council, to be elected annually by the players of each Major League and the National Association) for consideration of all matters which concern the standard form of

player contract or its provisions and regulations, or other matters of Club-player relationship.

Provide further that at the third quarter meeting of such Executive Council, all matters of player grievance, player relationships, and contractual matters affecting players should be considered by the Council with representatives of the players.

3. Security or Pension Fund

Your Committee was informed by the representatives of the players that Major League players are most vitally interested and concerned in the establishment of some form of security or pension fund than in any other matter involved in player-Club relationships.

The players, your Committee, and various Major League Clubs have given considerable thought and study to the feasibility of establishing pension or security benefits and/or group insurance and/or hospitalization insurance, etc., for the benefit of players under some plan whereby the players and Clubs would both contribute, and other funds be raised through the medium of World Series, All-Star or inter-League games.

It seems to be the opinion of the players that

(a) Player participation in such a fund would begin after five years' service; (b) at that point players would be permitted to choose whether or not they desired to come under the plan and, if so, would be required to contribute covering the previous five years service; (c) contribution by players would probably amount to 5% of the proposed minimum or \$250 per year; (d) club owners would contribute in like amount with players; (e) The total amount raised annually by contributions of players and Club owners would approximate \$250,000; (f) a further sum of approximately \$150,000 per year would be added from receipts of the World Series, All-Star game or inter-League games; (g) total contributions would approximate \$400,000 per year and the fund would be built up, in a period of ten years, to approximately \$4,000,000; (h) this sum would be sufficient to provide payments to retired players beginning at age fifty for a period of approximately ten years of between \$50 and \$100 per month, based upon length of service.

Without further conference and discussions with the players' Committee, and until their proposals can be studied by actuaries, it is impossible to determine whether or not any such plan or fund is feasible.

Your Committee favors the general principle of some sort of pension fund, security benefits and/or group insurance and/or hospitalization insurance for the deferred benefit of Major League players with long service records, and recommends the matter be referred to the Executive Council, if established, with request that they confer with the Players', obtain reports from actuaries as to the feasibility of such plans as they may desire to consider, and report their conclusions, when practicable, to the National and American Leagues.

D. Public Relations Problems

It must be apparent to everyone that for years Baseball has had no policy on public relations, nor has it now.

During the past year baseball got a bad press on the returned G. I. problem in spite of the fact that no business has done a better job for its returning service men, or for the service people while they were in uniform. Baseball was completely ineffectual in putting its side of the story before the public in connection with Murphy's one-man campaign to organize the players - or in connection with the Mexican raids upon our players. It is a contradictory state of affairs that baseball, which has practically lived off sports page advertising for years, should practically handcuff itself in matters of this nature.

Without any policy for public relations, and without any machinery for handling public relations policies, baseball has been content to depend upon

1. The few expressions of friendship and good will towards the game of a limited number of sports writers who feel occasionally inclined to present its side of the case,
2. Statements of individual Club owners whose individual opinions do not represent the views of the majority,

Your Committee desires to point out that other lines of business write the cost of regulating their public relations and their publicity into the cost of their products.

One of the most important executives in the entire General Motors organization is the Vice-President in charge of Public Relations. His office in New York is adequately staffed with experts in this field. The Public Relations offices of General Motors extend from New York to every division city, each adequately staffed with competent personnel. Further, the General Motors organization is also divided as far as public relations are concerned on a product basis and every division such as Delco, Frigidaire, Buick, etc., has its own complete staff.

The U. S. Steel Corporation has just elected Mr. Arthur Wilbey, who was their Director of Public Relations, President of the Western Division of the U. W. Steel, their largest and most important division. Mr. Wilby's selection, according to public announcement, was due solely to the outstanding job he has done in the field of public and employee relations.

Everyone in this country is familiar with the outstanding accomplishment of the DuPont Companies in this field.

In your Committee's opinion, the Executive Council, if created, should assume responsibility for seeing that baseball has adequate, intelligent and timely activities in the Public Relations field, so that the public may be properly informed as to its methods and objectives.

E. RACE QUESTION

The appeal of Baseball is not limited to any racial group. The Negro takes great interest in baseball and is, and always has been, among the most loyal supporters of Professional Baseball.

The American people are primarily concerned with the excellence of performance in sport rather than the color, race or creed of the performer. The history of American sport has been enriched by the performance of great Negro athletes who have attained the mythical All-American team in football; who have won world championships in boxing; and who have helped carry America to track and field victory in the Olympic games. Fifty-four professional Negro baseball players served with the Armed Forces in this war -- one player was killed and several wounded in combat.

Baseball will jeopardize its leadership in professional sport if it fails to give full appreciation to the fact that the Negro fan and the Negro player are part and parcel of the game. Certain groups in this country including political and social-minded drum-beaters, 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 are not even particularly interested in improving the lot of Negro players who are already employed. **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.**

These people who charge that baseball is flying a Jim Crow flag at its masthead -- or that racial discrimination is the basic reason for failure of the major leagues to give employment to Negroes -- are simply talking through their individual or collective hats. Professional Baseball is a private business enterprise. It has to depend on profits for its existence, just like any other business. It is a business in which Negroes, as well as Whites, have substantial investments in parks, franchises, and players contracts. Professional baseball, both Negro and White, has grown and prospered over a period of many years on the basis of separate leagues. The employment of a Negro on one AAA League Club in 1946 resulted in a tremendous increase in Negro attendance at all games in which the player appeared. The percentage of Negro attendance at some games at Newark and Baltimore was in excess of 50%. 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 the Major League franchises owned by these Clubs.

The thousands of Negro boys of ability who aspire to careers in professional baseball should have a better opportunity. Every American boy, without regard to his race or his color or his creed, should have a fair chance in Baseball. Jobs for half a dozen good Negro players now employed in the Negro leagues is 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. Let's look at the facts:

(1) A major league baseball player must have something besides great natural ability. He must possess the technique, the co-ordination, the competitive aptitude, and the discipline, which is usually acquired only after years of training 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 big Negro leagues. Sam Lacey, Sports Editor of the Afro-American newspapers, says, "I am reluctant to say that we haven't a single man in the ranks of colored baseball who could step into the major league uniform and disport himself after the fashion of a big leaguer....There are those among our league players who might possibly excel in the matter of hitting or fielding or base-running. But for the most part, the fellows who could hold their own in more than one of these phases of the game, are few and far between -- perhaps nil." Mr. Lacey's opinions are shared by almost everyone, Negro or White, competent to appraise the qualifications of Negro players.

(2) About 400 Negro professionals are under contract to the 24 clubs in 4 Negro leagues. The Negro leagues have made substantial progress in recent years. Negro baseball is now a \$2,000,000 business. One club, the Kansas City Monarchs, drew over 300,000 people to its home and road games in 1944 and 1945. Over 50,000 people paid \$72,000 to witness the East-West game at the White Sox Stadium in Chicago. A Negro league game established the all-time attendance record at Griffith Stadium in Washington. The average attendance at Negro games in the Yankee Stadium is over 10,000 per game.

These Negro leagues cannot exist without good players. If they cannot field good teams, they will not continue to attract the fans who click the turnstiles. Continued prosperity depends upon improving standards of play. If the major leagues and big minors of Professional Baseball raid these leagues and take their best players -- the Negro leagues will eventually fold up -- the investments of their club owners will be wiped out -- and a lot of professional Negro players will lose their jobs. The Negroes who own and operate these clubs do not want to part with their outstanding players -- no one accuses them of racial discrimination.

(3) 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. (The Yankee Organization, for instance, nets nearly \$100,000 a year from rentals and concessions in connection with Negro league games at the Yankee Stadium in New York -- and in Newark, Kansas City and Norfolk). 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. 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.

Summary:

Your Committee believes that the relationship of the Negro player, and/or the existing Negro Leagues to professional Baseball is a real problem -- one that affects all Baseball -- and one that should have serious consideration by an Executive Council.

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.

Your Committee does not desire to question the motives of any organization or individual who is sincerely opposed to segregation or who believes that such a policy is detrimental in the best interests of Professional Baseball.

Your Committee wishes to go on record as feeling that this is an overall problem which vitally affects each and everyone of us -- and that effort should be made to arrive at a fair and just solution -- compatible with good business judgment and the principles of good sportsmanship.

F. Operational Problems

Your Committee recognized that the recommendations contained herein, if approved by the Major Leagues, will result in materially increasing the cost of operating all Major League Clubs. Costs of operations will be further increased if at a later date some form of security or pension fund for players is agreed upon. In our opinion, however, any increased costs of operation which may be incident to proposals contained herein can be more than compensated for by schedule and price revision and other operational changes, which in the opinion of your Committee will increase revenues and reduce costs. In this connection we make the following recommendations:

1. Bonus Limitations

For several years, bonus payments to players for contracting have been of much concern to Major and Minor League clubs. The Minor Leagues, and especially the smaller Leagues, have found it increasingly difficult to sign players except on payment of a bonus beyond their means. Their inability to compete with higher classification clubs in bonus payments has practically deprived them of opportunity to sign young players.

This situation culminated in the adoption by the National Association in December, 1945, of a proposed Major-Minor rule prohibiting payment of any bonus whatsoever as consideration for signing a contract. When that proposed

rule came before the Major Leagues for concurrent action, they were unanimously in favor of action along the line desired by the Minors, but they considered that the proposed legislation was illegal. Therefore, they adopted a proposed Major-Minor rule which they believed would accomplish substantially the objective of the Minor Leagues' proposed rule and yet not be illegal. When that proposed rule was submitted to the National Association for mail vote, sixteen Minor Leagues voted for it and only five in opposition, but it was declared not adopted because some other Minor Leagues failed to vote and it therefore did not receive the required three-fourths affirmative vote of the entire National Association membership.

Your Committee requested a sub-committee composed of Messrs. O'Connor, DeWitt and Gallagher to re-examine this subject and report its recommendations. They recommend adoption of the following Major-Minor Rule:

"RULE 3-A

"1. BONUS PLAYER Any free agent (not including a bona fide manager) who signs a player's contract with a Major or Minor League club in consideration of a bonus or promise of a bonus shall be classified as a 'bonus player' throughout the remainder of his baseball career.

"2. BONUS. Any such free agent shall be conclusively deemed to have signed his contract in consideration of a bonus if the aggregate amount or value of

"(a) the salary payable to the player under his contract for the first season covered thereby (or the average salary per season if said contract covers more than one season); and

"(b) any money or anything else of value (in addition to said salary) which, at the time of contracting or within one year thereafter, the club pays or promises to pay, at any time or upon any contingency, to the player or to any other person whomsoever for the player's use or benefit,

"exceeds:

(1) For a Major League club	\$5,000
(2) for a Class AAA club,	3,500
(3) for a Class AA club	2,500
(4) for a Class A club	2,000
(5) for a Class B club	1,000
(6) for a Class C club	800
(7) for a Class D club	700

7,500

"If the contract calls for services for less than a full season, the foregoing limits shall be pro-rated in the proportion that the number of days of service contracted for bears to the number of days in the club's season.

"Each player contract shall set forth fully all amounts specified in sub-paragraphs (a) and (b) of this paragraph 2 and in addition any and all amounts paid or promised to any person (other than a bona fide registered employee) as compensation for signing or recommending the player.

"In case of violation of this rule, the player shall be made a free agent, the violating club and all clubs affiliated with it may not contract with such player for three years, the violating club shall be fined \$2,000 if a Major League club or \$1,000 if a Minor League club, and any club officer, agent or employee who participates in such violation shall be fined \$500.

"For the purposes of this paragraph 2, the term 'club' shall include any officer, agent or employee of a club or any subsidiary or affiliated club.

"Any share paid to a player of any intra-league series, inter-league series, playoff or postseason series in which the player's club participates, and any salary paid the player for services in any such series shall be excluded in computing the aggregate amount paid to such player for the purposes of this rule. Any amount paid the player under any National Association or Major-Minor League rule, because of assignment of his contract, also shall be excluded.

"3. OPTIONAL ASSIGNMENTS. No bonus player's contract shall be assigned optionally.

"4. WAIVERS. No bonus player's contract shall be assigned outright to a club of lower classification unless waivers shall first have been secured in the assignor club's league (or in both Major Leagues if the assignor is a Major League club) and no such waiver requests shall be withdrawn.

"5. SELECTION. A bonus player's contract shall be subject to unrestricted selection, under the selection rules set forth in the Major-Minor League Rules, from clubs of any classification, throughout his professional baseball career.

"6. EFFECTIVE DATE. Upon adoption of this rule by the National Association, the President of the National Association shall certify the fact of such adoption to the Commissioner, who shall promptly notify all clubs that this rule has been adopted by the Major and Minor Leagues and will become effective 30 days after the date of the Commissioner's notice."

The Foregoing rule is identical with the one unanimously adopted by the Major Leagues and which received an overwhelmingly favorable vote in the Minor Leagues, except that:

- (1) The underscored words "or within one year thereafter" have been added in paragraph 2(b) to minimize evasion of the rule.
- (2) Specific figures have been inserted in paragraph 2(b), and Major League figure changed to \$5,000, the proposed minimum Major League salary.
- (3) A sentence has been added to final paragraph of paragraph 2, but this is to be eliminated if rules are not adopted giving players a percentage of contract sale price or other payment on assignment of contract to a higher-classification club.

(4) There has been eliminated from paragraph 6 the following:

"Player contracts entered into by a club with free agents with whom such club has negotiated prior to such effective date shall not be affected by this Rule, provided that such club shall certify the names of such free agents to the Commissioner (in the case of a Major League club) or to the President of the National Association (in the case of a Minor League club) prior to such effective date.",

in view of our opinion that the 30 days' period after certification by the Commissioner of the rule's adoption is ample time for clubs to close all outstanding negotiations involving a bonus payment.

That sentence was originally included mainly because of statements by several clubs that they were negotiating with players in military service who could not be presently signed. As that situation no longer prevails, we consider that there now is no necessity for inclusion of an exemption of any players after the effective date of the rule. Any club which has outstanding negotiations with players for bonus payments can complete them and contract with the player any time within 30 days after the Commissioner's promulgation of the rule's adoption, which period presumably will not end until about January 10, 1947.

The payments set forth in paragraph 2 have deliberately been made low, in accordance with our understanding that both the Majors and Minors desire to have a rule which will effectively curtail bonus payments. However, what these figures should be is a minor detail. They can be changed without affecting the general desirability of the rate, unless made as high as to defeat the basic objectives of the rule.

It has been charged that this rule imposes great administrative difficulties. We believe that, on the contrary, administrative work as to bonus players will be much less burdensome than as to other players.

Your Committee unanimously approves the report of the sub-committee, recommends that it be adopted, and Minor League concurrence requested by mail vote.

2. Schedules

The average Major League Club had approximately 30 open dates this year in the final schedules as adopted. A number of open dates are of course necessary in order to permit the playing of games postponed on account of weather. Some open dates are also necessary to permit East-West jumps. With the improvement in transportation schedules, however, (and not taking into consideration the feasibility of air travel), there seems to be no necessity for provision for more than 15 open dates in the schedule of any Major League Club during a season of present duration. On this basis, there is no reason why any Major League Club can not play 168 games -- 84 at home and a like number abroad. The additional expense of scheduling 14 additional games is limited to the

added cost of opening and closing parks for the seven home games and seven days' hotel expense on the road. The increased income to be secured from seven home and seven road games will be considerable even for clubs which are down in the race. It will represent large amounts of increased income for contending clubs. Increased operating costs which are unavoidable under changing conditions can be compensated for if the Major Leagues adopt a 168-game schedule, beginning with the season of 1947. Your Committee recommends that this be done.

3. Prices

Players' salaries, the cost of operating baseball stadia, road expenses, baseball equipment, and practically every other item of baseball costs has increased tremendously in the past ten years. The percentage of increase on these items ranges from 25% to 300%. Other lines of business have met increasing costs with increased prices. The cost of newspapers in many instances has gone up from two to five cents, and newspaper advertising rates have increased proportionately. The net per capita in the motion picture industry has gone up from less than 40¢ ten years ago to more than 80¢ today. In spite of increasing costs the Major Leagues have refrained year after year from revising admission prices to correspond with increasing costs of operation. Some of the Minor Leagues have met this problem in recent seasons. Bleacher prices in the Pacific Coast League, for instance, range from 75¢ to 90¢. Your Committee believes that the need for revision of admission prices is urgent and recommends that the price of bleacher admissions, including tax, shall not be less than 75¢ and that the general admission price, including tax, shall not be less than \$1.25.

4. Miscellaneous

Your Committee recommends that as a matter of general policy players on all Major League Clubs be encouraged to elect representatives to represent the players in discussion and conference with Club management concerning various matters which may come up from time to time affecting player-Club relationships and playing conditions; that the players in each League be encouraged to appoint a committee of players to discuss with the President of each League and/or the Club owners in League meetings such matters as improvements in Club houses, dugouts, lighting systems, backgrounds, uniform playing conditions such as mounds, competence of scorers, etc. In the opinion of the Committee, and of the players' representatives who met with your Committee, doubleheaders should not be scheduled after night games and day and night games should not be scheduled on the same day, except as may prove necessary to complete Major League schedules.

V. CONCLUSION:

Your Committee was requested to survey and study our problems and recommend action.

It is doubtful whether any one member of our Committee is in entire accord with everything which has been recommended. Logical arguments have been presented against some of the proposals and carefully weighed in committee.

We are certain all of the recommendations will not find favor with all of the members of both Leagues, and that arguments will be advanced as to why concurrence should not be given on some points and why others should be changed or modified.

In our judgment, however, most of our problems are inter-related, and the solution for most depends in large measure upon the solution of all.

For these reasons we think we are justified in asking consideration of the report as a whole, and as such our Committee is unanimous in asking your approval.

Signed

Ford C. Frick

Sam Breadon

Philip K. Wrigley

for the National League

William Harridge

L. S. MacPhail

Thomas A. Yawkey

for the American League