Swings and Misses

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Moribund Labor Relations in Professional Baseball

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To Ken, Sr., Doris, Betty, Dick,
Andrew, and Kittie—

All-Stars in the game of class.

Contents

Preface

Peter Gammons once labeled professional baseball fans' smallest subgroup as ''labor relations nerdnics.'' Many are angry and tired of media accounts of related activities such as strikes, lockouts, and individual player salary contract negotiations that transform the national pastime's essence into an ego- and greed-infested battle between whiny, self-interested millionaire players and billionaire owners.

Several reasons for writing a book on this subject still remain, fans' apathy and antipathy notwithstanding. A lengthy strike in professional baseball assures a national prominence/notoriety far beyond indicated objective considerations like number of employees involved and national emergency possibilities. The entire professional sports industry generates fewer annual revenue than Fruit of the Loom underwear; however, the 1994 baseball strike involved scores of congresspersons in related investigations and legislation, even President Clinton's invoking ''the public interest'' in his efforts to resolve the dispute.

This possibly pseudosignificance is reflected in the most extensive, 30-year media coverage of any labor relations situation. The more than 3,000 documents reviewed between 1992 and 1996 helped clarify concepts and ensure figures herein were consistent, if not totally accurate, and generated many different perspectives as well. These data, along with several thousand earlier documents used in a companion book, *Balls and Strikes: The Money Game in Professional Baseball* (Praeger, 1990), let me approach often urged yet seldom enacted labor relations research requisites; namely, longitudinal analysis with interdisciplinary considerations.

Chapter 1 summarizes nearly 25 years of professional baseball's labor relations efforts and provides labor relations ''lessons'' that should have been learned after the 1990 labor agreement was reopened in December, 1992 and negotiated through 1996. Chapter 2 analyzes pertinent financial data including a newly conceptualized metric, PAR (percent of available revenue spent on players' salaries), and examines trends to suggest which clubs might be more prone to adopt a ''hard-line'' negotiations strategy. Additional interdisciplinary considerations are approached in Chapter 3's case studies of George Steinbrenner, Fay Vincent, and Marge Schott. For example, Steinbrenner's vote against Commissioner Vincent reflected a psychological, political reaction with ''rational'' economic considerations lagging behind, if not entirely forgotten.

Chapters 5 through 9 pertain to a chronological assessment of some four years of moribund labor relations relationships. These chapters are not divided into equal time periods because collective bargaining efforts throughout this experience were subject to many ebbs and flows. Chapter 10 summarizes labor relations activities and related issues and suggests some lessons that can enhance prospects for future labor relations.

Many people have helped make this book possible. Jim Dunton, former publisher of Praeger Publishers, consistently encouraged me in this project as well as others. Daniel Silverman of the National Labor Relations Board educated me on related principles and activities employed by his agency in this dispute. University of North Florida (UNF) reference guru Sarah Philips made several hundred computer searches for needed information (for additional information see her bibliographic note), while her UNF colleagues, Bruce Latimer and Jim Alderman, secured pertinent government documents and related information. Bob Pickhardt and Earle Traynham at UNF also encouraged and enabled this research by picking up related expenses and creating research-friendly class scheduling assignments.

Homer Bates and Charlie Calhoun furnished crucial accounting/financial insights necessary for Chapter 2 that were further enriched by Jay Coleman's conceptual and statistical expertise. Other UNF colleagues such as Ron Adams, Gene Baker, and Steve Shapiro put up with my self-indulgent, boring, and redundant carpings about the needless length of this dispute and why anyone with tenure should become immersed in a seemingly never-ending swamp.

Final thanks go to two people who had to put up with me the most through this multiyear project. Leanna Payne performed Herculean efforts in transforming four or more indecipherably handwritten drafts into readable, if not profound, material. Jackie, my wife, has also given and endured far more than she will ever receive from this effort.

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Collective Bargaining Experiences and Results, 1966–1990

Many have written about why people enjoy professional baseball, although few have matched Tom Wicker's succinctness in describing the sport's excitement:

> The lack of violence but the sense of menace in the thrown ball, the slashing spikes, the swing of the bat; the sudden splendid bursts of action—a runner going from first to third, or even home, on a single, sliding in inches ahead of or behind a perfect peg; the suspense of pitcher vs. hitter in a late-inning rally, with the winning runs on base; . . . the power and the glory of an overwhelming pitcher in his prime; the art and cunning of an experienced pitcher past his prime; the swagger of a big hitter at the plate.[1]

Players' collective actions and attitudes regarding working conditions have not held most fans' attention despite some interesting historical episodes: players once had to pay $30 for their uniforms and be responsible for cleaning them; the ''Ty Cobb Strike,'' precipitated by Cobb leaping into the stands to beat up a baseball reporter; Stan Musial allegedly receiving $50,000 on his hotel bed to perform in a different professional baseball league; the ''Koufax-Drysdale Holdout'';[2] and Curt Flood's remarks that baseball players rank with poultry ''in the hierarchy of living things.''

Several organizations (the Brotherhood League, Baseball Players' Fraternity, and American Baseball Guild, for example) represented players' labor relations interests, although the Major League Baseball Players Association (MLBPA) has been the players' union involved in collective bargaining for almost 30 years before the 1994 strike. This chapter ignores related collective actions before 1966 and summarizes labor settlements from 1966 to 1990, since these events have been analyzed in an earlier book, *Balls and Strikes*. The 1990 baseball negotiations will be discussed in more detail, along with lessons from past MLBPA-baseball owner relationships.

THE FIRST FOURTEEN YEARS OF NEGOTIATED SETTLEMENTS INVOLVING THE MLBPA

Two Pension Plans and Two Labor Agreements

The owners' Player Relations Committee (PRC) and the MLBPA/union achieved an initial, three-year pension plan in December, 1966. The first negotiated labor agreement pertaining to other working conditions for two years was reached in February, 1968. Minimum salaries were increased to $10,000 a year for any player on the roster between Opening Day and August. Players also received increased meal and training camp weekly allowances; and a formal grievance procedure where the baseball commissioner, hired by the owners, would make a final decision.

The pension plan and labor agreement expired on March 31, 1969, and December 31, 1969, respectively. In January, 1969, Marvin Miller, head of the MLBPA, prompted the organization's first collective action. He urged players not to sign their individual contracts until a pension plan agreement was reached. Nearly two-thirds of the players followed his advice, also avoiding Spring Training's reporting date. Pension differences were settled nine days before the opening of 1969's regular season, with the owners paying $5.45 million a year into the fund instead of the $4.1 million paid in 1967 and 1968. Players were now pension eligible after four years, instead of the previous five years' service requirement.

A second labor agreement was reached in mid-May, 1970. It increased the 1969 minimum salary to $12,000 in 1970, $12,750 in 1971, and $13,500 in 1972, and included a players' revenue pool for playoff games. The union also gained the addition of a third-party neutral arbitrator instead of the commissioner for grievances not involving the ''integrity of the game.'' One union official indicated that impartial arbitration was not viewed as a strike issue in the first labor negotiations because working conditions issues were more important. In retrospect, however, the inclusion of binding arbitration and subsequent decisions on player mobility/free agency probably altered the economic conditions of players more than any other collective bargaining agreement provision.

The 1972 Pension Plan Strike and the 1973 Labor Agreement Negotiations

The MLBPA realized that management had signed a lucrative, four-year television contract in 1971 with NBC for the World Series, the All-Star Game, and the Game of the Week, and thought management could and should afford to increase their annual pension plan contribution from $5.5 million to $6.5 million. The union's proposal prompted the first likely publicized display of owner anger and solidarity against Marvin Miller and the MLBPA. Joe Brown, owner of the Pittsburgh Pirates, maintained that the owners had never been more solidified on an issue than avoiding the $1 million increase, and Gussie Busch, owner of the St. Louis Cardinals, stressed the owners voted unanimously not to give another ''God-damn cent.'' At least one other owner indicated management would take a strike because they wanted to crack Marvin Miller and the MLBPA.

The first baseball strike occurred at the opening of the 1972 season and lasted thirteen days (nine during the regular season), with management eventually adding another $500,000 to their $5.5 million contribution. Players may have won on principle, but they lost more in salaries ($600,000 for the thirteen days of games that were neither made up nor compensated). The owners ''saved'' $500,000 by not agreeing with the union's initial position but lost more than $5.2 million in revenues. Some blamed Commissioner Bowie Kuhn for not becoming more involved in the negotiations and strike settlement; however, he contended that his intervention would likely have ''inflamed'' passions, thereby prolonging the dispute.

Many wondered how the strike would influence negotiations over the collective bargaining agreement and the pension benefits settlement that were due to expire on December 31, 1972, and March 31, 1973, respectively. Marvin Miller was optimistic that the strike would enable the owners to ''treat players as equals.'' Minimum salary levels ($15,000 for 1973 and 1974 and $16,000 for 1975) represented labor-management compromise in the attained three-year labor agreement that also included two major sections:

- An early settlement[3] of the pension plan agreement. From now on the pension plan would be negotiated with other working conditions. This strike issue in 1972 received only about three paragraphs of attention by the *New York Times* in 1973. Thus, the media, while often influential, depend on union and/or management officials for their collective bargaining information.
- Salary arbitration available to any player having two years' service for every year he deems appropriate. The maximum salary reductions (not in excess of 20 percent of the previous year's salary or in excess of 30 percent of the two years previous) remained in force. In short, the players had relatively little to lose and much to gain about this issue.

Negotiations/Lockout in 1976

Negotiations in 1976, like previous efforts, did not start much in advance of the contract expiration date. The union again proposed reducing the 162-game season, a likely ''throwaway'' issue since the union had unsuccessfully sought this working condition in past negotiations, and the owners repeated their 1973 tactic of not opening Spring Training camp on March 1 until a collective bargaining or at least meaningful bargaining progress was reached.

Marvin Miller noted that management's proposal had reflected ''considerable progress'' that would probably increase if Spring Training resumed. Commissioner Kuhn likely agreed with Miller when he ended the seventeen-day lockout on March 17, reasoning that the fans' desires for these games were ''paramount.''

The regular season opened with continued negotiations, and in mid-June the owners informed the MLBPA that the regular deposit of $890,000 would be made into the players' benefits plan on August 1, provided players participated in the July 15 All-Star Game.

A settlement was finally reached on July 12, with both union and management giving ground. No changes were made in the 162-game schedule, and management was successful in obtaining a four-year labor agreement and reducing the maximum number of players on its roster to 24. Yet, the union did achieve some significant modifications to management's last reserve-rule proposal. A team receiving a free agent would compensate another team with draft choices, instead of dollars. Also, management reduced its initial free agent eligibility requirement of ten years to six years. The minimum wage was increased $1,000 a year ($18,000 in 1976 to $21,000 in 1979).

COLLECTIVE BARGAINING IN THE 1980s

The 1980 Negotiations and Players' Spring Training Boycott

Management thought the union had not conceded very much in fourteen years of collective bargaining experiences, and realized that negotiation ''gains'' in 1973 and 1976 only preserved the status quo. On the other hand, players' average salaries rose from $22,000 in 1970 to $130,000 in 1980. The 1976 four-year labor agreement, moreover, generated a $30.8 million management contribution to the pension plan.

In 1977, Dick Moss, MLBPA general counsel for nearly eleven years, resigned and was replaced by Don Fehr. Management's chief negotiator, John Gaherin, who had similar bargaining experience and Marvin Miller's respect for his professionalism, was replaced by Ray Grebey, who was formerly a labor relations lawyer with General Electric. Grebey respected Miller but did not want the previous practice of conducting negotiations in the press to continue. He instituted a subcommittee of the PRC to determine if a particular owner was guilty of making public statements about bargaining and the appropriate fine (up to $500,000) for this infraction. However, Grebey quickly sought the press to stress that the baseball clubs were ''not turning a profit'' because of the rapid rate of players' salary escalation. Miller stressed that management had consistently used this tactic to manipulate public opinion while not sharing pertinent financial information with the MLBPA:

> In every negotiation that I've been in in 13 years, at the opening session the owners' chief spokesman makes a speech, in which he says, ''we have not, we do not, and we will not claim any financial hardship''—thereby removing the issue from the table, prevents us from asking for any data, and takes it out of the negotiations. That doesn't stop the owners' committee right after that meeting from walking out in the hall, cornering the first newspaperman and saying, ''it's terrible, we are all losing money.'' The newspaperman has no statutory authority to ask for the data and simply prints what they say.[4]

Unlike previous negotiations, management and union organizations gathered funds to offset possible strike costs. The owners reportedly used 2 percent of their 1979 gate receipts to establish a $3.5 million strike fund. Miller further contended that management had an insurance policy that would pay $1 million per day to the 26 clubs after the first two weeks of any strike. Each club would therefore receive $40,000 a day to help offset the loss of gate and television receipts. If a strike should last for the entire season, then each club would receive nearly $6 million from the insurance fund—plus have an average payroll savings of $3 million. The union also established, in 1978, an emergency fund derived from the players' licensing program (fees for players' photos on baseball cards, for example) that would provide an estimated $1 million to the players in case of a strike.

The MLBPA boycotted the Spring Training season, and on March 4, 1980, after some 23 negotiation sessions, its executive board including 26 player representatives from each club unanimously recommended that its members authorize a strike April 1 or later. Miller knew that a strike at this time would not financially harm the owners, particularly since some of them thought that high-salaried players fearing large, economic strike costs would urge others to accept their proposal. Yet, he regarded the strike threat as necessary because he thought the owners were taking the union to the very brink to see if the players would show up on opening day of the regular season.

The owners asked for mediation near the end of March, although on April 1 the MLBPA voted to cancel the remaining 92 Spring Training games, return to play the opening day of the regular season, and consider a possible strike around May 22 if a settlement had not been reached by that time. At least some owners likely thought the players' agreement to start the regular season was an indication that the MLBPA was unsure of members' strike support on April 1, or at any other time during the 1980 regular season.

A four-year labor agreement was nonetheless reached at the possible May 22 deadline in a negotiation session involving Miller, Grebey, and Ken Moffett from the Federal Mediation and Conciliation Service. This settlement represented a partial compromise and a temporary truce. The minimum salary would increase to $30,000 in 1980, then to $32,500, $33,500, and $35,000 for the next three years. Also, management would contribute $15.5 million a year to the pension-benefit fund. Players again lost their proposal for a reduction in the number of regular games, which was no surprise by now. Also, free agency eligibility remained at six years' experience, instead of Miller's proposed four years. The union was successful in reducing the eligibility for salary arbitration from three baseball seasons to two.

The biggest issue—club compensation for a free agent signed by another club—was basically placed on hold with the union having an option of striking by June 1, 1981, if an agreement was not reached by this time. At first glance, only one unresolved bargaining issue might prompt a settlement, since the negotiators could narrowly focus on the issue's dimensions and solutions. However, a single issue focus can crystallize its significance, particularly if parties draw lines in the sand and refuse a compromise solution. Bob Boone, a player actively involved in the 1981 negotiations, stressed that a major league player's extreme competitiveness might urge him to press for a possibly indirect working condition more than the average person. Marvin Miller contended the labor dispute in 1981 was the ''most principled'' that he had ever been associated with, since many players struck for a working condition affecting present and future colleagues instead of themselves.

Strike Two in 1981

New York Yankees owner George Steinbrenner stressed before the June 1, 1981, deadline that the owners were never more ''unified and prepared for a strike,'' a situation that could be Marvin Miller's ''Waterloo.'' Owners had raised a $15 million strike fund by each contributing 2 percent of their team's gross revenues for the previous two years. A Lloyd's of London insurance policy would also pay each owner $100,000 a game lost to a strike up to 500 games if and when the strike canceled the season's first 163 games.

The media now tended to hold the owners at least as responsible as the players for the strike possibility.[5] Some reporters found the owners' insistence on free agent compensation of another professional player was designed to provoke a confrontation since they received compensation of an amateur draft choice in the 1976 agreement. Miller repeated a twofold argument maintained in the 1980 negotiation:

- the union only negotiates players' minimum salaries.
- management wants the union to hold down escalating salaries that some owners want to pay. For example, the total salaries paid to five Houston Astros pitchers in 1981 exceeded the entire team payrolls of eighteen major league clubs in 1980.

The National Labor Relations Board (NLRB) upheld the players' claim that the owners had not been bargaining in good faith when management officials, including Commissioner Kuhn, suggested inability to pay without supplying the MLBPA with relevant financial records. The agency sought an injunction in District Court that would prevent management's unilateral implementation of its free-agent compensation arrangement proposal announced February 1, 1981, and the union's strike possibility for one year.

Both sides extended the June 1 strike deadline until the NLRB's complaint was heard. On June 10, 1981, the judge did not find cause for an unfair labor practice charge since owners did not make specific enough remarks concerning inability to pay at the bargaining table. Marvin Miller alleged the judicial decision was due to the judge's personality flaws, not the merits of the case. He thought Judge Werker was ''rude, sexist . . . biased, incompetent,'' and, a ''publicity hound.'' The second players' strike since 1966 began June 12, 1981.

Kuhn blamed Miller for this situation, charging he preferred NLRB involvement over bargaining table behavior, and refused to let his members have a secret ballot vote on the unresolved issue. Miller reacted to Kuhn's player disunity allegations with a bizarre public relations ploy—removing himself from the bargaining until July 14. Union representation now involved four players and legal counsel, Don Fehr. Any other player could attend the bargaining sessions—an option not given to the baseball owners by their Player Relations Committee (PRC).

Bargaining progress was not made during Miller's absence, a situation reinforced by Commissioner Kuhn's noninvolvement that ran counter to his efforts in earlier negotiations where he had helped resolve a pension dispute in 1969, reopened the Spring Training camps after owners locked the players out in 1976, and held several eleventh-hour discussions with Miller that produced a bargaining settlement and tabled the free-agent compensation issue in 1980. Miller contended that Kuhn did not attempt to resolve the labor relations impasse because the owners wanted to indicate his inactive role in the unfair labor practice/injunction proceedings without perjuring themselves. Kuhn retorted that Miller caused the bargaining impasse with his poor sense of timing, inability to close a deal, and destructive hatred of Grebey and the PRC.

Three owners—George Steinbrenner of the Yankees, Eddie Chiles of the Texas Rangers, and Edward Bennett Williams of the Baltimore Orioles—allegedly met with the commissioner shortly after the strike began and asked Kuhn to replace Grebey and allow them to participate at the bargaining table. When Kuhn refused both these requests, Chiles reportedly threatened to fire him. Kuhn then informed Chiles that he was a ''lame-brained old fool'' who was embarrassing everyone in the room because he knew nothing about the commissioner's office or labor relations.

By July 12, the strike canceled 392 games and the All-Star Game, a situation that prompted the unprecedented intervention of a presidential administration member, Raymond Donovan, Secretary of Labor. His involvement was unsuccessful, although a subsequent private meeting between Miller, Fehr, Grebey, and Lee MacPhail (president of the American League) did resolve the strike on July 31. The All-Star Game would be played on August 9, and regular season play would begin the next day. The 50-day strike had canceled 706 regular season games—more than a third of the season—and there was much speculation as to whether anyone ‘‘won’’: the owners, the players, or the fans.

The owners received a one-year extension of the 1980 Basic Agreement. A subsequent, new labor agreement would expire at the end of the 1984 season, with minimum salaries raised from $35,000 in 1983 to $40,000 in 1984. The pension plan agreement was also extended to 1984 with increases in owner contributions. Also, Marvin Miller agreed to drop the MLBPA’s complaint filed with the NLRB. Management also received a certain degree of professional player compensation instead of an amateur draft pick in the instance of free agents leaving one club for another;[6] yet they were not claiming a labor relations victory. An unusually subdued George Steinbrenner indicated that the lawyers, not management or union officials, won in his 25 years of labor negotiations. The owners collected a reported $44 million in strike insurance, but they lost an estimated $72 million in ticket, concession, and broadcast revenues forfeited for the canceled games. Estimated owner losses ranged from $1.6 million for the Minnesota Twins to $7.6 million for the Los Angeles Dodgers.

The players, as a group, suffered more immediate strike costs. Some individual contracts guaranteed players their salaries during the strike; however, the total salary strike loss was $28 million, ranging from $11,000 for players earning the $32,500 salary minimum to $388,500 for star outfielder Dave Winfield. They did, however, realize, in addition to minimum salary and pension gains, a sense of labor relations unity by their 627–37 labor agreement ratification vote.

Both parties nonetheless stressed that the 1981 strike offered them negative lessons to improve future labor-management relationships. Marvin Miller agreed with Commissioner Kuhn that both sides realized tremendous losses in a strike that was

> an exercise in terminal stupidity. I don’t wanna hear about who won. Nobody won nothin’. Baseball just lost. What’s so disgusting is that there’s no significant difference between what either side finally got and what they could have settled for by splitting the difference at midnight on June 11th.[7]

Both owners and players were also seemingly concerned about fans’ reaction to the strike as nationwide polls held both sides nearly equally responsible for this situation.[8] This concern might have been short-lived, however, because there was record-setting attendance in 1982 which was surpassed in 1983.

The 1984–1985 Negotiations and Two-Day Strike

There were major changes on both union and management bargaining teams prior to these negotiations. Marvin Miller retired and was replaced by Kenneth Moffett. Miller then assumed Moffett’s position on an interim basis and was subsequently replaced by Don Fehr. For management, Lee MacPhail had become director of the Player Relations Committee and Peter Ueberroth had replaced Commissioner Bowie Kuhn before the negotiations began. Kuhn's discharge reflected sharp factional differences among the owners. The anti-Kuhn movement was spearheaded by Cardinals owner Gussie Busch, who was judged by some of his executives as being a contemptible despot with no morals or other redeeming values. Peter O'Malley, a strong Kuhn supporter, retaliated against Busch's influence in Kuhn's removal by removing Busch's beer product (worth $15 million in annual revenues) from Dodger Stadium.

The owners also maintained that the previous labor agreement modifications on free-agent compensation did not curb players' 1982 average salary levels which were estimated at $235,000 or $50,000 higher than the 1981 figure. They also claimed revenue losses of $80 million and $66 million in 1982 and 1983, respectively.

Thus, management entered negotiations in 1984 with the goal of holding down player expenses, while the players, viewing their recent salary increases, saw no essential reason to deny themselves more. This situation did not change when management opened its books to the union. Fehr thought the figures represented a deceptive public-relations tactic because the figures were ''meaningless'' and an ''example of voodoo economics.'' One Toronto Blue Jays executive agreed, saying ''Anyone who quotes profits of a baseball club is missing the point. Under generally accepted accounting principles, I can turn a $4 million profit into a $1 million loss, and can get every national accounting firm to agree with me.''[9] Fehr also gave two examples of how team losses can be manipulated:

1. A team recently bought for $50 million could show $9 million in depreciation losses each year.
2. An owner who has both a team and a cable television network might keep most of the money with the television operation, and then show the MLBPA the ''empty pocket.''

The MLBPA could not understand how owners faced with such financial losses would continue to spend themselves into the poorhouse by paying exorbitant salaries. Fehr was also surprised that management presented its first offer, one made to be rejected, six months after negotiations had begun.

On July 15 the MLBPA voted to strike on August 6 if no settlement was reached by that date. This strike date differed from previous negotiations in that the players would have received most of their paychecks by then, while the clubs would lose August and September's revenues. However, one week before the August 6 strike deadline, management offered a $25 million annual contribution to the pension fund, but tied this figure inversely to annual salary increases of more than $13 million. For example, if annual salaries increased by $14 million—$1 million over the limit—then the annual pension would decrease $1 million to $24 million. Fehr responded angrily to the proposal, which represented a thinly disguised salary cap, a concept that would dominate negotiations ten years later. ‘‘That’s how you move the ball along? You [the owners] get four times the money from the national TV package and the pension contribution goes down?’’[10]

Only 50 percent of the players at this time had experienced the 1981 strike; and, management probably thought players would not support this job action. Even Marvin Miller thought Fehr’s inexperienced MLBPA leadership would harm players’ interests because he did not give them a sense of labor relations history:

> [Fehr’s] error was not at the bargaining table, but in the clubhouses and elsewhere in not instilling in the players the determination to fight the good fight. Trying to instill morale in troops after a battle has started is foredoomed. Once negotiations are underway, it is too late.[11]

Fehr did not seem initially comfortable with communicating labor relations issues to players. Mark Belanger, Fehr’s special assistant since 1983, thought Fehr could not speak the players’ simple language of ‘‘out, safe, ball, and strike . . . I remember telling him once, when he was in the middle of a 30-line sentence at spring training, ‘Don, you lost them.’ ’’[12]

Commissioner Ueberroth, who had not been involved in the negotiations, claimed to represent fan interest and proposed ways to resolve negotiations before the strike date. However, Lee MacPhail indicated that Ueberroth’s proposals did not represent management, while Marvin Miller, who was retained as a consultant to the MLBPA, opined that Ueberroth had ‘‘proceeded like an amateur,’’ because he made his ideas public instead of relaying them to the management and union negotiators in private.

Shortly before the strike deadline, Ueberroth labeled management’s offer as ‘‘frivolous.’’ He also informed them that the players were doing their jobs on the field and the owners were wrong in asking the players to solve management’s salary escalation problems; and, threatened to impose Major League Section Rule 12-A, upholding a commissioner’s ability to decide in the game’s interest. This provision had been invoked twice by Commissioner Kuhn to nullify player trades between teams but was never used in collective bargaining. The players struck on August 6 over the salary arbitration issue that was not unanimously accepted by the players. One day into the strike, ten Detroit Tigers players met with pitcher Milt Wilcox, who informed the MLBPA that players would not like a long strike spent over a labor relations issue (salary arbitration) involving few players. Ueberroth did not implement his Section Rule 12-A ‘‘interest of the game’’ powers to prevent the strike, maintaining instead that the parties must be given free play to resolve their own differences.

The strike ended after two days of missed games, and a five-year settlement had been reached. (The missed games were rescheduled and played).[13] Management did obtain an increase in salary arbitration eligibility: players would have to wait three years, instead of two, before using this alternative. Management also modified the arbitration process whereby players could only compare their salaries with others of equal value, comparable age, and similar experience—instead of with the large salaries paid to free agents. However, arbitrators were not given a salary cap or other financial limitation to use in their decisions.

The union appeared to have obtained its free-agent proposals. Any number of clubs could now try to sign a free agent, and teams would be compensated with amateur draft picks instead of professional players as found in the 1981 agreement.

The minimum salary was increased from $40,000 to $60,000 in 1985 and 1986, with a cost-of-living adjustment made prior to the 1987 season. The 1988 salary minimum would be the same as the 1987 salary minimum, and a subsequent cost-of-living adjustment would be made prior to the 1989 season. A retroactive pension plan contribution of $25 million would apply to the 1984 season. In subsequent years, the pension plan contribution would be $33 million in the years 1985–1988 and $39 million in 1989. Under the new pension plan, a player with ten years of major league experience would receive an annual pension of $91,000 at age 62. The previous plan paid a player with 20 years' service $57,000 a year at age 65.

The players also received an increase in their World Series share. Previously, they had received 60 percent of the gate receipts for the first four games after the commissioner took 15 percent off the top. Now the players would get 60 percent off the top. That would have given the previous year's world champion Tigers an extra $5,000 for each player and the San Diego Padres players an extra $3,500 each. This agreement also provided a form of revenue sharing for the teams. Some $20 million in network television revenues would be set aside annually for those franchises losing the most money.

Ueberroth claimed no role in facilitating the settlement—an attitude shared by Fehr and some of the player representatives. Yet, he may have influenced both compromise and urgency by structuring management's opinion that a quick settlement should be reached. At the very least, the commissioner helped keep the parties talking, and likely placed pressure to settle by joining the negotiations for the first time 75 minutes before announcing the tentative settlement to the public.

THE 1990 LABOR-MANAGEMENT NEGOTIATIONS AND LOCKOUT

Pre-Bargaining Considerations

Both management and players seemed to neutralize each other's bargaining tactics before the 1989 negotiations began. The MLBPA added approximately $50 million in licensing fees for the 1988–1989 seasons to its previously established $20 million strike fund. The owners agreed among themselves to direct their expected increase in national broadcasting revenues for 1988 and 1989

($100 million or about $3.5 million a club) toward strike funds that possibly included strike insurance and/or lines of credit.

Also, the number of populist strike issues applying to a majority of union members appeared to be seriously curtailed. Previously obtained pension funding was now approaching the legal maximums—if not the members' nearly complete satisfaction. The union would be on even shakier grounds if it conducted a strike to obtain a large increase in the minimum salary. Since 1968, the largest percentage increase in minimum salary over a preceding year has been 50 percent (from $40,000 to $60,000 in 1985). If this proportion were applied to the 1987 salary minimum, the union would be seeking $93,750 in 1990; however, this proposal would not likely carry much weight with the MLBPA membership. In 1987, only 26 percent of the membership made less than this figure—a proportion that has declined further by 1989.

Yet, as the 1981 strike revealed, only one unresolved issue can provoke a sustained bargaining impasse; and management and the union could disagree over salary arbitration and/or free agency. Moreover, management and union officials met a year before the labor agreement expiration date to discuss a new, complicated, and controversial issue: revenue sharing (the transfer of a portion of some clubs' revenues to other clubs). Management's collusion activities after the 1985 labor agreement was reached and shifting composition of bargaining team members added further tension and uncertainty to the 1990 negotiations. Arbitrator Thomas Roberts found the owners guilty of ''collusion'' by refusing to bid on free agents following the 1985 season. Roberts was fired for this decision; however, his replacement, George Nicolau, also found that management was similarly collusive in avoiding free agents following the 1986 and 1987 seasons. The owners and players eventually agreed upon a remedy of $280 million for these infractions, with Thomas Roberts determining individual relief, if any, for players filing eligibility claims.[14]

Marvin Miller labeled management's collusion in years 1985–1987 as the ''biggest scandal'' in the history of baseball because all owners were included in this activity (unlike a few players in the 1919 ''Black Sox'' ignominy). Moreover, he maintained that league presidents and at least one commissioner threw the game (lied under oath to authorities) by deliberately conspiring not to field the most competitive teams.

The collusion decisions reinforced MLBPA skepticism that management obtained a salary arbitration concession in 1984–1985 (increasing eligibility from two to three years) under false poverty allegations. Fehr wanted salary arbitration eligibility returned to two years. Management also attached face-saving instead of economic value to this issue in seeking the union's two-year eligibility concession retained in the 1990 labor agreement.

Management's bargaining team[15] for the 1990 negotiations further reflected indeterminate bargaining goals and strategies. Lee MacPhail resigned a week after negotiating the 1985 labor agreement and was replaced by Barry Rona, who thought a current ''working partnership'' with the players could transcend past labor-management acrimony. Rona wanted to establish a guaranteed revenue pool that would be used to increase players' salaries and health care/pension benefits. He did not effect his vision, however, as he resigned at the first negotiations session on March 29, 1989.

Chuck O'Connor replaced Rona and continued management's labor relations goal of seeking a ''civil and credible . . . economic partnership.'' The MLBPA likely thought this arrangement would not permit significant union input into all the decisions affecting revenue. Owners apparently wanted the players to forfeit their hundred-year-old right to negotiate their own contracts at a time when the system finally worked for them, and instead rely solely on managerial competence or lack thereof to consistently measure and increase revenues. Revenue sharing might also discourage competition as there would be little economic incentive to bid for better players.

Baseball Commissioner Fay Vincent represented another participant in the 1989 negotiations. He replaced A. Bartlett Giamatti, who succeeded Ueberroth in 1989[16] but died the same year. Vincent strongly disapproved of the 1981 strike, labeling it an example of ''deny-side'' economics, and thought that the 1989 negotiations would be relatively smooth because he felt economic, not moral, issues were involved, and these issues could be resolved by rational individuals. However, he noted about four weeks before the contract expiration date: ''This is an economic process, economic warfare. It requires the imposition of the brink. The thing that gets contracts executed is deadlines. Our deadline exists somewhere after the middle of February, and we are committed to doing our best to see that baseball goes on.''[17] Fehr quickly responded that intelligent negotiators neither pose artificial deadlines at the start of collective bargaining, nor attempt to scare people with words such as ''economic warfare.''

Bargaining through the Start of the 1990 Regular Season

Owners continued their general emphasis on revenue sharing during the first seven weeks of negotiations with a detailed proposal given to the MLBPA on January 10, 1990. Players' salaries and benefits would receive 48 percent of ticket sales and local and national broadcasting contracts.

The MLBPA and perhaps some owners did not embrace management's pay proposals. Initial concern was raised over the precise effect of this proposal on players' salaries. Fehr indicated that he repeatedly asked management a relatively simple question each time the proposal was discussed: ''Will the players make more or less than they did in 1989?'' He further indicated that management could never answer this question, a situation due to incongruous compensation approaches taken by the owners at this time. For example, Yankees owner George Steinbrenner called his counterparts on the California (now Anaheim) Angels, Kansas City Royals, San Francisco Giants, and Oakland Athletics ''crazy'' and the ''big culprits'' in extravagant player salaries, then signed pitcher Pascual Perez (career 64 wins, 62 losses; 9 and 13 in 1989) to a three-year, $5.7 million contract.

Commissioner Vincent realized the bargaining impasse developing over revenue sharing, and presented his own proposal as management prepared a Spring Training lockout for February 15. He suggested:

- First-, second-, and third-year players receive minimum salaries of $75,000, $125,000, and $200,000, respectively.
- Players with three years of service or more would be eligible for salary arbitration, but the arbitrator's award would be limited to a cap of 75 percent over the player's salary in the previous year (no such limit had previously existed).
- The free-agency system for players after their sixth year would remain as in the previous labor agreement.

No settlement was reached and the lockout was implemented. By February 22, management had made two more proposals that eliminated the 75 percent cap on arbitrated salary increases; but placed several restrictions on arguments that players could use in this procedure. Fehr maintained this proposal ''provoked outrage''; however, some players, including Philadelphia Phillies outfielder Lenny Dykstra, thought that the union should not hold up negotiations if the only remaining issue was reducing the present three-year eligibility for salary arbitration.

The MLBPA also rejected Vincent's announcement that he would open the Spring Training camps if the union would agree to a no-strike pledge. Vincent maintained that the mere opening of these camps without this assurance would not automatically result in a contract settlement between the parties. The union labeled Vincent's offer as a ''silly'' public relations stunt, since ''no self-respecting union'' would eliminate its right to strike and related ability to increase management's disagreement costs. Bargaining resumed on March 6 without any tangible results, and Vincent suggested that a settlement would have to be reached within the week in order for the regular season to start on time.

Owners and the MLBPA exchanged a proposal and counterproposal on March 7; however, the impasse remained. As of March 10, 25 days into the lockout and approximately three days before the deadline for Spring Training and for the regular season to start on time, the owners and union were about $12 million apart on economic issues. This calculation included: a $4 million ripple effect that the players' salary arbitration eligibility proposal would have on other players; a $1 million difference between the owners' proposed $90,000 minimum salary and the union's proposed $105,000 minimum salary, assuming there are 70 players at the salary minimum; and a $7 million difference between the owners' and unions' last annual benefit contribution total ($50 million and $57 million, respectively). The $12 million difference was less than 1 percent of the total revenue pie ($1.3 billion) estimated for 1990. Moreover, agreement had already been reached on a ''collusion'' prohibition clause in the labor agreement, which would result in management paying triple damages if they were found guilty of this practice.

The Last Week of Negotiations and Eventual Settlement

No publicized bargaining efforts occurred between March 7 and 16. During this time period, acting commissioner Bud Selig lifted the ‘‘gag order’’ imposed on the owners, and Steinbrenner publicly expressed his fear that the entire season might be lost because ‘‘egos, not economics were involved.’’ Royals owner Ewing Kauffman stressed his likely preference for eliminating the entire season if the players did not settle soon, reasoning that there is a point in time when owners cannot continue giving to the players. John McMullen, owner of the Astros and PRC member, blamed ‘‘old-time unionism’’ featuring a ‘‘lack of brains and understanding’’ for the moribund labor relations. He insisted management’s objective was to establish ‘‘enlightened concepts,’’ not ‘‘screw’’ the players or bust the union.

McMullen’s remarks may have been prophetic as Marvin Miller spoke before the players’ negotiation committee on March 16 and another meeting the next day that included some 36 player representatives on the executive board and other baseball veterans who attended the meeting as a show of solidarity. Miller placed the bargaining dispute in a historical perspective, emphasizing managerial deceit and the owners’ well-worn bargaining process of testing the union’s solidarity, then always giving the union what it wants. Paul Molitor of the Twins had been an influential player in labor relations issues, but questioned the efficacy of striking over one year of salary arbitration eligibility. However, his comments, as well as those from other players, after these meetings likely pressured management’s return to the bargaining table: ‘‘Some people have been hoping to drive a wedge in the membership. . . . That’s not going to happen. Everyone has their own thoughts and opinion, but this union got this far by being united.’’[18]

A four-year labor agreement was reached after 17½ hours of bargaining activity on March 18, 1990.[19] The 1990 Spring Training season would be abbreviated to three weeks and at least 158, if not a full season requirement of 162 games, would be played in 1990. Union and management officials agreed to unique working conditions accommodating these changes. Twenty-seven players would be on the roster for the first 21 days of the regular season, then go back to 24. Starting pitchers in the regular season’s first two weeks could earn a victory by pitching only three or four innings instead of the previously required five, unless the official scorer deemed they did not pitch effectively. Other working conditions pertaining to the remainder of the labor agreement were an increase in the minimum salary (from $68,000 to $100,000) and pension plan/benefit contributions (from $36 million to $55 million a year). The owners also agreed to paying triple damages if they were found to have conspired against the signing of free agents while the labor agreement was in effect.

Three of the more contentious issues were temporarily settled in 1990, but likely remaining for future negotiations were salary arbitration, revenue sharing, and pay for performance. The eventual labor agreement specified that salary arbitration would be extended to 17 percent of the senior players (about fourteen a year) having between two and three years of major league experience. Fehr claimed the union needed to extensively bargain over this issue for union solidarity reasons, even though a relatively low number of MLBPA members would benefit from this working condition.

Revenue sharing and pay for performance were unresolved bargaining issues that would be assigned to a joint study task force appointed by the commissioner to examine over the term of the new agreement. PRC member Bud Selig suggested that management regard revenue sharing as more significant in future labor relations activities, since this concept's realization would foster labor-management trust, thereby precluding future disputes. However, some thought Selig's post mortem to be extremely self-serving, hypocritical, and destructive, since he knew that management's insistence on this concept in future negotiations would escalate well-established labor relations differences.

LESSONS FROM NEARLY 25 YEARS OF COLLECTIVE BARGAINING EXPERIENCE

Labor negotiations over the pension plan and other working conditions have been varied as to process and results. There are, however, many similarities/generalizations that can be applied to bargaining participants, issues, and tactics that could help in predicting the outcome and results of the 1994–1995 negotiations.

There Is a Lack of Consensus within the Union and Management Constituencies and a Lack of Trust between Each Other

The MLBPA has experienced some continuity at the top with Marvin Miller and his choice of successor, Don Fehr, handling the bulk of the labor-management negotiations. However, the trend of multiyear labor agreements ensures a large turnover of MLBPA members and player representatives when the subsequent labor agreement is negotiated. Moreover, individual player agreement with union strategies and issues can change over the player's career (Pete Rose, Johnny Bench, Bob Boone, and Paul Molitor, for example). Union officers are aware by now that meetings with players across the country need to be held to communicate the issues and resolve possible rumors/dissension among the membership.

The MLBPA has benefited from somewhat consistent support by superstars over the years, even though some of these individuals were not union sympathizers. Mickey Mantle, for example, could not be considered a strong union backer, although he had experienced hard-line wage negotiations with management. In 1957, Mantle led the league in hitting and runs batted in (.365 and 148, respectively) and won the Most Valuable Player Trophy. However, Yankees executive George Weiss wanted Mantle to take a pay cut in large part because he did not win the Triple Crown. Twelve years later, Mantle delayed his retirement announcement until the start of the Spring Training season. His delay was at the request of Yankees player representative Steve Hamilton, who wanted Mantle's prestige and influence on the free-agency issue after the 1968 regular season.[20]

Management has had deeper divisions in its ranks over the years, so much so that gag orders and accompanying severe penalties have been needed to keep these differences from being public. Owners blame each other for extravagant spending on players' salaries and other maladies such as ignorance about the game and its business/labor relations aspects. Frequent changes in chief negotiators have often confused and weakened management's bargaining position, as it is often difficult to determine who has sufficient authority to resolve a bargaining impasse: the chief negotiator, owners, the PRC, and/or the Commissioner of Baseball. The MLBPA has been successful in uncovering these divisions and playing one owner faction against another.

Union and management officials have also seemed not to share much in common. Much of this situation was likely due to Marvin Miller whose publicized hatred of management officials and their labor relations attitudes were seldom, if ever, matched by olive branch remarks/activities. Yet, the tradition of mutual distrust extended to other union management officials over the years, thereby precluding any sudden, cooperative, let alone ''partnership'' efforts.

The Commissioner of Baseball Has a Nebulous, Likely Can't-Win Position in Collective Bargaining

Commissioners during this time period have often received mixed signals from club owners who employ them and the union. Peter Ueberroth, for example, maintained, ''I have no power to stop a strike. If I had it, I couldn't use it, because that would be unfair to the collective bargaining between labor and management.''[21] Miller rather consistently held commissioners in contempt, particularly when they claimed to represent anyone other than the owners. He ruefully assessed his nonexistent to hostile relationship with Kuhn:

> Kuhn has written that despite all his friendly approaches to me, I did not reciprocate. There's a bit of truth in this. Bowie's approaches through the years were invariably for one of two purposes. He literally wanted to spy, albeit clumsily, to see if he could obtain ''advance information'' of what was about to happen. In those instances, I did not ''reciprocate'' because I had no need to indulge in such foolishness. Bowie's other intention was usually to pick my brains. There was scant possibility of reciprocity in that department.[22]

Yet, Miller appreciated Kuhn's unconditional reopening of Spring Training in 1976, an action that benefitted the MLBPA.

Fans' Interests Are Often Invoked but Seldom if Ever Influential in Resolving a Bargaining Dispute

Commissioners are empowered under the Major League Agreement to make any decision deemed to be in the interest of the game. They could presumably end a labor relations dispute if fans were prevented from watching the game; however, fans' interests to date have not been invoked to mandate a collective bargaining settlement. Owners who have been frequently chided for disregarding fans in labor disputes have Marvin Miller as an unlikely ally. Miller thinks sports consumers are no different than any other consumer and should stop ''exaggerating their own importance'' if a labor dispute causes their automobiles or baseball games not to be delivered on time.

Union and management probably believe fans will return to the game in spite of a labor dispute because of a traditional preference for the sport and an inexpensive cost outlay. Ticket and concession prices at a baseball game have increased over the years; yet many regard these expenditures as a one-time ''or mini-vacation'' occurrence during the year. Those who find personal attendance too expensive can see the game for free on television, while at the same time generating revenues for the sport.

The Media and the Government Might Influence the Public in Labor Relations Issues and Impasses, but Not Union and Management Representatives

Professional baseball's collective bargaining efforts receive far more media attention than similar activities involving less than 1,000 employees in other industries. This disproportionate coverage is due to the media perception that baseball's labor relations differences generate much public interest. Media accounts have dramatized baseball's work interruptions more than related statistics justify. There were only 61 regular season days lost to a strike in some 25 years of collective bargaining. The less than 2.5 strike days lost per year is more indicative of somewhat stable labor relations than media portrayals of economic warfare. Press accounts also tended to blame players' ''greed'' for provoking and sustaining labor disputes; although the owners were portrayed by many reporters as sharing the blame for related impasses in 1981 and thereafter.

Extensive reportage also occurs because management and union representatives use the media to their respective purposes. Marvin Miller indicated that his remarks to the press represented an effective and inexpensive communication device to his membership. Both parties may further rely on the press for manipulative instead of guidance purposes because they do not regard the media's customers as influencing their actions/concerns.

Government officials and agencies also exerted no influence over union and management participants. For example, Miller thought Department of Labor Secretary Donovan's involvement in the 1981 labor dispute was well-intentioned but relied on platitudes (using his office ''to get the voice of the people into the talks,'' for example) instead of necessary bargaining experience/insights.

President George Bush also became tangentially involved in the 1990 labor agreement negotiations while major labor-management conflicts in other areas (Eastern Airlines, Boeing, and Pittston Coal, for example) did not receive similar attention at this time. Yet Bush's involvement was limited to responding to a reporter's question at a March 30, 1990, news conference, and he stressed that he would not personally intervene in this dispute.

Government agencies were also limited in their collective bargaining impact. Mediation was used in 1980, although related efforts were and will continue to be ineffective if union and/or management negotiators refuse to be influenced by this voluntary, nonbinding practice. The National Labor Relations Board was more focused than the mediation alternative, but equally ineffective. It charged management with an unfair labor practice (not furnishing relevant bargaining information) in 1980, to no avail. Moreover, the agency's decision/remedy in the absence of the parties' voluntary acceptance needs judicial backing, a situation not occurring in the 1981 labor dispute.

One Issue Can Precipitate and Sustain an Impasse, Particularly if a Principle Is Involved

This lesson was vividly demonstrated in the 1981 strike over free-agent compensation. The union infused its bargaining position over this and other related issues with one or more of the following principles:

- Management should treat players as equals in work rule determination and implementation. Ron Darling, pitcher of the New York Mets, on the eve of the 1990 lockout thought management instead of the players should take drug tests because the owners threatened to shut down baseball at its most prosperous time. Also, owners should realize that free agency encourages competition, as in the first fourteen years of this arrangement, twelve different teams have won the World Series, sixteen have played in this event, and only three teams (Seattle Mariners, Cleveland Indians, and Rangers) have failed to win division titles.
- Players with more major league experience (and likely higher salaries) should ''sacrifice'' (engage in job actions with related salary losses) for younger and/or future players as their predecessors did for them.
- The union should not be forced to protect owners from themselves. Fiscal responsibility including player salary determination is a managerial right and responsibility.

Marvin Miller contended that management also often surrounded its bargaining stance with principle. He noted, for example, that Bowie Kuhn indicated in late 1979 that he needed to realize that the owners needed a ‘‘victory’’ over the union, irrespective of the economics involved. Miller and possibly Fehr would contend that management would also ignore economic realities and related rational arguments if they thought that refusal to reach a bargaining settlement would remove the MLBPA’s chief negotiator, even the union itself.

Management has frequently expressed concern over the ‘‘future of the game’’ in labor relations matters. The owners have contended that continued players’ salaries escalation has weakened the game’s economic structure, leading some teams to the brink of financial ruin, and will lead to serious competitive imbalance. The union has consistently argued against this principle’s dimensions when raised in collective bargaining.

Predicting a Contract Settlement Date Is Difficult Because There Are Few if any Firm ‘‘Deadlines,’’ and Both Sides Are Accustomed to Substantial if Not Precise Strike Costs

The December 31 contract expiration date has never noticeably pressured the union and management negotiators to settle their bargaining differences. The subsequent opening of Spring Training also does not serve as a pressure point; indeed, both parties appear to benefit from Spring Training’s reduction, if not elimination. Owners claim they lose money during this time period. Most players do not get paid for Spring Training; indeed, they often lose other revenue-generating opportunities (personal appearance fees, for example). Their weekly expenses are seldom covered by a weekly allowance approximating $700. Also, many major league players are less likely to lose their positions to rookies who are often unable to adequately demonstrate their abilities during an abbreviated Spring Training and/or regular season. Perhaps both bargaining teams have to extend bargaining beyond the contract expiration date to convince their respective members and constituents that ‘‘hard bargaining’’ took place.

Union-established strike dates/deadlines are also ineffective as both parties have withstood this tactic for several reasons. As previously noted, principle, coupled with hazy, possibly improbable strike costs, can enable many owners and players to continue a job action, particularly since the season could resume after the strike with made-up or a reduced number of games, even a ‘‘split season,’’ as experienced after the 1981 strike.

NOTES

1. Tom Wicker, ‘‘Baseball,’’*Esquire*, December, 1975, p. 135.

2. For insights into Cobb’s activities related to contemporary labor relations concern, see Al Stump, *Cobb: A Biography* (Chapel Hill, N.C.: Algonquin Books, 1994), pp. 205–211 and 220–223. For another early precursor of contemporary labor relations see Daniel M. Pearson, *Baseball in 1889: Players vs. Owners* (Bowling Green, Ohio: Bowling Green State University Popular Press, 1993); and Andrew Zimbalist, *Baseball and Billions*

(New York: Basic Books, 1994), pp. 1–15. The Koufax-Drysdale holdout from the latter participant's perspective is discussed in Don Drysdale and Bob Verdi, *Once a Bum Always a Dodger* (New York: St. Martin's Press, 1990), pp. 123–137.

3. For the record, 1973 pension contributions were increased $610,000 over 1972—making the annual payment $6,150,000. This figure was the same for 1974 and was increased to $6,450,000 in 1975.

4. ''Strike Two,'' *60 Minutes*, as broadcast over CBS Television Network, transcript, Vol. 12, No. 29, March 30, 1980, p. 12.

5. See for example, ''Double Standard,'' *Sports Illustrated*, March 9, 1981, p. 12. See also Bob Rubin, ''Owners Opposed to Free Enterprise,'' *Miami Herald*, June 14, 1981, p. 2-C; and Dave Kindred, ''Shed No Tears for the Poor Owners,'' *Los Angeles Times*, June 11, 1981, sec. 3, pp. 1, 14; and Edwin Pope, ''Owners Finally Match Players for Gluttony,'' *Miami Herald*, June 14, 1981, p. 1-C.

6. For related details, see Bart Barnes, ''Players' Pool Compromise at Heart of Deal,'' *Washington Post*, August 1, 1981, p. D-1.

7. Thomas Boswell, ''Split Season a Likelihood,'' *Washington Post*, August 2, 1981, p. D-1.

8. ''Impact of the Baseball Strike,''*U.S. News and World Report*, June 29, 1981, p. 64; and ''Poll Finds Baseball Image Tarnished,'' *Jacksonville (Florida) Times-Union and Journal*, July 18, 1981, p. D-3.

9. U.S. Congress, House, Subcommittee on Monopolies and Commercial Law, Committee on the Judiciary, ''Antitrust Policy and Professional Sports,'' Oversight Hearings (97th Cong., 2nd Sess.), July 14, 15, 16, 1982, p. 474.

10. Dave Sell, ''Ueberroth 'Can't Allow There to Be a Strike' in Baseball,'' *Washington Post*, July 27, 1985, p. D-2. See also ''Fehr: Owners' Plan Is Crazy,'' *Dallas Morning News*, July 31, 1985, p. C-5.

11. Marvin Miller, *A Whole Different Ballgame* (New York: Carol Publishing Group, 1991), p. 338.

12. E. M. Swift, ''The Perfect Square,'' *Sports Illustrated*, March 8, 1993, p. 35.

13. Players were docked half a day's pay if the games were made up through doubleheaders, but received full pay if the games were played on an off day.

14. For further insights into this situation, see T. Roberts, ''Before the Major League Baseball Arbitration Panel,'' Grievance No. 86–2, September 21, 1987; G. Nicolau, ''Before the Major League Baseball Arbitration Panel,'' Grievance No. 87–3, August 31, 1985; Kenneth M. Jennings, *Balls and Strikes* (New York: Praeger, 1990), pp. 192–199; and John Helyar ''Playing Ball: How Peter Ueberroth Led the Major Leagues in the 'Collusion Era,' '' *Wall Street Journal*, May 20, 1991, pp. A1 and A12. For an analysis of the salary consequences of the collusion decisions on affected players, see Thomas H. Bruggink and David R. Rose, Jr., ''Financial Restraint in the Free Agent Labor Market for Major League Baseball: Players Look at Strike Three,'' *Southern Economic Journal* 56 (April, 1990): 1029–1043. See also Murray Chass, ''Record Collusion Damages Ruling Costs Owners $102 Million,'' *Florida Times Union*, September 18, 1990, p. C-4; Claire Smith, ''Arbitrator Finds 3rd Case of Baseball Collusion,'' *New York Times*, July 19, 1990, p. B-9; Murray Chass, ''A $10.5 Million Reminder of Collusion Ruling,'' *The Sporting News*, September 11, 1989, p. 52; ''Collusion III: Owners Out,'' *The Sporting News*, July 30, 1990, p. 17; and (for a ''collusion chronology'') ''Collusion: Arbitrator Calls A Third Strike on Owners,'' *USA Today*, July 19, 1990, p. 9-C. For detailed procedures determining the disbursement of these awards and related recipients, see MLBPA

advertisement in *The Sporting News*, ‘‘Important Notice Regarding Settlement of Collusion Cases,’’ *The Sporting News*, March 11, 1991, p. 27; Randall A. Hendricks, *Inside the Strike Zone* (Austin, Texas: Eakin Press, 1994), pp. 163–169; ‘‘The Rich Will Get Richer,’’ *Sports Illustrated*, May 6, 1994, p. 50; Murray Chass, ‘‘Big Collusion Winners: Clark, Parrish, Dawson,’’ *New York Times*, December 15, 1992, p. B-23; and Murray Chass, ‘‘Collusion Sweepstakes Creates 7 Millionaires,’’ *New York Times*, February 16, 1994, p. B-11.

15. The six owners were Carl Pohlad of the Twins, John McMullen of the Astros, Jerry Reinsdorf of the White Sox, Fred Kuhlman of the Cardinals, Fred Wilpon of the Mets, and Bud Selig (Chairman) of the Brewers.

16. Ueberroth resigned from his commissioner’s role after one term; however, there was a good possibility that his resignation was supported, if not prompted, by the antipathy of some owners. For example, Jerry Reinsdorf of the White Sox portended the future role, if any, of the baseball commissioner in labor relations efforts, ‘‘We just got tired of Peter doing everything by himself.’’ Jack Sands and Peter Gammons, *Coming Apart at the Seams* (New York: Macmillan, 1993), p. 93. Charles Bronfman of the Montreal Expos also expected that Giamatti would be more approachable than Ueberroth.

17. Hal Bodley, ‘‘Vincent Tries to Temper Labor Climate,’’ *USA Today*, December 7, 1989, p. 4-C.

18. Richard Justice, ‘‘Ballplayers Debate Offer, See Owners Again Today, Union’s Miller Returns, Sees Solidarity,’’ *Washington Post*, March 18, 1990, p. D1.

19. For a detailed chronology of the 1990 negotiations, see ‘‘No Asterisks Needed Here. It’ll Be A 162-Game Season,’’ *Newsday*, March 23, 1990, p. 156. See also Ken Jennings, ‘‘Baseball on the Bargaining Bubble: The 1990 Labor-Management Negotiations,’’ *Labor Law Journal* 41 (November, 1990): 751–762; and Paul Staudohar, ‘‘Baseball Labor Relations: The Lockout of 1990,’’ *Monthly Labor Review* 113 (October, 1990): 32–36.

20. David Falkner, *The Last Hero: The Life of Mickey Mantle* (New York: Simon & Schuster, 1996), pp. 125 and 184.

21. Curt Holbreich, ‘‘Ueberroth Won’t Enter Strike Talks,’’ *Pittsburgh Press*, June 22, 1985.

22. Miller, *A Whole Different Ballgame*, p. 105.

2

Owners' Economic Concerns Affecting the 1993–1996 Negotiations

Donald Fehr of the MLBPA maintained that a review of *The Sporting News* for the past 100 years would reveal two consistent management complaints: they never had enough pitching and ''nobody ever made enough money.'' His skepticism has been shared by some baseball executives, who either claimed ignorance of baseball's dire economic situations when the clubs' financial books were opened in 1985 (owners Walter Haas of the Athletics and Ted Turner of the Atlanta Braves, for example), or charged other clubs' executives with financially destroying the game.

A dramatic, if not hypocritical, example of the latter situation occurred in 1990 when Al Rosen, general manager of the Giants, commented after his team had signed three free agents, Willie McGee, Bud Black (83 wins, 82 losses in 9 previous years), and Dave Righetti for $33 million, ''Gentlemen, for one hundred years we couldn't find a way to destroy the game . . . but now we have found the key.'' Another general manager, after hearing Rosen's comments, reflected, ''Al writes the most checks and then holds a press conference to announce he has just played a key role in killing baseball. This is some business.''[1]

The Economic Study Committee on Baseball was mandated by Article XXIV of the 1990 labor agreement to examine the industry's overall economic condition, including current or pending problems. Its two-year analysis and recommendations were made public at about the time of Rosen's admonishment. The report suggested that gross revenues that rose at the rate of 9 percent from 1985 through 1991 would not increase as fast in the first half of the 1990s as they did in the late 1980s—and may even decline. However, the committee specifically noted that the owners informed them that ''there is no evidence that current franchises will go out of existence.'' It also strongly recommended revenue sharing between large and small market clubs, and proposed eliminating salary arbitration while reducing free-agent eligibility from six to three years. The second recommendation would enable management to ‘‘negotiate all their player costs clearly and specifically.’’ The committee members further challenged union and management officials in post-1990 labor relations activities:

> Baseball must be reconceived by its participants, the owners and the players, as a genuine partnership which pursues competitive excellence, leads by moral and athletic example, resolves labor disputes through negotiation rather than by insulting the public with lockouts and strikes, and tempers financial greed with a sense of mutual cooperation and accountability to the public. . . . Overall, baseball generates more than enough revenue to thrive; only greed, rashness, or a lack of reasonable cooperation can preclude economic viability for both owners and players.[2]

Richard Ravitch, selected by the owners to be president of the Major League Player Relations Committee and chief negotiator, thought this report could productively influence the 1993 negotiations by giving the MLBPA heretofore unseen financial data indicating that owners are not making ‘‘gobs of money on the side.’’

However, Fehr expressed no such public revelation other than anger that management had quickly made the study public before the MLBPA had time to study its contents. About a year after the Economic Study Committee Report was released, he stated that the union had no current financial statistics and that Ravitch had basically admitted that most clubs’ submitted data were not ‘‘entirely accurate.’’ The committee’s revenue-expense analysis posed three related problems: a focus basically limited to the 1991 season; data supplied by owners through unaudited questionnaires; and, a three-category data grouping (‘‘top eight,’’ ‘‘middle ten,’’ and ‘‘bottom eight’’) that did not identify any of the clubs. Also, financial complications possibly derived from different, offsetting revenue dimensions to the individual club owner’s benefit were not considered. For example, Club A could receive far more local television revenues than Club B; however, the latter club had a far more lucrative stadium agreement (less leasing costs and/or more attendance/skybox revenues) than Club A.

This chapter approaches owners’ economic concerns that have characterized previous negotiations and influenced labor relations since the 1990 labor settlement through two sections: *clubs’ revenues-expenses, particularly players’ salaries*; and *mechanisms affecting players’ salaries* (salary arbitration and free agency). Related data (displayed in Tables 2.1 through 2.8), were derived from various issues of *Financial World*. This information overcomes some of the previous suggested data problems of the Economic Study Committee on Baseball. It also appears to have been categorized and possibly gathered in a rather consistent fashion. These data were also easily accessible to the involved parties (owners, the union, and players), thereby offering the potential for increased dialogue over related labor relations issues.

Table 2.1
Gate Revenues* (in millions) for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend (I or D)**
Angels	17.0	19.0	16.8	17.1	17.475	
Astros	10.8	10.6	10.0	19.7	12.775	I
Athletics	24.6	25.7	24.0	20.9	23.800	
Braves	8.0	15.4	24.5	35.4	20.825	I
Brewers	15.5	14.2	15.3	17.0	15.500	
Cardinals	20.8	19.9	21.0	25.0	21.675	
Cubs	19.7	22.8	23.1	30.3	23.975	I
Dodgers	22.5	26.6	21.8	29.9	25.200	I
Expos	10.6	10.7	14.0	14.2	12.375	
Giants	19.0	15.5	13.8	23.6	17.975	
Indians	9.9	9.5	11.6	18.8	12.450	I
Jays	39.1	44.5	44.4	47.8	43.950	I
Mariners	11.6	15.5	14.3	17.0	14.600	
Marlins				28.7		
Mets	25.2	22.9	19.0	20.3	21.850	
Orioles	18.1	19.0	30.6	35.4	25.775	I
Padres	13.5	15.6	14.8	14.1	14.500	
Phillies	16.0	15.2	15.2	24.6	17.750	I
Pirates	14.6	16.2	16.5	14.4	15.425	
Rangers	14.7	19.0	19.7	20.0	18.350	
Reds	15.6	17.1	15.9	18.8	16.850	
Red Sox	25.3	24.5	26.7	26.8	25.825	
Rockies				33.3		
Royals	16.0	16.9	17.5	18.3	17.175	
Tigers	12.4	15.6	14.4	18.9	15.325	I
Twins	13.0	19.2	21.5	18.8	17.875	I
White Sox	16.2	27.5	28.3	28.1	25.025	I
Yankees	19.8	19.4	21.2	30.1	22.625	I
Average	17.3	19.1	19.8	23.8	19.882	I

* Includes both home and away games.

** Trend for 1990–1993 significantly increased (I) or decreased (D) at the $p \leqslant .05$ level (one-tailed test).

Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

CLUBS' REVENUES/EXPENSES (SOURCES, TRENDS, AND RELATIONSHIP BETWEEN PLAYERS' SALARIES AND TEAM PERFORMANCE)

Owners' Revenue Sources

Several revenue source categories will only be briefly described herein[3] since related dollar amounts have been basically achieved by management, not through the collective bargaining process. However, union and management of-

Table 2.2
Media Revenues* (in millions) for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend (I or D)**
Angels	24.0	27.9	28.2	26.7	26.700	
Astros	24.2	25.2	24.1	26.2	24.925	
Athletics	21.2	27.0	25.0	27.4	25.150	
Braves	20.0	18.9	17.3	35.0	22.800	I
Brewers	19.0	19.4	19.8	21.5	19.925	
Cardinals	27.4	25.0	25.5	27.0	26.225	
Cubs	24.2	27.5	28.0	36.0	28.925	I
Dodgers	29.7	32.5	33.0	34.0	32.300	
Expos	20.0	23.5	24.0	24.0	22.875	
Giants	23.3	26.2	24.5	27.5	25.375	
Indians	20.0	23.7	23.0	23.7	22.600	
Jays	28.0	30.0	28.0	31.6	29.400	
Mariners	17.0	22.0	22.0	21.0	20.500	
Marlins				5.0		
Mets	38.3	50.0	50.0	46.1	46.100	I
Orioles	22.5	24.4	25.0	27.4	24.825	
Padres	25.1	23.1	25.5	25.0	24.675	
Phillies	35.0	23.2	23.7	28.0	27.475	
Pirates	20.0	21.9	23.3	23.5	22.175	
Rangers	24.6	25.5	26.8	27.5	26.100	
Reds	21.8	24.4	24.4	25.0	23.900	
Red Sox	34.1	40.5	40.1	38.0	38.175	
Rockies				5.0		
Royals	19.0	20.5	21.0	21.0	20.375	
Tigers	22.3	28.8	28.8	30.3	27.550	I
Twins	19.6	20.5	20.0	22.3	20.600	
White Sox	24.2	25.7	26.2	26.2	25.575	
Yankees	69.4	61.0	61.0	63.0	63.600	
Average	25.9	27.6	27.6	27.7	27.647	I

* Includes: national, local, and cable television; pay per view; and radio.
** Trend for 1990–1993 significantly increased (I) or decreased (D) at the p $\leqslant$ .05 level (one-tailed test).
Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

ficials have used a kaleidoscope of financial figures from these categories to buttress their respective bargaining positions and constituencies.

Media Revenues

National television revenues, shared equally by the major league teams, increased dramatically in late 1989 when CBS agreed to a four-year, $1.06 billion contract to televise the playoffs, the World Series, the All-Star Game, and a twelve-game regular season package commencing in 1990.[4] About a month later, ESPN paid $100 million a year for four years to televise 175 major league

Table 2.3
Stadium Revenues* (in millions) for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend (I or D)**
Angels	5.4	5.0	6.9	7.3	6.150	
Astros	2.8	8.0	5.3	11.8	6.975	
Athletics	9.9	10.0	9.0	9.1	9.500	
Braves	3.2	3.8	3.4	5.8	4.050	
Brewers	1.7	3.0	6.3	5.1	4.025	
Cardinals	5.4	12.0	0.0***	10.1	6.875	
Cubs	4.2	12.0	9.4	13.6	9.800	I
Dodgers	10.0	18.0	23.0	13.1	16.025	I
Expos	2.5	3.0	4.9	4.3	3.675	
Giants	5.5	5.0	4.8	15.0	7.575	
Indians	2.6	6.6	1.4	3.1	3.425	
Jays	8.2	12.0	9.9	6.3	9.100	
Mariners	3.2	5.0	5.2	10.0	5.850	
Marlins				7.5		
Mets	15.4	16.0	13.0	11.5	13.975	
Orioles	5.1	5.0	21.5	15.8	11.850	I
Padres	6.4	7.5	9.4	5.9	7.300	
Phillies	8.7	7.6	6.7	5.8	7.200	
Pirates	4.3	5.5	5.9	2.3	4.500	
Rangers	6.6	14.0	15.3	10.1	11.500	
Reds	5.0	5.3	4.9	6.4	5.400	
Red Sox	6.9	14.3	18.9	9.9	12.500	I
Rockies				11.0		
Royals	16.0	14.0	9.1	9.7	12.200	
Tigers	1.1	5.0	3.4	4.0	3.375	
Twins	3.2	3.2	6.9	5.0	4.575	
White Sox	6.4	19.3	18.0	21.8	16.375	I
Yankees	6.6	7.4	6.0	11.7	7.925	
Average	6.0	8.7	8.8	9.0	8.142	I

* Includes: suites, concessions, parking, advertising, and souvenirs.
** Trend for 1990–1993 significantly increased (I) or decreased (D) at the $p \leq .05$ level (one-tailed test).
*** Owners understate stadium revenues.
Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

games annually, also starting in 1990. These contracts would pay each team about $14 million a year compared with $6.5 million a year under the prior arrangement with ABC and NBC.

However, any enthusiasm among union and management officials that this revenue infusion would facilitate collective bargaining after the 1990 labor agreement soon evaporated as CBS lost some $275 million in the first year of its agreement. This situation prompted Commissioner Vincent to warn the clubs

Table 2.4
Total Revenues* (in millions) for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend (I or D)**
Angels	48.6	54.1	55.8	53.8	53.075	
Astros	40.0	46.0	43.3	60.5	47.450	I
Athletics	57.9	64.9	64.4	60.1	61.825	
Braves	35.4	40.3	50.7	79.0	51.350	I
Brewers	38.4	38.8	45.3	46.3	42.200	
Cardinals	55.8	59.1	50.9	64.8	57.650	
Cubs	50.3	64.5	64.9	82.8	65.625	I
Dodgers	64.4	79.3	84.2	79.7	76.900	I
Expos	35.3	39.4	46.7	46.2	41.900	
Giants	50.0	48.9	47.0	69.1	53.750	I
Indians	34.8	42.0	39.9	48.8	41.375	
Jays	77.5	88.7	87.7	88.4	85.575	I
Mariners	34.0	44.7	45.4	50.7	43.700	
Marlins				44.9		
Mets	81.1	91.1	86.9	80.8	84.975	
Orioles	47.9	50.6	83.5	81.3	65.825	I
Padres	47.2	48.4	53.6	47.7	49.225	
Phillies	61.9	48.2	50.0	61.1	55.300	
Pirates	41.1	45.8	50.1	43.0	45.000	
Rangers	50.3	61.5	66.2	60.3	59.575	
Reds	48.7	49.0	49.6	52.9	50.050	
Red Sox	68.5	81.5	90.6	77.5	79.525	I
Rockies				52.2		
Royals	53.2	53.6	52.0	51.7	52.625	
Tigers	38.0	51.6	50.5	55.6	48.925	I
Twins	38.6	44.1	52.8	48.9	46.100	
White Sox	49.0	78.0	77.9	78.8	70.925	I
Yankees	98.0	90.0	94.6	107.6	97.550	I
Average	51.8	57.9	60.9	63.4	58.768	I

* Includes: other revenues, primarily licensing and merchandising.

** Trend for 1990–1993 significantly increased (I) or decreased (D) at the $p \leqslant .05$ level (one-tailed test).

Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

in late 1991 that they should expect $4–5 million a year less when a new television contract would be negotiated after the 1993 season.

Total media revenues from national and local contracts (Table 2.2) among teams have experienced large differences, as evidenced by the high and low extremes each year ($17.0 million vs. $69.4 million in 1990; $18.9 million vs. $61.0 million in 1991; $17.3 million vs. $61.0 million in 1992; and $21 million vs. $63 million in 1993). However, related designations of clubs as ‘‘large revenues markets’’ versus ‘‘small revenues markets,’’ while pervading the post-

Table 2.5
Operating Income* (in millions) for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend I or D**
Angels	8.7	-7.6	-0.3	2.6	0.850	
Astros	-2.0	14.5	11.4	6.7	7.650	
Athletics	12.4	-1.7	-12.8	-0.4	-0.625	I
Braves	7.8	-0.5	-9.0	-1.4	-0.775	
Brewers	3.9	-11.4	-12.8	-2.2	-5.625	
Cardinals	10.5	12.7	3.3	20.0	11.625	
Cubs	9.2	6.5	5.1	7.4	7.050	
Dodgers	7.6	7.3	14.7	11.1	10.175	
Expos	6.4	-4.2	11.8	12.4	6.600	
Giants	9.0	-4.4	-11.1	-0.7	-1.800	
Indians	-6.8	-4.8	13.6	13.3	3.825	
Jays	13.9	26.3	-1.3	1.3	10.050	
Mariners	-3.1	2.9	-2.4	-4.0	-1.650	
Marlins				12.5		
Mets	15.8	20.7	5.6	4.9	11.750	
Orioles	9.6	11.1	34.2	28.9	20.950	I
Padres	8.5	-0.4	-0.3	17.5	6.325	
Phillies	11.1	4.8	-0.3	0.5	4.025	
Pirates	-0.7	-4.0	-9.9	4.1	-2.625	
Rangers	9.1	13.9	14.2	1.1	9.725	
Reds	11.0	0.2	-11.8	-5.0	-1.400	D
Red Sox	12.3	10.7	11.7	7.4	10.525	
Rockies				12.7		
Royals	-9.2	-7.2	-5.1	-6.2	-7.100	
Tigers	5.1	-2.9	-3.2	-5.4	-1.575	
Twins	0.6	-4.1	0.2	1.0	-0.575	
White Sox	8.8	18.0	16.7	10.7	13.550	
Yankees	24.5	30.4	25.0	18.2	24.525	
Average	7.1	4.9	3.4	6.0	5.210	

* Equals total revenues minus operating expenses.
** Trend for 1990–1993 significantly increased (I) or decreased (D) at the $p \leqslant .05$ level (one-tailed test).
Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

1990 revenue sharing bargaining initiatives, are oversimplifications, particularly when a club can have offsetting revenue sources and/or tax reductions.

Expansion Fees

Two new baseball clubs, the Florida Marlins and the Colorado Rockies, each paid $95 million to join major league baseball in 1991 and begin play in 1993. When baseball last expanded in 1977, the American League entry fee was $7 million. The increase in expansion fees far outstripped comparable average

Table 2.6
Percent of Available Revenue Spent on Players' Salaries for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend (I or D)*
Angels	71.6	128.5	101.0	91.6	98.14	
Astros	112.3	45.5	60.3	83.8	75.48	
Athletics	64.3	104.5	131.7	101.1	100.39	
Braves	64.5	102.5	129.2	102.7	99.74	
Brewers	82.6	176.0	157.1	108.6	131.08	
Cardinals	65.1	64.6	89.8	55.4	68.71	
Cubs	60.0	81.7	88.0	86.1	78.94	
Dodgers	72.9	83.1	75.9	78.9	77.71	
Expos	72.1	123.9	61.1	57.5	78.65	
Giants	71.4	115.2	142.0	101.7	107.60	
Indians	179.1	132.7	42.6	58.2	103.13	D
Jays	56.4	53.0	102.2	97.7	77.36	
Mariners	32.6	85.7	109.0	112.8	110.04	
Marlins				65.8		
Mets	58.4	63.0	90.1	90.4	75.46	
Orioles	45.8	58.7	44.5	53.9	50.72	
Padres	66.3	101.7	100.9	41.1	77.49	
Phillies	56.1	81.9	101.1	98.7	84.44	
Pirates	104.4	119.1	135.9	85.3	111.17	
Rangers	58.3	59.8	67.1	97.4	70.65	
Reds	59.0	99.3	140.5	112.2	102.75	I
Red Sox	64.9	76.8	80.8	85.9	77.10	
Rockies				56.7		
Royals	171.0	131.0	117.8	116.7	134.00	
Tigers	77.8	109.9	110.9	114.1	103.19	
Twins	95.9	120.5	99.0	96.9	103.08	
White Sox	55.8	50.0	67.7	79.4	63.22	
Yankees	45.7	49.5	63.5	74.9	58.39	
Average	79.4	93.0	96.5	85.9	89.18	

* Trend for 1990–1993 significantly increased (I) or decreased (D) at the $p \leqslant .05$ level (one-tailed test).

Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

player salaries for these time periods: $76,000 in 1977 and approximately $600,000 in 1990.[5]

Club owners can be economically differentiated by this revenue source in at least two respects: the economic impact the expansion team can have on their club's attendance, concession, and local television revenues; and the proportion of expansion fees that they receive. Marge Schott, owner of the Cincinnati Reds, discussed in more detail in Chapter 3, succinctly expressed her view of an expansion club possibly locating in Indianapolis (about 100 miles from Cincin-

Table 2.7
Player Costs* (in millions) for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend (I or D)**
Angels	21.9	34.3	31.2	28.2	28.900	I
Astros	18.2	12.1	17.3	34.7	20.575	I
Athletics	22.3	39.2	53.2	37.8	38.125	I
Braves	14.2	20.4	39.8	53.6	32.000	I
Brewers	18.5	26.4	35.2	27.8	26.975	I
Cardinals	19.6	23.2	28.9	24.8	24.125	I
Cubs	13.8	29.0	37.4	45.7	31.475	I
Dodgers	20.4	36.0	46.3	41.6	36.075	I
Expos	16.5	21.8	18.4	16.8	18.375	
Giants	22.5	33.3	37.5	42.3	33.900	I
Indians	15.4	19.5	10.1	18.5	15.875	
Jays	18.0	29.7	59.3	56.2	40.800	I
Mariners	12.6	17.4	29.0	35.3	23.575	I
Marlins				24.1		
Mets	22.2	35.2	50.8	46.0	38.550	I
Orioles	8.1	15.8	27.4	33.8	21.275	I
Padres	16.7	24.4	32.7	12.2	21.500	
Phillies	14.2	21.7	27.9	36.7	25.125	I
Pirates	16.5	24.9	37.5	23.7	25.650	I
Rangers	12.7	20.7	30.2	41.6	26.300	I
Reds	15.8	27.1	40.9	45.9	32.425	I
Red Sox	22.7	35.4	49.3	45.2	38.150	I
Rockies				16.6		
Royals	23.6	30.4	34.6	44.1	33.175	I
Tigers	17.9	31.1	32.5	43.6	31.275	I
Twins	14.2	24.1	30.0	30.9	24.800	I
White Sox	11.1	18.0	35.0	41.3	26.350	I
Yankees	20.6	29.8	43.5	54.2	37.025	I
Average	17.3	26.2	35.2	35.8	28.937	I

* Includes deferred payments and bonuses.
** Trend for 1990–1993 significantly increased (I) or decreased (D) at the $p \leqslant .05$ level (one-tailed test).
Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

nati): ''over my dead body.'' The controversial and differential allocation of expansion fees to American and National League clubs and its negative impact on Commissioner Vincent are also discussed in the next chapter.

New Stadium Arrangements and Fan Attendance

The move of the Chicago White Sox to a new stadium across the street from Comiskey Park represents a dramatic example of this revenue source. Comiskey Park had fewer than 5,000 box seats that cost fans $10.50 each, and 37 luxury suites priced at $45,000 each. In 1991, the new park offered 21,000 box seats

Table 2.8
Operating Expenses* (in millions) for the Years 1990 through 1993

TEAM	1990	1991	1992	1993	Mean 1990-1993	Trend (I or D)**
Angels	39.9	61.7	56.1	51.2	52.225	
Astros	42.0	31.5	31.9	53.8	39.800	
Athletics	45.5	66.6	77.2	60.5	62.450	I
Braves	27.6	40.8	59.7	80.4	52.125	I
Brewers	34.5	50.2	58.1	48.5	47.825	
Cardinals	45.3	46.4	47.6	44.8	46.025	
Cubs	41.1	58.0	59.8	75.4	58.575	I
Dodgers	56.8	72.0	69.5	68.6	66.725	I
Expos	28.9	43.6	35.0	33.8	35.325	
Giants	41.0	53.3	58.1	69.8	55.550	I
Indians	41.6	46.8	26.3	35.5	37.550	
Jays	63.6	62.4	89.0	87.1	75.525	I
Mariners	37.1	41.8	47.8	54.7	45.350	
Marlins				32.4		
Mets	65.3	70.4	81.3	75.9	73.225	I
Orioles	38.3	39.5	49.3	52.4	44.875	
Padres	38.7	48.8	53.9	30.2	42.900	
Phillies	50.8	43.4	50.3	60.6	51.275	
Pirates	41.8	49.8	60.0	38.9	47.625	
Rangers	41.2	47.6	51.4	59.2	49.850	I
Reds	37.7	48.8	61.4	57.9	51.450	I
Red Sox	56.2	70.8	78.9	70.1	69.000	I
Rockies				39.5		
Royals	63.0	60.8	57.1	58.0	59.725	
Tigers	32.9	54.4	53.7	61.0	50.500	I
Twins	38.0	48.2	52.5	47.9	46.650	
White Sox	40.2	60.0	61.2	68.1	57.375	I
Yankees	73.5	59.6	69.6	89.4	73.025	I
Average	44.7	53.0	57.6	57.3	53.559	I

* Includes player salaries, excludes depreciation and interest.

** Trend for 1990–1993 significantly increased (I) or decreased (D) at the $p \leqslant .05$ level (one-tailed test).

Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

at an average price of $13.00 and 82 luxury suites with a price range of $60,000 to $90,000. This latter accommodation can increase other revenue sources; for example, the Astros' 1990 ''Luxury Suite Menu'' included the following dishes: fajitas ($75); tenderloin of beef ($160 plus $45 extra for a carver); smoked salmon platter ($150); and guacamole ($25).[6]

Increased stadium revenues might be offset by increased leasing/rental costs. Yet, this situation did not apparently pertain to the White Sox. Under its new lease, the club pays rent to the state of Illinois, which owns the stadium, on attendance over 1.2 million a year at a maximum rate of $2.50 per customer.[7]

Table 2.9
Fan Attendance (in millions) for Major League Baseball—1950–1992

Year	Teams	Total Attendance[1]	Average Attendance
1950	16	17.46	1,091,250
1960	16	19.91	1,244,375
1970	24	28.75	1,197,917
1980	26	43.01	1,654,231
1985	26	46.82	1,800,769
1986	26	47.51	1,827,308
1987	26	52.01	2,000,385
1988	26	53.00	2,038,461
1989	26	55.17	2,121,923
1990	26	54.82	2,108,461
1991	26	56.81	2,185,000
1992	26	55.87	2,148,846

[1]Total attendance in millions.
Source: Major League Baseball; *USA Today,* April 6, 1993, p. 2-C.

Table 2.9 indicates that fan attendance statistics and likely related concession revenues rose from 1950 to 1989 and then languished for the next three years. A Lou Harris poll suggested further financial caution among owners, as it indicated 18 percent of those surveyed in 1993 regarded baseball as their favorite sport, down from 23 percent in 1985. Yankees captain Don Mattingly thought fans were reluctant to fully embrace the game because they heard enough about player-management squabbles over each year's contract, and a likely strike or lockout every four years over a collective bargaining agreement. George Brett agreed that baseball fans viewed player-management salary haggles as ''a record that has a scratch. If you hear the same thing over and over again, pretty soon you're going to get sick of it and throw it away.''[8] However, fan attendance per game in 1993 (including the expansion teams, the Rockies and the Marlins) increased to a record 70,257,938 (down to 56,438,767 when expansion team attendance figures are removed).

Fan attendance statistics likely relate to another revenue source, concession sales. These figures can be measured directly and are symbolically expressed in a *Team Marketing Report* fan cost-index (FCI) in Table 2.10, reflecting a family of four attending a game. The FCI rose 72 percent during the period 1980–1990, outstripping the corresponding 58 percent rise in the consumer price index.

Investment/Tax Gains

Some suggest that corporations should not purchase a baseball club for investment purposes unless they have a related business, because the entity would not likely want to bet solely on the future appreciation in value, and would need a fairly high cash-on-cash (operating cash flow divided by purchase price) return (possibly 10 percent annually in 1991). One financial executive contends that a corporate board member agreeing to purchase a sports franchise would likely

Table 2.10
Fan Cost Index: Average Costs for a Family of Four to Attend a Major League Game in 1991

Tickets	$33.36
Parking	5.28
Beer (two)	5.74
Soft drinks (four)	5.04
Hot dogs (four)	6.68
Programs (two)	4.42
Baseball caps (two)	15.70
TOTAL COST	**$76.22**

Source: John Helyar, ''Play Ball! The Price Fans Pay Is Going, Going, Gone Up,'' *Wall Street Journal*, April 18, 1991, p. B-1.

be sued because the ''return on equity would be too little for a corporation to buy and run a sports franchise.''[9] Table 2.11 suggests, however, that no owner selling a baseball club has lost money in an absolute sense; moreover, with only one exception (Tom Monaghan of the Tigers,) they saw their investments outperforming the S&P 500.

These figures do not consider the tax benefits of a baseball club owner. Most times, a team's cash losses (operating losses before depreciation and amortization) can be written off against the owner's personal or corporate tax returns, assuming he/she turns a profit elsewhere. For example, the Royals lost $5 million from operations in 1992 but were nonetheless able to sign pitcher David Cone to a three-year, $18 million contract. Ewing Kauffman, the club's owner at the time, made millions as the founder of Marion Laboratories (now a Dow Chemical unit). Since the club is structured as an S corporation, Kauffman could offset his personal income taxes with the Royals' losses.

An owner of an S corporation baseball team can receive other tax/financial benefits, such as a corporate salary which peaks at 34 percent versus a comparable income tax rate peaking at 31 percent. This 3¢ on the dollar saving is further enhanced when a club owner borrows funds from his/her team for various investments and debt reductions.[10]

Revenue/Expense Trends

Tables 2.1 through 2.8 contain yearly expense and revenue data for each club along with related means for the four-year time period. Perhaps the best use of this information is to substantiate the veracity, or lack thereof, of a particular owner's or negotiator's comments made during the bargaining dispute discussed

Table 2.11
Investment Returns from Purchase of Baseball Teams

Baseball Club	Annualized Rate	Relative[1] to S&P 500	Current Owner	Date of Purchase	Price (Mil.)	Previous Owner	Date of Purchase	Price (Mil.)
Orioles	22.2%	116%	Peter Angelos	10/93	$173	Eli Jacobs	4/89	$70.0
Giants	12.6	47	Peter Magowan	1/93	100	Bob Lurie	3/76	12
Padres	11.7	41	Tom Werner	6/90	74	Joan Kroc	1/74	12.0
Mariners	11.2	40	Minoru Arakawa	6/92	100	Jeff Smulyan	11/89	76.0
Tigers	7.2	-28	Michael Ilitch	8/92	85	Tom Monaghan	10/83	43.0

[1]Percent difference between the price appreciation of the franchise and the S&P 500 stock index during the same period. A positive figure indicates that the franchise went up more in value than the S&P 500.

Source: Michael Ozanian and Brooke Grabarek, ''The Untouchables,'' *Financial World*, May 10, 1994, p. 61.

in chapters 4 through 7. Associating club trends with respective owner votes during negotiations would have added insights; however, these votes, if ever taken, were not released.

Statistical tests were run to determine if each club, as well as the overall industry, had a trend in each revenue/expense category that was significantly increasing or decreasing over the four-year time period.[11] Several generalizations and related implications for labor relations concerns and activities since 1990 can be stated:

- *A statistically significant trend does not enable an accurate year-to-year prediction.* For example, the Braves experienced a significantly increased trend in media revenues for the years 1990 through 1993 (Table 2.2). However, this result included a tremendous increase when related figures for 1990 ($20 million) are compared with those in 1993 ($35 million), even though the figures for 1991 and 1992 were lower than those for 1990. The lack of financial consistency on an annual basis would influence the MLBPA and owners, who might be sharing revenues with other clubs to have safeguards such as shifting arrangements for clubs paying and receiving revenues (the Braves might pay revenues one year and receive them the next year, depending on annual financial performance, for example). Another safeguard might be a sunset provision whereby teams would not receive revenue payments if certain amounts were attained in a particular year.
- *Clubs might have offsetting results across various categories and related trends, thereby making any form of revenue sharing (transferring of a portion of some clubs' revenues to other clubs) difficult.* For example, the Blue Jays had an insignificant trend in media revenues (Table 2.2) but a significantly increased trend in gate revenues (Table 2.1). The club's relatively modest performance in media revenues (14 percent higher than the industry average in 1993) might qualify the Jays for some revenue sharing as a ''small market'' club, in spite of the club's superior performance in gate revenues (twice the industry average in 1993).
- *Industry-wide trends (totals for all clubs) reveal significantly increased ''total revenues''* (Table 2.4), *largely through significantly increased gate* (Table 2.1), *media* (Table 2.2), *and stadium* (Table 2.3) *revenues*. These results would make it difficult for the union to accept any management proposal based on the general financial deterioration of the game.

However, baseball owners as a group have to be concerned that the trend in ''operating income'' (Table 2.5) is not significantly increased for the period 1990 through 1993. This situation is caused by an offsetting significant trend increase in operating expenses (Table 2.8), and a major component, player costs (Table 2.7), which has experienced a significantly increased trend for 22 out of the 24 analyzed clubs.

Pressures on many, if not all, owners to curb players' salaries are exacerbated by two related considerations: *the percent of net revenue spent on salaries*; and *the relationship between team payrolls and team performance*. Since the 1990 collective bargaining agreement, some management and union representatives, and players, have professed that baseball's labor relations should reflect a ''partnership.'' Management and the union focus on the percentage of baseball's revenues that players should receive. Yet, ''partners'' in most, if not all, industrial situations not only share revenues but costs as well. Thus, a related argument should be: how much money does management have to pay players? Or, what is the percentage of ''available'' revenue (i.e., total revenue less nonplayer salary operating expenses) devoted to player salaries? If a club's percentage is over 100 percent, the owner receives no profit other than a possible salary charged to operating expenses, eventual monies received from selling the team, and/or expansion fees paid by new clubs, and possible tax breaks.

Table 2.6 addresses these questions through data that were derived from the following formula:

$$\text{Percent of ``available revenue'' spent on players' salaries (PARS)} = \frac{\text{Players' Salaries}}{\text{Total revenue (operating expenses-salaries)}}$$

Only two clubs had statistically significant trends over this variable: the Indians, due in large part to an astounding 179 percent figure in 1990 that was subsequently reduced; and the Reds, a club that had the dubious distinction of rather sharply increasing this percentage since 1990. This latter result might explain owner Marge Schott's truculence regarding players' salaries, and capabilities or lack thereof to run a club.

Means for this statistic (Table 2.6) reveal that 12 of the 26 clubs are either keeping less than 2 percent of available revenue or are spending more than they receive, an unimaginable, near-fatal financial situation. These figures can give some insights into owners' ''hard-line'' versus ''soft-line'' approach to seeking union concessions. For example, Boston Red Sox owner John Harrington and Milwaukee Brewers owner Bud Selig have been actively involved in labor relations and collective bargaining activities since 1990. Harrington would seemingly be more receptive/flexible in a bargaining situation than Selig because his club has more financial maneuvering room (77 percent PARS versus 131 percent PARS for the Brewers). Similarly, the relatively low PARS picture for the Yankees and the Orioles (58 percent and 51 percent, respectively) might help explain why club owners George Steinbrenner and Peter Angelos were receptive toward the union and sometimes critical of their fellow owners, who might be receiving some of their monies if a revenue sharing plan were enacted.

However, the relationship between the PARS percentage and owners' labor relations attitudes is not foolproof. White Sox owner Jerry Reinsdorf, for example, has been a vocal and likely influential ''hard-liner'' in labor relations activities since 1990, even though he had financial maneuvering room (58 percent PARS) similar to that experienced by Steinbrenner and Angelos. The obvious explanation of this situation is that club owners bring personalities and egos into labor relations activities along with differentially perceived financial concerns.

Of course, union officials and members could raise several objections to management's reliance on financial data to support labor relations positions. An argument raised in previous negotiations is that the data are inconsistently formulated at best, deceitfully determined at worst. In short, there are no real reasons for the union to compare clubs' data, or regard any figure as being accurate. Even if the data were reliable, the MLBPA has contended that management has enough discretion to affect a club's financial situation; moreover, the players should not be held accountable for the owner's fiscal malfeasance.

The Weak, if Any, Relationship between Players' Salaries and Team Performance

Small and big television markets became management's shorthand terms for clubs' financial success. However, this classification does not automatically predict financial and/or playing success. As of 1993, there were some small market teams, such as the Twins, Rangers, and Orioles, that were profitable and competitive while some medium-to-big market teams such as the Tigers and the Giants were unsuccessful in terms of generated revenues and team performance. In 1992 two teams with the highest player payrolls (Mets, $44 million and Dodgers, $40 million) finished the season well behind their divisional counterparts.

The relationship between players' salaries and related performance statistics has been subject to much public scrutiny and controversy. Various publications such as *USA Today* have stressed owners' compensation blunders in such features as the ''overpaid'' team. Some management representatives have also attached sarcastic significance to this situation. For example, Syd Thrift, former Yankees and Pirates general manager, once labeled the American League East ''the Fortune 500'' because its member clubs spent a fortune on players' salaries and had a .500 won-lost playing average.

Baseball players have often had to justify their numerically high salaries to the public, particularly when they appear to be seeking more in a labor relations dispute. Two baseball legends, Pete Rose and Babe Ruth, respectively responded to this situation in different ways. Rose, when asked by a fan if he kept all his money in a suitcase, responded ''I can't get it all in there, asshole.'' Ruth added more logic to his salary-related behavior:

> It isn't right to call me or any ballplayer an ingrate because we ask for more money. Sure I want more, all I'm entitled to. Listen, a man who works for another man is not going to be paid any more than he's worth. A man ought to get all he can earn. A man who knows he's making money for other people ought to get some of the profit he brings in. Don't make any difference if it's baseball or a bank or a vaudeville show. It's business, I tell you. There ain't no sentiment to it.[12]

Owners have tended not to agree with the aforementioned players' attitudes over the years, particularly if they do not see some sort of a relationship between

Table 2.12
Spearman Rank Order Correlations between Club Payrolls and Performance (Number of Wins Each Season), 1990–1993

League	*Spearman Rank Order Correlations*			
	1990	*1991*	*1992*	*1993*
American	.044	.102	.357	.641*
National	.212	.116	-.072	.098

Notes: N = 14 for American League and 12 for National League (Rockies and Marlins not included).
*Significant at p ≤ .05 level, one-tailed test (critical value = .457).

salary expenses and team performance. They realize many performance statistics

- *are based on subjective judgments* (balks, balls, strikes and errors, for example).
- *do not have an absolute meaning.* A negative statistic, ''errors,'' can have a positive meaning (a quick fielder can at least get to the ball only to have it roll off his glove). By the same token, ''positive'' statistics can be viewed in negative terms. Mickey Mantle, a baseball legend because of his offensive statistics including base hits, realized that he incurred 1,700 walks and 1,800 strikeouts during his career. He observed, ''That's a total of 3,500 (times at bat) and, if you get up 500 times a year, you figure I spent seven years where I never hit the ball!''[13]
- *are not as individual accomplishments as they appear because other players can affect them.* Some player offensive statistics such as runs scored and runs batted in are influenced by the player's particular place in the batting order, and the ability of other players to get on base and/or move the player to home.
- *can be affected by extraneous factors* such as field operations (foul lines, grass heights, artificial versus natural turf, and weather characteristics unique to a particular club's location).

Owners also do not expect an extremely close relationship between these variables; for example, they do not assume player A will have a ten times higher or a even 10 percent higher batting average than player B just because his salary is ten times greater than that of player B. Yet owners do expect at least some relationship between players' salary and on-the-field performance.

Table 2.12 reflects the Spearman rank-order correlation results between total club payrolls and number of wins for four regular seasons. A significantly positive relationship would suggest that clubs with higher payrolls will also have a higher number of wins than expected by chance. The number of wins figure is a significant club performance standard since it determines a club's eligibility for post-season playoffs.

With only one exception (the American League in the 1993 season), results indicate that there is not even a remotely significant relationship between club payrolls and performance for the National and American Leagues for the four seasons after the 1990 labor agreement was signed. These results might cause owners of high payroll clubs to be more reluctant on the revenue sharing issue. One thing worse than not receiving performance return on your investment would be giving monies to other clubs so they could do the same. Owners realizing this problem from a statistical, intuitive, and/or personal perspective would likely seek to diminish or eliminate revenue sharing considerations when the 1990 contract either reopened or expired. Management would also blame the inconclusive pay/performance relationship on salary arbitration and free-agency labor agreement provisions, and seek modifications or elimination of them in upcoming negotiations.

MECHANISMS AFFECTING PLAYERS' SALARIES (SALARY ARBITRATION AND FREE AGENCY)

Salary Arbitration

Background and Procedures

Players have sought salary arbitration for over 40 years, but did not obtain this working condition until 1974. Commissioner Bowie Kuhn and PRC chair-person Ed Fitzgerald embraced this concept because they thought the process would end player salary holdouts and neutralize Marvin Miller's efforts to end baseball's antitrust exemption. Most owners also thought that salary arbitration would not cost much since some players would ''lose'' or have their salary requests denied by the arbitrator. However, Athletics owner Charlie Finley was prophetic when he strenuously opposed this labor agreement provision: ''We'll be the nation's biggest assholes if we do this. . . . You can't win. You'll have a system that drives up the average salary every year. Give them anything they want, but don't give them arbitration.''[14]

Dave Woodson, pitcher for the Twins, was the first ''winner'' under salary arbitration, realizing a $30,000 salary that was $11,500 more than the previous season. Woodson thought he ''struck it rich'' while Twins owner Calvin Griffith predicted this award would ''kill'' owners in future situations.

Current labor agreement provisions indicate that any club or a player with 2.7 but less than six years' major league service may submit the player's salary for the upcoming season to binding arbitration without the consent of the other party. Players who have six or more years of major league service and who were not eligible to declare free agency at the end of the preceding championship season may also select salary arbitration; however, if the club refuses to cooperate with this procedure, then the player can become a free agent within ten days of such refusal.

Players submit their arbitration requests and salary figures to the MLBPA, and the clubs submit their arbitration requests and salary figures to the PRC, between January 12 and 22. Salary figures are then exchanged between MLBPA and the PRC. Salary negotiations between the player and the club may continue at that point, and the matter is considered withdrawn from arbitration if an agreement can be reached before the arbitrator's decision is made. The parties are also free to negotiate after the arbitrator's decision, although this practice is very rare. In 1988, Chicago Cub Andre Dawson ''lost'' when an arbitrator selected management's last offer of $1.85 million for the season over Dawson's last offer of $2 million. Yet, Dawson and the Cubs subsequently renegotiated a three-year contract after this arbitration decision was rendered.

Arbitrators are jointly selected by the MLBPA and the PRC, and conduct hearings during the first three weeks of February at Los Angeles, Chicago, New York, and other major league cities—as the parties agree. These hearings are held at whatever site is closest to the home city of the club involved, and the arbitrator's expenses (including a $550 per diem) are shared by the player and the club. The hearings are conducted on a confidential basis, with each party limited to one hour of initial presentation and half an hour of rebuttal and summation.

The arbitrator's decision is binding and is limited to either the player's salary offer or management's offer (no compromise between the two). There is no opinion or explanation given for the particular offer selection, and the arbitrator is encouraged to give the decision within 24 hours of the hearing.[15]

Results and Implications of Salary Arbitration

Tables 2.13 and 2.14 suggest four interrelated generalizations about salary arbitration. First, *''win-loss'' statistics from individual arbitration hearings, while significant to the affected parties, represent a nebulous and likely erroneous influence on many players' salaries obtained through the arbitration process*. Many times the media summarize the year's salary arbitration experience in won-lost terms; for example, ''In 1996 arbitrators awarded the highest percentage of players' salary offers since the process began in 1974.'' Yet this barometer is dubious at best since the related statistics (players ''won'' seven and ''lost'' three arbitration cases in 1996 compared to the next best percentage in 1979) involving 22 salary decisions resolved by the arbitrator or 5.6 percent of the total. Moreover, the narrow, overall player ''won-lost'' salary determination decisions in arbitration hearings (45 percent players' offers, 55 percent management's offers, Table 2.13) are very much diluted when the second generalization is considered.

Players participating in the arbitration process have consistently received large salary increases over the previous season. Table 2.14 reveals that players whose salary requests were acknowledged by arbitrators nearly or more than doubled their previous year's salaries in twelve of the thirteen years from 1983 to 1995. ''Losing players'' (those having the arbitrator accept management's salary offer) have, on the average, nearly or exceeded a 50 percent salary in-

Table 2.13
Baseball Salary Arbitration Data—1974–1996

Year	Filing for Arbitration	Number in Arbitration Hearings (%)	Arbitration Awards to Players (%)	Arbitration Awards to Management (%)	Average Player/Management Offer Ratio
1974	54	29 (54%)	13	16	1.19
1975	38	14 (37%)	5	9	1.21
1978	16	9 (53%)	2	7	n.a.
1979	29	12 (41%)	8	4	1.49
1980	65	26 (40%)	15	11	1.44
1981	108	21 (19%)	11	10	1.49
1982	103	22 (21%)	8	14	1.53
1983	88	30 (34%)	13	17	1.46
1984	80	10 (12%)	4	6	1.51
1985	97	13 (13%)	6	7	1.43
1986	159	35 (22%)	15	20	1.45
1987	108	26 (24%)	10	16	1.28
1988	111	18 (16%)	7	11	1.27
1989	131	12 (9%)	7	5	1.34
1990	162	24 (15%)	14	10	1.48
1991	157	17 (11%)	6	11	1.51
1992	157	20 (13%)	9	11	1.61
1993	118	18 (15%)	6	12	1.65
1994	93	16 (17%)	6	10	1.48
1995	61	8 (13%)	2	6	1.59
1996	76	10 (13%)	7	3	1.51
Totals	2,011	390 (19%)	174 (45%)	216 (55%)	1.44

n.a. = not available.

There was no arbitration in 1976 and 1977 because of labor-management negotiations over the reserve system.

crease over their previous salaries in eight years during this time period. Moreover, all salary decisions made by the arbitrator have averaged nearly 70 percent or better than the previous year's salaries eleven out of thirteen years.

Third, *arbitration results after the 1990 labor agreement when compared to previous years likely prompted more management concern if not action over this issue.* The average percentage increase over the players' previous year salaries for the years 1991–1995 (those upheld by the arbitrator 138 percent, those rejected by the arbitrator 63 percent; and total arbitration decisions 91 percent) was higher than comparable statistics for the years 1983–1990 (118 percent, 45 percent, and 74 percent, respectively). This increase had to get management's attention, although the bargaining priority attached to this issue is unclear. Table 2.14 does, however, indicate a rather sharp reduction in arbitrated salary increases for 1996. Whether this is the beginning of a new trend remains to be seen.

Finally, *many players have exercised their salary arbitration options without the arbitrator's involvement.* This fourth generalization relates to ''convergence,'' a fundamental concept of salary arbitration. Under this principle, management and players attempt to resolve their salary differences because they fear the arbitrators' either/or wage determination approach. Even if a settlement be-

Table 2.14
Year-By-Year Gains for Players Who Have Had Their Salaries Decided by the Arbitrator—1983–1996

Players' Salary Status	(Year and Percentage Increase Over Previous Year's Salary)													
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Upheld by arbitrator	159	174	91	145	72	44	120	136	114	130	174	160	110	55
Rejected by arbitrator	54	46	30	40	14	65	16	95	62	74	44	49	88	42
All salary arbitration decisions (winners and losers)	96	67	63	79	39	57	75	113	81	105	87	85	96	66

Sources: Murray Chass, ''87: Vintage Year in Arbitration,'' *The Sporting News*, March 2, 1987, p. 37; Murray Chass, ''Don't Jump to Wrong Conclusion,'' *The Sporting News*, February 29, 1988, p. 35; arbitration results supplied by Hal Bodley in the following *USA Today* issues: February 20, 1989, p. 7-C; February 26, 1990, p. 3-C; February 25, 1991, p. 7-C; February 24, 1992, p. 4-C; February 22, 1993, p. 4-C; February 21, 1994, p. 4-C; February 22, 1996, p. 8-C.

tween the parties is not obtained, the original differences between player-management salary offers are narrowed, thereby reducing the negative impact of an arbitration decision against either party.

Convergence can be justified on a theoretical basis;[16] however, a review of related salary arbitration statistics suggests mixed support of convergence. Table 2.13 partially confirms the convergence principle from a historical perspective. A two-by-two chi square run on players filing for arbitration and players in arbitration hearings (678 and 186 for 1974–1985; and 1,333 and 204 for 1986–1996) found them significantly more likely to rely on the arbitrator's wage determination decision in the years 1974–1985 than in the years 1986–1996 ($X^2 = 27.6$, significant at $p \leq .001$ level).

One study approached the convergence principle from another valid perspective; namely, the player who repeats the arbitration process with the same team. This approach is based on the seemingly realistic assumption that individuals experiencing arbitration hearings will behave differently the second time to reduce the wage spread of their opponents' final offers. It concluded that players who reenter arbitration are likely to lower significantly the relative spread between their final salary requests and management's final salary offers.[17] However, a review of the ''average player/management offer ratios'' in Table 2.13 refutes the convergence principle. The number of unresolved salary offers submitted for arbitration has not narrowed over time.

Management and player reluctance to have arbitrators resolve salary differences reflects broader concerns over this process. Management does not want large salary arbitration awards escalating other players' future financial arrangements. Some evidence also suggests that players can receive very large salary increases when they are first eligible to enter the process, regardless of whether the arbitrator is involved.[18]

Management consultant Tal Smith maintains some owners are afraid/uninformed of salary arbitration, and overpay players to avoid the process, thereby increasing other players' salaries. Many owners might also agree with Bud Selig's related belief, ''If I want to overpay my shortstop, that's my stupidity; but why should I have to pay my shortstop relative to what some idiot in New York pays his.''[19] Moreover, the salary arbitration procedure largely assumes that a player's previous annual salaries were correctly determined and ignores possible past arbitral mistakes in the current decision.

Management might be also be adversely affected after the player receives the arbitration award. One study suggested that players are motivated to establish abnormally good performance statistics before going to arbitration. Regardless of motivation, players whose arbitration cases were heard from 1980 to 1990 had uniformly, sometimes significantly lower performances in the year following arbitration.[20]

Players, while benefiting financially, do not relish being at the hearing. For example, Wade Boggs substantially increased his 1984 salary of $525,000 when an arbitrator selected his $1 million final offer over $650,000 proposed by management in 1985. Boggs ''lost'' in 1986's salary arbitration proceedings because the arbitrator thought management's $1.6 million offer was appropriate. Winning and losing in salary arbitration enabled Boggs to triple his salary in just two years. He continued to use the process in 1987 with a $1.85 million offer compared to management's $1.6 million response. Yet Boggs signed a three-year contract conservatively estimated at $5 million in part because ''Nobody wins in arbitration. It's a player's right, but it's hard on all involved. . . . I don't like the things they say about you. The two arbitration hearings the last couple of years left me feeling pretty down.''[21]

The arbitration hearing will often have a negative impact on player-management relationships, also. ''Arbitration is not designed to create goodwill and fellowship. It is a dart throwing session [and] it tends to pad the players' bank accounts more than it nourishes their egos.''[22] In justifying its salary offer, management may have to say critical things about the player, even though the player is also present at the hearing.

Joe Rudi operationalized this situation and Boggs' salary arbitration concern by recounting his arbitration hearing experience with Athletics owner Charles Finley:

> At my session, he said that I was the worst left fielder in baseball, that I was one of the slowest men in the game, that sure I caught everything but there were so many balls that fell in for hits that would be caught by normal ballplayers. He said that I had a very weak arm, that Campaneris [the A's shortstop] had to go halfway to the outfield to take relay throws. He said that you always put your most mediocre outfielder in left field. I expected him to say those kind of things but it ticked me off that the arbitrator bought his line of bullshit. After it was over Finley said, ''I still love you like a son.''[23]

Orel Hershiser responded to management's allegation at his arbitration hearing that he was diagnosed as having spina bifida when he was a child, ''I'm nearsighted too . . . but I can still throw strikes.''

Many management officials and players regard the process as being unpredictable at best, whimsical at worst. The labor agreement specifies criteria that the arbitrator can use in the final offer decision. However, the arbitrator does not indicate the relevance-weight these criteria have on his/her decision. Lacking any common law/educational guidance, both parties tend to overprepare—running as many statistics and computer printouts by the arbitrator as possible, on the assumption that the arbitrator will be influenced by at least one of the presented ''facts.'' One experienced salary arbitrator contended that he was presented with more statistics than exist in the files of the Census Bureau and the Bureau of Labor Statistics.

Statistics are ever available but seldom conclusive, as problems remain in their interpretation. For example, arbitrators have a difficult time in comparing player salaries. Sometimes, one-year contracts are compared with multiyear contracts that can include signing bonuses, tax shelters, and deferred payments at varying interest rates. These figures can be averaged differently over the life of the contract, and comparable annual salaries for any particular year do not represent absolute figures. Confusion can also occur when some players take limited partnerships instead of cash or load up the front ends of multiyear contracts to avoid substantial wage losses if a strike occurs during that time period.

In short, salary arbitration, while substantially benefiting players in the past, could be refined, even eliminated in collective bargaining, depending upon the proposed alternatives. For example, two major participants in the post-1990 collective bargaining activities, Jerry Reinsdorf of the White Sox and Gene Orza of the MLBPA, indicated they would seriously consider eliminating salary arbitration for unrestricted free agency.

Free Agency

The details concerning the evolution of free agency from baseball's reserve rule established in 1879 through the 1990 labor agreement have been discussed elsewhere and won't be repeated here,[24] although it should be noted that owners' egos played a significant role in driving players' salaries up. Steve Stone, a member of the original free-agent class, signed with the White Sox for $60,000. He indicated how he made a nearly $1 million mistake in underestimating the owners' desires to pay more for a free agent when a Rangers executive inquired about his services:

> Their general manager, Danny O'Brien, called and asked what I wanted. . . . I breathed deep and told him I was looking for $75,000 for one season. O'Brien said he couldn't do that. I said, right away, ''All right, I'll settle for $60,000.'' He said I didn't understand. I wasn't asking for *enough* money. He said Brad Corbett, the owner, wanted to pay a million dollars for a pitcher. Corbett thought this would be good public relations. I said that was fine with me. I would take a million. He said no. I said I would take $60,000 and they could tell everyone I was getting a million. O'Brien said he thought they could give Doyle Alexander a million dollars and Doyle would take it, and that's what happened. Doyle got the million.[25]

Owners' egos seemed to replace informed judgment and related caution when they bid more for free agents in 1990 than the clubs' economic conditions suggested. In addition to the Giants' $33 million purchase of three players' services mentioned earlier in the chapter, several free agents appeared to receive more money than their playing performance justified. On October 31, 1990, the Phillies preempted catcher Darren Daulton's free agency through a three-year, $6.7 million contract. Daulton had a career batting average of .227 at the time. About two weeks later the Los Angeles Dodgers signed Darryl Strawberry to a five-year, $20.3 million deal. Then, at baseball's winter meetings in early December 1990, 20 free agents (not counting the three signed by the Giants) were signed at a cost approximating $122 million. The signing of some players with rather mediocre performance statistics at this time likely increased some owner antipathy against players and among themselves. For example, pitcher Matt Young, whose .395 career winning percentage was the third lowest among all active pitchers with 50 or more decisions, signed a three-year, $6.35 million deal with the Red Sox. Several teams pursued Franklin Stubbs, a lifetime .236 hitter, who eventually signed a three-year, $6 million contract. One agent thought the salaries paid to 1990 free agents meant, ''These owners can't spend their money fast enough.''[26]

Owners' attention then turned to maximum annual salaries earned through the free-agent route. Orel Hershiser, eligible for salary arbitration in 1988, asked for a record $2,450,000 salary. He settled for a multiyear deal instead that, at the time, made him the highest-paid major league player for 1989 at $2,766,666 and the first player to obtain a $3 million annual salary ($3,166,667 in 1992). In 1990, Jose Canseco received a $4.7 million annual salary that was eclipsed in 1991 by Bobby Bonilla's $5.8 million annual salary.

Ryne Sandberg's four-year, $28.4 million contract signed in March, 1992, served as an economic flashpoint for players and owners in at least two respects. The magnitude of the contract made Sandberg the first $7 million player; however, the procedure for obtaining the contract could have significantly affected subsequent players' salaries as well.

Sandberg was scheduled to receive $2.1 million for playing the 1992 season. He did not want salary negotiations to interfere with his on-field performance; therefore, he announced a March 1, 1992, deadline where he either had a new contract or promised to become a free agent in October. The threat worked, much to the disgust of Minnesota Twins general manager Andy MacPhail, who claimed the arrangement reflected managerial ''stupidity and timidity,'' ''Sandberg sets an artificial deadline and gets away with it! It's a terrible deal. We're going to spend ourselves into oblivion. I don't blame the players. It's the owners' fault. We keep giving it to them.''[27]

Players have attempted to reopen existing contracts before Sandberg. Two of the more publicized efforts involved George Brett and Rickey Henderson in 1990. Brett's last year of his contract with the Royals paid $1 million with the club having options to hire him for the 1991 and 1992 seasons. He thought his financial arrangement was undeservedly less than $3 to $3.75 million annual salary contracts obtained by ten free agents in 1990. Brett realized that few, if any, fans would sympathize with his desire to reopen the contract; but nonetheless sought more money as a matter of pride. He subsequently understood that management's hands were tied because if Brett were successful, ''then every player on the team would be in there.'' His patience was rewarded in March, 1991, when Royals management reopened, increased, and extended his contract ($7.7 million for the 1991 and 1992 seasons with an option in 1993).

Rickey Henderson, who had signed a $12 million contract to play the 1990 through 1993 seasons, also perceived pay inequity, particularly when he compared himself to Jose Canseco's multiyear contract signed before the 1991 season, ‘‘When you sign a guy for twice as much as me, who’s played six years less than me, and I’m the best out there, something is wrong.’’[28] However, Sandy Alderson, general manager of Henderson’s club, claimed that other teams had ‘‘minimal’’ interest in the player and the four-year financial arrangement was not changed.

The Sandberg signing did not cool management’s ardor for free agents when the 1992 season was completed. About three months after Commissioner Vincent’s dismissal, a record number of 35 free agents were signed in three days to contracts worth $225 million. One of the more expensive and successful signings at the time pertained to Greg Maddux’s five-year, $28 million contract with the Atlanta Braves.

Before the 1993 season started, 84 free agents were signed to contracts, including Barry Bonds’ epic six-year, $43.75 million employment arrangement. The average contract for this group: two years, $6 million given to a 31-year-old player. Pitcher Steve Howe’s two-year, $4.2 million contract was publicized because it represented a 250 percent annual salary increase for a seven-time offender of baseball’s drug policy. Moreover, Howe only pitched 22 innings in 1992. The average signed free-agent hitter had a .273 average with 10 home runs, 48 runs batted in, and 10 stolen bases, while the average pitching counterpart won 9 and lost 7 with a 3.57 earned run average.

Club executive Andy MacPhail no doubt regarded the free-agent signing for the 1993 season as more pervasive and destructive than the Sandberg signing. He expressed shame and embarrassment over this likely ‘‘decadent’’ operation since it reflected ‘‘all parties acting in their own self-interest’’ which, if continued, would have the sport ‘‘going right down the toilet.’’

The impact of players’ salary increases on owners’ collective bargaining concerns was exacerbated and confused by owner-sanctioned *salary incentives* and *injured players receiving full compensation*. Charlie Finley, owner of the Oakland Athletics in the early 1970s, furnished players with an incentive of a $200 suit if they would grow a mustache. Reggie Jackson, the team’s player representative, informed the owner that the suits were being purchased for $100 at wholesale value, and Finley agreed to put the $200 cash figure into each player’s contract.

In 1991, major league performance and award bonuses amounted to much more than Finley’s suits. However, the $12.5 million allocated for performance incentives in 1991 represented only 2 percent of players’ salaries, thereby causing many management officials to wonder if they caused more hassles than the dollar amounts justified. For example, 33 players participating in the 1991 All-Star Game received bonuses ranging from $15,000 to $50,000. One long-time manager and coach thought a player receiving a multimillion-dollar contract should be expected to make the All-Star team every year, not be given an incentive.

Incentives can also create tensions between players and management officials when they are not given. For example, pitcher Eric King charged that White

Sox manager Jeff Torborg failed to start him in the final game of the 1990 season to avoid paying a contractually mandated incentive. Torborg regarded King's accusation as a cheap shot at his integrity, particularly since he was unaware of the clause.

Owners' resentment at many players' ''exorbitant'' salaries often intensifies when injuries occur. By the end of the 1992 season there were 351 entries on the disabled list, 15 percent more than the previous season and more than twice the related figures in 1982. Brewers pitcher Teddy Higuera epitomized Bud Selig's and other owners' concerns when he received $3.5 million for not participating in a game during the 1992 season. The total unrecovered players' wages due to injuries were $102 million, or 13 percent of baseball's total 1992 payroll.

There are at least three factors[29] which help explain increased player injuries over the years. First, increased salaries have resulted in players and clubs more quickly resorting to the disabled list (DL) to protect their investments. Also, current rules enable management to place an unlimited number of players on the 15-day DL compared to pre-1990 player limitations of two, three, and one on the 15-day, 21-day, and 30-day DL, respectively. Clubs now have an easier time replacing an injured player with a healthy one. Finally, improved medical technology such as magnetic resonance imaging tests enables doctors to uncover previously undetectable injuries that former players might have disregarded.

NOTES

1. Jack Sands and Peter Gammons, *Coming Apart at the Seams* (New York: Macmillan Publishing, 1993), p. 8. The Chicago Cubs signed pitcher Danny Jackson to a four-year, $10.5 million contract the same day that Black received his four-year contract worth $10 million. Jackson spent so much time on the disabled list during the 1988 and 1989 seasons that he had made only 41 starts and pitched 233 innings during that time period.

2. *Report of Independent Members of the Economic Study Committee on Baseball*, December 3, 1992, pp. 1 and 5. Members of the Committee were Henry Aaron, David Feller (appointed by the players), Peter Goldmark, and Paul Volcker (appointed by the clubs). One observer contended this alignment produced considerable internal dissension and little new information or analysis, Andrew Zimbalist, *Baseball and Billions*, updated edition (New York: Basic Books, 1994), pp. 169–170. See also Randall A. Hendricks, *Inside The Strike Zone* (Austin: Eakin Press, 1994), pp. 133–142.

3. For additional consideration of these sources, see Zimbalist, *Baseball and Billions*, pp. 47–73; and Gerald W. Scully, *The Business of Major League Baseball* (Chicago: University of Chicago Press, 1989), pp. 117–128.

4. This television contract was almost $400 million higher than bids by NBC and ABC, which had covered baseball for years and likely had a more realistic assessment of returns on investment. Jack Craig, ''Ballpark Figures Jarring for CBS,'' *Miami Herald*, October 26, 1990, p. 7-D.

5. John Helyar, ''Big League Battle: Baseball's Expansion Is A High-Stakes Game

of Money and Politics,'' *Wall Street Journal*, December 21, 1990, p. 1. See also ''Root, Root, Rooting for A Home Team,'' *Business Week*, May 7, 1990, pp. 145 and 147.

6. Zimbalist, *Baseball and Billions*, p. 55.

7. Anthony Baldo, ''Secrets of the Front Office,'' *Financial World*, July 9, 1991, p. 37. See also Neil J. Sullivan, *The Diamond Revolution* (New York: St. Martin's Press, 1992), pp. 74–102; Jason Starr, ''Such A Deal,'' *Financial World*, May 25, 1993, pp. 34–36; Alexandra Biesada, ''GMME A Break,'' *Financial World*, July 9, 1991, pp. 40–41; ''Ballpark Construction's Booming,'' *USA Today*, September 6, 1996, pp. 13-C, 19-C, and 20–21-C; and Mark S. Rosentraub, *Major League Losers: The Real Cost of Sports and Who's Paying for It* (New York: Basic Books, 1997).

8. Tom Verducci, ''Sign of the Times,'' *Sports Illustrated*, May 3, 1993, p. 17.

9. Baldo, ''Secrets of the Front Office,'' p. 39. For additional insights, see also David Whitford, *Playing Hardball* (New York: Doubleday, 1993).

10. Jennifer Reingold, ''When Less Is More,'' *Financial World*, May 25, 1993, p. 38. For a summary of club owners' financial holdings in other areas, see Michael Hiestand, ''Owners Have Millions in Common,'' *USA Today*, February 23, 1990, p. 3-C.

11. The following analysis was performed eight times, once for each of eight different revenue and expense categories. Each of the 26 teams had a time series of four periods (years). Given this very small sample size per team, the 26 time series were pooled into a single data set, in order to increase the degrees of freedom available for statistical tests on the trend for each team. One run of a time series, cross-sectional regression analysis, using the Fuller-Battese method, was then performed to determine whether the trend for each individual team was significantly different from zero. The teams represented the cross-sections in the analysis, and a trend variable (equal to 1 for the observation representing the first year for that team, 2 for the second year for that team, etc., and 0 for all observations of the other teams) was introduced for each team (a total of 26 trend variables). The regression analysis simply tested whether the coefficient of the trend variable for each team was different from zero, using 95 percent confidence. The pooling of teams into a single regression run required the assumption of equal variance for each team. Moreover, this approach assumed that any trend was linear.

A nearly identical Fuller-Battese time series, cross-sectional regression analysis was performed to obtain industry-wide trends for each of the eight categories, with the only difference being that a single trend variable was used. This variable was set equal to 1 for all 26 1990 observations, 2 for all 26 1991 observations, etc. The coefficient of this variable was tested to see whether it was significantly different from zero, with 95 percent confidence.

12. *Sports Illustrated*, March 25, 1974, p. 59. For the record, Ruth's $80,000 salary in 1930 represents $750,000 in 1997, or 14 percent of Yankees outfielder Paul O'Neill's 1996 salary.

13. Peter Golenbock, *Dynasty: The New York Yankees 1949–1964* (Englewood Cliffs, N.J.: Prentice Hall, 1975), p. 183.

14. John Helyar, *Lords of the Realm* (New York: Ballantine Books, 1994), p. 160.

15. For an analysis of how a typical arbitration hearing would proceed, see Steve Mann, ''The Gloves Come Off at Arbitration Table,'' *USA Today Baseball Weekly*, January 29–February 11, 1992, p. 36. See also David J. Faurot and Stephen McAllister, ''Salary Arbitration and Pre-Arbitration Negotiation in Major League Baseball,'' *Industrial Labor Relations Review* 45 (July, 1992): 697–710; and Hendricks, *Inside the Strike Zone*, pp. 193–220.

16. See for example, Jay Coleman, Kenneth M. Jennings, and Frank S. McLaughlin, ''Convergence or Divergence in Final-Offer Arbitration in Professional Baseball,'' *Industrial Relations* 32 (Spring, 1993): 238–248. For a different viewpoint, see Paul L. Burgess and Daniel R. Marburger, ''Do Negotiated and Arbitrated Salaries Differ Under Final-Offer Salary Arbitration?'' *Industrial and Labor Relations Review* 46 (April, 1993): 557–558.

17. David M. Frederick, William H. Kaempfer, and Richard L. Wobbekind, ''Salary Arbitration as a Market Substitute,'' in Paul M. Sommers, ed., *Diamonds Are Forever* (Washington, D.C.: The Brookings Institution, 1992), pp. 29–49.

18. Paul L. Burgess and Daniel R. Marburger, ''Bargaining Power and Major League Baseball,'' in Paul M. Sommers, ed., *Diamonds Are Forever* (Washington, D.C.: The Brookings Institution, 1992), pp. 50–59. See also Elizabeth Gustafson and Lawrence Hadley, ''Arbitration and Salary Gaps in Major League Baseball,'' *Quarterly Journal of Business and Economics* 34 (Summer, 1995): 32–46; and Daniel R. Marburger, ''Bargaining Power and the Structure of Salaries in Major League Baseball,'' *Management and Decision Economics* 15 (September–October, 1994): 433–441.

19. Sands and Gammons, *Coming Apart*, p. 61.

20. Paul M. Sommers, ''The Influence of Salary Arbitration on Player Performance,'' *Social Science Quarterly* 74 (June, 1993): 439–443.

21. ''Red Sox Signs Boggs to Three-Year Contract,'' *Florida Times Union*, January 30, 1987, p. E-1.

22. Bob Verdi, ''Dawson Learns Baseball Is A Cold Business,'' *The Sporting News*, March 21, 1988, p. 5.

23. Herb Michelson, *Charlie O* (Indianapolis: Bobbs-Merrill, 1975), p. 276.

24. Kenneth M. Jennings, *Balls and Strikes* (New York: Praeger, 1990), pp. 180–199.

25. Leigh Montville, ''The First to Be Free,'' *Sports Illustrated*, April 16, 1990, p. 106.

26. Tim Kurkjian, ''What Price Success?'' *Sports Illustrated*, December 17, 1990, p. 46. See also Roy J. Harris, Jr., ''Forkball for Dodgers: Costs Up, Gate Off,'' *Wall Street Journal*, August 31, 1990, pp. B-1 and B-4.

27. Tim Kurkjian, ''Rolling a Seven,'' *Sports Illustrated*, March 16, 1992, p. 16. For additional details regarding this contract, see Rod Beaton, ''Big Money Lets Cubs Hold on to Valuable Asset,'' *USA Today*, March 3, 1992, p. 8-C. Sandberg voluntarily left the team in the middle of this contract, claiming that he had lost enthusiasm for playing the game and possibly Cub's management. His decision cost him nearly $16 million ($3.09 million from the 1992 season's $5.1 million salary; $10.2 million for the 1993 and 1994 seasons, and a possible $2.5 million club buyout for an option for the 1997 season). In November, 1995, he signed a contract to resume playing for the Cubs in the 1996 season. One of the reasons for his return was Sandberg's perception that new Chicago Cubs president Andy MacPhail's selection of players made the team more competitive. For details of Sandberg's subsequent contract, see Rod Beaton, ''Family Keeps Sandberg Fit for Return,'' *USA Today*, November 30, 1995, p. 12-C.

28. Chuck Johnson, ''Henderson, A's Bicker About Contract,'' *USA Today*, March 11, 1993, p. 1-C. See also Hal Lancaster, ''With Megabuck Deals, Days of Baseball Collusion End,'' *Wall Street Journal*, December 1, 1989, pp. B-1 and B-10.

29. Greg Brock, ''Bursting Disabled List Defies Logic,'' *USA Today*, October 1, 1992, p. 3-C.

3

Owners' Organizational Frictions Affecting Current Labor Relations: From Steinbrenner to Vincent to Schott

Chapter 1 reflected players' differences over the significance of a particular bargaining issue and the extent that a strike should be taken to obtain it. The collusion settlement, while representing a large financial victory for the MLBPA, also caused frictions within the membership. Richard Moss, former general counsel for the MLBPA and current agent for many players, indicated that the smartest thing the owners did was to give the $280 million collusion settlement to the MLBPA and let the union receive the blame for determining each player's eligibility and the amount to be received. White Sox owner Jerry Reinsdorf agreed with Moss that this disbursement will pose a bigger challenge to the union's unity than anything management ever presented.

Labor relations pressures have also affected some MLBPA player representatives. For example, Danny Jackson indicated that he resigned from this position he held with the Reds for four years because of the negativity and time involved that did not enable him to focus on playing baseball. Reggie Jackson seemed to agree with Danny Jackson at this time, maintaining that younger ball players were greedy, with neither any sense of history nor understanding of what the union has gained for them over the years. Other more recent and possible sources of divisions within the MLBPA include:

- the 13 players eligible to attend collective bargaining negotiations in August, 1994, included only one Latino (Dennis Martinez), and no African Americans.
- only two of the 28 player-representatives were African Americans (Bobby Bonilla and Al Martin of the Mets and Pirates, respectively).

However, the lack of MLBPA leadership diversity created neither major internal differences regarding bargaining goals/tactics nor the ability to achieve related gains at the owners' expense.

Owners, on the other hand, have been portrayed by the media as a fragmented labor relations participant with divergent bargaining interests and views of how professional baseball should be operated. As discussed in Chapter 2, they are differentially affected by several economic issues, including media financial arrangements and player salary increase mechanisms. Varied relationships among owners and other baseball executives can also affect the content and progress of labor relations efforts with the MLBPA.

A full discussion of owners' interpersonal relationships and influences on other baseball executives such as American and National League presidents is beyond the scope of this book; however, three case studies of Yankees owner George Steinbrenner, Commissioner Fay Vincent, and Reds owner Marge Schott will be discussed to reflect obtuse and diverse leadership styles and concerns within the management organization, occurring around and after the 1990 labor agreement. Organizational chaos exemplified in these cases portend owners' disunity and inability to effectively resolve a labor dispute after the labor agreement was reopened in December, 1992.

GEORGE STEINBRENNER VERSUS FAY VINCENT

Commissioners Kuhn and Vincent peppered Steinbrenner and/or his Yankees club with a variety of fines and suspensions over the years. Kuhn fined Steinbrenner and/or the Yankees $360,000 (including $50,000 in legal fees) for four misbehaviors, and also gave him a reprimand and a two-year suspension (subsequently reduced to fifteen months) for two other infractions. Commissioner Vincent concluded the Yankees ''tampered'' in a trade involving Dave Winfield being sent to the Angels, and ordered the club to reimburse the Angels $200,000.[1] Commissioner Vincent's staff further investigated Steinbrenner in mid-March, 1990, after receiving information from known gambler Howard Spira, who claimed the Yankees' owner paid him $40,000 to reveal derogatory information against Yankee player Dave Winfield and his charitable organization, the Winfield Foundation.[2]

Steinbrenner admitted paying Spira for negative information regarding Winfield, because ''we were adversaries''; however, he contended he gave this amount to Spira to turn his life around. Steinbrenner also subsequently furnished two more reasons for the payment:

- to prevent public information that could damage three Yankee employees: Manager Lou Piniella's alleged gambling, and executives Pat Kelly and David Weider for malfeasance.
- he was ''scared stiff'' of Spira's possible fatal retaliation against Steinbrenner's family members. Vincent concluded this excuse was not credible after hearing a tape of a final telephone conversation between Steinbrenner and Spira. (The *New York Daily News* eventually counted sixteen Steinbrenner explanations for giving Spira money.)

Spira thought that Steinbrenner's payment was motivated by revenge because Winfield had

- a cost of living provision in his ten-year contract, overlooked by Steinbrenner, costing the Yankees an extra $23 million.
- filed three legal suits over a period of seven years, contending Steinbrenner failed to pay annual contributions of $300,000 contractually required dollars to the Winfield Foundation.[3]
- refused a trade from the Yankees to the California Angels.

Commissioner Vincent appointed John Dowd to handle the dispute under Major League Rule 21 that reads, ''Any and all other acts, transactions, practices or conduct not to be in the best interests of baseball are prohibited and shall be subject to such penalties including permanent ineligibility, as the facts in the particular case may warrant.'' Related penalties could include a fine up to $250,000 and/or suspension up to a lifetime ban from participating in professional baseball.

Hearings were held July 5 and 6, 1990, with Steinbrenner able to present additional information by July 16. Vincent made public the 372-page transcript of the two-day session after portions had been ''leaked'' to *The National*. Steinbrenner agreed with Vincent that he should have immediately indicated to Vincent's staff and/or law enforcement authorities his reason for paying Spira. Vincent admitted that a resolution of this problem, satisfactory to Steinbrenner and baseball's best interests, would be difficult, and hoped the next commissioner would think this possibly precedent-setting decision represented ''a proper job, even if he might struggle with some of what I did.''

Steinbrenner awaited Vincent's decision with few, if any, appeal options unless he could show that the commissioner acted capriciously or maliciously. Article I, Section 2(b) of the ''Major League Agreement'' gives the commissioner authority to summon persons and existing documents and/or order the compilation of new information relevant to investigating a possible act suspected to be not in the best interests of the game. The Major League Agreement (Article VII, Section 2) indicates that the owners agree to waive their ''right of recourse to the courts'' if the commissioner issues a related decision including possible penalties. Steinbrenner's legal staff nonetheless prepared for the possibility of a lawsuit against the maximum predicted penalty of a two-year suspension with the rationale being that Dowd exhibited extensive bias in his investigation.

After an eleven-hour meeting with Steinbrenner, the commissioner announced that the Yankee owner was permanently banned from the management or day-to-day operation of the team.[4] Steinbrenner could retain a financial interest in the club but he had six months to get that figure below 50 percent; moreover, he had until August 20 to resign as a ''general partner,'' with his replacement needing approval of Vincent and major league clubs' owners. He was also banned from making personnel decisions involving the Yankees, and attending major league meetings, although he still could

- consult and participate in major financial and business decisions of the Yankees solely in his capacity as a limited partner with the permission of the baseball commissioner. Stephen Greenberg, the deputy commissioner, said player signings, free-agent contracts, and hiring and firing the management would not be considered ‘‘major’’ decisions.
- request permission in writing to attend a limited number of major league games beginning next season.

Vincent rationalized the restraint of the Yankees' owner: Steinbrenner investigated a player without notifying the commissioner's office, instead, relying on Spira's information; moreover, he needed to realize his behavior's negative ramifications on baseball operations.

Many baseball executives backed the commissioner's decision. Phillies owner Bill Giles applauded Vincent's ‘‘strength, intellect, and integrity,’’ while Lany Lucchino, president of the Orioles at the time, and Dodgers president Peter O'Malley were confident that the commissioner's actions preserved the game's integrity. Bud Selig, of the Brewers, considered himself a close friend of both Steinbrenner and Vincent, but regarded the owner's suspension, and likely the decision, to be painful for all, because ‘‘we in baseball are a close family, . . . partners, and someone else's discomfort is not enjoyable.’’

Steinbrenner was noncommittal on the decision but seemed happy the matter was resolved. He also planned to appoint his son Hank as his successor as a Yankees general partner. Vincent said that he would approve this choice but warned both of them that they could be expelled from baseball if George Steinbrenner's further participation in the team's baseball matters violated the established, severe restrictions. Steinbrenner's son or any other individual had to obtain the following approvals before becoming a general partner:

- 67 percent approval from the ownership group. George Steinbrenner had a 55 percent share, the other 12 percent would be more than likely met with some of the eighteen limited partners, particularly since they had seen the team's value soar from $10 million to more than $200 million under Steinbrenner's reign.
- recommendation from the eight-member ownership committee chaired by Jerry Reinsdorf of the Chicago White Sox. Reinsdorf had earlier posed a rhetorical question: ‘‘How do you know when George Steinbrenner is lying?’’ (answer) ‘‘When his lips are moving.’’
- approval from ten of the other thirteen AL owners and seven of the twelve NL owners.

Hank Steinbrenner never wanted this position and did not want to live in New York. George Steinbrenner, somewhat surprisingly, nominated George Nederlander, one of the team's nineteen owners, who was approved by a unanimous vote of the club's partners.

As of late April, 1991, Steinbrenner had frequently acknowledged that he missed baseball, been at least indirectly involved in three suits[5] involving his banishment, and sent members of baseball's Executive Council a 135-page petition detailing alleged improprieties performed in Vincent's investigation and decision. The report included purported quotes made by John Dowd to a Steinbrenner lawyer claiming that ''Steinbrenner is a career criminal,'' also, Dowd ''never met a man who liked Steinbrenner.''

Steinbrenner also at this time testified at Howard Spira's trial. Spira was convicted on five of six charges involving Steinbrenner and on three of the other four charges filed against him. Steinbrenner likely hoped Spira's guilt would support his version of events and lead to his reinstatement. However, Vincent deemed this trial irrelevant, because Spira was convicted on trying to extort an additional $110,000 after the $40,000 payment.[6]

Vincent further indicated that unless the suits were dropped he would not consider Steinbrenner's reinstatement to general partner when Robert Nederlander resigned effective December 31, 1991. Nederlander was asked by Steinbrenner to remain; however, he refused, claiming family commitments. Steinbrenner then proposed that limited partner Daniel McCarthy replace Nederlander. A federal appellate court had dismissed a suit that McCarthy and another limited partner had filed against Vincent, and McCarthy decided not to pursue related legal action. However, McCarthy still had two other strikes against him in gaining Vincent's approval for the permanent position—a ten-year-old report linking him to a convicted heroin dealer, and his non–New York residency.

A $22 million suit filed by Leonard Kleinman against Vincent for blocking his becoming a managing general partner of the Yankees still remained. The Yankees had given Kleinman a three-year contract extension at $350,000 a year in December to drop this suit; however, he wanted the entire $1.05 million up front before terminating this legal action.

On February 22, 1992, McCarthy fired CEO Leonard Kleinman, although many thought that Steinbrenner engineered this move because he was angry at Kleinman for not dropping the suit, and hoped this action would curry favor with Vincent. The commissioner's office cleared this decision and Steinbrenner's possible involvement in this action even though he was still on suspension.

McCarthy also experienced a quick employment severance decision a week later when Vincent said baseball's best interests are not served by having him as the permanent general manager of the Yankees. The Yankees had to submit the name of a candidate to replace McCarthy by March 13, 1992. Vincent would not explain his decision-making rationale, although the following obtuse letter to McCarthy reflected irony, if not spite, over this situation:

Dear Dan:

I write to inform you that I have decided not to approve your candidacy as general partner of the New York Yankees. You may serve, until March 13, 1992, in the same interim management capacity in which you have served since the first of the year.

As we discussed before you left yesterday, it is important to me that you understand that my decision is in no way intended to impugn your character. You have had a long and distinguished record as an attorney and member of your community, and you have been a valuable limited partner of the New York Yankees for nearly 20 years. You served your country with honor in the Army of the United States. I sincerely mean what I told you at the end of our meeting yesterday that I look forward to your continued service as limited partner of the Yankees, and I appreciate the extra time and effort you have expended these past few months on behalf of the club.

I hope to see you at the ballpark soon.

Sincerely,

Francis T. Vincent, Jr.[7]

George Steinbrenner expressed ''shock'' over this turn of events, although he rebounded quickly by nominating his son-in-law, Joe Molloy, who joined the Yankees administrative staff in 1988, and was appointed the club's chief administrative officer in February, 1992. Molloy was approved by the stockholders to succeed McCarthy as the club's managing general partner a day before the March 13 deadline, and was subsequently approved by the commissioner's office and the major league owners in April, 1992, the same month that Steinbrenner agreed to pay $1.05 million to Kleinman, who promptly dropped the remaining suit against Vincent.

The commissioner was pleased that the last of the three lawsuits against him had been dropped, and further noted that federal judges had supported his position in each of the cases. Steinbrenner, moreover, agreed to pay an estimated $1.5 million to cover the commissioner's legal costs.

Mr. Steinbrenner's first formal appeal for reinstatement was made at a May 19 meeting, and the commissioner subsequently expected to make a decision on his partnership status on June 15. However, Vincent tersely indicated a day before the intended announcement that ''things have come up'' and ''no one should assume we're on the same track as last week.'' The commissioner then conducted a series of interviews concerning the possibility, allegedly raised by middle- to high-level Yankees employees, that Steinbrenner violated the original agreement by speaking with Yankees officials during his suspension. Steinbrenner countered that this sudden turn of events reflected behavior found in Nazi Germany. The investigation was announced ''closed'' on July 2 with no evidence of violations found; however, Steinbrenner expressed concern about a week later when the possibility of a reinstatement with restrictions was raised. Steinbrenner's ''permanent ban'' was lifted July 24, 1992. The Yankees owner uncharacteristically withheld public comment immediately following this decision, although he subsequently indicated that he blamed Vincent and his office for denying him due process and other rights as a U.S. citizen.

THE RISE AND FALL OF FAY VINCENT

Steinbrenner's preceding remarks reflected Fay Vincent's active, albeit short tenure as baseball commissioner. Vincent brought his executive and legal experience from Columbia Pictures and Coca-Cola to become Commissioner Giamatti's second in command at the start of the 1989 baseball season. However, Giamatti died of a heart attack on September 1, 1989, eight days after banishing Pete Rose from baseball, and the owners quickly named Vincent to complete Giamatti's term at an annual salary of $650,000.

The following month, Vincent encountered an unprecedented challenge when an earthquake interrupted the third game of the World Series. Many fans admired him for indicating that public policy was far more significant than the game, while the MLBPA respected Vincent for keeping the union informed and involved during related events and decisions.

Vincent also played an influential role in the 1989–1990 labor negotiations in at least two respects. The commissioner replaced management's chief negotiator Barry Rona, whom the union antagonistically associated with previous collusion grievances, and then, unlike previous commissioners, joined the formal negotiations sessions, a situation that Marvin Miller labeled a ''refreshing change.'' Also, five of the six members of the Player Relations Committee (PRC), including Reinsdorf and Selig, endorsed the collective bargaining settlement which Vincent helped shape. Yet, some of the hard-line baseball owners found Vincent's bargaining table involvement to be unseemly. They were not pleased when he indicated that the owners were solely responsible for paying high salaries to players to protect club franchise values, and had sometimes been incorrect in their salary decisions.

Vincent intended to approach upcoming organizational problems with independence and caution. He thought that his personal financial resources afforded him the opportunity to walk away from the job at any time, particularly since he felt the commissioner was granted ultimate authority to run the game and, under baseball's constitution, could not be discharged during his term in office. The owners' only recourse, if not pleased with his performance, would be not to reelect him at the end of this term. Yet, he regarded the commissioner's broad-based, substantial authority, stated in the Major League Agreement, Section 12-A, to act ''in the best interests'' of baseball as similar to having a sixteen-inch cannon that is brought out and polished so everybody knows it exists, but is never used. Vincent suggested a cautious approach in dealing with club owners, which was also necessary because the commissioner received neither clear-cut priorities nor a year-end performance review. There was also no systematic structure for a relationship between owners and commissioners. The Steinbrenner-Spira arrangement discussed in the previous section gave Vincent a chance to effect his managerial approach/decision making in an organizational atmosphere characterized by uncertainties and frictions.

A significant decision more directly affecting the economic interests of major league clubs was made by Vincent in early June, 1991. The American League (AL) and National League (NL) could not agree on the appropriate distribution of $190 million in fees paid by two new clubs joining the National League at this time. Franchise fees for previous AL and NL expansions (three and two, respectively) were retained by the affected league. The National League wanted this practice to continue; however, the American League contended the 1991 expansion fees per club ($95 million) were much more than the heretofore highest NL expansion fees of $12.5 million paid in 1969 by the Montreal Expos and San Diego Padres. When Toronto and Seattle joined the AL in 1977, franchise fees were $7 million and $6.5 million, respectively.

Vincent awarded the American League 22 percent of the $190 million ($42 million or $3 million per club) that provided three players per team for expansion player selection. The National League received the remaining $148 million or $12.3 million per team with a similar three-player expansion selection pool requirement. He knew that his decision would anger owners in both leagues, reinforcing their internal squabbling and viewing economic issues in moral terms. Yet, he hoped that baseball executives would eventually formulate an intelligent, unified team expansion plan that realized the fans were the ‘‘true owners of the game.’’

Owners also wondered if the commissioner would unilaterally implement an even more significant Section 12-A decision pertaining to labor relations activities such as locking out players from Spring Training or the regular season. They also hoped their concerns would be removed when Richard Ravitch, former head of New York Metropolitan Authority, was hired as management’s chief collective bargaining negotiator in November, 1991. Ravitch’s annual salary of $750,000 ($100,000 more than that received by Vincent) both reflected his past labor negotiations experience and reinforced management’s intention to keep Vincent away from labor relations activities/concerns. Ravitch accepted this position because of his personal interest in the game and admitted ‘‘neurotic addiction to difficult problems.’’ He also thought his assignment would be short-term, yet ‘‘fraught with significance’’ to baseball’s future.

Further labor relations frictions between owners and Vincent were reflected in a June 11, 1992, meeting. Vincent ‘‘polished the cannon,’’ indicating that he would not change his authority under the Major League Agreement. He did not expect to fire it, however, because he realized that Ravitch was hired to handle owners’ labor relations disputes with the MLBPA and Don Fehr, and would never disrupt an ‘‘orderly, seriously managed labor negotiation.’’ Bill Giles, the Phillies’ owner, said that Vincent’s remarks received a standing ovation, and were ‘‘very well received,’’[8] while another owner indicated that the commissioner had legal and, more importantly, moral authority.

Not all baseball executives were satisfied with Vincent’s labor relations stance. For example, Jackie Autry of the Padres wondered if Vincent's possible involvement in labor relations over managerial objections could counter the spirit and letter of the National Labor Relations Act that she thought enabled employers to deal with their employees without outside intervention.

The commissioner's apparent recalcitrance in labor relations matters did not extend to another significant, off-the-field baseball development—team realignment in the NL. The addition of the Marlins and Rockies teams to the National League made scheduling of games more difficult. Vincent's decision that the Chicago Cubs and Cardinals should be in the NL's western division and that the Braves and the Reds should be in the NL's eastern division made geographic sense and possibly would generate new, more intense rivalries. This action, however, ran counter to a March, 1992 owners' meeting where the Cubs and Mets voted against this arrangement. According to the NL constitution all clubs changing divisions must agree to do so. Subsequent lobbying attempts by NL President Bill White and other owners to have the Cubs change its position failed (probably because the Chicago Tribune Co. owned both the Cubs and WGN which would lose television revenues because of more scheduled games with later starting times), and Vincent was enlisted by some NL owners to do something.[9] The commissioner's no-win decision pleased few, if any, baseball executives and, in the words of Jackie Autry, was ''the straw that broke the camel's back.''

Just before Memorial Day, 1992, Bud Selig and another PRC member, Fred Kuhlman, encouraged Vincent to waive his ''best interests of the game'' authority regarding involvement in the upcoming labor negotiations. Ueberroth had instituted a previous rule indicating that the owners could not unilaterally reduce the commissioner's powers, and Vincent refused this request to totally absent himself from upcoming collective bargaining activities. Reinsdorf then requested that Vincent meet with the Player Relations Committee a couple of days later where he urged Vincent to reconsider his possible labor relations involvement. He informed Vincent that if he publicly stated his commissioner's role did not require him to intervene in labor-management negotiations, then nobody, including the media, could blame him for his noninvolvement. Reinsdorf's rationale reflected his broader belief that David Stern of the National Basketball Association was a far more appropriate sports commissioner than Fay Vincent, because Stern realized he was hired to ''make as much money as possible for the owners,'' while Vincent spent too much of his time enhancing his public image by talking to the press. Vincent refused to relinquish his authority to become involved in future labor relations developments, and Jerry Reinsdorf, Bud Selig, and Peter O'Malley were then rumored to have sent a fax to colleagues in late June and early July urging them to sign a letter to obtain Vincent's resignation.

Selig was also probably personally incensed and embarrassed about alleged communication leaks from the commissioner's office to the media that he had tapped baseball's credit line for the maximum $35 million. Personal motives notwithstanding, owners claimed Vincent's removal was justified for several job-related reasons such as lack of objectivity and judgment; inability or unwillingness to achieve a ''reasoned consensus'' among owners on fundamental baseball issues; interventions in actions delegated to other groups involving baseball executives (PRC, for example); and premature or inappropriate media contacts.

Vincent claimed not to have seen this document; however, he did receive an August 17 letter from AL President Bobby Brown and NL President Bill White, calling for an emergency joint ownership meeting ''to consider the term of the office and duties of the commissioner and to take such action on that consideration as the major league clubs deem appropriate.'' Vincent rejected this letter's request, finding it ''unlawful and contrary at least to articles in the Major League Agreement'':

ARTICLE I, SECTION 6: ''The Commissioner shall hold office for a minimum term of three (3) years or for such longer term as shall be established by the Major League Clubs at the time of his election and he shall be eligible to succeed himself. Any re-election shall be considered at a joint meeting held not less than six (6) months nor more than fifteen (15) months prior to the expiration of any terms. The Commissioner's compensation shall be fixed at the time of his election.''

ARTICLE IX LIMITATIONS OF AMENDMENTS: ''Each of the parties hereto subscribes this Agreement in consideration of the promises of all the others that no diminution of the compensation or powers of the present or any succeeding Commissioner shall be made during his term of office.''

He also sent a copy of the Brown-White letter to the baseball clubs' owners and wrote another, informing them that they could neither reduce his powers nor remove him from office prior to his contract's expiration. Vincent further indicated that his resignation refusal and related retention of a lawyer protect the present and future commissioners' independent decision making instead of subjecting these individuals to the most powerful owners' preferences in order to remain in office. He also expressed regret that relationships with some owners had deteriorated, and pledged every effort to repair this situation. Vincent's letter might have reflected a ''cannon firing,'' although it encouraged owners to go public with their differences instead of grousing in private over fax machines.

Baseball's National and American League presidents called an owners' meeting for September 3, acting after Vincent refused the earlier request. Vincent would not attend the meeting. Owner Haywood Sullivan of the Red Sox was also inclined not to attend because the display of owners' factions at this time would be personally ''demeaning.'' However, Bill Giles, who had previously praised Vincent's ''strength, intelligence and integrity'' in the Steinbrenner case and complimented the commissioner's speech before the owners some three months earlier, now maintained Vincent's retention would not help the industry because he faced too many critical issues with people no longer having confidence in him.

The owners, by a secret ballot vote of 18–9, indicated that they did not have confidence in Mr. Vincent to move baseball forward ''effectively and constructively,'' and asked him to resign immediately. This vote reflected wide differences among the owners. Nelson Doubleday, co-owner of the Mets, was ''stunned'' about this ''inexcusable, illegal and immoral'' vote that was ''selfishly motivated.'' Both small and large market clubs voted against Vincent, but for opposite reasons. Five have-not clubs (Brewers, Twins, Padres, Pirates, and Indians) thought Vincent's noninvolvement in revenue sharing (redistributing teams' gross revenues among themselves) possibilities would hasten their economic demise, while five ''have'' clubs (White Sox, Dodgers, Angels, Blue Jays, and Cubs) thought the commissioner would impose revenue sharing that would financially damage operations.[10]

Some speculation remained over the owners' next course of action should Vincent refuse to resign.[11] One owner and Vincent advocate predicted the commissioner would challenge his removal, and many owners would have to testify about their ''selfish reasons'' thereby looking ''foolish'' in court. Yet, Vincent also likely recognized if not appreciated Marvin Miller's notion that an appointed commissioner should leave if neither a support base nor a meaningful job were realized.

Vincent resigned on September 7, 1992, still maintaining that the integrity of the commissioner's office is essential. He also thought, however, that remaining in office would create a protracted legal battle and an even ''greater disservice to baseball.'' Vincent maintained his ouster would not enable the owners to win a labor relations ''war,'' and a future labor relations impasse/strike would be a ''disaster'' since the public would deride this action as a dispute involving ''cheap billionaires fighting with whiny millionaires.''

Vincent's departure elevated the owners' Executive Council's role. This group, consisting of two league presidents and four owners from each league,[12] then changed its mission from advising the commissioner to basically deciding on all baseball matters. One of its first commissioner absentia decisions concerned possible disciplinary action against fellow management executive Marge Schott.

MARGE SCHOTT AND THE RACE ISSUE

Reds owner Marge Schott did not vote on Vincent's employment tenure, thinking this situation was far less problematic than owners paying exorbitant salaries to players. However, she was soon involved with the commissioner's replacement, the executive council. Schott had never exhibited much awareness of the game; for example, she once thought an AL team, the Royals, would be the toughest competition in her NL division.

Reds controller Tim Sabo contended he was wrongfully discharged by Schott, although his suit was dismissed in mid-November, 1992, an action reinforced by the 1st Ohio Court of Appeals on March 2, 1994. However, publicized depositions by Sabo and two other former Reds employees stated that she had called player Dave Parker ‘‘that dumb nigger,’’ and made comments about ‘‘sneaky goddamn Jews.’’ In her December, 1991 deposition Schott admitted: using the ‘‘Nigger’’ epithet; possibly labeling the Martin Luther King holiday as ‘‘Nigger Day’’; indicating to an employee that ‘‘Hitler may have had the right idea’’; and, not understanding why a Jewish former employee took offense at her keeping a swastika armband in her house.

Schott issued a three-paragraph statement November 14, 1992, indicating her disgust over the allegations and denial that she was a racist. She stressed her focus on employees’ job performance instead of racial, sexual, or religious characteristics. Schott indicated that any epithets were made in a joking manner, denied calling Dave Parker and Eric Davis ‘‘niggers,’’ and further explained,

> Of course, nigger is a demeaning word, . . . But I know that blacks call it to each other, too. I’ve been in the business world for 24 years and never had any problem with discrimination. I’ve got a Jewish manager in my car dealership who is like a son to me. And it hurt when it was reported that I called Eric and Dave nigger this or nigger that. I love Eric. It hurt me when they booed him here. I love his parents, really good people. I called Eric the other day and explained to him that it wasn’t true. I tried to call Dave, too, but haven’t reached him yet.[13]

Players Dave Parker and Reggie Sanders, along with the executive director of Cincinnati’s Jewish Community Relations Board, indicated they did not experience overt bigotry from Schott, and another former Reds management official labeled her a ‘‘churlish curmudgeon,’’ who referred to everybody including whites in a negative sense from time to time. She then met with black groups and a Jewish group in Cincinnati with no immediate, publicized dissension arising.

Baseball’s Executive Council held a one-hour conference call on December 1, to discuss Schott’s remarks, knowing that Dr. Benjamin Hooks, executive director of the NAACP, and Hank Aaron called for the owner’s ouster, while the Reverends Jesse Jackson and Al Sharpton planned related protests. It decided to initially investigate Schott’s conduct though a four-member panel consisting of the two league presidents and two owners, Jackie Autry and Douglas Danforth, who had already labeled Schott’s remarks, if stated, an ‘‘embarrassment to professional baseball.’’ Schott and her lawyer met with the executive council on January 22, 1993 to ‘‘acknowledge my mistakes and . . . apologize for my insensitivity.’’ She informed members that racial and ethnic remarks were commonplace when growing up and that ‘‘perhaps subconsciously, I may even have thought that these words made me sound tough, aggressive or masculine to my male competitors in the business world.’’ Her remarks were acknowledged by some black residents in Cincinnati, who indicated in a letter sent to the executive council that they did not want Schott suspended for racist remarks, particularly in view of the ‘‘Christian principle of forgiveness.’’

The *Dayton Daily News* published a report of Schott's penalty before she was aware of it and two days prior to the intended public announcement on February 3, 1993. She was suspended for one year (March 1, 1993 to March 1, 1994) and assessed a $25,000 fine. Bud Selig said the ten-page investigation decision contained ''substantial and convincing evidence'' that she used ''racially intolerant'' language that ''brought considerable embarrassment to the game.'' Schott could apply for reinstatement November 1, 1993, and be placed on ''probation'' from November 1 to February 28, 1994. The suspension guidelines indicated she

- is placed on the ineligible list and cannot go to her Riverfront Stadium office.
- may attend games, but until May 1 is permitted only in the mezzanine suite. After that date, she is permitted in any seat in the stadium other than her front-row ownership box adjacent to the Reds dugout.
- is removed from day-to-day operations of the club and is excluded from routine transmittal information in matters that can be performed by other employees, including all player personnel decisions, such as hiring or firing.
- must attend a multicultural training session (she selected the program offered by the Cincinnati Chapter of the National Conference of Christians and Jews).
- can, with the commissioner's permission, take part in extraordinary business affairs such as radio-TV contracts, concessions contracts, banking relationships, government dealings, and nonplayer commitments involving more than $500,000.
- is not barred from engaging in social relationships with baseball personnel of the club but is forbidden from discussing baseball and business matters with them.
- may be present in public areas of the stadium only but may not enter the clubhouse, offices, elevator, press box, or Spring Training facility—those not generally open to the public.
- can, unlike Steinbrenner in his 1990 disciplinary action, retain her title of general partner and make major policy decisions.

Baseball's decision was criticized for its delay, extent, and misplaced concreteness. Selig responded to criticism that baseball took nearly three months in this matter, ''We were very sensitive to due process.''

Some black players thought Schott's penalty was too lenient. For example, Hank Aaron thought,

> It sends out a message—that we're still living in a captivity world where blacks are treated no better than 20 or 30 years ago. . . . I know Marge is laughing all the way to wherever she's going. She won this one. . . . That just gives everybody else—the owners—the right to do and say what they want. Nobody is going to attack one of their own peers. It's a country club.[14]

Reggie Jackson agreed with Aaron, maintaining that Schott's infraction should not have received less than Steinbrenner's two-year suspension because she damaged the people as well as the game. However, Jesse Jackson, who had threatened boycotts of the 1993 Opening Day and beyond if Schott were not suspended, thought the penalty was a ‘‘responsible step.’’

Some thought the Schott penalty reflected the height of hypocrisy since it focused on words that some owners were previously aware of her uttering and/or had used themselves, and ignored Schott’s more pervasive racial insensitivity; for example, not hiring any Hispanics and only one black (working in the ticket department) in the 45-employee front office since she assumed leadership of the Reds in 1984. In other words, the owners seemed uncomfortable with the words but comfortable with the situation. Also, disciplining a colleague represented a Band-Aid application to their most recently exposed racial sore (the symptom) instead of a solution to their problems (employment disparities). Dr. Harry Edwards, an outspoken sports sociologist who was subsequently appointed a special assistant to Commissioner Ueberroth, thought only a shortsighted, vengeful individual could believe Schott’s suspension was relevant in terms of the racism and discrimination permeating major league baseball.

Schott indicated about two months after her suspension that she might not want to return to baseball because the Reds players were ‘‘paid a lot of money’’ ($42.8 million payroll) to lose to a Marlins expansion team having a much smaller payroll ($18 million). She also indicated that it was very difficult to be around the company she owned without being allowed to say anything to its employees. She changed her mind, however, and was reinstated and returned to the game on November 1, 1993.

Professional baseball’s discriminatory practices against African Americans and Hispanics, from Jackie Robinson’s entrance until the early 1980s, have been discussed elsewhere and will not be repeated here.[15] Both commissioners Kuhn and Ueberroth instituted affirmative action programs (in 1970 and 1987, respectively), with unsuccessful results. Frank Robinson cited the following statistics for 1987: 21 out of 180 coaching jobs filled by blacks; nine blacks or Hispanics out of 180 managers for major and minor league teams; and 30 minorities (17 blacks and 13 Hispanics and Asians) out of 879 administrative positions in baseball.

Ueberroth received another alarm over racial discrimination in baseball when Al Campanis, vice president of the Dodgers, indicated in an April, 1987 television interview with Ted Koppel of *ABC News* that African Americans did not have enough ‘‘necessities’’ to become a field manager or general manager. Campanis was discharged for his remarks, an action supported by Orioles owner Edward Williams who, in spite of having only one black employee in his 45-member, front-office staff, indicated that the owners would have an affirmative action policy. Williams thought his sense of racial justice over the past 40 years could not be topped by anyone, a challenge repeated by George Steinbrenner, whose club’s front office had two African Americans out of 46 employees.

Commissioner Ueberroth indicated that Campanis’ remarks did not represent baseball and agreed with civil rights leader and presidential hopeful Jesse Jackson (who threatened a July 4 boycott of baseball unless racial progress was made) that each team would establish its own affirmative action. Some, like Bernie Linicome of the *Chicago Tribune*, contended the Ueberroth-Jackson alliance represented nothing more than two ''self-promoting schemers'' seeking votes for agendas other than baseball's racial injustice.

In any case, Ueberroth quickly initiated affirmative action by appointing Dr. Harry Edwards as his special assistant, the second African American ever to hold an executive position in the commissioner's office. (Monte Irvin was hired as special assistant by Commissioner Eckert in 1968 and had since retired.) Edwards apparently realized his tenuous situation, and hired Al Campanis to help him. Edwards respected Campanis' candor and 40-year experience in baseball, and thought Campanis' insights regarding the race issue would be very valuable.

Related affirmative action efforts generated zero to modest results in the months and the year following Campanis' remarks. Jesse Jackson called off his threatened demonstrations after the promotion of two former black players (Gary Maddox in Philadelphia and John Roseboro in Los Angeles).

Six months after the Campanis *ABC News* interview, baseball had not yet identified a list of qualified minorities for nonplaying positions. Edwards appeared more concerned about what players' parents do for a living than about what makes an individual qualified for a job. Only one black was hired (Frank Robinson, Orioles manager) to fill the 21 managerial and 15 general manager vacancies from Campanis' remarks to January 1, 1989. Edwards maintained clubs were moving in the right direction as black candidates are getting ''serious interviews,'' also, employment progress takes time. (The subsequent hiring of two African Americans, Bob Watson and Elaine Weddington, as assistant general managers of the Astros and Red Sox reflected some verification of Edwards' contentions).

Hank Aaron judged Edwards to be both unproductive and noncommunicative, an interesting assessment since Aaron hired only two African Americans in his thirteen-year tenure as the Braves' director of player development. Edwards countered that he was in touch with top management but that ''egos are involved here.'' Frank Robinson represented one such ''ego,'' who wondered why Edwards had not sought his counsel and 35 years of related experience. Robinson also criticized the long-run approach that Edwards was taking, instead of emphasizing short-run, affirmative action results:

> Edwards' lack of urgency is not shared by the qualified blacks who have been denied the opportunity to work in baseball. When a strong-voiced black man like Harry Edwards is given the baseball commissioner's ear, that man should help make things happen for minorities as soon as possible, not produce a five-year plan. Edwards was given a budget of $250,000 and an annual salary of $250,000, so he can afford to take his time. In addition, Edwards is paid $80,000 a year by the University of California at Berkeley, and he says he makes up to 100 speeches, at $5,000 per appearance, each year. I know

black ex-players who are willing to work in baseball for the equivalent of three of Edwards' speech fees, yet they can't find a job.[16]

Commissioner Ueberroth—in his final state-of-the-game address in December, 1988—stressed a fivefold increase in minority employment (from 2 percent to 10 percent) in two years, but also acknowledged that he was disappointed in the lack of minorities in two very visible positions: general manager/manager, and positions that deal with the press. Ueberroth's successor, Bart Giamatti, indicated that it would take a long time to achieve equal opportunity—perhaps even longer than his tenure as commissioner.

Yet, three African Americans were hired to fill top management positions in 1989 with the decision being based largely, maybe entirely, on job qualifications. For example, Bill White, who had extensive game experience and knowledge of baseball people, became president of the National League. Cito Gaston, who became the fourth black manager in baseball history, placed his new assignment in perspective:

> After the Campanis thing happened . . . organizations—this one has always been good—started to go out and hire minorities. But nobody's going to force anybody to do something they don't want to do, because that's bad business and this is a business. I want to be judged as a manager. And if that opens more doors? That's fine too. But in the meantime, I'm just trying to give off positive vibes all the time, have a winning attitude every day at the ballpark. If we lose, we'll get them tomorrow.[17]

Hal McRae became the fifth black manager in major league history three days after Frank Robinson moved from his manager's position to become the assistant general manager of the Orioles. He realized that baseball reflected society and that some people will judge him as a *black* manager rather than a manager. He further concluded that some would expect him to fail because of his race; however, he would not continually acknowledge this situation lest it give them what they wanted. As of December, 1990, 15 percent of 2,032 front-office jobs in the major leagues were held by minority members, compared with Ueberroth's cited 10 percent representation two years earlier.[18]

Yet, little progress occurred between 1990 and 1992 in hiring minorities for high-profile positions such as field manager and general manager. For example, only six had been hired as managers (Gaston, Robinson, Cookie Rojas of the Angels, Nick Leyva of the Phillies, Felipe Alou of the Expos, and Tony Perez of the Reds) even though there were 49 openings after Campanis' remarks. Moreover, the Rockies, an expansion team, had not hired any minorities for its initial employment vacancies before the start of its inaugural 1993 season. Overall minority employment in front-office positions by the end of 1992 was 17 percent, or two percent more than 1990.

Reverend Jesse Jackson responded to this situation by announcing a baseball boycott of any team that did not have affirmative action plans in place by opening day, April 5, 1993. He also wanted President Clinton to support this cause by refusing to throw out the first ball of the baseball season, and wanted current players to stand behind him.

On March 29, baseball officials, responding more to the Marge Schott racial situation than to Jackson's concerns, announced a broad, seven-point plan calling for minority participation in team ownership, marketing, employment and training, and community activities. Owners met twice with Jackson in the off season, 1992, but did not act on his proposal. Their inaction seemed consistent with Clifford Alexander, former chairperson of the Equal Employment Opportunity Commission, and an outside consultant to major league baseball's minority hiring, who maintained that management did not have an obligation to meet with someone just because that individual claimed to have a plan. Alexander was not satisfied with absolute numbers reflecting minority participation, but thought the five-year progress since Campanis was ''more dramatic than any corporation that I know of.''

Jackson's boycott of the Orioles' opening game was rebuffed by President Clinton throwing out the first ball, and far lower-than-anticipated participants, including major league baseball players. Only one lone player from the past, Bobby Tolan, agreed to join Jackson. One current black player, Dave Winfield, suggested players ''have the best jobs in the world'' with careers affected daily by owners. He concluded that African-American players would not participate in a boycott, particularly when they do not know how long Jackson and other outsiders would press for these changes. Another player, Dave Stewart, while respecting Jackson's past accomplishments, nonetheless thought

> he seems to pop up when it's opportunistic for him. It's a shame to take a small community of players and put them on the spot, to ask them to make a difference for something that's bigger than baseball. We, as black players, aren't going to make a difference on that level because we, as black people, haven't made a difference, from year to year, decade to decade.[19]

Baseball commissioner Fay Vincent also expressed frustration, if not resignation, over minority employment in the clubs' front offices, as he thought he did everything he could think of to raise minority employment statistics with few, if any, positive results.[20]

Professional baseball's nonplayer minority hiring continued at a lumbering, almost nonexistent pace since Vincent's remarks. However, the hiring of Dusty Baker and Don Baylor as managers of the Giants and Rockies represented a notable exception.[21]

The race issue, while not inextricably tied to contemporary labor relations activities, nonetheless indicates that the commissioner can be rendered useless in telling owners how to run their individual businesses. Moreover, owners as a group might not be able to resolve an issue such as equal employment opportunity, revenue sharing, or a collective bargaining impasse that they maintain is important to them.

NOTES

1. For further details, see ‘‘Steinbrenner’s Woes,’’ *USA Today*, July 19, 1990, p. 9-C. American League President Lee MacPhail also suspended Steinbrenner for one week in 1983 (June 3–9) for questioning the integrity of two umpires.

2. Spira also received at least $15,000 from Winfield to cover gambling losses; however, Vincent did not pursue Winfield’s actions. For some rather detailed criticisms about this and other investigative omissions, see Jill Lieber and Craig Neff, ‘‘Bad Job Baseball,’’ *Sports Illustrated*, October 8, 1980, pp. 34–36, 41–44, 46, and 51; and Al Neuharth, ‘‘Is Baseball Bigger than Bosses?’’ *USA Today*, August 28, 1992, p. 11-A.

3. Steinbrenner filed a countersuit in 1989, and a settlement was reached in September 1989 where Winfield agreed to pay $230,000 in delinquent contributions ‘‘plus $30,000 in inappropriately expended funds.’’ Steinbrenner agreed to pay $600,000 to the foundation.

4. Vincent initially proposed a lesser penalty of a two-year suspension then placing him on three years of probation; however, Steinbrenner negotiated for the permanent ban, probably because he thought the ‘‘Suspension’’ label would affect his position with the U.S. Olympic Committee. For related details, see Murray Chass, ‘‘How Long Is a Lifetime Ban?’’ *The Sporting News*, August 13, 1990, p. 6; and ‘‘Behind the Scenes with George and Fay,’’ *Sports Illustrated*, August 13, 1990, pp. 13 and 14.

5. One of these suits filed by Yankees limited partners Daniel McCarthy and Harold Bowman against Vincent was dropped in December, 1991. Steinbrenner lost a second suit filed against a courtroom recording company, accusing it of altering testimony in the favor of John Dowd. A third suit was filed by Leonard Kleinman (Steinbrenner’s second choice for his successor) against Vincent when he was prevented by the commissioner from becoming the Yankees’ managing general partner. Steinbrenner was prohibited under the ban from suing Vincent; however, he created a $250,000 escrow fund to pay the legal fees for Kleinman’s suit.

6. For details of these charges, see Murray Chass, ‘‘Spira Is Guilty of Steinbrenner Extortion Attempt,’’ *New York Times*, May 9, 1991, p. B-10. On May 18, 1992, a federal appeals court upheld Howard Spira’s 1991 conviction including a 30-month jail sentence.

7. Manny Topol and Jon Heyman, ‘‘Hit the Road, Mac. Fay Rejects McCarthy’s Bid to Head Yankees,’’ *Newsday*, February 29, 1992, p. 9.

8. Giles contradicted this publicized version, indicating that it was a private meeting not involving reporters. He could not recall anyone congratulating Vincent; instead, ‘‘Except for two or three clubs, we all came away convinced more than ever that the commissioner has to be removed from the upcoming player negotiations.’’ Jack Sands and Peter Gammons, *Coming Apart at the Seams* (New York: Macmillan Publishing, 1993), p. 186.

9. The Cubs took its own action by filing a suit against the commissioner, charging he violated the National League Constitution and therefore overstepped his authority. On October 31, 1992, Vincent abandoned his realignment plan. For additional information concerning the Chicago Tribune Company’s roles with baseball and Commissioner Vincent, see Nelson Schwartz, ‘‘Baseball Owners Kick up Dirt over Vincent,’’ *Wall Street Journal*, September 2, 1992, pp. B-1 and B-6.

10. The clubs likely voting against this measure, thereby supporting Vincent, were the Mets, Astros, Orioles, Red Sox, Athletics, Rangers, Expos, Marlins, and Tigers. Reds owner Marge Schott left the meeting early and did not vote.

11. Peter Ueberroth made it more difficult for owners to discharge the commissioner. Before 1984, the Major League Agreement mandated a minimum three-fourths positive vote from each league to elect or reelect the commissioner. Under this agreement, four owners in one league blocked the reelection of Kuhn. Now, three-fourths vote of all owners (21 out of 28) are needed to reelect the commissioner. In both cases a minimum of five positive votes from each league is required. For related complexities of Vincent's employment status, see Lewis Kurlantzick and Robert Bard, ''Firing Not Addressed in Original Agreement,'' *USA Today Baseball Weekly*, August 26–September 1, 1992, p. 29; and Claire Smith, ''Owners Take a Third Strike at Vincent,'' *New York Times*, August 24, 1992, p. B-7.

12. The members of the Executive Council at this time were: Bill White, NL president; Dr. Bobby Brown, AL president; Bud Selig, Brewers (ex-officio) chairman; Doug Danforth, Pirates; Bill Bartholomay, Braves; Fred Kuhlmann, Cardinals; Tom Werner, Padres; Jackie Autry, Angels; Eli Jacobs, Orioles; Carl Pohlad, Twins; and, Haywood Sullivan, Red Sox.

13. Ira Berkow, ''Marge Schott: Baseball's Big Red Headache,'' *New York Times*, November 29, 1993, p. 21.

14. Marty Noble, ''Ban: Schott Out a Year, Aaron Hammers Judgment,'' *Newsday*, February 4, 1993, p. 150. For Aaron's additional reflections/experiences of racism in baseball, refer to his autobiography, *I Had a Hammer* (New York: HarperCollins, 1991).

15. See for example Jules Tygiel, *Baseball's Great Experiment* (New York: Oxford University Press, 1983); Jules Tygiel, ed., *The Jackie Robinson Reader* (New York: Dutton, 1977); Dave Anderson, ''How the First Black Came to Brooklyn,'' *New York Times*, March 30, 1997, pp. 19 and 28; and Ira Berkow, ''He Crossed Color Barrier, Only He Was Second,'' *New York Times*, February 23, 1997, pp. 1 and 26; Gerald W. Scully, ''Economic Discrimination in Professional Sports,'' *Law and Contemporary Problems* (Winter-Spring, 1973): 67–84; Gerald W. Scully, *The Business of Major League Baseball* (Chicago: University of Chicago Press, 1989), pp. 172–181; Neil J. Sullivan, *The Diamond Revolution* (New York: St. Martin's Press, 1992), pp. 17–47; and Kenneth M. Jennings, *Balls and Strikes* (New York: Praeger, 1990), pp. 157–171. Bedel Saget and Elena Aida Gustines present a fine chronological account of black players/administrators and their advancement in professional baseball in ''Through the Door That Robinson Opened,'' *New York Times*, April 13, 1997, p. 20. Moses Walker was actually the first black professional baseball player in 1883. Walker and his team received threats of physical violence and a player boycott by Adrian (Cap) Anson if he came on the field in his suit. Ray Didinger, ''Moses Fleetwood Walker Finally Gets His Due,'' *Miami Herald*, March 3, 1991, p. 6D. Hispanic roles in professional baseball will not be differentiated from other minorities' concerns in this section, although related accounts of this situation are: ''Special Report: Hispanics in the Major Leagues,'' *USA Today*, August 10, 1989, p. 11-C; Dave Nightingale, ''Lost in America,'' *The Sporting News*, August 3, 1992, pp. 11–12, 14–16; and Jim Myers, ''Latin Baseball Players Say Misunderstandings Persist,'' *USA Today*, December 18, 1991, p. 4-C.

16. Frank Robinson and Barry Stainbach, *Extra Innings* (New York: McGraw-Hill, 1988), p. 12.

17. Tim Layden, ''Out of the Blue,'' *Newsday*, June 11, 1989, Sports-p. 18. The other

three black managers were Larry Doly, with White Sox in 1978; Maury Wills, with the Mariners in 1980; and Frank Robinson, with the Indians in 1975–1977, and the Giants, 1981–1984. He was again hired to manage the Orioles in 1988.

18. Related figures were 302 total minority employees (Asian, 28; black, 182; and Hispanic, 100); Chuck Johnson, ''Baseball's Color Issue Unresolved,'' *USA Today,* June 13, 1991, p. 1-C.

19. Claire Smith, ''Jackson, Owners Also Don't Get It,'' *Miami Herald,* January 31, 1993, p. 3-C.

20. Ross Newhan, ''Minority Hiring in Baseball Has Slowed to A Crawl,'' *Miami Herald,* December 8, 1991, p. 10-D; and Claire Smith, ''Baseball Failing in Minority Hiring, Officials Say,'' *New York Times,* September 28, 1991, p. 32. For additional racial discrimination considerations in professional baseball, see Lawrence M. Kahn, ''Discrimination in Baseball,'' in Paul M. Sommers, ed., *Diamonds Are Forever* (Washington, D.C.: The Brookings Institution, 1992), pp. 163–188; and Bruce K. Johnson, ''Team Racial Composition and Players' Salaries,'' in Sommers, *Diamonds Are Forever,* pp. 189–202. Front office hirings of minorities and females had increased by 1997 to 20 and 38 percent respectively. Claire Smith, ''Fewer Blacks Follow Robinson's Baseball Head,'' *New York Times,* March 30, 1997, p. 12. In January, 1997, Major League Baseball's executive council made about 90 black players, previously lacking in pension service credit, eligible for an approximately $10,000 related annual payment. This action occurred after Sam Jethroe's discrimination suit was dismissed by a U.S. District Judge on October 4, 1996. Bud Selig regarded this action as a celebration of Jackie Robinson's fiftieth anniversary entry into the major leagues.

21. Baker and Baylor won NL management of the year awards in 1993 and 1995 while Alou received this award in 1994.

4

Bargaining Precursors and Dormancy through the 1994 World Series Cancellation

White Sox owner Jerry Reinsdorf thought that the MLBPA did not represent the majority of players, and that Vincent's too ''soft'' acknowledgment of the union's 1990 bargaining proposals prevented management from realizing necessary bargaining gains. He stressed, in an interview three days before Vincent's forced resignation, ''When we go to war with the union, I want [a commissioner] to have an obligation only to the owners.''[1] Fehr contended the interview containing the ''W'' word reflected management ''beating tom-toms'' with no concern about reconciliation and problem solving. He thought that the owners' sole bargaining goal after removing Vincent from office was ''reestablishing their prominence,'' and contended, ''We'll do what we have to do. It's just sad that it's going this way again.''[2]

The owners conducted their quarterly meetings within a week of Vincent's departure, and unanimously elected Brewers owner Bud Selig as chairman of the executive council. Selig, nicknamed ''Bud Lite'' by Fay Vincent, did not receive the necessary votes from three-fourths of the owners to be elected commissioner or interim commissioner. However, his having been chair person of the executive council and the Player Relations Committee made him the owners' point person if not final decision maker on labor relations issues. Reinsdorf maintained Selig was the most powerful baseball club owner since only Selig could obtain votes from the other owners, because ''he's such a nice guy,'' who works hard at staying in touch with them.

Selig agreed his managerial style was consensus-building through owners' input instead of unilateral decision making. His publicized communications were often vague, which helped his ''being all things to all people'' approach. For example, a day after receiving the owners' qualified vote of confidence, Selig responded to a question asking when Vincent's replacement would be named:

''Hopefully, a relatively short time. But if you ask me this morning what that means, I'm not sure. The timetable to replace the commissioner will have to be developed. But I feel we're well organized.''[3] Two weeks later, Selig maintained a strong commissioner needed to be hired in the next four months. At least two owners, Carl Pohlad of the Twins and Fred Kuhlmann of the Cardinals, at their September, 1993 quarterly meeting attempted to persuade Selig to fill the commissioner's vacancy for another year or two. Selig was flattered but would not accept this arrangement, insisting that he was dedicated to making baseball work in Milwaukee, and expected that management's chief negotiator, Richard Ravitch, would forcefully pursue related collective bargaining interests while the search for a new commissioner occurred.

Three major job responsibilities faced Ravitch upon being hired: achieve consensus among owners on revenue sharing; obtain a cap on players' salaries; and negotiate a collective bargaining agreement with the union. Ravitch admitted that he was on a ''steep learning curve'' because he did not know the issues and relevant details but also thought his responsibilities could be achieved:

> I bring a different perspective to this job. . . . Having been successful in business, I understand that the twenty-eight club owners have different economic self-interests. I also understand that negotiations between the players and the owners have historically taken place in a fishbowl.[4]

However, he maintained that 1992 would be an introspective year when baseball examines ''serious economic problems'' that could affect the survival of the game. Fehr thought this ''doom and gloom'' rhetoric reflected the owners' previous solution to labor relations difficulties; namely, have the employees subsidize management's inabilities to establish and implement team budgets.

This chapter's first two sections pertain to nonexistent to insignificant collective bargaining efforts for some nineteen months after the 1990 labor agreement was opened in 1992. The remaining two sections analyze a subsequent two-month lack of effective initiatives by management, union, and the government to prevent a strike, and the premature ending of professional baseball's 1994 regular season.

NONEXISTENT BARGAINING FOR A YEAR AFTER THE LABOR AGREEMENT WAS OPENED IN DECEMBER, 1992

Ravitch informed Fehr that he did not want to negotiate with the union until the owners first formulated a revenue sharing plan. Yet, management reopened the labor agreement in early December, 1992 by a 15–13 vote, even though no revenue sharing agreement plan had been reached at this time. Selig indicated that the close vote reflected the owners' ''widely divergent and indigenous interests,'' although Ravitch had hoped the owners would have adopted the same three-fourths vote that the owners deemed necessary to establish a lockout.

The MLBPA never had any intention of reopening the labor agreement in 1992. Moreover, Fehr indicated that the owners had not been courteous enough to inform him of the vote, and thought their ‘‘partnership’’ concept did not at this time include informing the union on any revenue sharing matters. Ravitch attempted to get management to open its books, although this suggestion was rejected. Stanton Cook, chairman of the Chicago Tribune Company, indicated that his organization did not release information for its individual components, including the Cubs.

Jackie Autry, member of the executive council, said the owners were divided over three labor relations strategies at this time: (1) do not reopen the labor agreement; (2) reopen the labor agreement with subsequent collective bargaining; and (3) reopen the agreement, then lock out the players commencing with the 1993 Spring Training season. Management, however, adopted a fourth labor relations strategy: reopen the contract with no immediate bargaining with the union until a revenue sharing plan is agreed upon by the owners, and no lockout, at least through the 1993 Spring Training decision. This inactive approach was influenced by a television executive’s intervention and managerial uncertainty over revenue sharing. Neal Pilson, president of CBS Sports, sent management officials a letter that reportedly reflected Laurence Tish’s (head of CBS) attitude that a lockout would be viewed as a ‘‘trashing’’ of the television network’s last year (1993), and CBS would not negotiate a new contract if a lockout occurred.

The owners also differed over revenue sharing along three lines:

- *Philosophy*. For example, Mets co-owner Nelson Doubleday did not see why people who paid more for a team should subsidize others, who bought their teams for less. George Steinbrenner’s standard denunciation of revenue sharing began with the declaration, ‘‘Comrades, I want to make it clear I’m not going to pay anyone for not working.’’ He once indicated that he would pay some of his television revenues to Calvin Griffith, owner of the ‘‘small market’’ Twins, if Griffith would remove his relatives from the Twins’ payroll.
- *Procedures*. Some thought that already existing revenue sharing procedures could be extended. For example, visiting National League teams received 44 cents for each turnstile admission while visiting American League teams received 20 percent from all tickets sold. Yet the National League owners did not adopt the American League’s more generous revenue sharing procedure in a 1991 vote.
- *Calculation Methods*. At least six different revenue sharing formulas had been proposed by this time.

Only two publicized meetings between Fehr and Ravitch were held in January, 1993 (or, for that matter, the first eight months in 1993). Ravitch realized that he was spending ‘‘99 percent’’ of his time attempting to get owners’ agreement on a revenue sharing plan and a players’ salary cap arrangement. He assured the MLBPA that the owners would not lock out the players during the

1993 Spring Training games, and reiterated the sequence of obtaining a revenue sharing plan from the owners, then bargaining with the MLBPA.

Management and MLBPA did, however, reserve the right to lock out or strike during the regular 1993 season. Ravitch hoped this situation would not occur because he wanted baseball to be played in 1993, and believed that nonconfrontational, good-faith bargaining produced better results than did work stoppages. His attitude was likely attributable to several factors such as no strike insurance or other strike funds stockpiled by management; also, losses of $364 million in television revenues and possibly $190 million in expansion fees from the Rockies and Marlins if the season were prematurely ended. He acknowledged that Fehr was right to believe that owners had not been previously solidified on anything. Yet, Ravitch predicted ''this time it's different;'' and the owners will have a revenue sharing agreement before the 1993 All-Star Game in mid-July. His optimism was based on the owners unanimously passing a resolution in February, 1993 that linked revenue sharing on management's part with a salary cap on the players' part. Management's chief negotiator was also hopeful that his report, based on financial information supplied by each club and consistently presented, would enable the owners to better understand their situations.

Fehr, on the other hand, did not approve of Ravitch's bargaining sequence because an owner-approved revenue sharing plan contingent on the players accepting a salary cap would be set in stone. The players would then have virtually no room in subsequent negotiations since they had no input in previous decision making. He also thought that management's intent to lock out or provoke a strike was likely because of an owners' meeting in June where a three-fourths (21-owner) vote was necessary to ratify a collective bargaining agreement if a strike occurred instead of a previously established simple majority or fifteen-owner vote.

The owners failed to reach agreement on revenue sharing at its August, 1993 meeting (beyond Ravitch's mid-July prediction), and management's chief negotiator attempted to put a positive slant on baseball executives' differences at this time. Ravitch regarded the owners' continued discussion of revenue sharing's justification and possible approaches after some 48 hours of nearly nonstop debate as a reaffirmation by the owners of their partnership that would eventually produce a revenue sharing agreement contingent on the players accepting a salary cap. However, many thought that management's failure to attain a revenue sharing agreement reflected deep divisions between large- and small-market clubs, and represented a defeat for Ravitch and his chief ally on this issue, Bud Selig.

Ravitch realized that negotiations with the union over an issue management could not currently agree upon would be fruitless, and pledged that management would neither unilaterally change the terms of the labor agreement, during the winter of 1994, nor lock out the players during the Spring Training and regular season of 1994. The labor agreement expired December 31, 1993, with no publicized fanfare and little, if any, sense of urgency for its resolution.

NASCENT BARGAINING DURING THE FIRST SEVEN MONTHS OF 1994

Owners failed to complete a revenue sharing proposal on January 6, 1994, in Rosemont, Illinois. However, Ravitch's plan fell one vote short of the necessary acceptance, probably because it would more than triple the amount of money received by low-revenue clubs. A counterproposal from large-market club owners, particularly John Harrington of the Red Sox, received only eleven votes. Rockies owner Jerry McMorris was surprised at the outcome because the owners' discussion before the vote featured nodding, agreeing, and silence. His previous labor negotiations prompted him to expect a frank verbal exchange with an eventual settlement signified by a handshake. Moreover, he contended the agreement would give small-market clubs three times the money they were currently receiving. For example, the Expos would receive a $10 million boost.

In addition to previously discussed owner differences over revenue sharing, there was no common definition of a ''small-revenue'' or ''small-market'' franchise. For example, the Cubs, White Sox, Expos, Braves, and Angels have been labeled ''small markets,'' a situation that George Steinbrenner thought made no geographical sense. Steinbrenner thought time spent on labeling clubs ''large and small'' markets would be better spent on determining if certain cities (such as Pittsburgh, Milwaukee, Seattle, and San Diego) should really have teams. There were also eight clubs (Orioles, Red Sox, Rockies, Dodgers, Cardinals, Blue Jays, Mets, and Yankees) who did not want many, if any, revenue sharing changes.

A subsequent 18-hour meeting of the baseball owners in Fort Lauderdale, Florida, produced another revenue sharing plan on January 18, 1994. It relied upon an economic profile that would determine which clubs would either receive funds or pay a portion of revenues into a central pool. The top third of clubs in revenue would pay monies to the bottom third, with the middle third neither paying nor receiving revenues. This arrangement could shift every year. For example, some teams receiving monies might also obtain a more lucrative stadium fee arrangement, making them payers the next year. The exact details of the Fort Lauderdale Agreement were not made public. Fehr had no immediate reaction to the plan, indicating that management kept the MLBPA in the dark, excluding the union from the process.

The MLBPA generated some collective bargaining optimism in January, by agreeing to a new best-of-five-games playoff format with players receiving 80 percent of the ticket revenues on the first three games. This arrangement pertained only to the 1994 season with continuation subject to the overall collective bargaining agreement not established at this time. Owners, instead of leveraging the playoff format into a broader labor relations arrangement, dissolved the

Player Relations Committee, which had been involved with labor relations since the 1970s. Previously, the commissioner wrestled with the owners for a collective bargaining voice. Now, Bud Selig, head of the ruling executive council, who once predicted a new commissioner would be hired in 1992, indicated that the owners did not think a commissioner was now necessary.

MLBPA attention shifted quickly back to the owners' insistence on a salary cap which Fehr maintained would be difficult, even impossible, to accept, since players would not agree to play for less than some owners were willing to pay. Consider, for example, his reflections on Cecil Fielder's accepting a mega-contract, featuring a $10 million signing bonus:

> All these owners say Fielder's not worth thirty-six million. . . . What they really mean is Cecil Fielder isn't worth thirty-six million to *me*. Every signing means that player is worth that amount to somebody. Otherwise you're trying to convince us that the owners are not rational people, that they're all fucking idiots.[5]

Fehr further indicated after a March, 1994 bargaining session with management, the third held since the contract was reopened in 1992, that the owners unilaterally adopted a revenue sharing proposal which would be financed by players accepting a salary cap. Moreover, baseball executives neither consulted nor bargained with the union over this plan, in essence telling the players to ''stick it.'' Ravitch disagreed with Fehr, contending management was open to any ideas covering revenue sharing, and management invited the MLBPA in early 1994 to join them in an ''unstructured,'' ''collegial'' way. The union instead told management to make them a formal bargaining proposal.

Bargaining sessions between management and union officials occurred on May 18 and 23, 1994. Management presented the union with a list of more than 20 ''noneconomic'' issues associated with the proposal pertaining to:[6]

- *Termination*. Management wants to be able to terminate players ''for any reason whatsoever.'' Currently, players may be discharged for reasons of physical condition, citizenship, performance, or refusing to play. Owners also wanted to limit termination pay instead of the currently required unpaid balance of their salaries.
- *Minimum Salary Exceptions*. The owners are seeking to negotiate individual player salaries below the minimum salary established through collective bargaining.
- *Salary Cut*. Currently, a player eligible for salary arbitration or free agency cannot have his salary reduced to less than 80 percent of the previous season or 70 percent of the season before last. The owners want the right to cut these players back to the minimum salary level.
- *Trades*. Clubs wanted to eliminate the right of players with five years' service to demand a trade.
- *Discipline*. Owners want to be able to suspend players for more than 30 days (currently the sole purview of the commissioner and league office) and increase the amount of fines they may deduct from a player's salary before the player can file a grievance.

- *Service Time*. Management seeks the elimination of major league service credit for players called up in September and a 50 percent service credit time when a player is on the disabled list.
- *Scheduling*. The owners want to be able to schedule an unspecified number of rainouts as split doubleheaders and international games without any union/players' approval.
- *Drug Testing*. Owners want the right to conduct random drug testing instead of the current practice where the union must approve the testing of any player.

Many players were skeptical about management's cost calculations. Rick Honeycutt, an eighteen-year MLBPA member, maintained management's proposals were made to be refused, thereby forcing players into a strike. One management official, when informed that the MLBPA membership did not like the consistently proposed union concessions, replied management sought a fair labor agreement instead of making players happy.

On June 14, 1994, management presented the MLBPA its bargaining proposal that included:

- A total revenue split 50–50 between owners and players, down from 58 percent of the revenues players received in 1994. The players' share would also be used to finance their pension plan, health coverage, playoff pools, and other benefits with the players determining the breakdown.
- A seven-year agreement with a phase-in period of four years as many players currently have multiyear contracts. After a phase-in period, each club could not have payrolls more than 110 percent of the average team payroll (half the earnings of the teams divided by 28) or less than 84 percent of the ''average team payroll.'' Clubs would commit to spend a total of $1 billion annually, assuming revenues stay at 1994 levels.
- Salary arbitration would be eliminated, although free-agency eligibility would be reduced from six years to four years; the player's team would be given the chance to match a free agent's salary offered by another team (''right of first refusal'') until the player had six years of service.
- Players with fewer than six years of service would have an escalating scale of minimum salaries, although a player could sign for more than the minimum.

Richard Ravitch noted that players' acceptance of the proposal would initiate the owners' revenue sharing plan, and predicted that this agreement would result in an average player salary of $2.6 million in 2001. He maintained that the proposal's figures were negotiable, and that the salary cap (limitation of 50 percent of revenues) was open to modification, even alternatives. However, Ravitch further cautioned that the players would be wrong to think owners would not obtain a new economic system, giving them some cost predictability in game operations.

Fehr requested more financial information from management to further assess this labor relations consideration and rejected management's revenue sharing/salary cap proposal a month later, contending, ''Owners are saying they'll do revenue sharing as long as the players pay for it.'' He also rejected management's argument that revenue sharing was needed to preserve the game's competitive nature since 23 out of 26 teams had been in playoffs the last 15 years. Braves president Stan Kasten and other baseball executives thought the union's ''arrogant'' refusal of management's offer that would generate the same players' total payroll in 1993 with future increases tied to industry revenues would increase management's unprecedented resolve not to have a collective bargaining agreement ''shoved down our throats.''

Despite possible management-union tensions, the MLBPA presented its proposal on July 18, 1994, that

- eliminated the previous labor agreement restriction on repeat free agency within a five-year period if the player's club offers salary arbitration at the end of his contract.
- reduced player eligibility for salary arbitration from the current three years plus the top 17 percent of players having between two and three years of major league service to all players having two years of major league service.
- increased minimum salary from $109,000 to $175,000–$200,000.
- increased pay for those players released in Spring Training or in post-season play.

The union also offered to help find a new approach to owners' revenue sharing between large- and small-market clubs.

Another formal collective bargaining session was held on July 27, whereby management formally rejected the players' bargaining proposal, claiming that it would cost teams between $660 and $700 million over four years and add $236,000 to the average salary. Fehr contended this decision came as no surprise as management had basically rejected the MLBPA proposal at the July 18 meeting. On July 28, he established an August 12 strike date, a seemingly optimistic indicator that a labor agreement could be reached. If the union thought that a strike was inevitable it would have conducted a strike at the end of the regular season when players had received more of their contracted salaries, while each club owner had only received a fraction of their television revenues. The MLBPA did consider the possibility of striking on August 12, returning to work to receive the remainder of their regular season salaries, then striking again in the post-season. However, it eschewed this strategy, thinking that management's negotiation position would be more accommodating when Congress reconvened in fall 1994 with likely antitrust legislation against the owners.

Selig, however, was disappointed because he thought that the strike date would raise fans' anxiety levels. Moreover, Ravitch reiterated management's continued bargaining mantra, having an economic system that gives them cost certainty.

Fehr's major bargaining objective at this time was to encourage baseball owners to participate at the bargaining table, along with Ravitch. He thought this development would more likely prompt a settlement because there were neither management decision makers nor anyone familiar with baseball operations available for these sessions, and ‘‘more real dialogue’’ concerning the reasons individual clubs were losing money would facilitate labor-management problem-solving efforts. Fehr’s bargaining approach suggestion complemented Hall of Fame pitcher Bob Gibson’s assessment of the bargaining situation at this time: management needed to clearly and honestly communicate their financial situation to players so that ‘‘trust,’’ the essential ingredient of labor-management relationships, could be achieved.

INEFFECTIVE LABOR-MANAGEMENT ACTIVITIES SURROUNDING THE STRIKE

Jerry Reinsdorf publicly indicated, in early August, that he would be willing to settle for the ‘‘same system’’ found in the previous labor agreement. However, he did not appear to be as open-minded with other owners, who disagreed with him on bargaining approaches. For example, Peter Angelos, who led a group to purchase the Orioles in 1993, did not believe in the revenue sharing concept, and proposed a temporary settlement and an independent commission that would help representatives from both sides resolve the impasse with related financial information analyzed by selected accounting firms. If an audit determined that management’s predicted $100 million shortfall for 1994 and larger financial losses for 1995 were based on inaccurate/artificial data, then management should change its bargaining goals and approach. Reinsdorf judged Angelos as being ‘‘new to the game,’’ not fully aware of baseball’s operations and financial problems.

Any hope for a strike-free season soon evaporated after Ravitch informed the MLBPA on July 29 that the August 1 pension plan payment ($7.8 million) and the remaining balance of $49.2 million due the day after the completion of the World Series would not be paid because the Basic Labor Agreement expired December 31, 1993, and the Benefit Plan Agreement between the clubs and the union expired March 31, 1994. Ravitch also wondered why the union did not seek payment assurances before playing the All-Star Game.

Fehr countered that the pension plan’s first payment had been historically linked to playing the All-Star Game while the second portion was paid after the World Series. He said the players were urged by management to play the All-Star Game because it affected the newly negotiated television agreement. Fehr regarded management’s action as a betrayal, a ‘‘below-the-belt’’ shot intended to provoke a strike, a sentiment shared by players, many of whom wanted to strike before August 12. Objections to management’s pension payment refusal perhaps assumed symbolic as well as economic significance, as this arrangement is indexed to pay the highest benefit allowed under federal tax law ($115,000 a year at the time) to 62-year-olds having ten years of service. However, many players likely agreed with Cubs player Mark Grace that this action gave him one more reason distrust management's partnership intentions, ''I think I'd rather form a partnership with my ex-wife's lawyer.''

Fehr and Ravitch both indicated they wanted to avoid a strike; however, each proclaimed the other as an instrument of his constituency. Owners wanted the players to furnish some salary cost guarantees while players maintained they should not have to resolve and/or pay for the owners' internal problems and financial arrangements between teams. Subsequent collective bargaining sessions held on August 4, 8, and 10 produced no meaningful results, and neither Ravitch nor Fehr scheduled additional meetings before the MLBPA's announced strike date. It seemed like the strike would begin before meaningful collective bargaining took place.

Braves owner Ted Turner wanted President Clinton to intervene and arbitrate/resolve the impasse now, because related efforts would eventually occur if a strike took place in the winter or spring of 1995. MLBPA associate general counsel Gene Orza welcomed any ''well-intentioned'' government intervention in the dispute, but also expressed no union interest in submitting the salary cap issue to binding arbitration.

On August 12, Bud Selig faxed and conducted a conference call to the 28 clubs reaffirming a previous request to let Ravitch be the only negotiations spokesperson. Some owners had criticized management's bargaining proposal, effected by Ravitch the previous day. Rockies owner Jerry McMorris thought the salary cap should be a negotiable issue while Yankees owner George Steinbrenner wanted owners to join Ravitch at the bargaining table, particularly since Ravitch's continued insistence that a salary cap was necessary to restore competitive balance ''didn't wash.'' Selig also informed fellow owners that there was no hope for a negotiated settlement at this time. The players struck on this date. Owners figured to lose about $580 million if the season was lost, or $350 million if players' salaries for the remainder of the season ($230 million) were deducted.

Baseball players stood to lose $4.4 million each day of the strike; about half the estimated $8.5 million a day lost by clubs. Salary losses per player would range from $30,973 to $1,619,672 million if the strike ended the season. Some owners thought this disparity would cause disunity within the MLBPA: higher-paid players would resent the larger economic sacrifice they were making, while lower-paid players might resent the better financial capability of the higher-paid players to withstand the strike's economic costs. Even Fehr could not predict with any certainty players' solidarity during the strike, as fewer than three dozen players on the 1994 roster had been personally involved in the 1981 strike.

However, only 6 out of 750-plus union members voted not to strike, a result almost entirely supporting Mark Grace's contention that the players were ''unanimous from Barry Bonds to the 25th player on everybody's team'' to conduct a strike as long as necessary. Bobby Bonilla stood to lose the most salary during a strike, some $31,148 a day, although his wife revealed that she gave him two years to stay on strike before having to play baseball in Japan.

Players' strike unity was enhanced by management's proposals which were viewed as unpalatable, regressive, and provocative. Wade Boggs of the Yankees placed many players' (Roger Clemens, Will Clark, Brett Butler, Ken Griffey, Jr., Kirby Puckett, Jose Canseco, and Goose Gossage, for example) strike solidarity stances into two traditions where major league players: (1) fought and sacrificed for minor league players' rights (Boggs was in the minors during the 1981 strike); and (2) maintained wage determination policies consistent with other entertainers such as Michael Jackson and Jack Nicholson, who have no salary cap limitations.

There also had to be some uncertainty over owners' solidarity at this time because ownership had changed in all but ten clubs since the 1981 strike. Charlie Finley, former Oakland As owner, predicted that the strike would not last more than a week because many of the new owners purchased their teams for more than $100 million, and were ''leveraged to the hilt,'' thereby needing to settle on any terms so they could continue financing their clubs.

Fehr and Ravitch met separately with federal mediators the day of the strike. The union also suggested three ways owners could finance revenue sharing to allegedly financially troubled teams without using a salary cap:

- Expand the number of franchises immediately and provide teams in the struggling markets with a larger share of the expansion fees.
- Share local broadcasting revenue along with national TV revenue and a small percentage of cable revenue among all clubs, based on market size.
- Increase ticket revenues of visiting NL teams from 5 percent to 20 percent that would create a short-term subsidy pool for financially needy clubs.

Ravitch cryptically, maybe cynically, appreciated the union's suggestions, stressing the owners had spent twelve to fourteen months resolving revenue sharing concepts. Moreover, he contended that employer revenue distribution among its ''partners'' was not subject to collective bargaining.

There were no negotiations through eleven days of the strike, although players and owners complied with a mediator's request to form broader-based negotiation teams. Two days before a scheduled August 24 negotiation session, Fehr chided Ravitch for drawing his salary during the work stoppage and called him the owners' ''hatchet man'' sent to obtain ''drastically lower'' player salaries. Ravitch maintained that he last found name-calling to be productive when he attended grade school.

At least some owners had to be angered by a union study conducted by Stanford University professor Roger Noll that was publicly released on August 24. Noll had been associated with the MLBPA since 1985, when he was hired to review management's opened financial statements. His report indicated that the joint ABC-NBC television agreement (''The Baseball Network'') was an example of managerial incompetence, and that the 28 teams were underreporting revenue by as much as $140 million in 1994. Red Sox CEO John Harrington regarded the study as ''a very biased report . . . a sideshow and a distraction.''

Management representatives (three owners and nine team representatives) and 20 players were included in a formal negotiation session on August 24, the first since the baseball strike began on August 12.[7] Jerry McMorris and Peter Angelos were two ''rookie'' owners of the Rockies and Orioles, respectively; however, they both had extensive union-management experience in their other business endeavors. McMorris was concerned about the August 24 meeting because he found the level of mistrust between labor and management was far deeper than he could imagine. Angelos thought this negative atmosphere would be heightened by the format of the negotiation session. He thought that players and owners should attend the meeting but any discussion should be channeled through the negotiator on each side. Otherwise several side discussions featuring an owner and player could take place and/or a verbal free-for-all, shouting match could occur that could be absolutely destructive, possibly exacerbating negative feelings on both sides.

McMorris and Angelos had their skepticism supported by the meeting's activities which consisted of speechmaking and diatribes. Each management representative gave a speech indicating why a salary cap was needed to save baseball from financial ruin; then players and their lawyers gave speeches insisting that baseball was not a money-losing business. Fehr lectured the owners on cartel behavior while Orza derided the owners on their previously incorrect financial projections and poor managerial/marketing skills. Some owners found these remarks insulting and dilatory. They thought the meeting should focus on present, mutual problem solving instead of a recitation of alleged managerial transgressions. Players were not receptive to Reinsdorf's repeated, public insistence that the union should give them a specific percentage they wanted out of baseball's financial operations.

Ravitch, who attended the meeting, thought the atmosphere had improved with the owners at the table. Fehr, however, thought the session was like a first bargaining meeting, something that should have taken place a year ago. He speculated that the owners would not drop the salary cap proposal because they wanted to unilaterally implement their final offer including this item, after declaring a bargaining impasse after the 1994 regular season.

The only positive news to come out of the August 24 meeting was that another meeting would be held the next day. Several side discussions were held between players and owners with no tangible results except increased tensions. The players were offended by Royals chairman David Glass (who is also chairman of Wal-Mart Stores, an aggressive nonunion firm) and H. Wayne Huizenga (owner of the Marlins, who built Waste Management, Inc. with several confrontations involving labor unions). Both indicated no labor agreement would be accepted unless it included salary caps; moreover, players should help baseball management better compete for the entertainment dollar. Owners were offended by players recalling historical improprieties and blunders caused by management.

Drayton McLane, Jr., owner of the Astros, noted, ‘‘You can learn from history and all, but we need to deal with where the game is at today, in 1994.’’

Reinsdorf was shocked and angered by union representative Lauren Rich’s remarks at the meeting; however, he received no sympathy when he expressed his feelings to fellow owner Jerry McMorris, who had been in several negotiations with the Teamsters Union involving his other business. McMorris informed Reinsdorf that the meeting was ‘‘civil’’ and that Reinsdorf led a ‘‘very sheltered life.’’ Ravitch, however, contended the August 24 and 25 negotiation sessions between players and owners would produce a labor agreement by September 15, 1994, because players realized the owners’ bargaining resolve was solid. However, Peter Angelos thought anyone experiencing optimism at this time ‘‘would be somewhat naive.’’ Fehr indicated that no one angrily walked away from the sessions saying ‘‘I never want to talk to you again.’’ Instead, there was simply nothing left to talk about.

Some players blamed mediator Wells for the bargaining fiasco, although the mediator contended the mediation attempt uncovered an extremely difficult case,

> The fundamental reason is that both parties understand each other so well. They just have significant differences in their positions. Mediation is easiest when people are not communicating, but these people are doing a wonderful job of communicating. They have positions not easily bridged.[8]

Selig was also chided for not attending the session, although he retorted that he knew every hour what was going on, and that the players needed to hear from new people from different markets holding different economic views. Richard Ravitch was asked at this time about whether he would continue as management’s chief negotiator, since his employment contract with the owners was scheduled to expire December 31, 1994. He responded affirmatively, ‘‘I can’t believe that I will abandon the problem.’’

On August 30, the owners canceled their quarterly meetings scheduled for the first week in September so that they could concentrate on labor negotiations. Mediators failed to bring the parties back to the bargaining table. Selig labeled this situation, ‘‘very, very depressing,’’ but suggested the short-term pain is less than the long-term disability of not resolving management’s economic problems.

The next day, Selig, who had never been at the bargaining table, lamented it was frustrating for him not to able to sit down and discuss related problems. Selig’s concern seemed inconsistent with earlier testimony before the Senate Judiciary Subcommittee some six months earlier. His response to one of Senator Metzenbaum’s questions indicated that unlike the past, the commissioner will be ‘‘responsible’’ for and ‘‘will control executing labor policy on behalf of the clubs.’’[9]

No bargaining sessions were conducted between August 31 and September 5, Labor Day. President Clinton realized that only three days of formal negotiations had occurred after the strike. He also knew that baseball owners had not accepted Secretary of Labor Robert Reich's strike resolution suggestion accepted by the union: players return to work if owners don't unilaterally implement the salary cap in the off season. The president indicated in a Labor Day speech that there was still time for union and management to settle and complete the best baseball season in 50 years. Two days later, the White House rejected a proposal by federal mediators for presidential appointment of someone (such as former governmental officials Jimmy Carter or George Shultz) to arbitrate the impasse, thereby saving the season. Clinton's administration probably agreed with MLBPA official Gene Orza, who said that a presidential appointee would require a very long learning curve, thereby hindering the process tremendously.

LABOR DAY THROUGH THE END OF BASEBALL'S 1994 SEASON

Events Leading to the Season's Termination

On September 6, the MLBPA filed an unfair labor practice charge (ULP) with the National Labor Relations Board which alleged managements' violations of 8(a) (1), 8(a) (3), and 8(a) (5) of the National Labor Relations Act (NLRA). The union indicated that the clubs gave the MLBPA notice under 8 (d) of the NLRA on January 25, 1993, that management intended to negotiate changes in the labor agreement. However, the MLBPA had received no prior notice or bargaining proposal from management that eliminated their long-standing semiannual pension plan contributions[10] after the All-Star Game. Ravitch had earlier remarked on this situation that it is often easier to file an unfair labor practice suit than win one. One owner believed there had not yet been legitimate negotiations because there was an immediate impasse from the start.

After Labor Day, collective bargaining speculation shifted to two fronts: Selig's possible direct involvement in related activities, and the strike deadline that one or both parties would use to cancel the 1994 season. The quasi-commissioner continued to assess his direct collective bargaining involvement in ambiguous terms, indicating he would be happy to participate if human events and timing occasioned his involvement. He also set a September 9 season cancellation date if no settlement were reached. Gene Orza regarded this deadline ''patently absurd,'' and Selig subsequently agreed that flexibility might exist.

An informal meeting was held between some management and union officials and their attorneys on September 7. Two of the three owners attending were John Harrington of the Red Sox and Jerry McMorris of the Rockies. Wendy Selig-Prieb, a third owner representative for the Brewers and Bud Selig's daughter, at least suggested the substitute commissioner's continuing interest, if not encouragement and active decision-making role.

Fehr attended the meeting because he received new and significant financial information pertaining to management's revenue sharing plan that owners had accepted in January. In informal sessions with owner representatives, one union person commented,

> We didn't know what their plan was . . . it differed in all kinds of respects with what we were led to believe. The question is what alternative revenue sharing proposals would we have considered August 4, when we made our proposals, had we known then what we know now. . . . It set back our understanding of what the real issues were separating the clubs by six or eight weeks. But you could argue the clubs weren't ready to make a deal then.[11]

Selig thought that the MLBPA had received this information when the owners' proposal was given to the union in April; however, Richard Ravitch acknowledged that the information was previously withheld for bargaining purposes. The union thought in April that management's revenue sharing plan would have twelve to fourteen higher-revenue clubs contribute to five or six lower-revenue clubs. The new information would have sixteen higher-revenue clubs contributing to the other twelve clubs. Fehr did not know whether the MLBPA would generate further proposals, although he stressed the union would not be interested in any management proposal that imposed costs and/or negatively affected decisions to sign players. Dodger owner Peter O'Malley, however, optimistically predicted that several proposals and counterproposals would be exchanged at the September 8 and subsequent negotiation sessions.

On September 8, players presented a proposal to the Player Relations Committee that curtailed the owners' salary cap, left free agency and salary arbitration unchanged, and had two basic components:

- The sixteen higher-revenue clubs would pay a 1.5 percent to approximately 2 percent (depending upon the labor agreement's length) tax each on their revenues and their payrolls, regardless of how high their salary costs to the remaining twelve teams. These ''taxes'' would revert to a revenue sharing fund that would be divided among low-revenue clubs with some requirement that a portion of the received funds would be spent on players' salaries.
- A change in the division of gate receipts. Visiting teams would receive 25 percent of the gate receipts compared with the current share of 20 percent in the American League and 43 cents a ticket (less than 5 percent of related revenues) in the National League.

Owners knew the union's proposal offered maneuvering room. However, they rejected it the next day because it merely redirected club revenues at a less-than-desired figure ($50 million as opposed to management's target of $75 million), instead of offering a cost containment salary cap mechanism. One owner commented that the players' proposal, while possibly useful in early August, was too little too late because his colleagues were currently thinking that a bargaining settlement had to compensate for some $15–20 million each club lost in 1994. Bud Selig, who formally participated in union-management negotiations for the first time on September 9 (nearly two years after the labor agreement was reopened), noted that common ground needed to be established and ‘‘tragically we have failed to do so at every point.’’

Selig then removed himself from formal negotiations with the MLBPA, although union and management representatives met in three sessions on September 10 with no successful results. At least one management official (Braves president Stan Kasten) was dismayed by Orel Hershiser’s comments at one of these sessions that management would remove Selig and Ravitch as negotiators and eventually ‘‘cave in’’ to the union. Neither Ravitch nor Fehr attended these sessions. Fehr angrily thought he was betrayed by some owners for suggesting a settlement could be reached, and urged that they publicly speak out on this situation, as only six clubs (Mets, Yankees, Dodgers, Blue Jays, Orioles, and Rockies) appeared clearly willing to accept a collective bargaining agreement that did not include a salary cap.[12] He also concluded that management was ‘‘engaging in a show for public relations sake . . . teaching children a lesson,’’ and engaging in ‘‘union-busting.’’

Perhaps the only verbal agreement between Fehr and Selig at this time occurred when Fehr indicated, ‘‘Turn the football games back on.’’ On September 11, Selig was publicly displayed viewing a professional football game, and subsequently indicated the September 9 strike deadline was canceled in favor of a day-to-day season cessation because he wanted to be as ‘‘thoughtful and conscientious’’ as possible, and have everyone play a role in the decision. The next day, Fehr held a four-and-one-half-hour meeting with 27 players representing 22 clubs. Details of the meeting were not publicized.

Selig held a conference call with the executive council, the Player Relations Committee, and members of the clubs’ negotiating teams on September 13 with no additional bargaining proposals. Rockies owner Jerry McMorris did inform the MLBPA that some movement probably would be met with movement from the other side. However, the union thought McMorris had been duped by fellow owners like Jerry Reinsdorf of the White Sox, who allegedly termed McMorris ‘‘irrelevant’’ in the negotiations. Moreover, Fehr refused Selig’s consensus decision-making approach to end the post-season, ‘‘I told (Selig) if he wanted to pull down the World Series, that was his responsibility not mine.’’

On September 14, representatives of 26 out of 28 clubs had signed a resolution terminating the 1994 regular and post-seasons (Figure 4.1). Marge Schott, owner of the Reds, did not sign the resolution because it precluded hiring strike replacements for the season’s remainder. She thought fans would return and say, ‘‘Let’s see the real players instead of the million dollar babies.’’ Orioles owner Angelos did not sign the resolution because he regarded its claim that the MLBPA had not bargained in good faith as inflamed rhetoric, thereby making a strike settlement much more difficult. Moreover, Fehr contended that Selig’s ‘‘protesting pain and gnashing teeth’’ at his baseball season’s termination announcement placed management’s interests above the ‘‘hopes and dreams of many people.’’

The World Series cancellation reflected miscommunication throughout the

Figure 4.1
Resolution Signed by 26 Major League Baseball Clubs Cancelling the Rest of the Season and the Post-Season

Whereas, the 28 Major League Baseball Clubs (‘‘the Clubs’’) and the Major League Baseball Players Association (‘‘the MLBPA’’) have been engaged in collective bargaining over an extended period; and

Whereas, the MLBPA has consistently been unwilling to respond in any meaningful way the Clubs’ need to contain costs and has consistently refused to bargain with the Clubs concerning a division of industry revenues with the players or any other method of establishing aggregate player compensation; and

Whereas, the MLBPA’s 33-day strike has caused the cancellation of all games since August 12, 1994, and has made it impossible for the players to resume play at a championship level without a substantial training period.

Now, therefore, be it resolved that:

In order to protect the integrity of the Championship Season, the Division Series, the League Championship Series and the World Series, the 28 clubs have concluded with enormous regret that the remainder of the 1994 season, the Division Series, the League Championship and the World Series must be canceled and that the Clubs will explore all avenues to achieve a meaningful, structural reform of Baseball’s player compensation system in an effort to ensure that the 1995 and future Championship Seasons can occur as scheduled and uninterrupted.

Source: Miami Herald, September 15, 1994, p. 7-D.

negotiations. One owner allegedly contacted union officials less than fifteen hours before Selig’s announcement to inquire why the union had not responded to management’s latest proposal based on a luxury tax starting around $40 million, with variable tax rates of 25, 50, and 75 percent, depending on payroll amount. The MLBPA claimed to be unaware of the proposal and, while not pleased with the contents, suggested they might have made a counterproposal.

Legislative Activities Directed toward Ending the Strike

President Clinton suggested, on the day of Selig’s season cancellation announcement, that the federal government should examine professional baseball’s antitrust exemption ‘‘in light of what has happened now to the American people.’’ Related efforts occurred in both the Senate and House. Howard Metzenbaum and other senators had previously proposed the ‘‘Professional Baseball Antitrust Reform Act of 1993’’ (S.500) that would amend the Clayton Act to make antitrust laws applicable to professional baseball operations, except as provided in the Sports Broadcasting Act of 1961.[13] Baseball owners, like their counterparts in other professional sports, would run afoul of antitrust laws if they did not have a negotiated labor agreement restricting player mobility, compensation, and/or other working conditions. This bill, however, was defeated by a 7–10 vote by members of the Senate Judiciary Committee on June 23, 1994.

A few days before Selig's September 14, 1994, announcement, Senators Howard Metzenbaum, chairman of the Senate Judiciary panel's antitrust committee, and Orrin Hatch sponsored a bill different from S.500. The new proposed legislation (S.2380—''Baseball Fans Protection Act of 1994,'' introduced in the Senate, August 11, 1994)[14] would: (1) revoke baseball's antitrust exemption if management unilaterally implemented working conditions such as a salary cap; and (2) remove some of the owners' power that Metzenbaum regarded as excessive and arrogant:

> Baseball owners also have more power than executives in any other industry. If the CEOs of the auto industry, for example, had the same immunity from the nation's pro-competition laws, they could eliminate competition from imports, raise prices in lock step and even divide up the country—dictating that only Fords could be sold in New York, Chryslers in Chicago and General Motors cars in Los Angeles.
>
> But we, the fans, get nothing out of letting the owners hide behind their antitrust immunity in their fight with the players—nothing except a fistful of useless, high-priced tickets.
>
> Consider what the owners have done for us lately. They have inflated ticket prices, blackmailed cities for tax breaks, controlled TV coverage, blocked expansion and provoked the players to strike. And here's what the owners can do for a really good time.
>
> If a city council complains about high prices for taxpayer-funded luxury boxes, it is likely to hear thinly veiled threats about moving the team to Phoenix or St. Petersburg.[15]

The Metzenbaum-Hatch bill (S.2380) was put on the Senate's special calendar, meaning it could only be brought to the Senate by unanimous consent of the members or as an amendment to another bill. Three Democrat members of Metzenbaum's committee, Dianne Feinstein, Paul Simon, and Carol Mosley-Braun, had many major league teams in their states and previously voted against Metzenbaum's proposed legislation (S.500). They formally requested Senate Majority Leader George Mitchell to notify them before S.2380 came to the floor. Mitchell planned to retire in 1994, and was rumored to be the next permanent commissioner of baseball. Senator James Exon blocked S.2380 on September 13, claiming that it established a bad precedent for the Senate to intervene in the middle of a strike. Metzenbaum hoped to reactivate his proposed legislation by placing it on an amendment to some other bill, and thought it would likely pass if it was put to a vote.[16]

Jack Brooks, chairperson of the House Judiciary Committee, announced a few days before Selig's season termination decision that Congress would hold a September 22 hearing to consider HR 4994 (Baseball Fans and Communities Protection Act of 1994, referred to the House Judiciary Committee on August 18, 1994). This bill, proffered by Representatives Mike Synar (D-Oklahoma), Jim Bunning (R-Kentucky), and Major Owens (D-New York), would give players the right to seek an injunction under antitrust laws if owners unilaterally implemented working conditions such as a salary cap, an arrangement similar to S.2380.[17] Bunning, who experienced 22 years as a professional baseball player, contended that the ''high salaries'' of current players should not be confused with a free-market system. He also maintained that 70 years was a long time for a ''bad law'' (professional baseball's antitrust exemption) to be on the books, particularly since it was enacted by a judicial mistake instead of Congress. He wanted ''this aberration'' corrected ''so the game can be given back to the fans.''

Fehr indicated the players would end the strike if Synar's bill was passed; however, this bill was seriously diluted by two major changes before being approved by the House Judiciary Committee on a voice vote September 29. The first change eliminated what amounted to an automatic injunction against a salary cap until any lawsuits are decided. Another enabled the courts to determine whether the union would have to decertify before a suit could be heard.

The MLBPA did not regard the modified H.R. 4994 as sufficient for the players to end the strike; however, it was no doubt pleased that a congressional committee had passed legislation for the first time in 72 years that would whittle baseball's antitrust exemption. The vote refuted Selig's contention that baseball's exemption was necessary because of a ''special covenant between a sport's league and its fans.'' Jack Brooks noted that major league baseball's profit motive had pushed the limits of congressional tolerance for the past 20 years; moreover, ''legislation is now needed to restore the principles of competition and fair play to the business of baseball.''

Congressperson Pat Williams introduced a bill (H.R. 5095) in the House on September 23 that would render a final and binding decision on the dispute by March 15. A neutral arbitrator selected by both sides would choose between the final offers presented by the individual union and management arbitrators by March 15, 1995. Related hearings were held September 29 before Williams's Labor-Management Relations Subcommittee of the House Committee on Education and Labor.[18] However, no formal action was taken as the House and Senate adjourned on October 6 and October 8, respectively, and were scheduled to return at the end of November.

Few if any congressional members predicted that legislation would resolve the dispute before the end of 1994. Jim Bunning, co-sponsor of H.R. 4994, thought the chances of a vote during this time were slim because its contents were very subordinate to a critical election year and related issues. However, Pat Williams promised to ''raise absolute legislative hell'' if the strike remained after the 1994 elections. Senator Metzenbaum also urged legislative action in January, 1995 to prevent the owners' ''don't give a damn'' attitude from abusing players and fans alike.

Fehr hoped that the related legislation might jump-start bargaining developments in the union's favor. Selig did not seem to view potential congressional activity as a bargaining pressure point. His assessment was reinforced by at least four reasons for congressional reluctance to become involved in baseball's antitrust exemption revocation and/or labor dispute. First, teams would be free to relocate their franchises if the antitrust exemptions were removed. Some legislators like Senator Connie Mack from Florida might benefit from this situation as one or more teams might move to his state. However, his likely positive vote on antitrust exemption revocation might be offset by senators (Dianne Feinstein, D-California and Paul Simon, D-Illinois, for example) whose states might lose a team that relocates. Second, some 55 members of Congress from districts having minor league teams were concerned that a revocation of the antitrust exemption would end the practice of binding a minor league player to an organization for a maximum seven years. Major league clubs might then match their player development uncertainty by reducing or eliminating their often necessary financial support of minor league teams. Some have also suggested that many members of Congress would vote down antitrust exemption removal legislation to avoid embarrassing retiring Senate Majority Leader George Mitchell, who might become baseball's next commissioner.

Finally, some members of Congress, such as House Majority Leader Richard Gephardt, thought that legislators should not intervene in a private sector labor-management dispute not truly representing a national emergency. Yet, one baseball observer thought that many legislators' nonbargaining involvement reflected a pro-owner bias instead of a public policy conviction: ''congressmen are wealthy lawyers or businessmen, who understand where the owners are coming from, and they watch the game, if at all, from somebody's luxury box.''[19]

The 1994 election results further muddled the chances of baseball's antitrust exemption being removed. Senator Orrin Hatch, who opposed baseball's antitrust exemption, would chair the Senate Judiciary Committee which was necessary to approve related legislation before a vote could occur. However, Hatch's likely counterpart in the House opposed legislative intervention that would constitute ''blatant favoritism for any union.'' Antiexemption representatives Jack Brooks and Mike Synar did not return to Congress; however, President Clinton indicated he would sign any bill eliminating professional baseball's antitrust exemption. Former Senate Majority Leader George Mitchell, considered a possible baseball commissioner because of his ability to sway a Democratic Congress, did not run for reelection. One Republican Senate staffer contends that baseball's antitrust exemption would ''disappear in a matter of minutes'' if Mitchell were hired for that position, as Republicans in both houses were angry about Mitchell's partisanship over baseball issues, and it would be ''payback time.''

NOTES

1. Claire Smith, ''Fehr Bracing for Two Words: 'No Game,' '' *New York Times*, September 11, 1992, p. B-9.

2. Marty Noble, ''Analysis Unified Owners Ready for War,'' *Newsday*, September 13, 1992, p. 9.

3. Tom Verducci, ''Baseball, What Owners Need Is Plan,'' *Newsday*, September 10, 1992, p. 159

4. Jack Sands and Peter Gammons, *Coming Apart at the Seams* (New York: Macmillan Publishing, 1993), p. 183.

5. John Helyar, *Lords of the Realm* (New York: Ballantine Books, 1994), p. 563.

6. Steve Marantz, ''They Can't Even Agree on What to Call What They Can't Agree On,'' *The Sporting News*, July 18, 1994, p. 14.

7. No more than six of twelve management negotiators will join Ravitch at the bargaining table on any given day. The management representatives scheduled: Paul Beeston of the Blue Jays, John Harrington of the Red Sox, Jerry Reinsdorf of the White Sox, Wendy Selig-Prieb of the Brewers, and possibly Andy MacPhail of the Twins. For brief profiles of these individuals, see *USA Today Baseball Weekly*, August 24–30, p. 8; ''Where the Owners Stand,'' *USA Today*, August 19, 1994, p. 4-C; and *USA Today*, August 23, 1994, p. 3-C. The Players Negotiating Committee included Tim Belcher, Jay Bell, Tom Glavine, Orel Hershiser, Dennis Martinez, Roberto Alomar, Paul Molitor, Jim Poole, Scott Sanderson, Bob Scanlan, Terry Steinbach, B. J. Surhoff, and Donn Paul. For additional information on their collective bargaining experience and beliefs, see *USA Today*, August 23, 1994, p. 3-C.

8. Steve Marantz, ''Five Weeks into the Strike, Baseball Finds Itself on the Precipice,'' *The Sporting News*, September 12, 1994, p. 47.

9. U.S. Congress, Senate, Subcommittee on Antitrust and Monopolies and Business Rights of the Committee on the Judiciary, ''Professional Baseball Teams and the Antitrust Laws (S.500),'' Hearings (103rd Cong. 2nd Sess.), March 21, 1994, pp. 25 and 29. For vague, if not contradictory, testimony Selig gave on the anticipated role of the commissioner in labor relations issues, see pp. 31–36. For Fehr's interpretation of the commissioner's role in labor relations, see p. 58 of the hearings.

10. United States of America, National Labor Relations Board, ''Charge Against Employer'' (Case: 2-CA-2777–1, filed 9/6/94).

11. Murray Chass, ''With Baseball's Deadline Near, Players Offer Owners an Idea,'' *New York Times*, September 9, 1994, p. B-10.

12. On the other hand, the following nine clubs were standing in the way of any agreement that did not include a salary cap: the White Sox, Brewers, Padres, Pirates, Mariners, Athletics, Twins, Angels, and Royals. Some speculated that these clubs were more interested in receiving a larger share of the revenues from the large-market teams than they were in obtaining a salary cap.

13. If S.500 were approved, the following Supreme Court decisions pertaining to professional baseball would be null and void: *Federal Baseball Club v. National League*, 259 U.S. 200 (1922); *Toolson v. New York Yankees, Inc.*, 346 U.S.C. 356 (1953); and *Flood v. Kuhn*, 407 U.S. 258 (1972). See also U.S. Congress, Senate, Subcommittee on Antitrust and Monopolies and Business Rights of the Committee on the Judiciary, ''Professional Baseball Teams and the Antitrust Laws (S.500).'' Hearings (103rd Cong. 2nd Sess.), March 21, 1994. This bill was similar to H.R. 108 that was sponsored by Rep. Bilirakis and referred to the House Judiciary Committee on January 5, 1993. However, Rep. Bilirakis sponsored another bill (H.R. 1549—''Baseball Antitrust Restoration Amendment of 1993'' referred to the House Committee on the Judiciary on March 31, 1993) that would amend the Sports Broadcasting Act of 1961 that would exclude professional baseball from the antitrust exemptions applicable to certain television contracts.

14. Rep. Owens introduced a word-for-word identical bill to S.2380, ''Fans Protection Act of 1994,'' (H.R. 4965) to the House Judiciary Committee on August 12, 1994.

15. Howard Metzenbaum, ‘‘End Owners’ Free Ride,’’ *USA Today*, August 11, 1994, p. 13-A.

16. Metzenbaum subsequently entered his bill as an amendment to an unrelated ‘‘District of Columbia Appropriations Act of 1995’’ (H.R. 4649) on September 30, 1994. This amendment would make applicable the antitrust laws to major league baseball in ‘‘exceptional and extraordinary’’ situations. However, he withdrew the amendment the same day because of perceived insufficient support.

17. H.R. 4994 would specifically amend ‘‘the Clayton Act to apply the antitrust laws to any unilateral terms and conditions of employment in restraint of trade or commerce imposed by any party to an agreement between two or more major league baseball clubs and the labor organization representing the baseball players.’’ Senator DeConcini also introduced S.2401 ‘‘National Commission on Major League Baseball Act of 1994,’’ August 17, 1994, to the Senate Commerce, Science and Transportation Committee. This bill would establish ‘‘the National Commission on Major League Baseball to oversee and regulate specified business aspects of major league baseball. It also ‘‘instructs the Commission to report to the Congress on the need for continuing the antitrust exemption for major league baseball and the possible effects resulting from elimination of such exemption.’’

18. U.S. Congress, House, Subcommittee on Labor-Management Relations of the Committee on Education and Labor House of Representatives, ‘‘The Impact on Collective Bargaining of the Antitrust Exemption; H.R. 5095, Major League Play Ball of 1995, Hearings (103rd Cong. 2nd Sess.), September 29, 1994.

19. Roger Angell, ‘‘Hardball,’’ *The New Yorker*, October 17, 1994, p. 73.

5

Nonproductive Collective Bargaining after the World Series Cancellation until the 1995 Spring Training Season

The MLBPA and PRC had little incentive to resolve their labor relations differences soon after the 1994 season was canceled because both parties lost maximum amounts of remaining salaries and revenues. Selig thought that negotiations might resume on September 22, after he and Fehr testified on Synar's H.R. 4994 bill. Fehr countered that management did not appear willing to do anything except ''bust people's chops.''

No bargaining occurred at this time; instead, each party seemed more interested in professing its solidarity. Owners such as Jerry McMorris and Bill Giles stressed management's unity at the season termination announcement. George Steinbrenner maintained Selig fostered this situation because he, unlike other commissioners, did not involve himself in labor relations matters and was also familiar with owners' problems, reasons reinforced by the realization that only one-fourth of the current owners ever experienced baseball operations under a bona fide commissioner. Selig, while not specifically complimenting himself, noted that management's season cancellation statement was the first time he could remember all the owners sitting in the same room.

Some management officials also thought that the MLBPA members' near-unanimous strike vote was induced by peer pressure and emotion, and that the players would return after several months of reflection and pressures placed on them by family and friends. John Harrington of the Red Sox suggested that 30 percent of the players earn 70 percent of the money, a situation likely fostering players' disunity. Fehr acknowledged that some players wondered why the strike occurred on August 12 instead of later in the season as three-plus paychecks were missed with no bargaining gains. However, he contended that no ''mistake'' was made by the union because it acted on information that owners would try to bargain during this time period.

Yet, the MLBPA and member players publicly emphasized union solidarity, and stressed the owners would be wrong to assume their bargaining leverage increased because the World Series was cancelled. For example, the following three high-profile players, who could be severely harmed by partial/total cancellation of the 1995 season, strongly backed the union's objectives and continued strike, if necessary:

- Dennis Eckersley, pitcher for the Athletics, whose shortened season and possible subsequent retirement might prevent his selection to the Hall of Fame.
- Cal Ripken, Jr., whose 2,009 consecutive games and chances of breaking Lou Gehrig's legendary record of 2,130 games could be ended because he indicated he would not play in a game involving strike replacements.
- Frank Thomas, whom one White Sox management official thought might cross the picket line in 1995 to effect his four-year, $29 million compensation arrangement.

Fehr and the MLBPA attempted to shore up player solidarity during the last two weeks of September by issuing strike fund checks[1] and scheduling seven regional meetings to inform players of the current situation while preparing them for an uncertain winter. Maximum checks of $10,000 were issued on September 15 and October 1, and a final 1995 payment (maximum of) $5,000 was scheduled for October 15 if the players were still on strike. Because the initial payments came primarily from licensing money withheld in 1993, more than 1400 people, including some coaches and managers, received reimbursements. Strike fund calculations were based on major league experience during the 1993 and 1994 seasons.

Detroit Tigers first baseman Cecil Fielder, who would lose nearly $275,000 a week if the strike continued into the next season, thought strike funds, although an economic diminution, symbolized the union's familial relationship to the players; moreover, anyone receiving these checks would feel obligated not to go to Spring Training camp if the dispute continued. A total of 102 players attended three of the regional meetings held in Atlanta, Tampa, and New York. The latter session featured unity speeches from three veterans: Dave Winfield, Eddie Murray, and Cal Ripken, Jr., who had combined experience of 53 years in the major leagues.

BARGAINING DEVELOPMENTS IN 1994's FOURTH QUARTER

Bargaining Uncertainties in October

Management and union officials were initially distracted if not concerned about potential involvement of third parties at the bargaining table. The MLBPA filed its first unfair labor practice charge against management (2-CA-2771) on September 6, contending that the owners unlawfully violated the National Labor

Relations Act when they withheld a partial pension plan contribution traditionally paid on or around August 1 of each year. Also, a new mediator from the private sector became involved and eventually unwelcome in labor relations activities and considerations.

The reintroduction of mediation and possible management strategy of using strike replacements complicated Fehr's and Ravitch's abilities to resolve their differences. On October 14, 64 days into the strike, President Clinton urged William J. Usery, a former secretary of labor and director of the Federal Mediation and Conciliation Service in both the Nixon and Ford administrations, to mediate the baseball dispute. Usery was known for conducting marathon negotiation sessions and allegedly locking the doors until a bargaining settlement has been reached. Management and the union officials not only accepted Usery's involvement, they agreed to share Usery's $120,000 monthly stipend as well.

Current Secretary of Labor Robert Reich reflected labor and management's attitude that the job would not be easy but ''Bill Usery is no ordinary man.'' Usery knew that he could not order either side to do anything to end the dispute, but vowed to use ''all within my persuasive power'' in working with union and management officials, whom ''I respect and hope that I continue to respect.'' Moreover, he wanted both sides not to make public remarks that would hinder a collective bargaining agreement.

Discussions between union and management officials resumed at the bargaining table on October 19. This session was the first meeting since September 9, and the fourth joint, formal union-management meeting since the strike began August 12. President Clinton symbolically expressed his hope for this meeting by wearing a ''play ball'' shirt while conducting his daily jog at this time. Ravitch, joined by eleven of the twelve owner representatives attending the August 24 negotiations, indicated management's collective bargaining/mediation commitment, but could only predict that ''we'll know relatively soon if this process will be successful.'' Fehr and six players, including David Cone, Jay Bell, Terry Steinbach, and Tom Glavine, also attended the 90-minute session that basically established future negotiations' ground rules. Cone maintained that Usery could facilitate bargaining progress only if he quickly understood the issues, and aggressively urged more concise labor and management groups to continue negotiations.

Labor relations uncertainties and tensions were increased by management's possible use of strike replacements during the 1995 season. Pitcher Greg Maddux opined that no player would cross a picket line because players both made the strike decision and sacrificed their livelihoods together. Maddux's teammate Kent Mercker further maintained that it would be very hard to like a strike replacement again even if he were a good friend. Related responses were also made by two MLBPA player representatives, John Franco and Bobby Bonilla. When asked if he would throw at a strikebreaker, Franco replied, ''I don't throw balls; I throw fists.'' Bonilla suggested that the MLBPA and the Teamsters

Union share a similar strike replacement approach—anyone crossing a Teamsters' picket line would ''end up in the East River.''

Management responded to these remarks by filing an unfair labor practice charge, contending the players were two MLBPA agents, and their comments threatened bargaining unit and nonbargaining unit employees, who decided to exercise their legal rights (Section 7 under the National Labor Relations Act) and cross picket lines.[2] Ravitch indicated that management did not plan to hire replacements and took this action to protest ''such virulent behavior.'' Gene Orza, associate general counsel of the MLBPA, contended that his organization neither encouraged nor condoned the players' remarks.

Return to the Bargaining Table in November

Pressure on Owners and the First Series of Bargaining Discussions

November 1 appeared to be at least a soft bargaining deadline because management at this time needed to compensate and secure a club roster so that related Spring Training and regular season ticket sales and media revenues could be attained. Jerry McMorris maintained that negotiations after November 1 would reflect a ''nuclear winter,'' one where the attorneys ''would make a lot of money.''

Baseball clubs were also pressured to stem strike costs that occurred through the end of the 1994 season and post-season. For example, Peter O'Malley, owner of the Los Angeles Dodgers, one of the more profitable franchises, borrowed $20 million from the club's line of credit with a Los Angeles bank. O'Malley blamed both union and management officials for this situation, contending they had sufficient time to resolve their labor relations differences before August 12. Owners of twelve other clubs have drawn from a $360 million line of credit established by a consortium of New York Banks in 1992, and one source contended that the other sixteen clubs have borrowed from their banks since the strike began.

Usery, after meeting with players and owners in separate sessions, extracted a guarantee from them to have four consecutive bargaining sessions commencing November 10. Baseball owners paid approximately $70,000 for an open letter to baseball fans that ran in *USA Today*, two days before the first scheduled session. This advertisement contained two themes: baseball clubs strive to satisfy hometown fans by having very competitive teams at very competitive prices; and, huge payrolls impair these objectives, particularly for smaller media revenue markets.

Selig maintained the advertisement was initiated before Usery's suggested November 10 meeting; moreover, fans, owners, and players needed to be informed on the situation so that a common ground could be reached. Fehr angrily responded that this violated Usery's ban on bargaining through the media and contended that management was clearly more interested in public relations than trying to reach a labor settlement.

Management made three personnel alterations in the November 10 meeting. It streamlined its previous negotiating committee to six members, with Red Sox executive John Harrington as chairman. Harrington had indicated that Ravitch's job as chief negotiator had not changed, although some owners indicated that Ravitch would not be back, strike or no strike, when his contract expired at the end of 1994. Usery allegedly suggested to leadership that Ravitch had no credibility with MLBPA officials because of his varied estimates of clubs losing money (first nineteen, then fourteen and finally twelve) and his inability to articulate a persuasive bargaining position.

Bud Selig also attended the November 10 meeting, the second time he had ever attended a formal bargaining session between the parties. However, he left the discussions early, labeling them ''candid'' and ''civil,'' and vowed to return if others at the table thought it appropriate.[3] Fehr at least partially agreed with Selig, indicating that a previous bargaining item had likely been defined in a better way. He also thought owner-player positions on salary cap remained unchanged, but needed further discussion before a possible alternative could be reached. The next day emphasized the industry's economics instead of specific bargaining issues and proposals such as salary arbitration.

Usery prevented the owners from presenting a bargaining proposal at the third session because he thought the salary cap issue would retard possible bargaining momentum. This meeting only lasted 15 minutes with owners promising to formulate and present a proposal to the players November 17. Usery wanted the proposal to take into account players' concerns in a way that would lead to meaningful negotiations. Fehr agreed that a good mediator first finds out what the parties' interests are, then enables them to come together when the time is right. At least one management official, Braves president Stan Kasten, thought subsequent sessions could be productive, because many of the union and management officials had established better communication and vowed to stay, however long it took the next time to reach a settlement.

Management's Second Bargaining Proposal since Negotiations Began

Owners did not want to declare a bargaining impasse and implement their June 14, 1994, bargaining proposal for at least two reasons. The earlier proposal guaranteed players $1 billion in salaries based on 1994 revenue projections of $1.78 billion. Owners now regarded this arrangement excessive since the strike sharply reduced revenues to an estimated $1.2 billion.

Also, this proposal's revenue-based salary cap seemed understated because many teams had large 1995 salary commitments for a small portion of their player rosters. Related examples include the Blue Jays ($34.8 million for seven players), Tigers ($31.7 million for seven players), Yankees ($31.4 million for eleven players), and Braves ($30 million for nine players). In short, some teams might find it difficult if not impossible to have a competitive, 24-player roster under the previously proposed salary cap.

Harrington indicated that management would deviate from its June 14 proposal (containing a salary cap) to discuss a tax on payrolls, for example. He agreed with Orza that there can be little, even no difference these concepts since both established labor cost constraints. Indeed, players might resent a payroll tax more than salary caps, depending on the economic figures involved.

Owners did not, however, remove the salary cap at the four-and-one-half-hour November 17 meeting, so they could still unilaterally implement this mechanism if they subsequently declared a bargaining impasse. They instead ‘‘floated’’ a 102-page document for MLBPA consideration featuring a defined gross revenue, based on prestrike projections of $1,743,296,000 for 1994, and the players would receive 50 percent of that sum for salaries for all of the players on 40-man rosters, bonuses, daily meal allowances, and pension and benefit plan contributions. Half of this figure divided by the 28 clubs ($31,130,286) would then be multiplied by 110 percent ($34,243,314) and 112 percent ($34,865,920) to determine a club’s revised salary cap and tax threshold, respectively. Each team over the salary cap would have to reduce its excess by 25 percent a year for four years.

A club would pay no tax up to the tax threshold, although any amount above that figure would result in a tax on the entire payroll. Applicable tax rates would be 1 percent for each $500,000 increment up to $5 million, and for a club exceeding the tax threshold, 1 percent for each $250,000 increment. For example, a baseball club having a $34.5 million payroll that acquired Ken Griffey’s $6 million contract with no players leaving the roster would now have a $40.5 million payroll with the related tax computation:

- $34,500,000 to $34,865,920 (no tax, or percentage points, and Griffey’s remaining taxable salary is $5,634,080)
- $34,865,920 to $39,865,920 (10 percentage points, one for each $500,000 salary increment for the next $5 million of Griffey Jr.’s salary)
- $39,865,000 to $40,500,000 (3 percentage points, one for each $250,000 salary increment for the remaining portion of Griffey Jr’s salary).

A club would have to pay 13 percent of its new $40.5 million payroll. Griffey Jr.’s services would therefore cost the club $11,265,000 ($6,000,000 for his salary plus $5,265,000 in taxes). This reflects an 88 percent payroll tax on Griffey’s salary. Table 5.1 indicates the payroll taxes that each club would place into the owners’ revenue sharing funds based on 1994 payroll figures.

Management and the unions then met November 29 and 30 to discuss the owners’ taxation plan. The union was concerned that the ‘‘threshold,’’ ‘‘trigger point,’’ or ‘‘cliff tax’’ (point at which one extra dollar initiates a tax on a team’s entire payroll) would serve as a ‘‘drag,’’ even a ‘‘salary cap’’ on players’ salaries. However, Usery and Kasten were concerned that the MLBPA would not

Table 5.1
Owners' Various Tax Plan Proposals and Effect on Club Revenue Sharing Contributions as of February 1, 1995

Baseball teams' payrolls in 1994 as calculated by management and a comparison of their taxes under the proposals owners made November 17, 1994, December 11, 1994, and February 1, 1995. Figures were calculated by The Associated Press as if the plans were in full effect. Payrolls are for 40-man rosters and include $4,779,250 per team in benefits.

Team	1994 Payroll	November 17	December 11	February 1
Tigers	$56,780,020	$44,197,441	$77,000,000	$20,030,020
Braves	54,015,026	35,619,369	35,600,000	17,265,026
Giants	53,783,495	34,899,465	34,900,000	17,034,495
White Sox	52,277,283	31,181,011	30,800,000	15,527,283
Blue Jays	51,461,770	28,754,075	28,800,000	14,711,770
Yankees	50,670,072	26,837,108	43,700,000	13,920,072
Royals	48,733,109	22,158,329	21,900,000	11,983,109
Reds	48,068,511	20,003,574	20,100,000	11,318,511
Dodgers	46,569,923	18,323,434	18,400,000	9,819,923
Orioles	44,589,165	11,856,882	11,900,000	7,839,165
Athletics	44,380,517	11,831,125	11,900,000	7,630,517
Red Sox	43,973,007	11,621,331	11,400,000	7,223,007
Rangers	43,097,772	9,591,107	10,400,000	6,347,772
Phillies	41,254,674	6,417,164	6,600,000	4,691,006
Astros	40,724,728	5,295,521	5,200,000	4,293,546
Indians	40,239,723	4,582,546	4,400,000	3,929,792
Cubs	38,924,936	3,159,935	3,100,000	2,943,702
Mariners	38,494,139	2,431,995	2,300,000	2,620,604
Angels	36,595,498	1,265,892	1,100,000	1,196,624
Cardinals	34,734,086	0	0	0
Mets	34,355,341	0	0	0
Twins	32,771,479	0	0	0
Brewers	30,445,458	0	0	0
Rockies	30,205,243	0	0	0
Pirates	29,828,970	0	0	0
Marlins	27,893,384	0	0	0
Expos	24,268,772	0	0	0
Padres	20,347,852	0	0	0
TOTAL	$1,139,483,904	$330,027,204	$379,500,000	$180,325,944

Source: Florida Times Union, March 29, 1995, p. C-1; and I. J. Rosenberg, "Owners Offer a New Proposal: Players Submit Same Old Doubts," *Atlanta Constitution,* December 12, 1994, p. D-10.

present a counterproposal at this time. Kasten indicated, "If they are not ready to bargain, 100-and-some days into a strike, what are we doing here?"

Fehr indicated that a union proposal would be likely forthcoming after meetings with players in Atlanta, December 5 through December 7. Management considered imposing a salary cap at the owners' meeting in early December, the first in six months. Fehr neither encouraged nor discouraged this action. Harrington stressed a salary cap would remain, if implemented at this meeting, because "it's difficult to put the yolk back into the egg."

Owners, however, agreed on November 30 to Usery's request to hold off salary cap implementation, and postponed their December 5 meeting. The MLBPA held its scheduled three-day meeting that involved 99 players in the formulation of a bargaining proposal to be presented at a December 9 joint negotiations session. Both sides also agreed to put off two time limits suggested by the previous labor agreement. Management's arbitration offer deadline was shifted to December 17, and the deadline for players' response to management's offer was shifted from December 9 to December 23.[4]

December's Proposals, ''Deadlines,'' and NLRB Involvement

Owners, the MLBPA, and sixteen players met in separate sessions with William Usery on December 9, and players presented owners with a proposal on December 10 that included a ''flat'' payroll tax (on each team's total revenues) of five percent on all clubs, which would have them furnishing revenues to owners to be redistributed to small-market teams (Table 5.2).[5] This figure would generate an annual $35 million payment for revenue sharing. An additional $23–25 million for revenue sharing would be generated under the current cable television arrangements and having home teams sharing 25 percent of their ticket revenues, up from 20 percent in the American League and about 5 percent in the National League. The combined $58 million dollars each year was higher than the union proposed in September, and equalled the revenue sharing monies management sought in their Fort Lauderdale agreement reached in January, 1994. The union also wanted revenue sharing to stop after 1997, and teams receiving subsidies to be chosen after the labor agreement is signed.

The union also extended management's reference to a ''partnership'' in previous discussions through proposed economic and decision-making contributions. Players would contribute $25–35 million from their licensing and/or union dues to be used in a joint, long-term revenue-generating venture if management would contribute a similar amount. (The owners indicated they would only contribute $10 million from the payroll tax into the fund.) Also sought by the union was player input into some of the game's high-level decisions, such as commissioner selection and national television contract ratification. Tom Glavine indicated this proposal represented the first time that players offered to invest their own money to ensure the game's future growth and create a mutual-respect atmosphere not previously found in baseball negotiations. He contended owners were now also obligated to demonstrate their willingness to join players in a real partnership, pursuing goals for the good of the game.

William Usery was disappointed that the players publicized their proposal before management had a chance to review it; however, management reacted to the players' proposal by submitting a new plan on December 11 that reduced payroll taxes on most teams (Table 5.1) but did not include the ''partnership'' issues such as the growth fund. It included flat taxes (4.6 to 5 percent depending on how players' salaries were calculated) assessed to a team's player payroll,

Table 5.2
Players' Tax Plan and Effect on Club Revenue Sharing Contributions as of February 5, 1995

Team	December 10, 1994	February 5, 1995
Tigers	$2,000,000	$4,184,000
Braves	2,600,000	4,641,000
Giants	2,000,000	4,000,000
White Sox	2,100,000	4,187,000
Blue Jays	2,300,000	4,607,000
Yankees	2,300,000	4,738,000
Royals	2,200,000	0
Reds	2,000,000	0
Dodgers	1,900,000	3,987,000
Orioles	2,200,000	4,092,000
Athletics	1,900,000	3,088,000
Red Sox	2,100,000	3,713,000
Rangers	1,900,000	3,609,000
Phillies	1,800,000	3,349,000
Astros	1,500,000	0
Indians	1,400,000	3,429,000
Cubs	2,000,000	3,206,000
Mariners	1,600,000	0
Angels	1,300,000	0
Cardinals	1,600,000	0
Mets	2,100,000	3,213,000
Twins	1,500,000	0
Brewers	1,200,000	0
Rockies	1,400,000	0
Pirates	1,300,000	0
Marlins	1,200,000	0
Expos	1,000,000	0
Padres	776,000	0
Total from clubs	$49,176,000	$58,043,000

Sources: I. J. Rosenberg, ''Owners Offer a New Proposal: Players Submit Same Old Doubts,'' *Atlanta Constitution*, December 12, 1994, p. D-10; *USA Today*, February 6, 1995, p. 10-C.

and secondary taxes with an accelerating rate that takes effect if players are earning more than 50 percent of industry revenues.[6] Stan Kasten indicated that these mechanisms exhibited only 25 to 35 percent as much drag on salaries as found in management's November 17 proposal, although more tax dollars would be generated. The December 11 proposal also wanted the clubs receiving these monies to be selected each year with no specific termination date of the procedure.

A review of Tables 5.1 and 5.2 for December 10 and December 11, respectively, indicates that there were wide differences between players and owners on the impact of proposed tax mechanisms on each club. (The players' tax plan total represented 15 percent of management's proposed tax plan.) Differences also remained over salary arbitration and free agency. The players wanted both issues to remain as specified in the 1990 labor agreement: Players above three or more seasons, plus the 17 percent most-senior players in the two- to three-year service credit bracket, would be eligible for salary arbitration, and players with six years of service would be eligible for free agency. Owners wanted salary arbitration eliminated and replaced by an escalating set of minimums, $115,000 for first-year players; $175,000 for players with one full year of service, and $275,000 and $500,000 for those with two years and three years of service, respectively. Type A or B players according to the Elias ranking with three years of service would have a salary minimum of $750,000. There would be restricted free agency (the player's original team would have the option to match the salary offered by another team) for players with more than four years of service but less than six. Those players having six or more years of service would be unrestricted free agents.

Labor relations differences were magnified on December 13 when management announced, ''We're back to a salary cap.'' But during a later bargaining session involving six union and four management officials that extended into the morning of December 14, management suggested that it might have some flexibility in its consideration of payroll taxes. Owners such as Jerry McMorris believed that the union officials indicated at this time that the MLBPA would present a different proposal that would include a secondary tax (one in addition to the flat tax that would kick in when team revenues reached a certain level) at another meeting on December 14, a situation reinforced that day by Fehr's brother Steve, a union lawyer, who said it was being typed. McMorris, after not receiving the proposal by noon on December 14, went to Chicago to attend the owners' meeting. However, he received a telephone call from union lawyers Lauren Rich and Gene Orza, the night of December 14, giving McMorris the impression that negotiations should continue and a union proposal would be forthcoming. Fehr acknowledged the players had proposed eliminating salary arbitration in exchange for two-year free agency but also maintained that there were ''a lot of tired people,'' and that management had the ''misconception'' that the union ''was going to go farther.''

The union also received mixed signals from at least one management negotiator at this time. For example, David Montgomery, executive vice president of the Phillies, was on management's negotiation team and likely influenced the signing of Gregg Jeffries to a four-year, $20 million contract. The club also signed two pitchers, Curt Schilling and Tommy Greene, for a combined $4.3 million, even though the pitchers won only four games between them in 1994. Another team, the Mariners, signed outfielder Jay Buhner, who had a modest .256 career batting average and no All-Star Game appearances, to a three-year, $15.5 million contract.

Baseball executives attended a December 15 meeting that replaced the canceled December 5 meeting. Usery did not specifically request the owners to avoid implementing the salary cap at this time and newspaper headlines reflected this ‘‘inevitable’’ situation: ‘‘Negotiations Collapse in Bottom of the Ninth’’; ‘‘It’s C Day: Salary Cap Comes Today’’; ‘‘Baseball Talks Hit Stone Wall’’; ‘‘Owners to Impose Salary Cap’’; and, ‘‘Negotiations Collapse in Bottom of the Ninth.’’

However, the owners voted (25–3) to defer implementing a salary cap until 12:01 A.M. on December 23 when the executive council would make the decision. Moreover, Selig revealed that the December 23 deadline could be ignored if significant collective bargaining progress had been made by this time. John Harrington indicated that postponing salary cap implementation and ignoring ‘‘these doors of deadline’’ represented an olive branch to the players and their families so that a bargaining resolution might be reached.

Management’s thinking might have been prompted by two developments: their debt level, and intervention by the National Labor Relations Board (NLRB). Owners were told at the December 15 meeting that the combined debt of the 28 major league teams was some $600 million—or an average of over $21 million per club. About 20 percent of that debt occurred from teams borrowing from baseball’s central line of credit, the largest amount ever recorded in baseball. Presumably many, if not all, owners wanted a strike-free 1995 season, to stem further financial losses.

They were also aware that the NLRB would affirm the MLBPA’s September 6, 1994, unfair labor practice charge by filing a complaint accusing them of failing and refusing to bargain in good faith when they illegally failed to make a $7.8 million contribution to the players’ health and benefit plan.[7] The administrative law judge handling the pension case would probably issue a decision in late 1995 or early 1996, and the losing side could initiate appeals through the full NLRB, and/or the federal judicial system (U.S. District Court, U.S. Circuit Court of Appeals, and the Supreme Court). Daniel Silverman, NLRB’s Region 2 Director, indicated that Fred Feinstein (NLRB general counsel in Washington) and himself would also determine whether a complaint should be issued if owners subsequently declared a bargaining impasse and then implemented their salary cap.

Fred Wilpon, CEO of the New York Mets, brought his labor lawyer, Lewis Kaden, to the December 15 owners’ meeting. Kaden informed the audience that there was a possibility that the unfair labor practice charges, if upheld, could cost the owners hundreds of millions of dollars. Moreover, management could incur ‘‘joint and several liability’’ whereby some clubs might have to pay the monetary judgments assigned to other clubs not able to afford those monies. Orioles owner Peter Angelos informed his colleagues they would commit ‘‘mass financial suicide’’ if a settlement with the players was not reached. He supposedly referred to ‘‘Jonestown’’ and asked, ‘‘when do we pass around the Kool-Aid?’’

The NLRB also informed management on December 16 that it dismissed the clubs’ unfair labor practice charge filed against Bobby Bonilla and John Franco, whom owners contend had threatened players with violence if they crossed the picket line. Silverman explained:[8]

- The alleged statements were made at a charity event in response to reporters' questions, and the union could not be reasonably expected to exert control over its members at this venue.
- Union Associate General Counsel Eugene Orza effectively disavowed the reported statements of Franco, Bonilla, and other players, indicating that the comments were wrong and that the union would ''take the necessary steps to make sure that all players are free to exercise their rights.'' The union's repudiation, published in newspapers throughout the United States, was consistent with criteria expressed in the Board's *Passavant Memorial Hospital* (237 NLRB 138, 1978) ruling: *timely, unambiguous, specific, free from other proscribed conduct,* and *adequately publicized.*

Management said that it would appeal the NLRB's determination. John Harrington did not suggest that the salary cap postponement was prompted by the NLRB decision or managerial weakness; instead, ''it's just that we understand that a negotiated settlement is clearly the best situation.''

Attention shifted to December 19 where union and management had four days to achieve progress in negotiations before the rescheduled deadline for salary cap imposition. Fehr was not optimistic at least a day before the start of these sessions, as he informed players not to expect a settlement, and not to sign employment contracts if the clubs imposed salary caps.

These meetings also experienced a likely shift in chief management negotiators. Bud Selig indicated that Dave Montgomery of the Phillies, the only member of the November 10 negotiating committee (including Chairman John Harrington) to attend these sessions, and Jerry McMorris of the Rockies, would be the ''appropriate'' executives at the bargaining table; Montgomery ''knows the numbers'' while McMorris had extensive labor relations experience and a ''reasonable relationship'' with the MLBPA.

A scaled-down management bargaining team (Montgomery and three lawyers) discussed a ''new'' union proposal with union officials and nine players on December 19. The proposal, like its December 10 offer, contained no ''luxury'' or secondary tax. A fractionally higher payroll tax still would end after three years; however, the money would be distributed to the small-market clubs over five years rather than three. About $23 million of these funds would be transferred the first year, an amount similar to management's proposal.

McMorris arrived at the negotiations site December 20 with presumed deal-making authority, a status not previously accorded to Harrington. Yet, nothing was accomplished this day or the next. Atlanta Braves president Stan Kasten agreed with other owners that the union's December 19 proposal was merely a written version of the previously discussed December 10 proposal, and stressed that no progress would be made unless the players' proposal addressed ''the core economic issue,'' the secondary tax, an attitude shared by Jerry McMorris.

Paul Molitor, designated hitter for the Blue Jays and an active player participant in collective bargaining, retorted, ''It's kind of ironic. They extend the deadline a week and take three days getting here.'' Gene Orza also responded that union officials would generate the next bargaining proposal if they thought it would help resolve labor relations differences.

On December 22, eleven hours before the salary cap imposition deadline, the MLBPA presented another proposal that at Mr. Usery's persuasion included for the first time a secondary tax. Orza contended that this proposal would cost players ''millions of dollars'' in salary and in effect placed the bargaining onus on owners. Owners, however, regarded this addition as an ''empty bag,'' or illusion since only three teams would pay a 10 percent marginal tax rate next season and the 25 percent marginal tax rate applies to a payroll of $64 million, $8 million more than any team ever spent on a payroll. One executive estimated that only $600,000 in taxes would be available for revenue sharing under the players' plan. Harrington stressed that more help was needed in curbing owners' spending habits because they are fiercely competitive, thinking they're one player away from success.

Discussions broke off at 9:00 P.M. and the owners implemented their proposed contract including the salary cap at 12:01 A.M., December 23. John Harrington indicated this action was necessary ''due to the continued existence of this deadlock and the need to prepare for the 1995 season.'' Fehr was angry that the owners were not ''classy'' enough to personally hand the salary cap imposition document to him, or even leave a note indicating that the package was at the hotel desk. Instead, all he received was a message from the operator to pick up the material. However, one observer maintained that union officials likely overreacted to this and other possibly innocuous actions during the bargaining experience:

> Union people saw conspiracy when McMorris and Phillies CEO Dave Montgomery brought prepared statements with them when they came to hear the union's proposal. Union people even saw conspiracy when the owners' negotiating team wore suits for the final Thursday session, as if they were spiffed up for a news conference. (Of course, it's quite possible that multimillionaire businessmen simply dress better than union folks.) Union people saw conspiracy when the owners stared across the table for hours, saying little, killing time long enough for implementation to miss the 11 o'clock news.[9]

He also contended that the MLBPA would have offered more than a $600,000 secondary tax amount if it sincerely sought a settlement.

Owners' and players' motives notwithstanding, both parties were concerned with some administrative and legal efforts before 1994 ended. Clubs had to tender contracts to all unsigned players with salaries coming under the payroll cap for each team. Qualifying offers also had to be made to restricted free agents (those players having more than four but less than six years of experience). Thirty-eight players were given such offers. These individuals could sign offer sheets through February 15, and their existing club had ten days to respond—with at least a 10 percent pay raise. Twenty players were not given offers thereby giving them unrestricted free-agency status.

Both parties also filed unfair labor practice charges with the National Labor Relations Board on December 27, 1994. Management contended the union violated 8(b)(3) and 8(d) of the National Labor Relations Act by refusing to negotiate wages on a collective basis, insisting on and taking action over permissive bargaining topics such as individual negotiation of wages and interest arbitration, and engaging in surface bargaining.[10]

The MLBPA contended management committed unfair labor practices by refusing to bargain in good faith through all material times;[11] and, imposing on December 23, 1994, unilateral working conditions covered by articles VI and XX of the expired Basic Agreement. Fehr claimed the clubs from the beginning of negotiations had the sole bargaining objective of forcing a salary cap on the players. He further expressed confidence that the NLRB would realize that management had no intention of reaching a bargaining agreement that did not include its preconceived working conditions.

Daniel Silverman indicated that his NLRB staff would process and investigate the charges and make a recommendation to Fred Feinstein, the NLRB's general counsel, in four to six weeks (mid-February, 1995). Feinstein would then decide whether to issue a complaint against one, both, or neither party. If issued, the complaint(s) would then be held before an administrative law judge. If Silverman and Feinstein thought the delayed administrative determination of the allegation(s) might cause irreparable damage to the union and/or management participants, then they could make a separate decision to seek a preliminary injunction (known as a 10-j) in United States District Court, requiring management to eliminate the salary cap until the board determined that management's bargaining impasse declaration and newly imposed work rules were proper. The players could also be required to return to the bargaining table and negotiate in good faith.

Feinstein was aware that there was ''great public interest'' in the negotiations but he also stressed that the NLRB's role was to protect lawful collective bargaining between the parties, not require either side to make a concession. Charles O'Connor, management's chief labor lawyer, agreed with Feinstein and challenged the MLBPA to return to the bargaining table in 1995 instead of continuing its preoccupation with litigation and legislation.

Richard Ravitch punctuated his seemingly nonexistent bargaining role since November by resigning before his contract expired on December 31, 1994. He contended this move aided baseball executives, who must ultimately decide their business affairs. Ravitch also blamed Fehr for moribund labor relations at this time, because he resisted any meaningful bargaining relationship, and misinformed union members that management would not negotiate its proposed 50–50 revenue split, ''I damn near did everything but walk around with a sign on my back that we were prepared to negotiate upward from 50 percent.''[12]

Fehr countered that management's 50–50 split was really a 56–44 split, thereby resulting in a large salary reduction. He also thought Ravitch made the remarks because he was neither in the action nor the headlines at this time. This rejoinder typified the nonproductive relationship between Fehr and Ravitch. Fehr thought Ravitch was never honest with him or the owners. Ravitch thought Fehr was undermining him at every turn, trying to squeeze a few years out of a doomed labor relations system. One person familiar with this relationship opined Fehr and Ravitch both had egos the size of Rhode Island, and genuinely didn't like each other.

GOVERNMENTAL INVOLVEMENT WITH BARGAINING FUTILITY IN JANUARY–FEBRUARY, 1995

The MLBPA and owners met only once at the bargaining table in the first six weeks of 1995, after management's unilateral imposition of working conditions. Attention shifted from bargaining issues/settlement to complications both external (proposed legislation and related lobbying efforts, continued NLRB involvement, and presidential intervention) and internal (procedural implications from the expired labor agreement and the strike replacement possibility).

Fehr informed management on January 5 that unsigned players were free agents because management violated paragraph 10(a) of the 1994 uniform player's contract which may be renewed only on the same terms it contains. On December 23, management had implemented several major changes derived from its earlier noneconomic proposals discussed in Chapter 4:

- Players could be released for any reason, including economic, failing a club physical exam within 20 days of the signing (no previous working condition had existed).
- A club could also suspend a player for an indefinite time period under the December 23 imposed working conditions instead of the 30-day suspension limit in the previous labor agreement.

Charles O'Connor, management's chief labor lawyer, replied that the clubs' implementation of revised working conditions was ''entirely lawful.'' Moreover, management claimed the union had an ''inflexible bargaining approach,'' featuring lobbying in Washington; instead of focusing on a negotiated settlement in November and December, 1994.

Both sides then dealt with others instead of each other. Fehr began a seven-city tour to update the status of negotiations while Selig, two league presidents, and eleven ownership representatives met with some 35 congresspersons, who were examining baseball's exemption from federal antitrust laws. Fehr wrote Selig a two-page letter on the lobbying effort notifying him that he was making false statements when he informed congresspersons that the MLBPA was refusing to return to the bargaining table. He also contended that he had spent far more time at the bargaining table and far less time ‘‘blitzing Washington’’ than Selig. The owners further discouraged bargaining table activities when their Executive Council approved the hiring of player replacements if the strike continued.

William Usery announced in mid-January that he understood the dispute and the people involved ‘‘better than I did before,’’ and intended to intensify his efforts to reach an agreement. He met with owners on January 19 to discuss bargaining resumption procedures. Labor Secretary Robert Reich also attended this meeting and informed the owners that President Clinton was eager to see a labor agreement reached before Spring Training began.

President Clinton’s Involvement

President Clinton likely first realized widespread public concern over baseball’s bargaining impasse at an August, 1994 campaign trip where he noted, ‘‘the first 15 people I shook hands with said, can’t you do anything about the baseball strike?’’ As the December 23 ‘‘deadline’’ for the owners’ salary cap imposition approached, White House officials maintained Clinton would not participate in an intermediary role. Bruce Lindsey, the deputy White House counsel, was responsible for monitoring the situation at this time.

Clinton’s actions in the baseball dispute became more pronounced after Congress was reconvened in 1995. A flurry of bills were introduced on January 4, 1995, to end the baseball dispute. Senator Daniel Moynihan introduced legislation (S.15—‘‘National Pastime Preservation Act of 1995’’) that would amend the Clayton Act to make the antitrust laws applicable to the business of professional baseball, except as provided in the Sports Broadcasting Act of 1961[13] (similar to Senator Metzenbaum’s S.500 discussed in Chapter 4).[14] Representative Bilirakis presented two bills: one removing the antitrust exemption (H.R. 106)[15] and the other (H.R. 105—‘‘Baseball’s Antitrust Restoration Amendment Act of 1995’’) removing the exemption that allows sports leagues to enter into radio-television agreements.

However, Jim Bunning, who sponsored H.R. 4994 in 1994, concluded that the November 8 election results reaffirmed his prediction that baseball’s antitrust legislation would not pass because voters ‘‘wanted Congress to stay out of the private sector.’’[16] Chairman of the House Judiciary Committee Henry Hyde agreed with Bunning, indicating no related congressional hearings would be held until the Republicans’ ‘‘Contract with America’’ was completed in April or May of 1995.

White House Chief of Staff Leon Panetta, on January 5, said the president would ‘‘try to bring whatever influence he can’’ to end the stalemate. About three weeks later, Clinton ordered Usery to bring baseball owners and the MLBPA back to the bargaining table, and set a February 6 deadline for them to nearly or completely resolve the labor relations dispute. Clinton’s rationale for this action combined perceived economic concerns, role of the presidency, and fans' attitudes. He maintained the strike ''could well damage the economics of the Spring Training states,'' by eliminating ''tens of thousands'' of baseball-related jobs. The president further asserted that his position and interest in baseball prompted him to ''do something,'' particularly since the strike reflected ''a lot of money controlled by a few people, who can't decide how to divide it up.''

Neither the public nor influential congressional members supported presidential intervention. A *Washington Post*–ABC News Poll of 1,026 randomly selected adults at this time reported 78 percent of the respondents (68 percent of those identifying themselves as baseball fans) did not want the president or Congress to become involved in the dispute. Senator Bob Dole agreed that ''old-fashioned, brass-knuckled bargaining'' was needed instead of legislation. Yet, Selig and Fehr at least claimed to welcome presidential bargaining involvement; and, Jerry McMorris thought union and management officials, fearing government intervention, would resolve their labor relations differences this time.

Perhaps a better predictor of bargaining success or futility was a six-day delay in negotiations after President Clinton's bargaining progress imposition. He indicated on February 1 that related involvement would not be publicized, and instructed Usery to put his suggestions for dispute resolution on the table if the parties made no progress by the February 6, 1995, deadline. Usery wanted the impasse resolved because he was deeply concerned about the players involved and feared management's possible strike replacement strategy.

The owners, apparently responding to President Clinton's deadline, presented a new proposal on February 1 that eliminated the salary cap and previously sought cost certainty (e.g., 50–50 split of industry revenues). There would also be two levels of taxation, 75 percent tax on team payrolls between $35 million and $42 million, and 100 percent on payrolls exceeding $42 million. Unlike previous proposals, the tax rates would neither be adjusted each year until the players' share of industry revenue dropped to 50 percent, nor pertain to the entire payroll. The tax thresholds would not take place until the fourth year of the labor agreement; however, Table 5.1 indicates the reduced amount of the owners' new proposal was 55 percent of the November proposal when both were applied to 1994 payrolls. Taxes would be used for the owners' payment to the players' pension and benefit plan. If this amount (some $57 million a year) was not realized then the clubs would have to make up the difference.

Other features of this proposal were:

- Players' union to have the right to audit salary and benefit figures.
- New minimum club salaries of: $125,000 for first-year players; $190,000 for second-year players; $290,000 for third-year players; $750,000 for Type A and B fourth-year players; and $500,000 for all other fourth-year players.
- Creation of joint committee providing for player communication and consultation on important areas of mutual interest, such as hiring commissioner.

- Players and owners would contribute to new Industry Growth Fund. Each side would make a $30 million commitment to the fund for the life of the agreement.
- Single-room accommodations on road trips for all players.
- Elimination of free-agency repeater rights.
- Payment of the $7.8 pension-benefit withheld in August.

Harrington indicated that ''all of the aspects of our proposal are negotiable,'' and hoped that the players would present a counterproposal.

Fehr acknowledged that management's proposal differed from earlier ones, although he called the taxes ''extraordinarily heavy,'' possibly even approaching a camouflaged salary cap. February 2 bargaining efforts were spent on non-economic issues, and a rather insignificant amount of bargaining was conducted on February 3.

This inconclusive situation was attributed to union and management officials' consideration of the NLRB's informing owners that their December 23, 1994, imposition of working conditions, including a salary cap, was likely an unfair labor practice; moreover, the general counsel would probably proceed with a complaint and seek a related injunction. Management then dropped its unilaterally established salary cap and other terms of employment, thereby returning the parties to where they were before December 23. Fred Feinstein, general counsel of the agency, subsequently indicated that there was no immediate need for the NLRB to decide upon the ''pivotal issues'' raised by the owners' and unions' previously filed unfair labor practice charges because

> The parties are now engaged in bargaining with the presentation of modified proposals, and the Employer has advised me that it will revoke its December 22 announced implementation and restore the status quo that existed prior to implementation. Thus, any alleged violation of bargaining obligations will be substantially remedied.[17]

He also requested that the parties make a good faith bargaining obligation and not take unilateral action before they are at an impasse. Feinstein's position presumably cleared the decks for serious bargaining as both parties realized that there was presidential pressure placed on them to settle, and management would not unilaterally impose work rules in the near future.

On February 4, union negotiators presented owners with a plan that combined taxes on revenues and payrolls that would enable management to share revenues with ten or eleven teams that they determined needed the funds (Table 5.2). Taxes would be 5 percent on increments between 50 percent and 130 percent of the average payroll (club payrolls of $20.3 million to $52.9 million) on the fifteen or sixteen clubs defined as contributors by the owners in their December plan; 15 percent on increments above 130 percent of the average payroll (amount from $52.9 million to $65.1 million); and 25 percent on any increments above 160 percent (or club payroll above $65.1 million). The players' earlier plan had a 10 percent tax on increments between 130 percent and 160 percent.

The union's proposal for the first time formally eliminated salary arbitration in favor of making those players free agents. Tables 5.1 and 5.2 reveal that the difference between the players' and management's tax proposals was narrowed a great deal from the December 10 and 11 proposals. However, this difference was not decisive, as management sought 3.1 times more revenues to be dispensed to other players than did the players.

The owners dismissed quickly the players' proposal, contending that it did not differ from the offer presented more than a month earlier. They canceled a late-night bargaining session scheduled for February 4, and announced the next day that teams would be prohibited from signing players until a collective bargaining agreement was reached. Fehr likened this action to an exploding ''bomb'' tossed into the negotiations. He further suggested the ban was illegal evidence of bad-faith bargaining violating Article 20(f) of the previous labor agreement which states ''clubs shall not act in concert with other clubs.''

The union then filed an amended unfair labor practice charge (Case No. 2-CA-28177) against the owners on February 6, 1995. Gene Orza contended that there had never been an occasion in major league baseball history where players could not sign individual contracts with clubs. Fred Feinstein of the NLRB did not discuss merits of the union's allegations, although he indicated that he clearly informed the Player Relations Committee that it would act at its peril in changing any working conditions instead of returning to the status quo. He also stated the NLRB's Region 2 director would investigate the possibility of a new violation. Bargaining also occurred February 5, and Usery requested owners and players to submit their best offer to him. Union and management positions were to be given on the following areas: payroll tax, salary arbitration, free agency, length of agreement, revenue sharing, noneconomic issues, strike settlement issues, governance, and a growth fund and pension plan.

Usery informed President Clinton on the scheduled 5:00 P.M. deadline, February 6, that he did not have a settlement. He also had not formulated his own recommendations to settle the strike because he was working with the parties and simply ran out of time. President Clinton then gave Usery a second deadline, 3:00 P.M., February 7. Labor Secretary Robert Reich stressed that it was ''vitally important'' to reach an agreement, and the next 24 hours would be ''crucial'' in obtaining this objective.

Yet, union and management officials approached February 7 confused about Usery's inaction, and Bud Selig's role, if any, in resolving the labor relations dispute. Selig had only attended two previous bargaining sessions and continued to distance himself from formal negotiations. He did seem to make himself available for the February 6 bargaining session but indicated after Usery's nonrecommendation, ''Why am I here?'' Negotiations were so dormant that players took part in a game of catch in the hotel ballroom at 2:00 A.M., February 6. Player representative Tom Glavine questioned what could be accomplished in the next fifteen-eighteen hours when no bargaining had occurred during the preceding three days.

On February 7, Usery was so completely rebuffed by both sides that he presented his recommendations but no ‘‘final proposal’’ to each of them. He suggested a six-year labor agreement with the right of either party to reopen after four years if it wanted the tax issue submitted to binding arbitration. The settlement would also feature a 1996 adoption of the revenue sharing plan approved by the owners in January of 1994, with sixteen high-revenue teams sharing $58 million with ten small-revenue teams. Free agency and salary arbitration would remain as is in 1995. Usery also suggested players be eligible for free agency after four seasons instead of six, and indicated owners should be able to use money intended for the players’ pension fund when it is overfunded. In 1996, players with three years of major league experience would receive arbitration while four-and five-year players become unrestricted free agents. Arbitration would be eliminated in 1997.

MLBPA executive board member David Cone maintained players felt ‘‘betrayed’’ by Usery’s tax proposal which they regarded as being high enough to serve as a salary cap. Usery had informally recommended a 50 percent tax on payrolls above $40 million (just under the 1994 average of $40.7 million) to begin in 1997 with a phase-in for no tax in 1995, 25 percent in 1996, and up to 50 percent in two or three seasons.

During the February 7 explanatory meeting between Usery and the parties, Gene Orza referred to Usery’s incomplete explanation of his financial proposal and/or salary arbitration as suggesting reasoning and behavior characteristic of a ‘‘senile old man.’’ Orza said he apologized for these remarks which raised at least some concern with a ‘‘high-profile’’ National League player representative, who was physically revolted and ashamed by the ‘‘disgusting’’ remarks that in effect insulted the president of the United States. This representative also thought it ‘‘absurd’’ that this stunt occurred after the union had spent so much time lobbying on Capitol Hill. Fehr also expressed regret over this event, but contended Usery was repeatedly unable to give the MLBPA his assumptions, rationale, and dollar estimates associated with his suggestions for dispute resolution. Moreover, Usery also could not indicate within the nearest $100 million the economic effect his plan would have.

The hostilities were not repaired when President Clinton summoned owners and players to the White House for a 6:00 P.M. meeting, February 7. The first hour featured owner and player representatives[18] meeting with Mr. Usery, Vice President Al Gore, and Labor Secretary Robert Reich. At 7:20, President Clinton joined the meeting for about 20 minutes, which was interrupted by a management caucus and a break at 8:15 P.M. After a fifteen-minute break requested by the White House team, Gore, Usery, and Reich offered suggestions to the larger group regarding how to proceed, and Mr. Clinton left to preside at a reception for new members of Congress. Owners rejected a union proposal to play the 1995 season while a fact-finding committee appointed by the president would gather information related to the dispute.

Mr. Gore finally asked the negotiators if they would agree to binding arbitration. The players immediately agreed. The owners said they would be willing to arbitrate only the tax proposal and only if the other points of Usery's plan were accepted. Fehr replied that that represented unacceptable ''cherry picking.''

Negotiation participants such as Cone, Glavine, Selig, and Fehr publicly appreciated Clinton's and Gore's concern to end the dispute; however, John Harrington thought the president eventually realized that he should not have gotten involved. One account of this meeting stated that Clinton and his aides appeared stunned by the depth of the hostility between owners and players. A presidential aide characterized the session as a series of ''proximity talks'' where the parties were in separate rooms and ''addressed most of their remarks to each other through the president or the vice president.''

Congressional Inaction

President Clinton announced at a late-night news conference that this meeting was unsuccessful, and indicated he would send draft legislation to Congress the next day to grant presidential power to appoint an arbitration board to impose a bargaining settlement. His efforts were thwarted by a joint statement by Senate Majority Leader Bob Dole and House Speaker Newt Gingrich, maintaining that Congress was ill-suited to resolve private labor disputes which are better handled with a negotiated settlement. Dole, who labeled the dispute a ''crass tug-of-war over money,'' further admonished the MLBPA and the owners to not seek ''magic solutions'' in Congress. He urged them to share his preference, even admiration for, William Usery's continued mediation efforts at the bargaining table. Gingrich thought that Congress did not have ''the wisdom to intervene in a single industry that has nothing to do with national safety.'' Moreover, ''if you start settling (labor disputes) industry by industry, how many should we solve?''[19]

Clinton sent Congress a measure on February 9; related co-sponsored, identical bills by Senator Edward Kennedy and Representative Pat Williams (S. 376 and H.R. 870—''Major League Baseball Restoration Act'') were introduced to the Senate and the House Subcommittee on Employer-Employee Relations. The bills would direct the president to select a three-member arbitration panel to resolve the dispute with a final and binding decision that would preclude any judicial review.[20]

Five Democrats appealed to the Republican leaders to place related bills on the legislative floor so that fans could give their opinions regarding the strike to their representatives. Rep. Charles E. Schumer (D-New York) charged, ''It is the height of arrogance to keep this bill bottled up,'' and inspired by Babe Ruth's nickname (''Sultan of Swat'') labeled Dole and Gingrich ''the Sultans of not.'' Dole retorted that the ''most dangerous place in town is between [Schumer] and the camera.'' Other senators such as Connie Mack and Joe Biden seemed to reflect Senator Phil Gramm's attitude, ''It's not that I don't love baseball. . . . I love freedom more.''

Chairpersons of congressional committees that would likely handle such legislation (Nancy Kassebaum of the Senate Labor Committee and Henry Hyde and Orrin Hatch, respective chairpersons of the House and Senate Judiciary Committees) also opposed government intervention in ending the strike. Hatch did, however, regret casting the deciding vote against lifting baseball's antitrust exemption in 1994, and scheduled related hearings to be held in mid-February, 1995.

Mr. Clinton's involvement and legislative inaction at this time did not prompt owner-player bargaining, and Usery's continued role in future efforts was now uncertain. Bud Selig left Washington, D.C., the night of Clinton's announcement, but indicated that management's willingness to negotiate and work with Usery and accept his proposal differentiated them from the union.

Fehr replied that he was unaware that the negotiations were over until he found out that the owners had left town. But he also maintained that Usery's proposal was ''easily the most one-sided I've ever seen or heard about . . . with no realistic hope we would pay serious attention to it.'' He informed Usery, ''the first day I met him, this would be far and away the hardest mediation he'd ever have to do. He agrees with that tonight'' (February 7). According to Labor Secretary Reich, Usery maintained that he had never in several decades of mediated labor disputes experienced such high levels of ''rancor and bitterness and distrust.''

Fehr maintained that Usery's proposal reflected two procedural problems. First, Usery told the owners, not the union, that his recommendations should be approved by the rank-and-file players and the 28 owners. Moreover, the public release of Usery's proposal might ''make it very difficult for Mr. Usery to stay involved.''

Usery informed Mr. Clinton that he would continue to mediate the dispute if both union and management so desired. He briefed Dole and Gingrich on February 8, and publicly indicated that his thoughts were discussed with union and management but never presented to either them or the president as a final recommendation. Fehr welcomed Usery's statement as it confirmed the union's previous understanding that his recommendations were not a final proposal, and the clubs were attempting to use routine mediator's work to their advantage. However, the MLBPA likely remained skeptical about Usery's credibility and abilities to eventually help resolve this dispute.

Peter Angelos predicted Usery's previous efforts and framework would generate a settlement by the end of February, 1995, even if Usery did not remain at the bargaining table. However, columnist George Will suggested four days before the start of Spring Training that no agreement existed between the owners concerning the industry's basic financial facts, thereby making any negotiated settlement probably impossible at this time. Will's comments were punctuated by the MLBPA's second unfair labor charge (2-CA-28177, filed February 8, 1995) claiming management bargained in bad faith.

The ineffectual impact of governmental involvement on the labor-management impasse resurfaced on February 14 when Senators Orrin Hatch and Daniel Moynihan introduced legislation (S.415, ‘‘Professional Baseball Antitrust Reform Act of 1995’’) to the Senate that would remove labor relations from the nonstatutory antitrust exemption, if any working condition: (1) is unilaterally imposed or maintained by any party that has been subject to an agreement between the owners of major league baseball and the labor organization representing the players of major league baseball; and (2) differs substantially from the provisions of the basic agreement between the two parties that expired on December 31, 1993.[21] A related four-hour hearing before the Senate Judiciary Committee’s Subcommittee on Antitrust Business Rights and Competition was held the next day with many senators reluctant to send to the full Senate a pair of bills designed to roll back baseball’s 73-year-old antitrust exemption. Senators such as Joe Biden were also angry that they were even at the hearings, and angry at the owners and players for causing the dispute. Senator Alan Simpson (R-Wyoming) questioned why the owners needed to retain the exemption, because it enabled neither productive labor relations nor the game being played. This legislation would repeal baseball’s exemption from antitrust laws as it affected labor legislation. Hatch maintained that this should not go against the grain of those who do not like government intervention; indeed, this would correct previous injustices when Congress first allowed owners to have an exemption not shared by anyone else. It also would only pertain to major league, not minor league teams, an application preferred by many congresspersons including Newt Gingrich. It would not require the union to decertify (as true of the football player’s union in the mid-1980s) and enable the union to sue under labor laws as well as antitrust laws if the owners imposed working conditions.

Management did not accept this legislation, contending that the dual litigation options are not given to any other employees in the United States. Fehr informed Hatch, ‘‘the players will go back to work immediately if the bill passes.’’

The MLBPA executive board voted on February 15 to continue the players’ contract-signing ban that began when owners implemented the salary cap on December 23. No player had signed a major league contract since then. Fehr said that players on the 40-man major league rosters would be advised not to report to Spring Training February 16, and players with minor league contracts would be urged not to participate in major league Spring Training games.

NOTES

1. The strike fund came from licensing revenue which generates for the union some $60 million annually. Players have given the union the right to negotiate group licensing (three players or more) but retain the right to negotiate individual deals. Some of these funds are distributed to the players while an amount (according to one source, $120,000 per player) was held back as an emergency strike fund. One management bargaining proposal at this time was to form a joint licensing corporation whereby all players’ licensing money would enter general revenues.

2. United States of America, National Labor Relations Board, ‘‘Charge Against Labor Organization’’ (Case: 2-CB-15454; filed October 31, 1994).

3. For a list of other owners’ representatives, players, and lawyers attending the meeting, see *USA Today*, November 10, 1994, p. 6-C.

4. The December 20 deadline by which clubs must tender contracts to some 900 players not signed in 1995 was not discussed at this time.

5. This differed from the players’ last proposal made September 8 that called for a payroll tax of about 1.6 percent on the sixteen clubs with the largest payrolls and a revenue tax of about 1.6 percent on the sixteen clubs with the highest revenues.

6. For related calculative considerations and results, see Murray Chass, ‘‘Players Dismiss Owners’ Latest Plan,’’ *New York Times*, December 13, 1994, p. B-14; ‘‘Owners’ Proposal,’’ *Miami Herald*, December 28, 1994, p. 9-D; ‘‘Baseball Rule Changes: Out with the Old, In with the New,’’ *New York Times*, December 24, 1994, p. 32; and ‘‘Topping it Off,’’ *Florida Times Union*, p. 1-C.

7. United States of America Before the National Labor Relations Board, Region 2 (Case No. 2-CA-27771), ‘‘Complaint and Notice of Hearing,’’ filed December 21, 1994. This document also clarifies bargaining unit/representation considerations in professional baseball.

8. Letter from Daniel Silverman to Major League Baseball Player Relations Committee, Inc., Attn. Louis Melendez, Esq., December 22, 1994.

9. John Heyman, ‘‘Analysis on the Labor Front,’’ *Newsday*, December 24, 1994, Sec. Sports, p. 7.

10. United States of America, National Labor Relations Board Region 2, ‘‘Charge Against Labor Organizations or Its Agents’’ (Case: 2-CB-15518, filed December 27, 1994).

11. The material times cited in the union’s complaint were: December 7, 1992—clubs’ reopening of Articles VI and XX of the Basic Agreement as of January 10, 1993; December 31, 1993—expiration of the Basic Agreement; and January 25, 1994—clubs’ notice to the MLBPA of their intention to negotiate changes with respect to the Basic Agreement and certain other collective bargaining agreements. United States of America, National Labor Relations Board Region 2, ‘‘Charge Against Employer’’ (Case: 2-CA-28065, filed December 27, 1994.)

12. ‘‘Ravitch: Union Misinformed Striking Players on Issues,’’ *Florida Times Union*, February 7, 1995, p. 3-C.

13. Public Law 87–331, H.R. 9096 (September 30, 1961) also known as the ‘‘Sports Contest Telecasting Act,’’ amended the antitrust laws to authorize leagues of professional football, baseball, basketball, and hockey teams, to act as a cartel by selling package arrangements for the entire league to television networks.

14. A House version of this bill (H.R. 386—‘‘Professional Baseball Antitrust Reform Act of 1995’’) was introduced by Rep. Traficant to the House Judiciary Committee on January 4, 1995. Three other word-for-word identical bills, ‘‘Baseball Fans and Communities Protection Act’’ (H.R. 120, H.R. 45, and H.R. 365) were introduced by Rep. Bunning, Rep. Conyers, and Rep. Schumer, to the House Committee on the Judiciary. These bills were similar if not identical to H.R. 4994 and S.2380 discussed in Chapter 4, as they would ‘‘apply the antitrust laws of the United States to major league baseball.’’

15. For a word-for-word identical bill, refer to H.R. 479, introduced by Rep. Torres to the House Judiciary Committee on January 31, 1995. A second piece of legislation at this time was proposed by Rep. LaFalce, who introduced H.R. 735 (‘‘National Com-

mission on Professional Baseball Act of 1995'') to the Committees on Commerce, Economic and Educational Opportunities, and the Judiciary on January 30, 1995. This bill would establish a national commission to oversee and regulate major league and minor league baseball. Labor relations issues would be under the purview of this seven-member commission that could also conduct binding arbitration in the event of an impasse between the owners and the MLBPA.

16. Bunning's pessimism did not preclude him from introducing a bill (H.R. 1612, ''Major League Baseball Antitrust Reform Act of 1995) to the House Judiciary Committee on May 11, 1995. This bill was similar to his H.R. 4994, discussed in Chapter 4.

17. February 3, 1995, letter from Fred Feinstein to Messrs. George H. Cohen, Esq., and Charles P. O'Connor, Esq. Feinstein regarded the pivotal issues from Case 2-CA-28065 and Case 2-CB-15518 (both filed on December 27, 1994) to be: ''(1) whether the Employer and the Union were at a good-faith bargaining impasse prior to the Employer's announced unilateral implementation on December 22, 1994 of certain proposals, including those pertaining to player compensation, (2) whether the Union has insisted on non-mandatory bargaining subjects, and (3) whether either the Employer of the Union has failed to bargain in good faith.''

18. Owner representatives attending the meeting were Bud Selig, John Harrington, Jerry McMorris, Stuart Meyer (former president of the Cardinals) and lawyers Chuck O'Connor and Rob Manfred. David Cone, Cecil Fielder, Jay Bell, Scott Sanderson, Tom Glavine, Don Fehr, and Gene Orza represented the players at the meeting.

19. For additional and related considerations, see John Helyar and David Rogers, ''Congress Resists Taking a Swing in Baseball Talks,'' *Wall Street Journal*, February 9, 1995, pp. A-3 and A-4.

20. These bills were similar to H.R. 5095 (''Major League Play Ball Act'') that Williams introduced to the House Committee on Education and Labor on September 23, 1994. Kennedy's S.376 was read a second time on February 22, 1995, and placed on the calendar.

21. These prohibitions would also apply in subsequent legislation proposed by Hatch, Moynihan, and other senators (S.627—''Major League Baseball Antitrust Reform Act of 1995) introduced to the Senate on March 27, 1995.

6

Labor Relations Developments from the 1995 Spring Training Season until Judge Sotomayor's Decision

This chapter focuses on the biggest labor relations complicating factor to date; namely, the possible use of strike replacements during the Spring Training and regular seasons. As will be further illustrated, union and management officials could not predict how this development would harm their respective organizations (impact on players' unity and club competitiveness, for example), and the chances for a collective bargaining settlement.

The strike replacement issue generated both collective bargaining uncertainty and urgency as the 1995 regular season approached. Owners, unfamiliar with this labor relations situation, considered and used strike replacements in diverse, albeit unsuccessful, ways. Governmental involvement heretofore had not helped union and management officials to resolve their differences. This situation at least partially changed, however, when decisions were issued by both the NLRB and Judge Sotomayor.

REPLACEMENT PLAYERS AND RELATED COMPLEXITIES

On January 13, management officially endorsed the concept of replacement players and a seven-page document regulating how the sport will operate with the substitutes. Figure 6.1 provides a summary of related considerations. John Harrington, chairman of the operations committee, indicated the committee had compiled a list of 800 players who were active in the mayor or minor leagues within the past eighteen months but not presently with any baseball club. He suggested the typical strike replacements would be age 30 to 31, having three to four years of minor league experience, who doubt that they would ever play in the majors but are most eager for the opportunity. Fehr agreed with Harrington that the quality of play would be less than major league, a situation that

Figure 6.1
Management's Operational Rules if Strike Replacement Players Are Used

Rosters

- Each team can have 32 players and may pick 25 before each game. The players not picked for each game are the ''taxi squad.''
- No disabled lists.
- Replacements can be traded, sent to minors, or assigned to a commissioner's office talent pool, all without waivers.
- replacements may wind up getting sent to unaffiliated teams in the California League.

Salaries

- $115,000 per player ($628.42 per day during season).
- Signing bonus of $5,000, payable April 16.
- Opening Day roster bonus of $5,000, payable May 1.
- Termination pay of $20,000.
- Three replacements per team may sign for a maximum of $275,000 each, providing they have three years of major league service.
- No guaranteed contracts.
- No award of performance bonuses.

General

- Health and pension plan will be generally the same as the one available to current minor leaguers.
- Each major league team must bring three minor league teams to the start of Spring Training: one Triple-A, one Double-A, and one Single-A.
- Replacement contracts don't count against the salary cap.

Source: ''Baseball to Hire Replacements,'' *Florida Times Union*, January 14, 1995, p. C-1.

would not fool the fans. Gene Orza welcomed the clubs' intentions to use replacements, thinking it would be the quickest, most obvious method of convincing owners that the public will reject an inferior product and players will remain united in the dispute.

Secretary of Labor Reich indicated that the Clinton administration opposed strike replacements a day after the February 7 negotiation session at the White House. He thought the permanent replacement of striking employees was against public policy/interest because the strategy had ''very negative results'' (undermining trust and labor-management relations, for example) ''wherever it's been tried.'' The potential and eventual use of strike replacements raised complexities within the players' union and among the owners.

Lenny Dykstra's Remarks and Players' Union Reactions

Lenny Dykstra of the Philadelphia Phillies, who lost $800,000 in the 1994 strike and could have lost $500,000 a month if the strike had continued into the 1995 season, was the first publicized player to express strike replacement concerns. He indicated, in November, 1994, that some players, particularly those experiencing financial problems, might have to cross a picket line to receive a necessary paycheck.

On February 9, 1995, Dykstra claimed he would lose $30,000 each day he did not work during the strike, and also thought the owners had a legitimate right to seek a changed mechanism that would put some sort of drag on salaries. Moreover, he indicated that he had talked to some 20 of the ''premier players in the game,'' and hoped to enlist them to question MLBPA officials on what is best for baseball. Dykstra further wanted Usery's proposal to be more seriously considered by the union since Usery ''tried to do what's best for both sides . . . cut everything in half.'' He did not indicate whether he would cross a picket line in the future.

His comments were echoed by Yankees owner George Steinbrenner, who wondered if some baseball stars like Jimmy Key, Wade Boggs, and Don Mattingly (all over age 33) would regret their strike decisions one day, ''Twenty years from now, they might look back and say there's 10 million or 5 million I could have used to make my life more comfortable.'' Some players publicly reacted against Dykstra's explanation. Cincinnati's catcher Damon Berryhill labeled the remarks ''brutally selfish'' since Dykstra could make more in one contract than 95 percent of the players would earn in a career. Eric Karros of the Los Angeles Dodgers was concerned that owners might think other players shared Dykstra's beliefs, a situation Brett Butler thought would delay meaningful negotiations for a couple of weeks. Tom Glavine urged Dykstra to ''at least be a man'' and say he would consider crossing the line ''for the money'' instead of any love for the game.

A day after Dykstra's comments, former Mets player representative John Franco altered his previous remarks made in October, 1994 that prompted management's unsuccessful unfair labor practice allegation. He thought players ''are starting to get antsy'' and added ''both sides need to give in a little.'' In October, Franco indicated, ''if someone crosses the picket line, once we get back in I'll be the first to kick his (butt).'' In February, he maintained that he would not be among the early players to cross the picket line, but could not predict his actions several months down the road. Another player, Jim Leyritz, was also not anticipating crossing the picket line at this time, although he thought that a lot of players were frustrated with the union ''not so much for the negotiations but for holding the strike money'' (he received $35,000 of the approximately $120,000 in licensing fees the union was holding for him). Only 234 of the 1,100 players on the 40-man rosters had signed contracts to play baseball at this time, making a large majority of them most concerned over income sources. Union attorney Lauren Rich responded that strike fund distribution was determined by the players' executive board composed of player representatives, and that the payment pattern followed that of the regular season.

Fehr thought that any players' dissension was due to their being uninformed about particular labor-management difficulties. A nearly five-hour union-player meeting was held in Orlando on February 16 and attended by some 260 players. Dykstra spoke for about ten minutes, took some verbal abuse, and tried to explain his comments, but neither apologized nor retreated from his position. Fehr spoke in the center of the room without a microphone to prevent reporters outside the room from hearing his remarks. He said the players would return to work under one of five conditions (four of which involving outsiders):

- a negotiated settlement.
- binding arbitration of the unresolved issues.
- acceptance of President Clinton's proposal to establish fact-finding while the 1995 season is played under the old economic system.
- passage of a bill (most likely Hatch-Moynihan) to repeal baseball's antitrust exemption pertaining to labor relations.
- an NLRB decision that would compel the owners to return to the old economic system.

Managerial Difficulties with Replacements

The Orlando meeting reflected player solidarity. For example, Curt Schilling indicated his teammate Dykstra definitely would not cross a picket line because he had a chance to voice his opinions and ''everything was cleared up.'' An evening session also seemed to mollify some strike replacement concerns of 94 managers, coaches, and trainers, including Don Baylor, Lou Piniella, Marcel Lachemann, and Tony LaRussa. Billy Cox also attended this meeting out of his respect for Tom Glavine. Gene Orza of the MLBPA had mentioned a month earlier that it was important to let these individuals know that the union was most sympathetic to their positions but nonetheless cautioned them against busting the MLBPA, from which most of them came. The MLBPA could sanction these individuals by eliminating their licensing fee royalties and/or union representation.

Two teams, the Orioles and Blue Jays, precluded their management officials from facing this dilemma as managers and their staffs were assigned to work with minor leaguers, not strike replacements. Cito Gaston, manager of the Blue Jays, appreciated management's ''classy'' action that removed him from this ''very uncomfortable'' possibility. Other teams presumably followed Milwaukee Brewers general manager Sal Bando's philosophy, ''if your managers and coaches are hired to work for you, they work for you.''[1]

Several managers (Jim Fregosi, Joe Torre, and Bob Boone, for example) were active union representatives in their earlier playing days, but questioned the union's newly considered sanctions that had not occurred in previous strikes. Bob Boone, whose son was a striking baseball player, was sure that the players both understood the field manager's bind and realized that the union did not have a good position if it relied on managers and coaches to resolve the stalemate. Fehr replied that he had much compassion for Boone's difficult situation, and indicated after the February 16 meeting that they would receive their share of the licensing fee money the union collects.

Detroit Tiger Sparky Anderson refocused the manager-replacement player dilemma when he announced a day after the Orlando meeting that he was taking an unpaid leave of absence instead of managing replacement players. Anderson maintained ''there's no place in our game for replacement players.'' John McHale, the Tigers' new president, was not thrilled with Anderson's action, and did not make an open-ended invitation for Anderson to return when the strike was over. (Anderson did return to manage the Tigers during the 1995 season but resigned on October 2, 1995.)

Some colleagues echoed Anderson's assessment of the absurdity of the replacement situation, although clear support regarding his leaving the game was qualified as best. Pittsburgh Pirates manager Jim Leyland regarded Pedro Borbon an excellent pitcher in his prime but regarded 48-year-old Borbon's strike replacement hiring as a ''disgrace'' and an insult to the game. Other ''mature'' players signed as replacements were Lenny Randle (46 years old), Pedro Guerrero (38), and Leon Durham (37). Borbon was released March 21, a day after he slipped and fell while fielding a ball, and Randle was released four days later, despite a .333 batting average, because his manager thought that Randle's ''defensive skills and speed had declined due to age.'' Davey Johnson, manager of the Reds, made so many derogatory remarks about replacement players that the club officials suggested that he take a leave of absence during Spring Training. Johnson responded that he was not a quitter, and the club was free to discharge him if they so desired.[2]

Other baseball managers professed respect for Anderson's decision but indicated why they would work with replacement players. Dodger manager Tom Lasorda thought it sad for his teammate and friend and a ''great manager'' to ''go out this way,'' but informed the Dodger owner, ''I'll manage whatever you want me to manage.'' Tony LaRussa further maintained that replacement baseball was better than no baseball, while Dusty Baker maintained it was necessary to field a well-trained replacement team to give major league players a fair chance to achieve season ending honors if they return. He further explained that Anderson had 25 years of managerial experience and could do what he wanted. Baker, with only two years' experience, doubted the MLBPA would protect his career if he were fired and subsequently blackballed for following the union's instructions.

Owners' Different Approaches Regarding Team Rosters and Minor League Players

Clubs' eliminating major league players from the 40-man Spring Training roster gave managers an unresolvable problem. For example, Cardinals manager Joe Torre had never before experienced more than 58 players in Spring Training and seldom had to fill more than three roster positions from the previous season. However, this Spring Training, Torre greeted 111 players and set about making 32 roster decisions.[3]

Nonunion replacement players also posed uncertainties because of susceptibility to injuries, and unfamiliarity with professional baseball's regime. Twins manager Jim Kelly rationalized the second factor when a replacement player asked him whether he would be required to attend practice every day if he made the team, ''A lot of these guys are used to showing up twice a week and playing. . . . It's a good question, I'm glad he asked.'' Joe McIlvaine, general manager of the Mets, seemed to reflect management's situation at the time when he said, neither his team, nor possibly anyone ''has the answers.''

Managing replacements became more complicated when teams differed over the extent, if any, replacement players would be combined with minor league players in Spring Training and possibly regular season games. The MLBPA created much uncertainty when it previously indicated players on the 40-man roster should not report to Spring Training. Fehr also indicated on February 22 that players not on the 40-man roster, while having the legal right to play in replacement games, would be labeled ''scabs'' by major league players, who were sacrificing millions of dollars to maintain a compensation system benefiting both minor and major league players. The union said it would consider a player a ''scab'' or strikebreaker if he appeared at either a regularly scheduled exhibition game or any game where admission is charged.

A random survey of 269 minor league players conducted by the Associated Press on February 23, 1995, found 63 percent of the respondents indicating they would refuse to play Spring Training games commencing March 1. (About 8 percent said they would play and 29 percent remained undecided.) On this date, the MLBPA's executive board voted to pay the airfare home for any minor leaguers expelled by clubs from Spring Training because they refused to play in exhibition games. This benefit was likely frequently used, as 36 players left two teams, the Expos and the Reds, where owner Marge Schott cheered the 27 players who stayed, ''You're not wimps out there . . . you guys are men.'' Other owners and minor league players disagreed with Fehr for at least two reasons: (1) the union's prohibition violated past Spring Training practices, whereby nonroster minor leaguers played in exhibition games with major leaguers; and (2) the MLBPA did not even officially represent these nonunion players. Tom Mc-

Carthy, a 33-year-old pitcher in Mexico in 1994, likely mirrored some minor league players' reactions at this time when he intended to cross the picket line because the MLBPA had neither benefited him in the past, nor proposed salary remuneration for its latest job action. He also was unconcerned about being called a ''scab'' because ''I've been called a lot of things.''

Fehr acknowledged the minor league players were ''caught in the middle,'' but did not think the union should be blamed for this situation. He scheduled three meetings in Tampa, West Palm Beach, and Phoenix the week of February 27 to further explain labor relations difficulties to minor league players. Bobby Bonilla attended the second meeting, and informed minor league players that wearing a major league uniform is both prestigious and earned, which would not occur if ''you're playing next to Bill the Baker.''

Major league teams reacted differently to the minor league players, who heeded the union's advice and boycotted Spring Training. A statement released by baseball's operating committee on February 24, and placed in every minor league spring clubhouse, read:

> We are asking minor league players not on the 40-man roster to do what they have always done, which is play in Spring Training exhibition games. Minor leaguers are not members of the union and do not derive any of the benefits from the union. The strike is not their fight and to include them, as the union appears to be doing, is unfair.[4]

Players were also told by some clubs that they were expected to play Spring Training games and could be sent home if they refused. The Yankees first implemented this policy against four minor league players, who were not released outright but were asked to join other minor leaguers in Tampa in March, several days later than their counterparts. On February 28, the Astros also sent home all minor league players refusing to play in exhibition games commencing March 3. General Manager Bob Watson posted a club letter indicating these players would breach their contracts as ''sympathy strikers,'' who could disrupt Spring Training operations if they remained.

The Mets indicated they would respect each player's decision and not penalize anyone who chose not to play, while the Rockies gave their minor leaguers three options: sign a replacement player contract; decline to be a replacement but agree to play in exhibition games at $150 per game, and not play in any Spring Training games. The Red Sox offered some minor leaguers a pay raise and a guaranteed job after the strike if they played on a replacement team during the regular season. Eight Red Sox players then walked out of the team's camp with one, Jason Friedman, who indicated that he would neither be ashamed of himself nor have to atone to any future questions concerning his severance.

The comingling of minor league and replacement players in all teams except in the Astros, Reds, and Orioles camps further complicated roster formulations, particularly since some replacement players were not identified before and after the union's February 22 directive. This situation was summarized by pitcher

Richie Lewis, who was taken off the Marlins' major league roster and ordered to attend Spring Training. Lewis did not want to be on a team having replacements but instead wanted them separated, maybe with ''red stickers on their foreheads.''

Many owners did not want their teams to field their best Spring Training and possibly eventual regular season rosters with minor league players, for two reasons. Players from the minor league's lower classifications might have their abilities overmatched, while top-rated minor league prospects could have their careers tainted with a ''strike replacement'' label.

The Orioles was the only major league team refusing to use replacement players during Spring Training, and owner Peter Angelos indicated that he would not start the season with strikebreakers, because it would be unintentionally cruel and embarrassing to them. Angelos had been previously and publicly complimented by Fehr (''principled and courageous''), even Selig (''bright'' and ''aggressive''—''You'd never know we don't get along from our conversations''). However, at least two baseball executives contended Angelos' behavior resulted in his having little, if any, influence among other baseball owners. John Harrington maintained that Angelos did not understand baseball's labor relations environment. He cited Angelos' continued request for an independent audit of the clubs' books without apparently realizing that Paul Volcker, former Federal Reserve Board chairman, did this in 1992, and found that up to ten clubs were not profitable between 1979 and 1991. Giants owner Peter McGowan thought that Angelos' public announcement of his views gave players the false impression that other owners would quickly grant their bargaining proposals. ''If Peter had kept his views to our group private, he could have had influence.''

Angelos could face owner-sanctioned penalties for his strike replacement stance, ranging from a fine of $250,000, suspension, to even confiscation of his franchise for possibly violating two passages of the American League's Constitution (Sections 3.8 and 6.5) prohibiting owner conduct ''not in the best interest of baseball.'' Angelos countered that Article 3.8(a) can terminate members for ''failure to present (a) team unless caused by strikes . . . ,'' an exception applicable to the current situation. Moreover, he claimed that the constitution can only be altered by an affirmative vote of all fourteen American League teams, a situation that his club would not allow. Baseball's Executive Council did approve a replacement player system; however, the American League general counsel and Bud Selig indicated that a vote would be taken on this issue. Angelos hoped that the owners would agree that baseball should only be played when major league teams are fielded.

The Orioles informed baseball officials on February 17 that they would only play teams in Spring Training if their owners' representatives indicated participating players were strictly under minor league/National Association contracts, and not strike replacements. This arrangement did not work for many other teams, who canceled Spring Training games with the Orioles because they did not want to publicize the names of specific strike replacements for fear of retaliation against them. Baseball officials eventually canceled the Orioles' entire Spring Training season on March 20.

Yankees owner George Steinbrenner did not initially concentrate on fielding a competitive replacement team because he did not want to alienate his regular players such as Wade Boggs, Jim Leyritz, Pat Kelly, and Jimmy Key, whom he regarded as ''family.'' Indeed, the 27 replacements who reported to the Yankees' Spring Training included a shoe salesman, two baseball coaches, two bullpen catchers, and some cautious minor leaguers. One of these individuals, Juan Velazquez, was drafted by the Cubs in 1982. He explained why he left his job of selling office equipment for a vague employment opportunity with no guaranteed pay:

> I know what it's like to be making between $35,000 and $45,000 a year in the real world. . . . To wake up in the morning and kick yourself in the behind and listen to tapes to get yourself motivated. Maybe those guys had it too good for too long.[5]

Steinbrenner's familial obligations were jolted by an opening-day, Spring Training loss to the Los Angeles Dodgers, who committed to this, if not the regular season, by having 22 minor league players on their roster. These individuals could therefore presumably receive different salaries than those offered replacement players under the terms proposed by the owners' operations committee. The Dodgers guaranteed these individuals jobs for the season when the strike was over and offered monthly salaries between $3,000 and $7,000, depending on the players minor league status (Class A, AA, or AAA).

Steinbrenner was concerned that his team had mostly Class A players while other teams like the Dodgers had players from higher-status minor league clubs. He promised to ''raise hell'' if this situation was due to other clubs having representatives on the owners' operations committee. When informed that his general counsel was on this committee, Steinbrenner replied that maybe some of his management personnel had been ''asleep at the wheel''; but, promised the Yankees would soon be at full strength. One Dodger official maintained that Spring Training would be confusing because teams would be fielding players at different skill levels; however, all clubs needed to ''keep the game in front of the public and make the best of the situation.''

NEGOTIATING WITH OPENING DAY UNCERTAINTIES

Confusion and controversy over strike replacements permeated two series of negotiations from late February through the first week of March. Formal negotiations resumed for the first time since February 7 on February 21 and 22 in Milwaukee. Bud Selig participated in these sessions for the fourth time since the August 12 strike, and noted this was the first time that his presence and articulation of the issues might ''accelerate the process'' and ''help break the logjam.'' He also thought that bargaining progress could only be obtained through bargaining teams having few participants. Donald Fehr did not think these sessions would generate much more than an information exchange, and discounted the possibility of the union agreeing to the luxury tax concept that it had previously accepted some three months earlier. Selig may have also affected subsequent negotiations when he appointed George Steinbrenner, the only owner to serve suspensions under two commissioners, to the executive council. Steinbrenner thought management should get back to the bargaining table instead of ''wasting time with Congress.'' He also suggested these sessions should have fewer participants, who should be using Usery's recommendations as a bargaining framework. When asked if he were campaigning for a role as a negotiating participant, Steinbrenner replied, ''I am not a savior. . . . We've got good men. It just hasn't worked out.'' Steinbrenner, Expos owner Claude Brochu, and Mets owner Fred Wilpon replaced fellow representatives Fred Kuhlmann of the Cardinals, Jackie Autry of the Angels, and Tom Werner of the Padres, whose terms had expired. This realignment would seem to foster a more cooperative labor relations atmosphere.

Fehr and Selig thought the meetings focused on bargaining procedure for future negotiations instead of specific issues/dimensions. They also maintained that the meetings reflected a rare and necessary civility. Indeed, Selig regarded his discussions with Fehr and Lauren Rich ''the most positive I've been to in my whole career.'' Fehr also optimistically assessed the sessions and indicated the MLBPA would push to see if a deal could be made. He did, however, caution that any bargaining progress would be hindered if management used replacement players in Spring Training.

Other unions reinforced Fehr's strike replacement admonishment. The MLBPA, while not formally affiliated with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), nonetheless drew support from various local and national unions if management used replacement players during the regular season games. For example, an officer of an International Brotherhood of Electrical Workers (IBEW) Union-Local 2222 in Boston indicated that his members would honor picket lines that could be established by the MLBPA at Fenway Park. Ron Carey, president of the Teamsters, stated that his members would not deliver beer and other concessions at 23 of the nation's major league parks. An official of Teamsters Local 122 in Boston admitted that an alliance between his members earning $30,000 a year and baseball players earning much more was unlikely, but said the overriding issue was the importance of organized labor taking a stand against ''scab labor.''

Gene Orza appreciated the IBEW and Teamsters' support, although he indicated that the MLBPA had a history of participating alone in its labor disputes, and would not actively enlist cooperation from other labor organizations. Player representatives were absent from AFL-CIO executive council's February meetings where union leaders voiced their support. Orza stated the players would not likely be on picket lines used to block stadium deliveries and replacement players' transportation to and from ballparks. Moreover, the MLBPA did not want stadium employees often represented by unions to honor any established picket line because they could lose their jobs for taking this action.[6]

Another round of negotiations began on February 27 against the backdrop of the first exhibition game scheduled to be played two nights later. William Usery presided at this meeting along with Selig and Fehr and scaled-down bargaining teams.[7]

Management and union officials first held separate discussions on February 28, then the full negotiating teams spent 90 minutes reviewing their positions on noneconomic issues. They then divided up issues for smaller group discussions. A three-hour session involving Fehr and Selig[8] concerned the core economic issues.

Specific discussions did not occur over the two bargaining dimensions of the owners' ''luxury tax'' concept: *threshold* (total amount of team players' salaries obligating some clubs to pay money to others), and *rate* (percentage of team payroll assessed). However, McMorris thought that an agreement could possibly occur the next day, March 1, because ''We made more progress on the core economic issues today than we've ever made before in a bargaining session.'' Selig was pleased that each side expressed its different viewpoints well, without any acrimony, and that a major objective of this session, ''an increased level of understanding,'' was achieved. He could not, however, speculate on when a settlement might be attained, instead, suggesting the bargaining impasse reflected an ''endless journey,'' and an ''emotional roller coaster on a daily basis.''

Management's bargaining optimism might have been due to the changed composition and attitudes of the negotiating team. The fewer bargaining participants included neither Orza nor Reinsdorf, both of whom could increase acrimony at the bargaining table. Orza had been in Tampa to address the concerns of minor league players, and was scheduled to return to the sessions March 1. Reinsdorf, long considered to be one of the more influential and hard-line owners, stressed his new labor relations approach and agenda: ''In the past, we've made decisions that were good for the industry and not necessarily good for the White Sox. That's history. I'll only think about what's good for the White Sox from now on.''[9] Reinsdorf, rumored to have less influence with Selig in recent months, was at the negotiations site in an indirect participant's role.

One management negotiator also contended that senior, and heretofore silent, players had been giving advice to Fehr at this time. The presence of these players, and current bargaining team member Paul Molitor, was thought to be a positive influence because he and Bud Selig helped precipitate a settlement in 1990 with behind-the-scenes discussions. Selig also thought his continued bargaining participation would help because he knew the owners ''extremely well'' and what it would take for the necessary 21 out of 28 clubs to approve a settlement.

Selig and Fehr both realized that a March 5 deadline previously stressed by

John Harrington was reasonably firm if baseball's regular season was to begin on time (April 2, 1995). The third negotiation session occurred March 1, the opening day of ''regular'' Spring Training games. Twenty-six games were canceled, ten involving split squads. The clubs were not sure that they would have enough players to field two squads in one day. Five exhibition games scheduled for the night of March 3 were attended by less than 600 people per game, approximately 10 percent of the 1994 exhibition game figures.

Management and union representatives met for six hours. They did not get into details of a tax plan, but reconvened for a small group night session that owners thought was disastrous. Fehr, on the other hand, said union officials found the evening session thought-provoking and hinted that new insights about the owners' positions on revenue sharing and taxation would help formulate a new proposal in two days.

However, Fehr's qualified optimism did not generate much if any bargaining progress the next day that featured union and management officials spending most of the time in internal meetings. Ownership negotiators, including Jerry McMorris and Stan Kasten, reflected later in the day that the talks were going nowhere. Selig and Fehr met one-on-one at Selig's Scottsdale residence, then the two sides had their only joint meeting (90 minutes) at night where Selig addressed about 25 players, some of whom labeled Selig's performance a ''tirade,'' and a ''harassing lecture.''

Another day of negotiations was scheduled for March 3, although there was some confusion as to who would be at the bargaining table representing management. Bud Selig left town after his speech because he did not see any progress and thought the union continued to be mired in ''nitpicking everything we do'' instead of being concerned with economic realities: ''You can blame the owners—nobody puts a gun to their heads. . . . I have a 9-year-old granddaughter who understands how silly that idea is. I can assure you I'd be very disappointed if she didn't.[10] He also thought his involvement in these four days of negotiations brought the parties no closer together than they were the previous week in Milwaukee. John Harrington, who had been chairman of the owners' negotiating committee, also left town before Friday's session.

Jerry McMorris thought Don Fehr and his staff duped him in bargaining sessions earlier in the week. McMorris thought there was a ''bargaining window'' exhibited the previous week in Milwaukee, that the February 28 sessions were getting them somewhere, but that the March 1 night bargaining session suggested negotiations were ''going rapidly downhill.'' He also contended that he was ''set up,'' ''fooled'' by union officials, who discussed noneconomic issues in earlier sessions, but stonewalled any attempt to negotiate economic issues. He also claimed that Fehr's brother Steve used off-the-record conversations he and John Harrington had with Fehr in NLRB complaints. McMorris was particularly vexed about the union's unwillingness to accept the 1994 Fort Lauderdale revenue sharing plan approved by the owners. He indicated that management was probably at a point when different owners (e.g., Jerry Reinsdorf) and attorneys (e.g., Robert Ballow instead of management's current, Washington, D.C.–based law firm of Morgan, Lewis, and Bochius) should handle negotiations.

Fehr seemed nonplussed regarding McMorris's attitude and proposed actions. He contended that the players had no objection to owners sharing revenues but the Fort Lauderdale agreement represented a drag on salaries, and one good thing revealed at these discussions was the owners' acknowledgment of this situation. Moreover, he thought McMorris was frustrated because negotiations weren't moving faster, and maintained that McMorris knew the union's position. Fehr knew that Robert Ballow had represented the Chicago Tribune Company (who owns the Cubs) in very acrimonious strikes at the *Chicago Tribune* and *New York Daily News*, and regarded him as a ''union buster.'' However, Fehr said Ballow was not familiar with the issues and therefore would have little involvement.

Perhaps Selig's greatest negotiation result during these sessions was persuading McMorris to remain on management's negotiation team on Friday, March 3, a situation that Fehr appreciated because he thought McMorris ''knew his way around this bargaining table.''[11] Fehr did not attend these discussions; however, he did send lawyers Lauren Rich and Michael Weiner along with players Jay Bell, Paul Molitor, and Terry Steinbach to present a proposal.

Players for the first time formally accepted the ''Fort Lauderdale'' revenue sharing agreement that, if in effect in 1994, would have transferred about $58 million from seventeen high-revenue clubs to eleven law-revenue teams. The union proposed a five-year labor agreement in which the revenue sharing plan would phase in at 40 percent in 1995, 60 percent in 1996, 80 percent in 1997, and 100 percent in 1998 and 1999. However, the luxury tax would be in effect only for the first three years because owners would receive an estimated $280 million in expansion fees in 1998.

Fehr regarded this move significant and necessary, contending that the owners had made clear that the union's acceptance of the revenue sharing plan was the price of any collective bargaining agreement. He also indicated there could be substantial but unspecified movement from their previous ''best plan'' proposal given to Usery in early February, 1994 (25 percent tax rate on payrolls exceeding 145 percent of the average 1994 payroll,[12] or a threshold of $54 million).

The union also proposed free agency for all players eligible for salary arbitration under the 1990 labor agreement: those unsigned players with three or more years of major league service along with the top 17 percent by service among those players having between two and three years in the major leagues. Alternatively, just players with four years of service would be free agents if there was no change in salary arbitration for the two- to four-year players. Two alternative union proposals on salary arbitration were made. If arbitration-eligible players become eligible for free agency, salary arbitration would be eliminated entirely. Otherwise, the procedure would apply to the two- to four-year players currently eligible.

Table 6.1
Players' Various Tax Plan Proposals and Effect on Club Revenue Sharing Contributions as of March 30, 1995

Team	March 4, 1995	March 30, 1995*
Tigers	$695,005	$1,695,005
Braves	3,757	1,003,756
Giants	0	945,873
White Sox	0	569,320
Blue Jays	0	365,442
Yankees	0	167,518
Royals	0	0
Reds	0	0
Dodgers	0	0
Orioles	0	0
Athletics	0	0
Red Sox	0	0
Rangers	0	0
Phillies	0	0
Astros	0	0
Indians	0	0
Cubs	0	0
Mariners	0	0
Angels	0	0
Cardinals	0	0
Mets	0	0
Twins	0	0
Brewers	0	0
Rockies	0	0
Pirates	0	0
Marlins	0	0
Expos	0	0
Padres	0	0
Totals	$698,662	$4,746,914

*Figures obtained by multiplying clubs' payroll amounts over $50 million by the union's proposed 25 percent tax rate.

Source: Ronald Blum, ''Proposals Leave Sides Far Apart,'' *Florida Times Union,* March 5, 1995, p. C-1.

Union and management officials exchanged proposals on March 4, 1995 to the discouragement of both parties. The union proposed a 25 percent tax rate on the portion of payrolls above 133 percent of the average that in 1994 would have been $54.1 million (a figure $5 million less than the 145 percent of average or $59 million that the union unofficially proposed to Usery). However, the union's proposal would have only two clubs paying $698,662 in taxes (see Table 6.1), an effect sharply lower than its February 5 proposal. The owners basically

Table 6.2
Owners' Various Tax Plan Proposals and Effect on Club Revenue Sharing Contributions as of March 27, 1995

Team	March 4	March 27
Tigers	$8,042,082	$6,390,010
Braves	6,659,585	5,007,513
Giants	6,543,820	4,891,748
White Sox	5,790,714	4,183,642
Blue Jays	5,382,957	3,230,885
Yankees	4,987,108	2,835,036
Royals	4,108,627	2,366,555
Reds	3,686,328	2,034,256
Dodgers	2,937,034	1,284,962
Orioles	1,946,655	294,583
Athletics	1,842,331	190,259
Red Sox	1,638,576	0
Rangers	1,200,958	0
Phillies	279,409	0
Astros	14,436	0
Indians	0	0
Cubs	0	0
Mariners	0	0
Angels	0	0
Cardinals	0	0
Mets	0	0
Twins	0	0
Brewers	0	0
Rockies	0	0
Pirates	0	0
Marlins	0	0
Expos	0	0
Padres	0	0
Totals	$55,060,620	$32,709,449

Source: Florida Times Union, March 29, 1995, p. C-1.

proposed what Usery suggested earlier, 50 percent tax rate on the portions of payrolls above the average (or threshold) which was $40,695,856 in 1994. This arrangement would affect fifteen teams, with the Tigers paying the most at $8,042,082 (Table 6.2).

Fehr saw this as a step backward, particularly since owners proposed three different working conditions from Usery's previous recommendations:

- limiting the arbitrator's ability to increase the players' salary no more than 100 percent over the previous year (Usery's proposal did not include a salary arbitration cap); then the entire procedure would be eliminated after 1995.
- having ''restricted free agency'' for players commencing in 1996 whereby the players' present teams would have the ability to elect the right of first refusal or receive draft-

pick compensation. Usery suggested that four- to six-year players become unrestricted free agents after the 1995 season.

- implementing the new tax plan in 1995 while Usery's proposal would call for a five-year phase-in with no tax in 1995, 25 percent in 1996, and up to 50 percent in two or three seasons.

The owners also wanted a seven-year labor agreement with either side having the right to reopen the luxury tax rate after five years. Management's March 4, 1995, proposal (Table 6.2) reflected a 45 percent reduction in clubs' payroll taxes when compared to its February 1, 1995, proposal with four fewer teams required to pay any amount. This situation may have reflected intraorganizational bargaining—making the labor agreement easier for the owners to accept.

Both management and union negotiators spent more time denigrating the other's proposals to the media than conducting bargaining table discussions. They left talks and town the next day, and Fehr thought the owners ''already have decided to blow off the start of the season.'' The March 4 bargaining proposal exchanges reflected a very slight movement on the luxury tax issue, as the parties were $14 million and 25 percentage points apart on the luxury tax threshold and amount.

THE NLRB'S DECISION AND BARGAINING ACTIVITY

The bargaining proposals exchanged in early March, 1994 further reduced negotiators' rapport. McMorris said, ''This has been a nasty experience. I never would have guessed the animosity and literally the hatred and mistrust is as deep as it is, and that people would be so unreasonable to find middle ground.''[13] The owners shifted attention to the development of replacement teams and temporary players, and the owners' meetings in West Palm Beach (March 7, 8, and 9, the first quarterly meeting since June, 1994).

Usery regarded himself as an impartial encourager of both sides to solve their bargaining differences, and urged the owners' the last day of their meetings to present players with their ''very best offer'' because the owners are the moving party: ''I didn't say anything about final offer. . . . If the players can't accept it, (they should) respond (as to) why they can't accept it and what changes they want in it.'' Usery also opined at this time that he had never seen a more ''embarrassing'' and ''ridiculous'' bargaining situation in his approximately 30-year involvement in more than 1,000 labor-management disputes.

Selig, who received an impromptu standing ovation from the audience for his leadership at the owners' meeting, wanted them unified on their negotiations against the union, but also indicated he'd comply with Usery's request. Stan Kasten thought the meetings showed there was more unity among the owners than the players. His remarks were modified by another owner, who maintained the four hard-liner clubs (White Sox, Royals, Marlins, and Mariners), and settle-now clubs (Mets, Yankees, Dodgers, and Orioles) are held at bay by the other nineteen clubs, whose owners

> believe the strain is mounting daily on the union. Remember, the owners can hold out. The players can't. By the end of (this) week we'll have passed the point where the players will have blown their first paycheck because it's past the point where they can be ready to start the season.[14]

Several management representatives at the meetings were aware of a rumor that union lawyer Lauren Rich had called an owner and told him the players knew that they needed to make a settlement within a week. Fehr retorted that the rumor was untrue and ''scary'' if the owners believed it.

Managerial smugness after the West Palm Beach meetings extended to the pending NLRB decision. Management lawyer Robert Ballow reportedly said, ''(baseball owners) only had three NLRB complaints [against them]; we never even take notice until we get to three figures.'' One owner said he and his colleagues expected to lose with the NLRB, but assumed the rulings would be irrelevant since they could be overturned in the courts.

However, these opinions ran contrary to many years of the NLRB's efforts. From 1984 to 1994, the board was successful in either obtaining settlements or winning court injunctions 80 to 90 percent of the time. Moreover, Fred Feinstein, the NLRB general counsel involved in the present case, would seek approval from the NLRB's five-member board to seek an injunction if he deemed the union's complaint meritorious, a situation occurring in 142 of his last 143 requests. William Gould IV, the NLRB's chairperson, was very interested in this dispute because of his personal and academic interest/research in the sport, along with some baseball salary arbitration experience.

Both sides met separately on March 14 with the National Labor Relations Board. If the NLRB decided in favor of the union and obtained an injunction in federal court restoring the old rules, including salary arbitration, the union would end the strike. Owners then would have to determine if they would lock out the players. John Harrington noted that the pending NLRB decision distracted management from preparing a best offer, and it was unfortunate for the agency to take action at the time, a situation echoed by Braves president Stan Kasten, who thought the MLBPA was using the White House, Congress, the NLRB, and the courts in an ''elaborate surreal game of chutes and ladders'' to stay away from the bargaining table. The NLRB then announced it would formally charge the owners with unfair labor practices because they eliminated competitive bidding for free agents and salary arbitration around February 6, 1995, with neither prior notice to the union nor bargaining in good faith to an impasse or resolution.[15]

Some 35 baseball stars attended a four-hour meeting on March 15, and then addressed the media the next day. Ostensibly, the purpose was to promote a charity barnstorming tour (four teams, 100 players, a month-long Spring Training session in Homestead, Florida, and a six-week schedule) which they regarded as a viable last resort.[16] However, many players such as Roger Clemens, Don Mattingly, Eddie Murray, and Terry Pendleton spoke on one or more of the following topics: biased media coverage, union solidarity, and their position being more sincere and correct than management. Scott Sanderson, for example, stated the players were not greedy because they had not asked for any improvements over the 1990 labor agreement. Phillies general manager Lee Thomas countered that the rally only reflected the MLBPA's inadequacies:

> I'm sick of these millionaire players, the certain few who already have their money in the bank, getting up and saying this stuff like they're speaking for 700 or 800 players. . . . It's a bully union with a few millionaires who have it made up on the stump like revival preachers.[17]

However, some lesser-paid players appeared to support the union with reasons shared by the superstars. For example, Mike Timlin of the Blue Jays ($510,000 in 1994) indicated that he would continue participating in the strike because of the following principle: management, not the union, should determine how much or how little they should pay a player. Toronto's Pat Hentgen ($500,000 in 1994) noted, ''I will not crack because of money. I'm used to not having money.'' Detroit pitcher David Wells, who made $2,500,000 in 1994, rationalized his strike support on the basis that other players had previously been in strikes that benefited him and that some current players are striking at great risk (e.g., Paul Molitor probably lost the chance for 3,000 hits, possibly necessary for the Hall of Fame). Gene Orza also announced on March 6 that the union would never sign a collective bargaining agreement if owners insist that replacement games count. A *Sport Magazine* survey of 109 players taken at this time found that 83 percent of the respondents missed the game, although nearly three-quarters of the players did not feel a ''financial pinch'' because of the strike.

No formal negotiations took place on March 15, although Selig said that he talked with Fehr once, and Usery four times on this day, and hoped that negotiations would resume March 20 or 21. Media attention shifted to pitcher Steve Howe's frustrations at not being able to play baseball. Howe was something of a ''loose cannon'' in labor relations activities. He had been suspended on seven different occasions for drug violations which had involved union representation and arbitration on at least one occasion. Howe became a union player representative for the Yankees and, according to Peter Angelos, was ''loud'' and ''obnoxious'' in lecturing the owners on their lack of ethics at a negotiations session in late August, 1994. His inquiry concerning the possibility of the union having an independent auditor examine teams' books precipitated an angry exchange between Ravitch and several players at the public negotiations session. Ravitch responded, ''You guys are great athletes . . . but not such great businessmen.'' Pitcher Curt Schilling then replied that Ravitch's condescending attitude was a major reason for his inability to resolve a labor relations dispute with the players. After several other players challenged Ravitch's assessment of union dissension over the salary cap, Howe pronounced that he would strike against the salary cap and return to his former trade of pounding nails for a living.

In late March of 1995, Howe was the first player to cross the picket line, not to pitch, but instead to work in the Yankee ticket office as part of his three-year probation for a drug conviction. He repeatedly informed the media that several Yankees were pondering crossing the picket line and that he was also frustrated that the MLBPA would not fully answer questions when he telephoned them. Howe also slapped palms and exchanged hellos with a handful of replacements during one interview, and refused to criticize replacements' playing capabilities.

On March 20, Fehr and Selig along with two lawyers (Rich for the union, Manfred for management) met in an unpublicized session to determine how to resume negotiations. Discussions were also held the next day without any agreed-upon future negotiations. The nonparticipation of Chuck O'Connor, management's chief labor lawyer for the past five years, added to rumors of his replacement by Robert Ballow at this time. However, Stan Kasten of the Braves indicated that this scenario would not occur.

Usery informed both parties that management needed to finalize a bargaining position considering the players' perspective because he thought that time was ''truly running out.'' To the union's chagrin, he also telephoned NLRB chairman William Gould IV two days later, and asked for a delay of the NLRB's action to seek an injunction because he thought it would hinder his efforts to establish a joint negotiative session. Gould agreed to delay a final decision, maintaining that the collective bargaining process, not NLRB involvement, was the best way to resolve a dispute. However, he also indicated that he wanted to resolve the matter as quickly as possible because he wanted to see baseball played in 1995.

Hours after the Gould-Usery conversation, John Harrington commented that management was not preparing a revised proposal at this time. Union attorney Lauren Rich noted that moribund labor-management relations had already damaged the 1994 season's integrity and might possibly damage or end the 1995 and 1996 seasons as well. She predicted an era of litigation that would make collusion seem like ''child's play'' if a settlement were not reached by the first week in April. Rich said the owners would be wrong to prolong nonbargaining in the hopes that the players would capitulate once the regular season starts because this approach would only harden positions, possibly jeopardizing baseball's antitrust status.

The five-member NLRB, after a rare Sunday meeting on March 26, apparently agreed with Rich's sense of bargaining settlement urgency. It voted 3–2[18] to authorize general counsel Fred Feinstein to file an injunction against the owners. Feinstein thought this action was necessary so that bargaining could proceed fairly and under the protection of labor law. Board regional director Daniel Silverman also hoped the judge would honor its request to render a decision before the 1995 regular season started, presumably because he and the board majority could see no evidence of negotiations.

This decision reflected tensions among board members over the baseball situation. Member Charles Cohen issued a highly unusual written explanation for his negative vote, contending that he thought Feinstein could not establish a legal violation; also, this action would turn labor and management away from the bargaining table:

> Contrary to what some members of the public and the media may believe, the function of the NLRB is not to decide how to best ensure that the season will begin as quickly as possible with authentic major league players. Rather, our function is to apply the law and let the parties decide for themselves when or if economic warfare will end.[19]

Gould countered that the NLRB's action at this time removed a bargaining impediment, thereby making union and management representatives much closer to a bargaining settlement than previously realized. Additional differences among NLRB members occurred over Chairman William Gould's alleged violation of protocol, passed by a 4–1 NLRB member vote, with Gould dissenting, that would preclude a member from making statements to the media. John C. Truesdale, noting that Gould gave an interview to the *New York Times*, said that the chairman had ''demonstrated once again that he is simply unable to restrain himself and refrain from public discussion of internal matters.'' Gould's chief counsel, William R. Stewart, indicated that the chairman never agreed to be bound by the vote and would not allow the board members to ''muzzle'' him. Stewart's statement concluded,

> Bill Gould was not appointed to be Chairman by President Clinton to speak only when and to say only the things that a majority of the board deigns that it will permit him. Senior though he is, John Truesdale is not the font of knowledge of board history, tradition, and appropriateness that he so self-righteously clothes his continuous pontifications. John Truesdale would do well to heed his own unsolicited, unwanted, and groundless admonition and restrain himself and refrain from public discussion of internal matters.[20]

Selig, not pleased with this decision, still thought ''the club's position will prevail in district court.'' Chuck O'Connor, the owner's chief labor relations lawyer, was also disappointed, contending the NLRB's intrusion into the collective bargaining process was unwarranted from either a factual or legal standpoint. He also expected that the owners would resist the board's action ''as vigorously as possible.''

Some owners expressed deep anger over this turn of events. Jerry Reinsdorf, borrowing fellow-owner Angelos' previous analogy, likened Don Fehr to cult leader Jim Jones, who led his followers into a suicide situation. Jerry McMorris indicated that Don Fehr is ''difficult to negotiate with,'' and questioned whether

Fehr had the best interests of baseball in mind. Fehr labeled Reinsdorf's remarks as ''second-grade stuff,'' but did not publicly refute McMorris's allegations.

However, management did make its ''best'' if not ''final'' offer (Table 6.2) on March 27, the same day that the NLRB filed its preliminary injunction against them in U.S. District Court, which would be heard by Judge Sonia Sotomayor on March 31. The owners raised their previous team payroll luxury tax threshold of $40 million to $44 million while their 50 percent tax rate remained the same. The proposal also required 59 percent and 10 percent of the payroll taxes outlined in the March 4, 1995, and November 17, 1994, proposals, respectively. Moreover, eleven clubs would likely be assessed payroll taxes compared to fifteen and nineteen clubs specified in the other cited proposals. These figures, while possibly enlisting more owners toward a bargaining settlement, still represented a large gap when compared to the players' previous proposal of 25 percent above $54 million.

Differences also remained over the rate of threshold increase with expected revenue increases over the remaining years of the labor agreement. The players wanted the owners' proposed luxury tax scale to escalate with expected revenue increases, while the owners' proposal would have the $44 million threshold increasing after three years, either at the rate of the cost of living or one-half the rate of revenue increases, whichever is greater. Yet, one union official maintained that players' salaries had risen 25 percent in a year, a figure likely higher than either adjustment statistic under management's proposal. The proposal would be for six years (one less than management's previous proposal) with 1995 played under the old labor agreement and the payroll tax in 1996 with no phase-in period, remaining through the year 2000. The clubs also suggested either the current system of salary arbitration and free agency, or unrestricted free agency after four years (lowered from six years under the previous proposal) with an elimination of salary arbitration after 1996.[21] The MLBPA was pleasantly surprised about the alternative of continued salary arbitration because this procedure might benefit more of its members than the no-salary arbitration/free-agency eligibility provision after four years. Owners also proposed that teams be required to have minimum payrolls of $29 million, a situation that would affect three clubs (Marlins, Blue Jays, and Padres) that were under that figure in 1994.

Selig indicated this offer was open to the weekend, but suggested that the owners would use replacement players at the first regular game between the Mets and the Marlins scheduled for April 2. He and Fehr lunched together the next day with Fehr promising a counterproposal soon.

Owners stressed their proposal's merits in letters sent to players and fans. Mets and Yankees owners Wilpon and Steinbrenner, urged players to use management's latest offer as a basis for settlement. Wilpon reasserted his ''moderate'' stance in previous bargaining positions, and encouraged players to accept the latest management offering in concept, if not in totality. Steinbrenner claimed he was not a ‘‘Fehr-basher,’’ and urged him to reflect both his professed desire for labor peace and intelligence by accepting the March 27 proposal.

Interim commissioner Bud Selig sent an ‘‘open letter’’ to all major league players that stressed the proposal benefited neither union nor management, although sacrifice on both sides was needed to ‘‘preserve the institution we all love.’’ A related full-page newspaper advertisement thanked fans for their ‘‘support and understanding,’’ and the need to keep the ‘‘game affordable, accessible, and competitive for years to come.’’

After a day and a half of discussions, Donald Fehr announced on March 29 that the union’s executive board formally approved his earlier pledge that the MLBPA would unconditionally end its 32-week strike and return to the playing field if a federal judge issued the NLRB’s sought injunction, although its pledge did not preclude a strike possibility for the entire 1995 season. The next day, President Clinton hoped that the owners would respond to the players’ strike return option by not locking out the players. Clinton did not, however, specifically mention replacement players’ use during the season, even though he had expressed previous objections to this tactic. The owners announced later in the day that they voted 26–2 to use temporary players to replace striking MLBPA members. Moreover, all games played during the 1995 season, including those involving temporary players, would count in division and league standings.

A joint bargaining session was held on March 30, a day before the hearing in District Court. The union’s counterproposal presented at this time reduced their luxury tax threshold from $54 million to $50 million, thereby making the parties only $6 million apart on this dimension.

Other bargaining differences remained. The union continued to not want management’s tax proposal to remain forever, and sought a ‘‘sunset’’ provision, canceling this working condition if new circumstances such as owners receiving revenues from expansion clubs occurred. The union’s proposed percentage tax rate of 25 percent also remained the same. Dodger pitcher Orel Hershiser, an active participant in these negotiations, suggested that the owners’ 50 percent tax rate would exert a powerful drag on players’ salaries because owners of high-revenue clubs would keep their payrolls under their proposed $44 million threshold to avoid paying revenue sharing funds to the other clubs. The union’s previous proposal only had two clubs paying any monies; its new proposal would include six teams compared to the owners’ current proposal affecting eleven teams (Tables 6.1 and 6.2).

Fehr, after announcing this proposal, sounded more optimistic than he had ever been during the seven-and-one-half-month strike: ‘‘We believe at long last we are moving forward.’’ However, he also assumed there was still room for further negotiation or else ‘‘we’re in trouble.’’

Selig did not seem as optimistic as Fehr over the latest MLBPA proposal, particularly since the union took three days to present it with the regular season’s opening day lurking. He also had to face Peter Angelos’ reiterated threat not to start the season with replacement players.

Management's attention, before Judge Sotomayor's decision, shifted to using replacement players and/or locking out regular players during the regular season. John Harrington indicated three days before this event (March 30, 1995) that the odds of opening on time with replacement players were down to 50–50. He also publicized operating loss projections from the 28 major league clubs of $400 million to $600 million if the entire season was operated with replacement players, and $600 million to $800 million if the season was shut down. Owners hiring replacement players for a few days to force regular players' concerns would pay each replacement player $5,000 for starting the season and $20,000 if replaced by a major league player. They were further perplexed by much conflicting legal advice given at this time.

One lawyer contended that a lockout of players would pertain to the entire bargaining unit—the owners cannot pick and choose which players they would allow to return. If the owners were determined to illegally locked out the players for a full season, the remedy would be about $1 billion in back pay with interest given to the players.

Robert Ballow allegedly urged the owners to start the season with replacement players, and accept any MLBPA member who indicates an unconditional return to work. A confidential memo from the Player Relations Committee to the clubs informed management to accept any striking players' unconditional return to work because this action would encourage other players to cross over, thereby putting pressure on the MLBPA to engage in serious negotiations. Replacements, under this strategy, are not used to resume operations as found in other collective bargaining situations when a strike occurs. Instead, their employment is intended to encourage dissident MLBPA members to cross a picket line, thereby breaking the strike. These individuals could not return to work if games were not being played. Ron Schueler, general manager of the White Sox, opined that there would be 100 players rushing to be second after the first player crossed the line.

NOTES

1. Bando's pro-management stance appears to be a significant shift from his attitude when he was a player. For example, he brought his wife to a salary arbitration hearing so that he would be restrained from ''beating the shit'' out of Charlie Finley for the negative things the owner would say about Bando's performance.

2. Reds' management waited until the end of the 1995 season to remove Johnson from the organization, an action in part prompted by his antistrike replacement stance, since he guided the Reds into the National League Championship Series. He also suggested that the union contributed to the labor relations standstill: ''I was around when we didn't have diddly and the owners had it all. . . . I think the players' problem is they've won all these battles. You can't keep winning all the battles because it kills the other side. Maybe it's time to lose a battle or two for the good of baseball.'' Bob Nightengale, ''Replacement Baseball Is Not Going to Happen,'' *The Sporting News*, April 3, 1995, pp. 5 and 18.

3. For related accounts of Spring Training at this time, see Kelly Whiteside, ‘‘Baseball Anonymous,’’ *Sports Illustrated*, March 13, 1995, pp. 28–31; Pat Jordan, ‘‘You’ll Never Know Until You See It,’’ *The Sporting News*, March 20, 1995, pp. 9–13 (1086); and Tim Kurkjian, ‘‘Dream On,’’ Sports Illustrated, February 13, 1995, pp. 30–35

4. I. J. Rosenberg, ‘‘Minor Leagues Told to Play Spring Games,’’ *Atlanta Constitution*, February 25, 1995, p. D-1.

5. Jack Curry, ‘‘A Second Chance to Get to First Base,’’ *New York Times*, February 16, 1995, p. B-6.

6. For additional details of this situation, see Robert L. Rose, ‘‘Stadium Workers Say Union Solidarity Doesn’t Extend to Millionaire Players,’’ *Wall Street Journal*, March 9, 1995, pp. B-1 and B-2; and Diane Lewis, ‘‘Labor Says It’s All About Balls, Strikes, and Scabs,’’ *Boston Globe*, February 23, 1995, p. 37.

7. Management representatives at this session were: John Harrington, Jerry McMorris, David Montgomery, and lawyers Chuck O’Connor and Rob Manfred. Union representatives included Lauren Rich and three players: Terry Steinbach, Jay Bell, and Paul Molitor. These meetings were held at Gainey Ranch located in Scottsdale, Arizona.

8. Also involved were McMorris, Harrington, O’Connor, and Manfred for management, and Rich, Molitor, and Bell for the union.

9. Andrew Zimbalist, *Baseball and Billions* (New York: Basic Books, 1992), p. 201.

10. Ronald Blum, ‘‘Talks Close to Breaking Off,’’ *Florida Times Union*, March 3, 1995, p. 1-C.

11. Selig announced that McMorris, Cubs president Andy MacPhail, David Montgomery of the Phillies, and management attorneys Chuck O’Connor and Robert Manfred would remain for the March 3, 1995, meetings.

12. This figure for each team was $40,695,891 in 1994, according to management’s calculation. That includes the average annual value of contracts for all 40-man roster players and $4,779,250 per team in health and pension benefits.

13. Jon Heyman, ‘‘Kind of Unreal Bitterness as Usual for Both Sides,’’ *Newsday*, March 6, 1995, p. A-44.

14. Peter Gammons, ‘‘Owners Will Let Players Come to Them,’’ *Boston Globe*, March 12, 1995, p. 53.

15. United States of America Before the National Labor Relations Board, Region 2 (Case No. 2-CA-28177), ‘‘Complaint and Notice of Hearing,’’ March 15, 1995, p. 5.

16. The MLBPA had denied for several weeks that Reebok, the proposed sponsor of this tour had actually withdrawn its support for this adventure.

17. Bob Brookover, ‘‘Fehr, ‘Bully Union’ Irk Phils GM Thomas,’’ *USA Today*, March 22, 1995, p. 6-C.

18. Three Democrats on the board, William B. Gould IV, the chairperson; Margaret A. Browning; and John C. Truesdale voted in favor of the injunction request, while the two Republican board members, Charles Cohen and James Stephens, voted against this action.

19. ‘‘Judge Sets Hearing for Bid for 10(j) in Baseball Dispute,’’ Bureau of National Affairs, Inc., *Daily Labor Report*, Number 59 (March 28, 1995), p. AA-2.

20. ‘‘Baseball Strike Sparks Feud at NLRB,’’ Bureau of National Affairs, Inc., *Daily Labor Report*, Number 60 (March 29, 1995), p. A-15.

21. Management representatives attending the nearly two-hour meeting in which the proposal was presented were Selig, McMorris, Harrington, and Manfred. Fehr, Rich, Molitor, and Sanderson were also at the meeting.

7

Vanishing Labor-Management Relationships through the Remainder of 1995

Schueler's prediction went untested as the 1995 season began without strike replacements, the result of Judge Sonia Sotomayor's injunction. Her decision, while ending the strike, generated a ''hurry up and wait'' approach to labor-management relationships.

While MLBPA members rather quickly returned to the playing field, both the union and the owners had several concerns during and after the strike settlement. The parties were primarily concerned with their own organizations, and there were virtually no joint labor relations activities for seven months after the strike settlement, and little thereafter in the remaining two months of 1995.

JUDGE SOTOMAYOR'S DECISION AND STRIKE SETTLEMENT CONSIDERATIONS

Judge Sotomayor issued an injunction on March 31, 1995, that prevented owners from implementing new work rules in the absence of a collective bargaining settlement. Her decision was largely based on union and management previously supplied legal briefs, because she read it after conducting a 98-minute hearing and a subsequent 18-minute recess. Sotomayor contended ''waiting serves no useful purpose'' (a written, 34-page decision was released on April 3, 1995).

Sotomayor noted the Basic Agreement between the players and the owners expired on December 31, 1993, and approximately a year later, the MLBPA submitted a new tax proposal, but management declared the terms unacceptable and declared an impasse without making a counterproposal as requested by the mediator. Management also announced the immediate and unilateral salary cap imposition and salary arbitration elimination at this time. The owners did not mention eliminating the labor agreement's free-agency or the anticollusion provisions. Moreover, the players never declared a bargaining impasse before the owners had made these changes.

The judge also agreed with the NLRB's charge that management had failed to bargain in good faith because it had eliminated mandatory bargaining issues such as free agency and salary arbitration[1] which must be bargained to impasse. The court's injunction ordered the Major League Baseball Player Relations Committee, Inc. and its 28 constituent member clubs to

- restore the terms and conditions of employment provided under the expired Basic Agreement which was effective January 1, 1990.
- immediately rescind any actions taken, including the February 6 letter from O'Connor to Fehr re: Exclusive Representative Status of PRC and the February 6, 1995 Memorandum with its attached Questions and Answers sent by Charles P. O'Conner to all major league clubs.
- bargain in good faith without unilateral changes to the Basic Agreement with the Major League Baseball Players Association in compliance with §8(a) (1) and (5) of the National Labor Relations Act.

This injunction would remain in effect until either

(1) the Players and Owners enter into a new collective bargaining agreement that replaces the expired Basic Agreement, or (2) the final disposition of the matters pending before the National Labor Relations Board on the Complaint and Notice of Hearing of the General Counsel of the Board in Case No. 2-CA-28177, or (3) a finding of this court, upon petition of the Players or Respondents for a dissolution of the injunction demonstrating that an impasse in good faith bargaining has occurred despite a reasonable passage of time negotiating in good faith the full mandatory bargaining terms of the expired Basic Agreement.[2]

The judicial decision on March 31, coupled with the MLBPA's previous strike termination promise, meant that the 232-day strike was ended; however, these actions only restored the work rules (particularly free agency and salary arbitration) under the old agreement. Lenny Dykstra unmindfully responded to Sotomayor's decision and its effect on baseball's 1995 season: ''It ended up in some woman's hands who never even heard of baseball. That tells you all you need to know.'' Then, after stressing that players need to treat fans well, he refused to sign autographs, claiming his hands felt ''sweaty.'' Darren Daulton, Dykstra's teammate, resigned his player representative position at this time, thinking incompetent lawyers significantly impacted the sport. Tom Glavine, an active and savvy MLBPA representative, appreciated, if not fully agreed with, Daulton's, or even Dykstra's remarks. Glavine maintained 10 percent of the union members were upset that the MLBPA did not make enough bargaining concessions while the other 90 percent thought the union went too far; however, he also stressed ''nobody on the negotiating committee led anybody down a blind path.''

Nothing in the judicial decision pertained to the current collective bargaining dispute, leaving its resolution up to union and management officials. Both labor and management officials had incurred substantial strike costs only to return to the status quo and an uncertain bargaining future. Selig thought the decision would not contribute to a settlement. However, Fehr did not expect a management lockout after the judge's decision, and expressed willingness to meet with the owners ''anytime, anywhere.''

Media participants thought the judge's decision might serve as a wake-up call to owners, whom the media had labeled largely responsible for the entire baseball dispute. Joe Gergen of *Newsday* offered a perhaps representative combination of invective and hope in his assessment of the subsequent collective bargaining situation and potential:

> the owners now are in a position to act like statesmen, not saboteurs. They can regain at least a small measure of public trust by acknowledging the folly of this spring training exercise by thanking the butchers, bakers and candlestick-makers for demonstrating (along with Michael Jordan) how difficult a sport baseball is at the elite level and by welcoming the real players back to the fold. Then, and only then, will negotiators be able to forge something resembling the partnership necessary to restore the integrity of what formerly was known as the national pastime.[3]

Mets manager Dallas Green indicated the replacement players were ''pawns,'' who worked hard in something not universally accepted. The clubs released all of the replacement players before midnight April 1, and the owners seemed unlikely to have enough votes to lock out the players during the regular seasons since Steinbrenner (Yankees), Angelos (Orioles), Wilpon (Mets), Beeston (Blue Jays), McMorris (Rockies), Moores (Padres), and Magowan (Giants) would likely vote against this action. The additional, necessary vote against a lockout could likely come from several other owners, including Selig.[4] Fehr and other union people met with Cubs president Andy MacPhail and Rob Manfred on April 1 to discuss spring travel plans and other logistical questions should management not lock out the players.

On Sunday, April 2, the owners, after a four-and-one-half-hour meeting in Chicago agreed without a formal vote to start the season on April 26 with MLBPA players. Peter Angelos indicated that ''No vote was necessary. . . . The matter was discussed and it was unanimously decided there would be no lockout and there would be no replacement players between now and April 26.''

Dennis ''Oil Can'' Boyd, the first big-name player to become a replacement in Spring Training, was the first to be released by the White Sox. Boyd thought that he was ''used'' and that replacement Spring Training was a hoax. At least five clubs indicated they would pay replacements $5,000 for making the opening day roster as a goodwill gesture. The Marlins and Cardinals paid replacements an additional $20,000 per replacement for severance pay. Cardinals president Mark Lamping noted that he had an obligation to pay the replacement players because they did everything they were asked to do. However, Marge Schott, owner of the Reds, who had previously cheered her replacements, only gave them garbage bags to clean out their lockers.

Selig noted that this agreement represented no managerial ‘‘surrender’’ because the players were out on strike, and Fehr made an unconditional offer to return, which management accepted. Ex-Commissioner Vincent ridiculed Selig’s assessment of labor relations at this time: ‘‘That’s like Custer saying the Sioux unconditionally offered to come to the battlefield.’’

Fehr, however, reflected labor relations optimism, based on recent bargaining progress and the owners’ acceptance of striking players to start the regular season. He contended that a management vote to lock out the players would have clearly indicated ‘‘they didn’t want peace at any price.’’

A formal, agreed-upon, eleven-page back-to-work agreement was reached between union lawyer Lauren Rich and management lawyer Rob Manfred on April 3, 1995. It established new dates for player personnel actions (Figure 7.1) and addressed, if not resolved, previous and subsequent bargaining considerations pertaining to *unsigned free agents; players’ salary calculation for the 1995 season*; and *amount of strike days counted for players’ total service credit*.

Clubs had already tendered contracts to unsigned players two different times, once in December, 1995, under the owners’ implemented salary cap system and also in February, 1995, after owners withdrew the salary cap but maintained some of the previous work rules. The new timetable indicates that unsigned players not on the arbitration list could have their contracts reviewed from April 12 through April 21. The union had challenged the club’s renewal of more than 800 unsigned players, on March 10, and the back-to-work agreement rescinded these renewals.

Players’ salaries would be based on the number of games played instead of number of days in the regular playing season. They would lose 11.11 percent of their salaries and player performance bonus clauses under the newly agreed-upon 144-game playing schedule,[5] an alteration that could also prompt cooperation on the following seven labor agreement provisions:

11.(b) (of the ‘‘Amended Back-to-Work Agreement,’’ p. 6) To the extent that it is necessary to create a schedule of at least 144 games, the PRC and the Association shall agree to reasonable waivers with respect to the scheduling and rescheduling of games in the following rules:

(i) Article V(D)(1) (Split doubleheaders)
(ii) Article V(D)(2) (One-day stands)
(iii) Article V(D)(4) (Night games before day doubleheaders)
(iv) Article V(D)(7) (Night to day in-flight restrictions)
(v) Article V(D)(9) (West to East travel)
(vi) Article V(D)(10) (20-day rule)
(vii) Article V(D)(16) (Wednesday after the All-Star Game)[5]

Figure 7.1
Key Dates after April 2, 1995 Agreement for Return to Work

April 5th	Voluntary reporting date for all players.
April 7th	Mandatory reporting date for all players, except for non-U.S. citizens awaiting work visas. Last day for teams to offer 1995 contracts to unsigned players. Last day for teams to offer salary arbitration to their former players who became free agents. If they fail to offer arbitration, clubs no longer can negotiate with that player and cannot receive draft-pick compensation if he signs elsewhere.
April 12-14	Salary arbitration filing period.
April 12-21	Period for teams to unilaterally renew the contracts of unsigned players. Players eligible for salary arbitration may not be renewed before April 15.
April 13th	Exhibition/Spring Training games begin.
April 15th	Last day for free agents offered salary arbitration to accept or reject the offers. Last day to place a player on unconditional release waivers and pay 30 days termination pay instead of 45 days. First day that players may be optioned to minor league teams.
April 23rd	Last day to request unconditional release waivers on a player without having to pay his full 1995 salary.
April 25th	Last day of Spring Training.
April 26th	Opening Day active rosters must be reduced to 28 players.
April 28th	Exchange of salary arbitration figures between players and clubs.
May 15th	Active rosters must be reduced to 24/25 players. [Article XV(E)(7)(c) of the expired Basic Agreement]
May (To Be Announced)	Salary arbitration hearings held.*

*Players' special accomplishments and/or physical defects since February 20, 1995, and performance statistics during the 1995 season cannot be considered by the arbitrator.

Source: Florida Times Union, April 4, 1995, p. D-6; and the ''Amended Back-To-Work Agreement.''

The back-to-work agreement did not indicate that games lost during a strike would be credited to a player's service time. The union indicated it would file a grievance as well as seek collective bargaining resolution over this issue.[6]

The owners no doubt anticipated that Judge Sotomayor's injunction would be upheld by a three-judge panel of the 2nd U.S. Court of Appeals. Management lawyer Frank Casey indicated that an injunction would prevent the owners from making a counteroffer, but Chief Judge Jon O. Newman denied this stay of injunction reasoning and motion from the bench on April 4 and told both sides that an appeal would be heard no earlier than May 1.[7]

UNION AND MANAGEMENT ACTIVITIES AND CONCERNS AFTER THE STRIKE SETTLEMENT

Union Activities/Concerns

Neither party resumed negotiations after the strike-ending settlement was reached; instead, they dealt with their own labor relations matters. There were some 100 premier free-agents looking for work, and the MLBPA advised player agents they were free to negotiate directly with these individuals. Many of these players considered training at a free-agent training camp sponsored by the union in Homestead, Florida. The number of players auditioning for a job at the Homestead facilities reached 57, and 14 players remained at the April 25 closing of the facility. Howard Johnson, who trained at the Homestead camp before signing with the Chicago Cubs, indicated the anxiety caused by the strike was compounded for some after the settlement because many players had only three weeks to sign with a team or enter retirement.

The MLBPA also identified 1,554 players as ‘‘scabs,’’ including 291 union members, who had formerly played in the major leagues. Gene Orza noted that the list included some players who had received hardship advances on the licensing/strike fund monies and one individual whose application for a position with the union was pending at the time he became a replacement player.

Alleged management collusion represented a third union concern. Gene Orza contended that the owners, who had been previously assessed $280 million in related damages, had again restrained the market since their visits were sparse, if nonexistent at the Homestead training sessions. Teams also competed little if at all for unsigned players. While reduced salary offers were expected, some agents claim multiple lowball offers to players from different teams were uncannily similar. Orza predicted that the union's collusion investigation would result in over 100 NLRB charges. He was particularly concerned that Vince Coleman had not had not received any employment offer the season after he had stolen 50 bases.[8] Moreover, Orza, indicated at this time that the union would boycott the All-Star Game if management did not make its related 1995 contribution to the player's pension fund, a strike possibility before the season's end.

Management Activities/Concerns

Those Immediately Following the Strike Settlement

The owners avoided collective bargaining immediately after the strike settlement, to pursue *new legal representation in labor relations matters; player employment*; and *a collective bargaining impasse with the major league umpires*. They also had to deal with negative fan reaction and a television contract that they considered unfavorable.

Frank Casey of Morgan, Lewis, and Bockius, the owners' labor law firm for the past decade, was replaced by Douglas Leslie, a University of Virginia law professor, shortly after Casey was chided by three Court of Appeals judges on April 4 during his motion to stay Judge Sotomayor's injunction five days earlier. Leslie then filed an eleven-page rebuttal brief in preparation for a May 11 hearing on the owners' appeal.

Uncertainty still remained, however, over management's legal representation at the bargaining table. Some owners blamed Charles O'Connor, the PRC's general counsel, also from Casey's law firm, for advice given in December, 1994 that an injunction was unlikely. O'Connor had little contact with Bud Selig in late April and early May; also, Robert Ballow appeared to be management's chief legal strategist at this time. However, management waited four months to formally announce a new lawyer/chief negotiator.

The uncertain player employment situation was reflected when Dennis Eckersly signed his contract with the Athletics, the first major league player committing this action after Sotomayor's decision. About 800 of the 1,069 union members were unsigned at this time with approximately 100 of them eligible for arbitration and another 100 eligible for free agency.

Some teams released higher-salaried players and/or signed players at ''bargain'' prices when their 1995 salaries were compared to the previous season. The Montreal Expos, for example, dealt their star starting and relief pitchers (Ken Hill and John Wetteland) for minor league players, and sent Marquis Grissom to the Atlanta Braves for $4.2 million. Bill Stoneman, Expos vice president for baseball operations, maintained the club had to concentrate on player development and exercise salary discipline or else ''pack our bags.'' Selig did not think this exchange represented a form of revenue sharing where wealthier clubs give money to poorer clubs, because he thought the trade would not allow the Expos to become competitive, the plan's avowed purpose.

Table 7.1 reveals that several players would be working in 1995 for far less than they received in 1994. The owners' salary arrangements with players did, however, give mixed signals as some received more than their 1994 payment (e.g., Larry Walker, $22 million over four years, Bill Swift, $12 million for 3 years; and Marquis Grissom and Steve Avery, $4.9 million and $4 million, respectively for one-year contracts).

Dave Stewart appeared to reflect many players' sentiments of the lower-salaried signings when he contended that the owners should have adopted this pay-for-performance policy years ago instead of expecting players to seek a collective bargaining provision that would curb their salaries. Pat Borders also put his 1995 salary situation ($310,000 in 1995 down from $2,500,000 in 1994) in perspective, as this amount would be more than a former $5-an-hour wage he earned for about fifteen years. However, Brett Butler believed he was dumped by the Dodgers, who offered him $3.5 million in January, 1995 and nothing in March because of his strong union views.

On December 31, 1994, the labor agreement involving baseball umpires expired. The next day, the owners locked out major league umpires, who had

Table 7.1
Some of the Cuts in Guaranteed Pay that Players Received in the Week Following the Strike Settlement

Player	'95 Team	'94 Salary	'95 Salary	% Cut
Bob Welch	Athletics	$3,450,000	$225,000	94
Tom Browning	Royals	3,750,000	300,000	92
Andre Dawson	Marlins	4,425,000	500,000	89
Bud Black	Indians	3,250,000	350,000	89
Pat Borders	Royals	2,500,000	310,000	88
Dave Stewart	Athletics	4,250,000	1,000,000	77
Mike Devereaux	White Sox	3,375,000	800,000	76
Charlie Hayes	Phillies	3,050,000	1,000,000	67
Doug Jones	Orioles	3,250,000	1,150,000	65
Terry Mulholland	Giants	3,350,000	1,250,000	63
Bob Tewksbury	Rangers	3,500,000	1,500,000	57
Orel Hershiser	Indians	3,333,333	1,450,000	57
Terry Pendleton	Marlins	3,200,000	1,500,000	53
Kirk McCaskill	White Sox	2,000,000	750,000	63
Bernard Gilkey	Cardinals	1,635,000	675,000	58
Teddy Higuera	Padres	3,250,000	275,000	91
Danny Darwin	Blue Jays	2,400,000	300,000	87
Paul Assenmacher	Indians	2,250,000	700,000	69
Stan Belinda	Red Sox	1,600,000	450,000	72
Glenallen Hill	Giants	1,000,000	500,000	50

Source: Reports from several articles in the time period April 3, 1995 to April 10, 1995.

modified their originally sought 60 percent salary increase over 1994 salaries ranging from $60,000 to $175,000 to 53 percent, then 40 percent.

Management's chief negotiator, Robert Kheel, called the union's demands ''unthinkable and totally inappropriate'' and contended that its offer of a 12 percent salary increase was reasonable.

Richie Phillips, head of the umpires' union, opined that the owners' bargaining approach was based on the fact that they ''took it on the chin against the players and now wanted a victory over the smallest kid on the block.'' Moreover, he guaranteed the umpires would return on the revised opening day if management agreed to continue bargaining until a settlement was reached. Phillips also indicated the MLBPA would support the umpires, a prediction hedged by union officials. Gene Orza indicated the MLBPA was concerned about the use of ‘‘scab umpires only slightly less than we were concerned about the use of scab players,’’ although no plans had been made for a players’ picket line supporting the umpires.

Fehr was also evasive: ‘‘If you’re going to have real games, you need the real umpires back.’’ In an unusual joint action, Phillips and Fehr announced an understanding: ‘‘The umpires do not wish to cause more damage than has already been caused by the destructive labor policies of the clubs.’’ Peter Angelos, the only owner honoring the players’ picket line during Spring Training, did not think he was obligated to do likewise with the umpires because, unlike the players’ strike, no related proscriptions were found in the American League Constitution. A lawyer for the umpire’s union agreed with Angelos that the two picket line situations were different.

Replacement umpires officiated games at the start of the 1995 regular season, although a decision by the Ontario Labor Board likely jeopardized continued use of this management tactic. On April 28, after a two-day hearing, the board found that umpires were ‘‘employees’’ under the Labor Relations Act and that the American League’s use of replacements and lockout of the union umpires were illegal actions. Owners were then given until the start of the Blue Jays’ second home-stand, May 9, to correct the situation. That day, after some 30 previous negotiations sessions, representatives of the owners and the umpires met for a marathon bargaining session and emerged three days later with a labor agreement.[9]

Negative Fan Reaction and Cancellation of the Television Contract

Baseball fans, never a major influence in previous labor-management impasses, avoided opening day games in droves, disregarding player Bobby Bonilla’s contentions that labor disputes are commonplace; and, players were hurt more than the fans during the strike by forfeiting what they ‘‘love to do.’’ Brett Butler also took the strike very seriously, since he could not, as a negotiating committee member, save the World Series, professional baseball’s one constant through World War II.

Players’ concerns notwithstanding, fans booed them, tipping their hats in the Marlins-Dodgers opening day game, and expressed vocal derision toward players who were publicly active in union activities, such as Cecil Fielder, Mike Henneman, Tom Glavine, Will Clark, and Jay Bell. Bud Selig’s Brewers received the smallest opening day attendance in 22 years, and Jerry Reinsdorf’s White Sox had an even lower attendance for this occasion. Two other baseball hard-line owners, Carl Pohlad of the Twins and David Glass of the Royals, experienced the clubs’ lowest opening day attendance since 1978 and 1984, respectively. These negative figures contradict those realized by Peter Angelos’ Orioles that sold 97 percent of their tickets for their opening game and 85 percent of available tickets for the remaining season.

The overall attendance decline (20 percent) continued one month into the 1995 season. Table 7.2 shows that all but four clubs experienced lower atten-

Table 7.2
Comparison of Baseball Attendance for the First 29 Days of the 1994 and 1995 Seasons

The Sound of One Person Clapping
The 1995 season started three weeks later than last year. Nevertheless, comparisons can be made. This chart measures the attendance at each team's home games through 3/24/95 (the first 29 days of the 1994 season).

American League	Home Dates	1995 Total	1994 Total	Diff.	1995 Average	1994 Average	Change
Blue Jays	14	513,402	674,915	-161,513	36,672	48,208	-23.9
Orioles	12	463,319	554,549	-91,230	38,610	46,212	-16.5
Rangers	17	396,368	611,129	-214,761	23,316	35,949	-35.1
Red Sox	13	363,756	358,289	+5,467	27,981	27,561	+1.5
Indians	9	299,343	302,209	-2,866	33,260	33,579	-1.0
White Sox*	14	288,590	391,780	-103,190	20,614	27,984	-26.3
Yankees	12	265,560	282,315	-16,755	22,130	23,526	-5.9
Twins	17	238,134	333,891	-95,757	14,008	19,641	-28.7
Angels	12	232,535	340,045	107,510	19,378	28,337	-31.6
Tigers	12	217,464	188,006	+29,458	18,122	15,667	+13.5
Royals	13	202,148	257,126	-54,978	20,215	19,779	-21.4
Mariners	9	201,202	228,245	-27,043	22,356	25,361	-11.8
Brewers	12	149,261	213,710	-64,449	12,438	17,809	-30.2
Athletics	9	143,881	193,872	-49,991	15,987	21,541	-25.8

National League							
Rockies	14	608,468	759,815	-151,347	43,176	54,273	-19.9
Braves	16	496,695	730,116	-233,421	31,043	45,632	-32.0
Dodgers	13	476,635	498,061	-21,426	36,664	38,312	-4.3
Reds	14	331,860	387,925	-56,065	23,704	27,709	-14.5
Marlins	14	331,320	479,057	-147,737	23,666	34,218	-30.8
Cardinals	14	329,041	449,522	-120,481	23,503	32,109	-26.8
Phillies	10	301,242	349,111	-47,869	30,124	34,911	-13.7
Mets	12	260,065	239,319	+20,746	21,672	19,943	+8.7
Giants	16	239,284	450,072	-210,788	14,955	28,130	-46.8
Expos	12	235,172	234,446	+726	19,598	19,538	+.3
Padres	18	220,630	306,075	-85,445	12,257	17,004	-27.9
White Sox	8	206,578	255,185	-18,607	25,822	31,898	-8.3
Astros	12	194,407	304,225	-109,818	16,201	25,352	-36.1
Pirates	9	130,050	159,120	-29,070	14,450	17,680	-18.3

*Played one doubleheader.
Source: Major League Baseball and Claire Smith, ''So Far, Fans Don't Care if They Ever Get Back,'' *New York Times*, May 28, 1995, p. 20.
Note: The Rockies' reduced attendance is in part due to moving from a stadium seating 76,037 in 1994 to a stadium seating 57,051 in 1995.

dance during this period when compared to the same amount of days (29) in 1994. This attendance drop is even more dismaying since this time period included 25 more games in 1995. Comparative attendance figures were not much better over a 65-day period (−18 percent in the American League and −21 percent in the National League). Yankees manager Buck Showalter suggested the attendance decline was due to the strike which ''stepped on the sacredness of the game a bit,'' and caused a reasonable fan to say ''that's enough.''

Negative fan reaction to the strike was also reflected in the decline of U.S. retail sales of licensed baseball merchandise. After years of steady growth, total sales of related items fell to $2.1 billion in 1994 from $2.5 billion in 1993. Sales for 1995 were projected for much less than $2 billion.

Owners attempted to meet fan disinterest through a $10–15 million ''Welcome to the Show'' advertising campaign; reduced ticket/concession prices; promotional giveaways; and more player-fan involvement such as tossing baseballs into the stands, and personally giving a flower to females on Mother's Day. They also met for the first time since March 9, 1995, to discuss this situation. Selig thought owners had basically disregarded fans' interests for 25 years, and that would be best countered by a long-term labor agreement, signifying unswerving commitment to baseball that would not take the game away from the fans again. Other owners, Jerry McMorris, Fred Wilson, and Peter O'Malley, echoed his remarks. Cubs executive Andy MacPhail further contended that players were more than one side in the dispute, ''they're the product,'' and were not being greedy in their bargaining concerns.

Fehr agreed with Selig that the labor dispute had negatively affected the fans. Ron Darling, pitcher for the Athletics, and familiar with past and present labor disputes, thought both parties should change their labor relations stances at this time. Owners should not denigrate their essential labor force, and the union should attempt to trust management, while realizing that fans have no understanding, let alone sympathy, for the players' position:

> I think the Players Association has a terrible image. Most people out there have no idea that this was never about the players asking for more money. It was only about keeping our freedom in the marketplace. All the guys I've talked to think P.R. is their No. 1 problem. This past winter they found they had to keep answering questions, about the players and the issues and the money, from all their neighbors, all the people they know. They never should have to do that. All this should be black-and-white to anyone who knows about sports.[10]

According to his brother Steve, Don Fehr did not suffer reporters well, thinking his related obligation was to truthful communication—indicating when no comment was necessary, even suggesting the questions uninformed reporters should ask.

Yet, sober realization that a multiyear collective bargaining agreement was now needed was diverted by opposing labor-management rhetoric and concerns.

Fehr would not publicly guarantee a strike-free 1995 season while management resurrected a salary cap possibility, even though players had previously agreed to the luxury tax principle. Management apparently hoped that a prolonged labor relations approach might yield judicial reversals and weaken the union through member-player disunity.

Owners considered fan attendance problems in their June quarterly meeting. They implemented various rules to energize the game such as enforcing the hitters' narrow strike zone, raising the pitching mound's height; and reducing both hitters' opportunities to call time out, and time spent between half-innings. They did not, however, adopt a current labor relations strategy.

The 1995 All-Star Game represented a possibly significant mid-season, fan-owner-player rejuvenation of common interest in the game; however, players seemed more initially enthused about this event than the fans. Randy Johnson, the American League strike-out leader, looked forward to opposing his National League pitching counterpart, Hideo Nomo, who indicated he would play ''his absolute best'' as ''if my life depended on it.'' Mike Piazza hoped this event would initiate baseball's ''rebirth,'' while Frank Thomas reflected that the game would renew players' interest in the sport instead of a strike, and change fans' attitudes for the better.

Fans cast fewer All-Star votes for all candidates than those received by Ken Griffey, Jr., in 1994 (5.8 million versus 6 million, respectively). Fewer fans watched this game than in 1994. The Nielsen Media Research Group estimated a 13.9 rating/25 share on ABC, an 11 percent drop from 1994's All-Star Game (15.7/28), and the 1995 figure represented the lowest prime time rating ever for the event since its telecast went to prime time in 1967.[11]

Owners, faced with ratings and revenue losses, sought a new television contract without first resolving the labor impasse, even though many figured that a labor settlement was needed for increased media revenues. They knew soon after the 1995 season began that television contracts with ESPN and the Total Baseball Network (TBN), a joint television venture between ABC, NBC, and the major leagues, were tenuous because of substantial viewer disinterest.[12] Owners knew the TBN's per-club contribution ($5–7 million) in 1995 would be at least 50 percent less than the Columbia Broadcasting System (CBS) gave ($14 million) under the previous agreement.

The TBN agreement was negotiated with the owners in 1993, to televise games in prime time from 1994 through 1999. Fehr derided this situation, because the union was allowed no input into the decision but would be labeled the ''bad guys'' if they did not agree immediately to its terms. It gave the owners 87 percent of television advertisement revenue, but did not give them any guaranteed rights fee (or ''upfront money''). The contract also contained an escape provision that enabled either the owners or the television networks to pull out of the deal if the specific advertising target ($330 million) for the first two seasons was not met.[13] In late June, 1995, NBC Sports president Dick Ebersol and ABC Sports president Dennis Swanson pressed baseball owners to extend the agreement through the 1996 season because $100 million in revenues were lost in 1994 due to unplayed games, including the World Series. If all the games had been played in 1994, the networks would have known by this time if they could reach the revenue goal; therefore their request appeared reasonable. When management refused their request, ABC and NBC angrily indicated on June 22 that they would not become involved in baseball after the committed 1995 season. Ebersol maintained, that ABC and NBC had tried everything to be ‘‘good partners’’ with baseball owners, who in turn treated the networks as ‘‘scum,’’ while Swanson maintained baseball management was incapable of committing to a long-term relationship with anyone: players, fans, Congress, or the television networks.

Selig, while ‘‘sorry for their feelings,’’ responded that ‘‘the majority of our ownership favored a straight rights deal’’ and wanted to explore other options since there was no obligation to ABC and NBC to respond to their request until the middle of August. Many owners also believed that Fox and CBS would successfully bid on baseball television rights after the 1995 season and provide revenues that were ‘‘up front’’ and more than the estimated net annual income of $150 million. NBC and ABC could still negotiate for a future television contract in spite of Swanson and Ebersol’s remarks, particularly since Disney had purchased both ABC and the California Angels.

LIMITED COLLECTIVE BARGAINING ACTIVITY AFTER THE STRIKE SETTLEMENT

Strike Settlement Date through the All-Star Game

The strike ‘‘settlement’’ did not signify any change in labor-management relationships; for example, the last formal negotiations occurred on March 30, 1995, and former commissioner Fay Vincent expressed his sadness and embarrassment over this inertia, particularly because he did not see his ouster result in a mutually productive conclusion. He also thought the owners had poor labor relations planning because they

- did not formulate a careful strategy, fearing that any related discussions would be leaked to the press.
- overestimated their lawyers’ abilities.
- enabled the MLBPA to successfully establish a legal mistake on management’s part that would help restrict future owners’ efforts and/or lead to a bargaining solution in the union’s favor.

Vincent also suggested that current negotiations would be successful if Jerry Reinsdorf, ‘‘who wants to crush the union and turn back the clock 25 years’’ and Fehr, who ‘‘hates so badly too’’ were no longer participants.

Union and management officials did not attempt to resolve their differences despite the threatened ABC/NBC television contracts pullout, and NLRB chairman William Gould IV's admonition that a labor settlement was needed to ''focus on the pennant races and new statistical achievements of individual players.'' However, there were some indications that serious negotiations might occur, according to Bud Selig, soon after the 1995 All-Star Game. Union and management officials settled their dispute over the nonpayment of $7.8 million to the MLBPA for the 1994 All-Star Game. These monies, plus another $400,000 in interest were paid and another $7.8 million would revert to the MLBPA after the 1995 All-Star Game. Donald Fehr thought this settlement was ''very significant,'' capable of provoking future resolution of bargaining issues. He likely hoped that the joint, informal discussions between union and management lawyers could produce successful bargaining results (dropping of the unfair labor practice charge regarding pension plan contribution, for example). Moreover, the parties preferred focusing on their bargaining relationship instead of a government agency as they requested the NLRB to reschedule its hearing regarding two other alleged management unfair labor practices (their December, 1994 unilateral impasse declaration, and their February, 1995 unilateral changes in free agency and salary arbitration provisions) from late May to June 19, then to July 24 and eventually to October 30.

The prospects for future impasse resolution, however, appeared dim because of management differences over bargaining prerequisites and strategies. Owners and Don Fehr thought that revenue sharing was a necessary condition for a labor agreement. However, many executives thought their previous arrangement had to be adjusted to reflect present and anticipated revenue declines.

Tensions remained among owners of small- and large-market clubs for the approximate fourteen weeks from the strike settlement to the All-Star Game, since none of the small clubs would receive revenue sharing from the large-market clubs during the 1995 season unless a labor agreement was reached. One chief executive of a large-market team indicated that the exact midpoint of luxury tax framework on March 30, 1995 (owners seeking a 50 percent tax on team payrolls over $44 million and players seeking a 25 percent tax on team payrolls over $50 million) would not be considered because the market had changed.

Bargaining uncertainty increased as management split along three different bargaining strategies during this time period. ''Hard-liners'' sought a salary cap and, according to some, the removal of Fehr's union leadership. One owner said that Fehr could not be dealt with, only beaten. The two objectives could be related—press for an issue (salary cap) that Fehr must refuse, prolong the impasse over the winter of 1996 with players possibly becoming angry about lower salaries and a lockout possibility, and force Fehr to either accept management's proposal or resign. A second group, ''moderates,'' would likely consider a one- or two-year rollover deal while trying to negotiate a salary drag/luxury tax system. Finally, the ''doves,'' owners of large-market clubs, appeared willing to consider if not agree upon most of the union's requests. John Harrington acknowledged that some of the doves had lost confidence in Selig's small-market emphasis; yet, he also suggested that none of the three groups could likely muster the three-quarters majority (21 votes) to reach an agreement. Phillies president William Giles placed management's bargaining position in a succinct perspective: ''We don't know what to negotiate.''

Bud Selig countered that union and management lawyers had held several informal meetings since March 30, and he sensed there was a ''better understanding'' between the two parties because the meetings' activities and results were not publicized. A possible bargaining breakthrough was announced on July 11 that management would have a proposal to formally discuss with the union, the first such bargaining session since March 30. Yet, this opportunity evaporated because many baseball executives probably thought that salary negotiation leverage with individual players would be better if labor agreement uncertainty remained after the 1995 season—they could rely on ''poor economic conditions'' to negotiate a lower salary with an individual player than any formalized labor agreement provision could provide.

Bargaining Developments from the All-Star Game through the World Series

Economic and legislative indicators could have prompted both union and management negotiators to resolve their bargaining impasse after the All-Star Game. Average attendance per game through July 31 was about 20 percent less than comparable 1994 figures. Many players also realized that average salaries in 1995 were less than 1994 figures ($1.18 million versus $1.27 million in the American League and $.97 million versus $1.1 million in the National League).

On August 3, 1995, the eighteen-member Senate Judiciary Committee approved the Major League Baseball Antitrust Reform Act of 1995 (S.627) by a narrow vote and sent it to the Senate.[14] The bill, if passed by both the Senate and House of Representatives, would repeal baseball's antitrust exemption as it applied to labor relations, and allow the MLBPA to sue in federal court to block owners' unilateral implementation of new working conditions. Orrin Hatch, chairman of the Senate Judiciary Committee and the bill's sponsor, said the absence of this legislation would enable the owners to break the union, then ''do whatever they want to the players.'' Selig disagreed with Hatch for at least two reasons: current labor laws governing baseball owners and players have not prevented the MLBPA from becoming the most prosperous and successful labor union in the country; and, other sports not having an exemption (football, basketball, and hockey) have still had labor problems. He further stressed, the exemption is irrelevant to reaching an agreement which has to be accomplished at the bargaining table, not in Congress and/or the courts.

Management and union officials should have realized that Senator Biden's negative vote rationale might be reflective of Congressional inactivity. Biden thought players and owners did not give ''a damn'' about the game; also, ''we are worrying about baseball, while America is going to hell in a handbasket.'' His rationale was partially supported by Robert Baade, an economics professor at Lake Forrest College, who contended that the entire professional sports industry accounted for 2/45ths of a percent of personal income in Chicago; moreover, Fruit of the Loom's total annual sales revenues exceeded that for all of major league baseball. Senator Dianne Feinstein, having five major league teams in her state, noted at least one baseball executive was concerned that involvement in congressional hearings was diverting owners and players from necessary involvement at the bargaining table. Illinois Senator Paul Simon, who had two baseball teams in his state, voted against the bill, contending that the government should not get involved in this ''battle of the millionaires.''

A five-hour owners' meeting, held on August 15, ostensibly spent 50 percent of its time on labor issues. Selig did not furnish the press with related implications, although he thought media categorization of owners (''hard-liners'' versus ''doves,'' for example) was wrong since everyone knew a deal had to be made as soon as possible. He also thought that owners' differences on labor and revenue sharing were ''less pronounced than ever,'' but did not publicly indicate whether the luxury tax concept reflected in the March 30 proposal or a different bargaining alternative would be pursued.

Fehr reflected Selig's bargaining uncertainty at this time, scheduling a series of 25-minute meetings with each club to be completed by early September. He had no specific information to convey to MLBPA members but thought the meetings were nonetheless necessary, because the union had not met with the players since Spring Training and needed to ''answer everybody's questions'' and ''take a pulse.'' Fehr also thought that both management and the union wanted a settlement by the end of September. John Harrington agreed with Fehr that a settlement had to be reached before December, 1995, because potential media advertisers needed assurances of completed seasons by this time, otherwise ''revenue will be draining out of the system.''

Another owners' meeting was held in mid-September. An announcement shortly thereafter stated that Randy Levine would become the owners' fifth lead negotiator since their December, 1992 vote to reopen the labor agreement. Levine demonstrated his street smarts on at least one major bargaining issue, compensation, in his previous employment with George Steinbrenner. He always received pay for his services because he forced Steinbrenner to keep $50,000 extra in his consulting account and ordered work stopped whenever the surplus dropped below $50,000. Levine was also New York City's Commissioner of Labor Relations under the Giuliani administration, involved with more than 500 collective bargaining agreements. Some outside budget monitors such as the Citizens Budget Commission criticized him for not pressing unions harder for productivity gains; however, Levine suggested these collective bargaining experiences were successful because ''everybody compromised but got what was really important to them.''

Levine's appointment reflected a structural shift in management's previous negotiation team. Unlike negotiation sessions during the eight-month strike, the owners decided that none of them would participate at the bargaining table; however, Levine would not have final authority to resolve related management-union differences. Fehr expressed resignation over this latest development (''we'll negotiate with whoever they throw out''), asserting the owners would never give a person sufficient authority to resolve the dispute unless he or she had experience in running a baseball team. Levine also had to realize that the owners were at best confused, at worst fragmented about the proper labor relations approach. An example of the first situation occurred at the owners' mid-September meeting where Selig voiced concern that some owners were disclosing labor relations strategies to the union. Angelos responded that owners could not disclose Selig's strategy because they did not know what it was. Uncertainty notwithstanding, Levine hoped to resolve the impasse before October 3, the start of post-season games.

His self-imposed deadline was reinforced by a Second Circuit Court of Appeals decision upholding Judge Sotomayor's granting of the 10-j injunction that enforced the anticollusion and free-agency provisions of the expired collective bargaining agreement. The appeals court did not determine if management committed an unfair labor practice but did find ''reasonable cause'' to support its conclusion. The court did determine the irreparable harm requirement had been met, ''given the short careers of professional athletes and the deterioration of physical abilities through aging.''[15]

LABOR RELATIONS CONSIDERATIONS IN THE REMAINING TWO MONTHS OF 1995

Bargaining between Lawyers and Management's November 15 Proposal

Efforts to resume formal negotiations that had been halted since March 30 were very uncertain in the last two months of 1995. Randy Levine scheduled and then broke off several negotiations with union officials from October 30 to November 9. Selig explained that Levine needed to first study all of the labor relations issues and problems occurring since 1993. John Harrington further noted that Levine did not have to conduct formal negotiations at this time because management was pleased with the bargaining approach used since last March; namely, small, low-key, and unpublicized meetings involving only lawyers for management and the union. There were two major purposes of these lower-level and fewer-participant meetings: settle the NLRB's unfair labor practice against the clubs; and brainstorm new ideas that could resolve the dispute.

Jerry McMorris, a member of management's negotiation committee, noted a conscious effort was made to avoid negotiating through the media, a previous, unsuccessful tactic. Selig further realized that the public was understandably hurt, frustrated, and cynical about baseball's problems, and did not want to hear additional related news until a labor agreement was attained. Fehr likely agreed with Selig's concern that publicized complaining and blaming could hurt both parties. The MLBPA hired publicist Richard Weiss of the Kamber Group (a public relations consulting firm used by some unions) to become its spokesperson, effective December 18.

Levine did meet for three all-day meetings in mid-November[16] with several baseball executives who had previous collective bargaining experience, to restructure a revenue sharing arrangement involving large- and small-market teams, and formulate a new 65-page bargaining proposal that was presented to Don Fehr in a one-and-one-half-hour meeting on November 15. Details of this development were kept from the press, although one report indicated that the proposal

> calls for a 25 percent tax on portions of payrolls over $44 million in the first year of a seven-year ''adjusting tax system.''
>
> In the next six years, the tax-triggering thresholds would be linked to the previous year's industry revenue, and the tax rates would be based on the percentage of the previous year's revenue that was spent on player payrolls.
>
> For years two through six, the tax rate would be anywhere from 25 percent to 50 percent, graduating in 5 percent increments. But in the seventh year, the tax would disappear if the clubs in the sixth year . . . spent 50 percent or less of the total revenue on player compensation.[17]

The payroll threshold would remain at $44 million until industry revenue rose to $2.2 billion. Five clubs would have had to pay taxes in 1995 based on full-season payrolls, compared with eleven clubs under management's previous proposal and six clubs under the union's proposal. Yet, the proposal's purpose was to induce clubs to reduce their payrolls to at least the 50 percent level, thereby avoiding paying taxes. Fehr thought the tone and style of management's proposal presentation represented a definite improvement over previous proposal presentations. He also refrained from publicly complaining about the proposal and/or perceived unsavory management motives pertaining to its contents. Yet, he did not see management's procedure to reduce players' salary costs as being much different from the March 30 arrangement. Several informal meetings between union and management lawyers were held from November 15 through the end of the year to further explain the proposal.[18]

Neither management nor the union would or could predict a settlement date at this time. Fehr actually sounded like Selig when asked if the MLBPA would give management a substantive response by Christmas: ''It will take as long as it takes, but we're not going to delay it. . . . We won't respond until we're certain that our understanding of its broad purpose and effect is right.''[19]

New Television Contract, Players' Salaries, and Possible Labor Relations Strategies for 1996

Neither management nor the union likely regarded the possibility of governmental involvement in their bargaining dispute. Congressional concern and the related flurry of proposed legislation at the beginning of 1995 seemed tapped out. Also, President Clinton was not expected to become directly or even indirectly (appointment of a third party neutral for example) involved in the situation. The National Labor Relations Board rescheduled its October 30 hearing date for December, then changed the meeting date to January 29, 1996.

Both parties, however, had to be cognizant of two related considerations at this time: *a new television contract*; and *players' salaries for 1995 and beyond*. A four-year, $880 million television arrangement with Fox and CBS was all but completed in mid-October. Yet this deal evaporated, and was replaced by a five-year, $1.68 billion arrangement through the year 2000. It involved NBC, Fox, ESPN, and Liberty Media, that would give each club approximately $12 million a season. NBC's participation was somewhat surprising given Ebersol's earlier rebuke of his network's possible participation. Another NBC executive explained, ''We're in a business,'' one that realized four World Series games were the top four prime-time programs the week of October 22 to 29.[20]

Owners exhibited some restraint on players' salaries in the 1995 season. For example,

- the median 1995 salary was $275,000, a level last seen in 1988.
- the average 1995 salary was $1,110,766, down from the 1994 season figure of $1,165,763. This was the first decline over the previous season since a $66 dropoff in 1986–1987, and only the second since free agency began in 1976. Moreover, the range in average salaries for the 1992, 1993, 1994 seasons was flat ($1,012,424 in 1992 to $1,154,486 in 1994). The average salary almost doubled in the previous four seasons, 1988 to 1991.

Gene Orza claimed to have no problem with these developments: ''As long as the market is a free one, that's all we ask. The union has never asked for money. It's only asked for a process.''[21]

Around mid-December, attention shifted to players' salaries for the 1996 season. Free agents not offered salary arbitration by midnight eastern time on December 7 could be signed by another club without draft-pick compensation. The player's current club would lose negotiating rights until May 1 to any free agent not offered arbitration before the December 7 deadline. Free agents offered arbitration would have until December 19 to accept or reject arbitration. Players still unsigned after December 20 would become free agents.

Clubs again demonstrated that they could spend a lot of money on at least some players. Owners spent more than $60 million on December 14 to pay for the services of ten players while one club, the Indians, spent more than $53 million on ten players the week before December 17.[22]

Some of these signings likely raised salary expectations of other players. For example, Al Leiter made $795,000 pitching for the Blue Jays in 1995 with his win-loss record (11–11) consistent with his career (33–32). The Marlins dramatically increased Leiter's salary for 1996, 1997, and 1998 seasons with an $8.6 million contract. Other benchmark contracts regarding salary amounts were received by Craig Biggio (4 years, $22.36 million); David Cone (3 years, $19.5 million); Roberto Alomar (3 years, $18 million); and Ken Griffey (4 years, $34 million). Small-market teams also opened their wallets. For example, the Padres spent $7.5 million on four free agents while the Twins spent $9 million over three years on closer Rick Aguilera, whom they planned to make a starting pitcher.[23]

Overall teams' salary estimates in 1996 rejuvenated owners' concerns about the need to limit payrolls to ensure performance as well as revenue competitiveness. For the first time in baseball's history, the top five revenue-producing teams (Yankees, Orioles, Braves, Indians, and Rockies) would likely have average payrolls of over $50 million. This figure sharply contrasts with the $20.4 million average payroll of the lowest revenue-producing teams (Brewers, Expos, Twins, Pirates, and Padres). Even though there has not been a clear relationship between players' salaries and team performance, the projected large payroll discrepancy in 1996 should give high-revenue clubs a winning edge.

Players' salaries' total amount and related impact on union solidarity would not likely be determined until the start of the 1996 season. For example, in 1995, 12 percent, or 100 players received 54 percent ($485 million) of the total payroll with the remaining $413 million shared by 724 other players. This disparity will probably increase in 1996 if owners continue paying large amounts to the stars but give less remuneration to players having lower performance statistics and/or they hire more minor league players at the minimum salary level. Related dissension both within the union membership and in each team's clubhouse might occur.

Union and management negotiators, while cautiously optimistic about labor peace in 1996, continued to be vague about the date and contents of an eventual labor agreement settlement. Owners were optimistic about an improved financial situation due to the new, lucrative television contract; the World Series television rating (15% higher than the 1993 World Series) suggesting that fans would return to the game; and, infusion of expansion fees (around $155 million each) paid by two clubs, Tampa Bay Devil Rays and Arizona Diamondbacks, scheduled to participate in the 1998 season. Fehr also thought the expanded 1995 playoffs generated excitement in some cities where there had been little enthusiasm before. Levine indicated that baseball needed a labor agreement ''as quickly as possible'' so the game could capitalize on its end of 1995 situation to ''thrive and grow.'' Some of his bargaining urgency might have been generated by an alleged bonus he would receive if a new labor agreement was reached before the start of the 1996 Spring Training season.

NOTES

1. She noted that Art. XX(B)(2)(b) of the Basic Agreement indicated other mandatory, noneconomic aspects of free agency such as location, family consideration, promises of more playing time, and perceived improved chances for being in the World Series. Also, ‘‘Free agency, salary arbitration, and the reserve systems are three aspects of the professional baseball wage structure which are inexorably linked. . . . There is a clear evidence on the record demonstrating that any economic injury suffered by free agents, for example, directly impacts upon all players.’’ *Decision of U.S. District Court, Southern District of New York in Silverman v. Major League Baseball Player Relations Committee Inc*., Bureau of National Affairs, Inc., *Daily Labor Report,* Number 65 (April 5, 1995), p. E-1.

2. Ibid.

3. Joe Gergen, ‘‘Baseball’s Weekend of Decision: April Fool’s Joke Could Be Owners,’’ *Newsday,* April 1, 1995, p. A41.

4. One writer provided the following classification of owners into ‘‘Hawks’’ or hardliners, ‘‘Moderates,’’ ‘‘Doves,’’ or ‘‘Rebel’’ at this time that might be useful in predicting their votes on the lockout or other labor relations issues:

Hawks: Jerry Reinsdorf, White Sox; Carl Pohlad, Twins; David Glass, Royals; Mike Ilitch, Tigers; Jackie Autry, Angels; Wayne Huizenga, Marlins; Drayton McLane, Astros; Marge Schott, Reds; Stanton Cook, Cubs; Stan Kasten, Braves; Claude Brochu, Expos; Mark Sauer, Pirates; John Ellis, Mariners.

Moderates: Bud Selig, Brewers; John Harrington, Red Sox; Rusty Rose, Rangers; Wally Haas, Athletics; Jerry McMorris, Rockies; Richard Jacobs, Indians; Mark Lamping, Cardinals; Bill Giles, Phillies.

Doves: Paul Beeston, Blue Jays; Fred Wilpon, Mets; George Steinbrenner, Yankees; John Moores, Padres; Peter O’Malley, Dodgers; Peter Magowan, Giants.

Rebel: Peter Angelos, Orioles.

Jon Heyman, ‘‘Baseball’s Weekend of Decision: Lockout Still Possible, But . . . Lockout Appears Unlikely,’’ *Newsday*, April 2, 1995, Sports, p. 7.

5. The elimination of eighteen games from the regular schedule when added to strike-lost games in 1994 meant that 921 games were lost to the strike. The strike settlement also reflected a March 27 owners’ proposed item to subject salary arbitration to a three-person panel, instead of the arbitrator. Union and management officials would still receive a decision within 24 hours, but would not know if it reflected a split (2–1) or unanimous (3–0) decision. Both parties agreed this altered salary arbitration procedure would be used on an experimental basis involving three players.

6. This agreement also indicated that a pitcher needed to complete only three instead of the previous five innings for a victory. Players also agreed to relax restrictions on split doubleheaders, one-day series, night games before doubleheaders, and coast-to-coast travel.

7. At least two of the judges on this panel indicated that management erred when they did not declare an impasse in collective bargaining on December 23, 1994, then impose a salary cap and press this legal contention in the courts when the NLRB indi-

cated, on February 23, 1995, that it intended to file an unfair labor practice complaint. One judge thought management might have successfully defended its action by challenging, not acquiescing to the NLRB's action at this time.

8. Coleman did sign on the last day of free-agent camp at Homestead. In 1994 he made $3 million; however, his new contract with the Kansas City Royals would pay him $250,000 if he made the club's roster. He had a homerun, double, stolen base, and two RBIs in his first major league game played with the Royals on May 7, 1995. Coleman, who was 33 at the signing, did not suggest a collusion possibility; instead, he thought that clubs were more focused on younger players. See Mel Antonen, ''Strike Costs Trickle Down to Players,'' *USA Today,* April 10, 1995, p. 31; Gordon Edes, ''The Last But Not Least,'' *Sports Illustrated*, May 8, 1995, p. 31; and Rob Rains, ''Coach Charts Homestead Alumni's Success,'' *Baseball Weekly*, May 17–23, 1995, p. 10.

9. For settlement details, see Rod Beaton, ''Non-Stop Talks End in 5-Year Deal,'' *USA Today,* May 2, 1995, p. 3-C. These results could be compared with the former umpires' labor agreement by reading ''Details of Settlement with Umpires,'' *The Sporting News*, April 22, 1991, p. 17.

10. Roger Angell, ''Called Strike,'' *The New Yorker*, May 22, 1995, p. 49.

11. *Media Week,* July 15, 1995, p. 9. It should be noted that one rating point = 954,000 homes. On the positive side, the game had the networks' highest rating in over a month. Stuart Miller, ''Anemic All-Stars Score Summer Hit,'' *Variety*, July 17, 1995, p. 26.

12. ESPN's first televised games in 1995 had a 1.5 cable rating, down 32 percent from comparable telecasts in 1994. Its season-long rating from Opening Day to the All-Star Game was off 11 percent (1.6 in 1995 versus 1.8 for 1994). For comparable ESPN per-game ratings, and average per-game attendance figures for this time period years 1990 through 1995, see ''Baseball Takes a Break,'' *USA Today*, July 10, 1995, p. 3-C.

13. Rudy Martzke, ''Einhorn Surprised by Reaction to Deal,'' *USA Today,* May 19, 1993, p. 3-C. For additional details/criticisms of this arrangement, see Richard Sandomir, ''CBS Is Out as Baseball Switches Channels,'' *New York Times*, May 9, 1993, p. 19; and Curt Smith, ''New Baseball Pact Repeats Past Mistakes,'' *USA Today Baseball Weekly*, September 1–7, 1993, p. 18.

14. Pro Senate votes were Orrin Hatch, R-Utah; Patrick Leahy, D-Vt.; Alan Simpson, R-Wyo.; Strom Thurmond, R-S. C.; Fred Thompson, R-Tenn.; Michael DeWine, R-Ohio; Spencer Abraham, R-Mich.; Edward M. Kennedy, D-Mass.; and Russ Feingold, D-Wis. Voting against the measure were Dianne Feinstein, D-Calif.; Charles Grassley, R-Iowa; Joseph Biden, D-Del.; Howell Heflin, D-Ala.; Paul Simon, D-Ill.; Arlen Specter, R-Pa.; Hank Brown, R-Colo.; and Jon Kyl, R-Ariz. Sen. Herb Kohl, D-Wis., owner of the NBA Milwaukee Bucks, abstained. This bill had gained unanimous approval on April 5, 1995 from the Senate Judiciary Subcommittee on Antitrust, Monopolies and Business Rights.

15. ''Decision of Second Circuit in *Silverman v. Major League Baseball Player Relations Committee,'' Daily Labor Report,* Number 190 (October 2, 1995), pp. E-8 and E-11.

16. Those baseball executives who were available for one or more of these sessions included: Jerry Reinsdorf, John Harrington, Jerry McMorris, Stan Kasten, Wendy Selig-Prieb, David Montgomery, and David Glass. Both league presidents Leonard Coleman and Gene Budig were also involved.

17. Murray Chass, ''Owners' Proposal Could Tax Payrolls,'' *New York Times*, December 1, 1995.

18. Telephone conversation with Michael S. Weiner of the MLBPA on January 3, 1996.

19. ''Baseball Talks: Mum's the Word,'' *Arizona Republic*, November 30, 1995, p. E-4.

20. The television network allocation of these funds and other contractual arrangements are found in Steve Zipay, ''$1.7B Deal Plus for Baseball,'' *Newsday*, November 7, 1995, p. A-66; Robert Fachet, ''Baseball, Networks Agree to TV Deal,'' *Washington Post*, November 7, 1995, p. D-2; and Richard Sandomir, ''Networks Splurging on Baseball,'' *New York Times*, November 7, 1995, p. B-12. For Ebersol's account of his changed position, see Rudy Martzke, ''Son Puts Deal in Perspective for Ebersol,'' *USA Today*, November 7, 1995, p. 2-C.

21. Tom Verducci, ''Trimming the Fat in Baseball,'' *Sports Illustrated*, December 4, 1995, p. 106. Salary information was supplied by the PRC. The MLBPA released its 1995 salary information indicating that the total payroll of $923 million increased almost $24 million over 1994 salary figures. The union contended salaries represented 65 percent of overall revenues. Published accounts of team payrolls and related statistics such as the average player salary can differ depending on the particular source (union or management), time period within the season, and players on the team's roster. Management continued its practice of excessive payments for injured, nonperforming players and others released by the clubs. Related figures were $25.5 million in 1995, $30.8 million in 1994, and $37.9 million in 1993. Jerry Reinsdorf's White Sox led the clubs in payments for the three-year period ($9.9 million), although the Phillies could top this amount ($17 million) if Lenny Dykstra and Darren Daulton cannot return from their injuries. Rod Beaton, ''Dykstra, Daulton Leave Phils Ailing,'' *USA Today*, June 14, 1996, p. 7-C.

22. Only one player, Jack McDowell ($10.15 million for two years), was included in both summaries; also, Craig Biggio's four-year, $22.36 million contract assumed a large portion of the more than $60 million figure.

23. Some players signing around this time also received large pay cuts; for example, Curt Schilling ($600,000 for 1995, down from $2.3 million in 1994); Tommy Green ($525,000, down from $2 million); Mark Whiten ($800,000, down from $1,738,350); Paul Molitor ($2 million, down from $4.5 million); Roberto Kelly ($520,000, down from $3.7 million); Jose Oquendo ($250,000, down from $20 million); and Wade Boggs ($2 million, down from $4.6 million).

8

Management-Labor Ambivalence during the First Eight Months of 1996

The course of labor relations efforts and results was uncertain when 1996 started. Judge Sotomayor's injunction continued to keep the old, collectively bargained working conditions in place unless: (1) a new labor agreement was reached; (2) the judge acknowledged that a genuine collective bargaining impasse has occurred; or (3) the NLRB made a final ruling on the unfair labor practice charges it filed against the owners. The NLRB postponed the related trial eight times and it appeared likely that another session scheduled for January 29 would be canceled again.[1]

The parties had no pressures/deadlines affecting the dispute's resolution in early 1996, particularly since they eschewed job actions at this time. Bud Selig and John Harrington repeatedly stated they could not envision management locking out the players during the 1996 Spring Training or regular seasons, a sentiment extended by Giants managing general partner Peter Magowan, who assured fans that no work stoppage would occur in 1996 because players and owners had learned their lesson. Randy Levine also stressed that no management official was talking about a strike.

Pitcher David Cone, an active player representative in the dispute, agreed that the players ''can't ever go through that (the 1994 strike) again.'' Fehr maintained that the labor relations atmosphere had changed as both sides were looking for ways to solve problems without the previous discord (no public criticism of personalities or proposals discussed in the media, for example). He also stressed that meeting baseball fans' expectations for ''another great'' and uninterrupted regular season represented a superordinate, labor relations goal for the MLBPA and management. Altered attitudes and tactics notwithstanding, more labor-management negotiations were needed to resolve the luxury tax issue. Owners also needed to resolve a new revenue sharing proposal among themselves before presenting it to the MLBPA for its approval.

IRREGULAR LABOR RELATIONS MOVEMENTS FROM JANUARY, 1996 UNTIL THE REGULAR SEASON

Management's Meeting in January, 1996 and Subsequent Bargaining Exchanges through February

On January 10, 1996, Don Fehr and Lauren Rich met with Messrs. Levine and Manfred in New York for about 90 minutes. Fehr informed management that he desired to advance negotiations in a clear and positive manner, and that the MLBPA would have a counterproposal that the players-union members would review the week of January 18, before it was presented to the owners in late January.

The owners then met in Los Angeles for three days during the week of January 17. Related activities, while not directly pertaining to disputed labor relations issues, nonetheless affected the future of negotiations in two ways. Bud Selig's role as the owners' interim commissioner was reinforced. Selig's three-and-a-half-year tenure in this position eclipsed that of his two predecessors Fay Vincent and Bart Giamatti. Only two owners, O'Malley of the Dodgers and Angelos of the Orioles, had publicly criticized Selig's handling of the labor relations stalemate. On the other hand, Giants owner Peter Magowan praised Selig for his ''courage'' and refusal to run away from problems. Andy MacPhail of the Cubs noted that the commissioner can only attempt to control half the labor-management equation, and cannot be blamed for the players' strike initiated by the union. Braves chairperson Bill Bartholomay further praised Selig's ''genius'' at holding the owners together (a compliment Bartholomay seemed to retract nine months later). Owners also seemed to abandon efforts to have their revenue sharing plan financed entirely by the players, a development that caused White Sox owner Jerry Reinsdorf to be labeled the ''Grumpiest Old Man'' at these meetings.

They also unanimously approved a significant scheduling change, interleague play, whereby American and National League teams would compete in fifteen or sixteen games during the regular season, starting in 1997. This alteration afforded union and management officials a second superordinate bargaining goal that could replace previous, hardened positions with a new collaborative focus.

A possibly historic situation resulted from a January 25 meeting when Levine presented Fehr with the interleague game scheduling proposal. Likely, for the first time, Fehr agreed with Selig and Reinsdorf (who was not at the meeting) that this working condition might be a good idea. There was a complicating factor, however; the designated hitter (d-h) rule (a substitute player who bats instead of the pitcher[s] throughout the game) used in the American League (AL) but not in the National League (NL). Some owners wanted the d-h rule eliminated in the AL while others wanted the NL to use designated hitters. Levine proposed that Fehr accept the scheduling change with the current d-h arrangement during the 1997 season.

The MLBPA did not publicly accept the new scheduling arrangement, although a meeting between the MLBPA and management was scheduled for February 7, 1996, the second significant meeting between the two sides since March 30, 1995, the night before Judge Sotomayor's decision. The three-page union counterproposal for a six-year labor agreement was presented on February 7, 1996,[2] some three months after management's November 15, 1995, comprehensive proposal. This represented the first time in nearly a year that owners and players exchanged bargaining proposals. The union agreed

- with some adjustments, to management's revenue sharing plan, calling for all 28 teams to contribute 22 percent of their revenues to a central fund used for small-market franchises.
- to procedural reforms in salary arbitration, such as three-person panels instead of the current single arbitrator for half of the decisions. Free-agency eligibility would remain at six years.

The union's February 7 proposal also included two wage adjustment mechanisms, the first being a 2.5 percent tax on each player's salary (a team's total payroll) implemented for three years after 1996. The MLBPA maintained this adjustment would generate $25 million a year, mainly for revenue sharing purposes, as well as a joint marketing effort and construction of new stadiums. There was no publicized survey of players' attitudes over the 2.5 percent tax, although interviews with several players suggested they would agree with this concept if it were used in an investment sense, such as marketing the game.

Members were not very concerned about the cash outlay of the 2.5 percent salary tax because it would be financed indirectly, through licensing fees from baseball cards and other baseball products, instead of taken out of each player's salary. This strategy harks back to Marvin Miller's formation of the MLBPA. Players' union dues were not deducted from their individual salary arrangements at this time; instead, they were more than offset by new licensing fee arrangements.

A luxury tax on team payrolls was also proposed for the remaining two years of the proposed labor agreement that would have a rate of 25 percent on a team payroll threshold above $52 million (123 percent of the average major league payroll). The tax rate would rise to 30 percent if industry revenues reached $2.7 billion, an unlikely situation according to owners.

This counterproposal differed from the players' March 30, 1995, offer (25 percent tax rate with a $50 million tax threshold) that would produce approximately $4.75 million a year. It also provided for the possibility of a tax rate over 25 percent if economic conditions warranted. However, it was far different from the owners' November 15 proposal which sought a 25 percent tax on team payrolls over $44 million in the first year, then a sliding tax based on industry revenues.

While the players' proposal did not prompt an immediate settlement, there were some encouraging signs that the dispute could be ended soon. Management and the MLBPA seemed to be on civil speaking terms regarding similar concepts such as tax rate and threshold. Phillies executive vice president Dave Montgomery, a member of management's negotiating committee for the past two years, thought the parties could now talk about issues and not worry about impressions. Management, for possibly the first time in its negotiations with the MLBPA, was given, at minimum, a ''face-saving'' opportunity—achieve some wage control mechanism in a negotiated settlement, then declare a bargaining victory. Levine thought the ''atmospherics'' of the counterproposal meetings were positive, and indicated management would present a counterproposal within two weeks.

After a two-hour negotiations session on February 21 at the MLBPA offices in Manhattan, management proposed a seven-year labor agreement that accepted the union's 2.5 percent tax on all players' salaries for 1996 only. The luxury tax would not go into effect in 1996, with the following compensation possibilities for the years 1997–2001:

- Players would have two alternatives of either a 5 percent tax on all players' salaries, or a 25 percent luxury tax on team payrolls for amounts beyond $44 million.
- A sliding tax previously suggested November 15 based on industry revenues implemented each of the subsequent years (1998–2001).

Management's proposal would generate $75 million in two years toward a revenue sharing plan. The players' February proposal would generate the same amount over a three-year time period.

Union and management officials remained unpressured to reach a settlement in the absence of a strike/lockout threat. Moreover, management indicated it could no longer consider hiring substitute players (eighteen during the 1995 regular season), a strategy accommodated by Fehr in a February 27 meeting with Tigers' players, including strike replacement Mike Christopher, who was denied union membership and asked to leave a union meeting in 1995. However, some senior Tigers enabled Christopher to sit in the 1996 Spring Training meeting, and Fehr hoped everybody would dismiss the replacement issue as a ''bad dream.''

Continued Proposals in March and Management's Resolution of an Interim Revenue Sharing Plan

Owners likely engaged in more (intraorganizational) bargaining among themselves in March as an interim revenue sharing agreement was sandwiched between MLBPA and owners' proposals. The union proposed a six-year labor agreement on March 7 that gave management the following two options pertaining to monies paid into the revenue sharing fund:

- Players pay 2.5 percent tax on five years of the agreement (no monies would be paid in 1996).
- Players pay 2.5 percent tax for three years and accept a luxury tax for the next two years (1996 would be exempted).

Levine declined to comment on the particulars of the proposal, but hoped to submit another proposal to the union in about a week. Owners' attention at this time turned to an interim revenue sharing plan for 1996 that would be debated at a March 20–21 meeting in Phoenix, Arizona. Bud Selig likely would not have the owners vote on this issue unless a near consensus could be obtained, not a very easy task since:

- Large-market clubs contended it was too late to implement this plan in 1996 since budgets were already set.
- Many clubs wanted teams having superstations such as the Braves and Cubs to give them a continued, possibly larger, share of television revenues when playing in their stadiums.

March 21, 1996, seemed to represent a significant if not pivotal day in alleviating baseball's moribund labor relations, as owners voted 26 in favor, 1 abstain and 1 against to accept the revenue sharing proposal. The two dissenting owners, Angelos and Wilpon, accepted revenue sharing in principle but thought a labor agreement should be reached before the concept be considered. A complete analysis of the owners' self-obtained, not collectively bargained revenue sharing agreement is not needed here,[3] although the following points should be established:

- ‘‘Local revenue’’—(ticket sales, concessions, advertising, local radio, television, and cable) represents the key financial figure determining payments and receipts.
- Each club contributes 15 percent of its local revenues to a central fund with 85 percent of the monies redistributed to all clubs, and 15 percent reserved for the neediest teams based on yearly revenue.[4]
- The two-year plan, pending a new labor agreement, would transfer about $39 million from thirteen high-revenue clubs to thirteen low-market clubs in 1996 (the Rockies and Marlins are exempted from the plan), about 60 percent of the amount that owners ultimately want to transfer. This figure would increase to $58 million the second year and to $70 million the third year if the plan became permanent.

One club official indicated the revenue sharing plan's details were shaped by Randy Levine's perception of what the MLBPA would accept.

Levine presented the revenue sharing agreement and a bargaining proposal to the union on March 21, 1996, that had several concessions such as labor agreement length (six years that the union wanted), elimination of the sliding payroll luxury tax (in management's November 15 and February 21 proposals), and withdrawing previously requested arbitration procedures.[5] The proposal would:

Year 1: Accept union's 2.5% tax on each player's salary without the union's proposed 1996 exemption.

Year 2: Reduce individual tax from formerly proposed 5 percent to 3.5 percent, with no luxury tax.

Year 3: Increase the threshold for payroll luxury tax from $44 million to $46 million, with a straight 40 percent (instead of previously sought 50%) tax on all dollars over the threshold.

Years 4–5–6: Further increase the threshold by 7 percent each year until reaching $56.3 million in 2001.

A comparison of the March 21, 1996, *luxury tax's immediate impact* (number of teams affected and related revenues generated) with management's previous proposals reflected substantial movement. More specifically, the current luxury tax proposal, while proposed to be implemented on 1998 club payrolls, would, if applied in 1996, have only two clubs, the Orioles and the Braves, paying $1,862,732 to other teams (Table 8.1).

These figures pale when the owners' March 27, 1995, and November 15, 1995, proposals (eleven teams paying $32.7 million, and eleven teams paying $16.7 million, respectively) are considered.

The union might have thought management's March 27 and November 15 proposals were very unreasonable to begin with; however, management's latest offer in terms of number and amount of club's first-year expenditures was lower than related statistics found in the union's March 30, 1995, proposal (six clubs paying a total of $4.7 million). Levine knew that other tax-related dimensions and issues needed to be resolved, but also thought that management's March 21 proposal put the owners and players in the same chapter but not on the same page. Moreover, he believed that a settlement could be reached before the opening day of the 1996 regular season. Fehr and Selig shared a portion of Levine's optimism but refrained from predicting a settlement date.

UNION AND MANAGEMENT BARGAINING PROPOSALS IN APRIL AND MAY

Informal meetings between union officials and baseball executives were held after management's March 21 proposal with no tangible results. On April 29, the players' union did informally discuss a possible six-year labor agreement with management that would employ three different tax/revenue sharing arrangements.

Table 8.1
1996 Opening Day Team Payrolls and Average Salaries Compared to 1995 Opening Day

TEAM	1996 PAYROLL	AVG SALARY	% CHANGE
Tigers	$21,941,000	$877,640	-33.6
Braves	47,930,000	1,843,461	+6.0
Giants	34,605,225	1,281,675	+1.6
White Sox	41,940,000	1,677,600	+4.1
Blue Jays	28,486,708	1,095,642	-38.5
Yankees	52,189,370	1,799,633	+8.2
Royals	18,480,750	684,472	-36.3
Reds	40,719,334	1,357,311	+14.2
Dodgers	34,647,000	1,237,392	+33.3
Orioles	48,726,832	1,949,073	+30.8
Athletics	19,404,500	746,326	-39.7
Red Sox	39,426,000	1,408,071	+30.6
Rangers	35,862,028	1,280,786	+16.3
Phillies	29,473,500	950,758	-9.2
Astros	26,894,000	1,034,384	-12.7
Indians	45,317,914	1,742,996	+44.2
Cubs	30,954,000	1,146,444	-2.4
Mariners	39,221,501	1,452,648	+21.1
Angels	26,892,500	896,416	-14.6
Cardinals	38,741,666	1,249,731	+15.6
Mets	23,456,500	808,844	-9.5
Twins	21,961,500	757,293	-22.7
Brewers	20,482,000	731,500	+27.4
Rockies	37,858,490	1,305,465	+14.6
Pirates	21,253,500	787,166	+28.4
Marlins	30,079,500	1,156,903	+53.8
Expos	15,410,500	616,420	+14.2
Padres	27,133,026	1,043,577	+12.7
Total	**$899,488,844**	**$1,172,736**	**+3.5**

Source: ''Player Relations Committee,'' *New York Times*, April 4, 1996, p. B-8.

Years 1 and 2: No luxury tax on teams' payrolls; however, the owners' interim (March 21) revenue sharing plan would be in effect. Players would pay a 2.5 percent tax on their salaries although these collected funds would not be spent by management at this time.

Years 3 and 4: Clubs would pay a 30 percent luxury tax on club payrolls above $64 million. The owners' revenue sharing plan would be implemented at 80 percent of full effect. Large-market teams would only have to pay 60 percent of what the owners' plan stipulates, with the money from the players' 2.5 percent tax being used to make up the difference.

Years 5 and 6: No luxury tax and the owners' revenue sharing plan would be in full effect.

The union's proposal increased its previously sought tax rate of 25 percent, and established a fixed payroll threshold instead of its previously proposed 123 percent of the average payroll. However, management regarded the union's proposed $64 million tax threshold as being too high. Management could also not be pleased with the union's objectives of reducing the large-market clubs' revenue sharing contributions in the middle term of the possible labor agreement and forestalling, then eliminating the luxury tax concept in the first and third terms of the labor agreement.

The union's informal proposal eliminating luxury tax in the final two years of the labor agreement reflected its concern that revenues given by large-market clubs, which tended to have higher player salaries, would go to clubs not using the funds for player compensation. Also, Fehr could inform the MLBPA membership that management officials, if they agreed to eliminate the luxury tax or any other wage curbing mechanism before the final year of the labor agreement, would have a very difficult time reinstituting these terms in subsequent collective bargaining. Public opinion and media reportage would likely scorn management for aggressively seeking (using a lockout, for example) a working condition that they did not have for two years under the union's proposal. Owners negotiating a subsequent labor agreement would also face problems if they negotiated luxury tax to impasse, then attempted to impose this working condition. These actions, while not per se illegal, could be union-challenged through the NLRB and the courts, governmental agencies that would place the burden of proof on baseball executives to show that the ''newly'' suggested luxury tax or related wage reduction mechanism would benefit management and/or professional baseball.

Management negotiators met on May 9 to discuss their bargaining options, including the possibilities of asking Judge Sotomayor to remove the injunction and declare a bargaining impasse and implement its March 21 proposal. Fehr's public assessment of the labor relations dispute at this time was neither rancorous nor concrete:

We've given them some basic ideas on where we think this could go. . . . There have been a lot of ongoing discussions at a staff level. There have not been many formal meetings.

We're trying to find a way through this, utilizing that process. It's wrong to believe there's nothing going on. I cannot tell you when it's going to come to a conclusion or if it will.[6]

Fehr and Levine met on May 23, the first formal negotiations involving them since April 29. Levine presented another proposal to the union that would eliminate the luxury tax in the final year of a five-or six-year agreement commencing in 1996. The luxury tax would be implemented in the 1997–1999 seasons under the five-year labor agreement option or the 1998–2000 seasons under the six-year alternative. Management also modified the March 21 proposal in that stipulated revenue sharing would reach its 100 percent implementation level in 1998. Under the May 23 proposal revenue sharing would not be fully realized until the last year of the five- or six-year labor agreement.

Management also minimally, maybe symbolically, reduced its tax rate (39.5 percent instead of 40 percent proposed on March 21, 1996) and increased the tax threshold from $46 million to $46.5 million beginning in 1998, that would rise 7 percent each year, reaching $53 million in the tax's third year. The five-year option would have the luxury tax implemented in 1997 at a threshold of $44.5 million. This ''incentive'' for the MLBPA to accept the longer, six-year agreement seemed hollow since both management and the union previously accepted this contract duration. Both Levine and Fehr declined to publicly comment on the negotiations. However, one MLBPA official, speaking on the condition of anonymity, indicated that the union was irate over management's violation of its insisted-upon confidentiality restrictions regarding labor relations issues and the media.

IMPEDIMENTS AFFECTING LABOR RELATIONS PROGRESS

At least three other factors contributed to unresolved labor relations concerns through June, 1996: *the apparent lack of economic incentives to resolve the dispute; the imprecise role of the acting (interim) baseball commissioner, Bud Selig*; and *the players' service credit issue*.

Inadequate Economic Incentives

Neither side had any economic incentive to settle soon after management's March 21 proposal. Management realized large strike costs incurred by the 28 clubs ($376 million in 1994, and another $326 million in 1995 due to reduced attendance caused by fans' antipathy), and players lost nearly $350 million in salaries in 1994 and experienced salary stagnation in 1995. While the MLBPA ''won'' a judicial decision to end the strike, management used its strike losses as a justification for cutting payrolls and nontendering players, who became eligible for salary arbitration.

Yet, union and management officials did not appear to equate continued losses with an unsigned labor agreement at this time. Players' salaries at the start of the 1996 regular season neither prompted nor shaped a collective bargaining resolution. Club payrolls at this time were up from 3.5 to 9.9 percent (depending on the particular survey) from the 1995 season, reversing the decrease when 1995 salaries were compared to those in 1994. This situation could dampen possible MLBPA concerns that an unresolved labor agreement in the fall of 1996 would continue a downward trend on players' salaries.

The total payroll of 1996 may have alleviated another concern of union officials and members that the MLBPA made a major mistake when it did not accept Richard Ravitch's June, 1994 proposal that players' total salaries would be at least $1 billion a year if subsequent annual revenues remained at 1994 levels. As previously noted, management lost several hundred million dollars in 1995 while the 1996 total payroll of $889,488,844 was nearly 89 percent of Ravitch's minimum salary guarantee.

Owners also continued their long-established practice of paying disabled players. For example, Lenny Dykstra received a four-year, $24.9 million guaranteed contract commencing in 1994. Yet he played in only 84 games in 1994, 62 games in 1995, and will miss most of the 1996 season. In late May, 1996, there were 94 players on the disabled list who earned $135 million, or 15 percent of the players' total payroll.[7] Owners, while possibly concerned about this situation from an individual club perspective, did not collectively press the union with a related work rule change at this time. They may have instead found some economic optimism with earlier, albeit unimpressive, attendance increases released at the end of March. Spring Training attendance in 1996 increased 1 percent over 1995 but was down from 34 percent in 1994. Season ticket sales in 1996 were up 7 percent in the American League and 5 percent in the National League over 1995. However, the AL and NL season ticket sales were down 2 percent and 10 percent when compared to 1994 figures.[8]

The Commissioner's Imprecise Role

Bud Selig cryptically assessed labor relations progress at the start of the regular season: ''We are where we are.'' His ability to revive the moribund labor relations had to be diverted by his baseball executive mission to obtain a new, publicly funded stadium for his Brewers club. He also had to deal with potential conflicts of interest in his owner-interim commissioner roles from at least one owner and one player, Marge Schott and Albert Belle. One reporter indicated Selig's owner-interim commissioner approach to baseball issues including labor relations: ''He wants to be everything but held accountable.''[9]

Reds owner Marge Schott reinstituted her challenge to the commissioner's office through insensitive remarks. On Opening Day 1996, homeplate umpire John McSherry collapsed seven pitches into the game and died at the Reds' Riverfront Stadium, resulting in the game's cancellation. Schott felt ''cheated'' that the game would not continue; since the stadium was sold out, the game could be played with one less umpire, and McSherry would have wanted the game to continue. About a month later, Schott made the following comments regarding Adolf Hitler's term as German chancellor:

Everything you read, when he came in he was good. They built tremendous highways and got all the factories going. He went nuts, he went berserk. I think his own generals tried to kill him, didn't they? Everybody knows he was good at the beginning, but he just went too far.[10]

Selig expressed concern over Schott's remarks, but did not appear to think he could do much about this situation even though, as indicated in Chapter 3 (Vincent's suspension of Steinbrenner), Article 1, Section 3 gives the commissioner the capability to fire and/or suspend members. Selig was grateful for Schott's apology a few days later,[11] although she continued stating her opinions of various ethnic groups, including the Japanese.

Baseball's executive council met in Philadelphia on June 5 to discuss the television contract and possibly labor relations items. However, Marge Schott publicly dominated this session where some six hours were spent on hearing her contentions and then determining what to do with her. Schott brought her lawyer, Robert Martin, and controller, John Allen, her likely successor to run the team if conditions warranted. She defended her right to speak as she pleased, and maintained that she did not deserve punishment.

The executive council, under the terms of the Major League Agreement, governs the sport in the absence of a commissioner and has the power to act in the game's ''best interests.'' Its chairman, Bud Selig, indicated that the executive council stringently objected to Schott's recent remarks, a sentiment echoed by National League president Leonard Coleman, baseball's highest-ranking black official, who stressed that any professional sport, particularly the ''national pastime,'' must condemn ''ethnic intolerance.'' Coleman has the power under the league's constitution to fire or suspend any ''club officer'' who brings ''disrepute'' upon the league or game of baseball. The executive council warned Schott to surrender day-to-day operations of the Reds by June 12 or face a suspension.

Schott had paid more than $600,000 in legal fees for a related situation in 1993 (discussed in Chapter 3), and realized that similar legal challenges would cost more than $1 million. She accepted the executive council's allowances and prohibitions through the 1998 season (a two-and-one-half-season removal). More specifically, Schott[12]

- could watch the game anywhere in Riverfront Stadium; retain her six-and-one-half of the total partnership shares in the Reds organization;[13] and, approve the club's annual budget but not establish it.
- could not be involved in the Reds' daily operations (marketing, public relations, stadium and office activities, and any human resource decisions affecting employees, for example), and not represent the club at national and/or major league meetings.

Reds controller John Allen would be the team's operating official for the next 60 days unless a replacement was found earlier. Selig stated that Allen would serve as a bona fide CEO and have his actions monitored by Coleman on a daily basis.

Schott's removal from the Reds' daily operation was controversial. Some applauded the executive council's action because she signed an agreement after her suspension in 1993 that stressed she would not again embarrass professional baseball. Her current remarks as a public figure not only violated this agreement but encouraged others to reflect and emulate her hatred and bigotry.[14]

Others questioned the impact, job-relatedness, and management's hypocrisy surrounding this job action. Schott's removal does not seem to have any visible downside as she can still hold court with her fans at the ballpark. Moreover, she never seemed to enjoy formal business meetings with other owners as she was usually the last to arrive and the first to leave these sessions. Schott's partners will not likely be able to vote her out of Reds ownership when her agreement expires in the year 2000, as she can purchase five newly created shares at the 1984 bargain price of approximately $4.25 million. She would then assume majority control (11½ out of 20 shares) of the club.

Schott's Hitler remarks represented an answer to a reporter's question that was neither reflective of baseball operations nor asked of other owners. Columnist Mike Royko suggested that if reporters wanted to be fair they would ask other owners to respond to nonbaseball topics such as abortion, gay rights, and the O. J. Simpson trial, while another baseball observor thought management's dictating sanctions against a colleague's speech would ironically make Hitler proud.[15]

Ira Berkow of the *New York Times* contended that various job-related statistics suggest that Schott has not harmed baseball. For example, in the eleven full seasons she has owned the Reds, they have been winners (second only to the Atlanta Braves for the best on-field record in the 1990s); and her club has the lowest Fan Cost Index (discussed in Chapter 2) in the majors. Moreover,

> what hurt baseball more than the owners calling off the World Series in 1994? What hurt them more financially than the $280 million they had to pay the players for illegally colluding to hold down salaries? And not one owner had to relinquish control of his club, or was suspended for it, either.[16]

Berkow suggests that Cincinnati Reds fans, not self-serving fellow owners, should judge Schott with their patronage or lack thereof at games.

Baseball owners did not publicly judge Schott's actions against their clubs' minority employment statistics although Jane Hill of Clifford Alexander and Associates noted that baseball in 1996 had increased minority representation in the front office from 2 percent to 20 percent in eight years, a trend at least suggesting some, if not sufficient, progress, particularly since the ''front office'' contains a variety of job classifications ranging from secretary to vice president. The Reverend Jesse Jackson urged Coleman to provide an additional, dramatic employment opportunity for a member of a minority group to run the Reds operation after Allen's two-month tenure and before Schott's likely return. Frank Robinson, a black Hall of Famer, and a successful Reds player having baseball managerial and executive experience, applied for this possible vacancy about a week after Schott stepped down.

Selig's potential conflict of interest as owner-interim commissioner was also challenged three times by Albert Belle, a player for the Cleveland Indians. Selig was pleased that consultations with the MLBPA facilitated his office's fining Albert Belle $50,000 for abusive remarks made to a reporter during the 1995 World Series. This discipline did not prompt a grievance; however, a subsequent incident involving Belle in the spring of 1996 reflected the interim commissioner's vulnerable role in labor relations issues. Belle, one of the best hitters in the division that also includes Selig's Brewers, allegedly threw a ball at a *Sports Illustrated* photographer. Selig realized that it would be difficult, maybe unethical, if he suspended a player on a competitor's team. He therefore delegated this responsibility to AL president Gene Budig, who in turn ordered the player to receive counseling.

Belle subsequently received a five-game suspension from Budig for a third incident, a hard forearm blow to the face of Brewers second baseman Fernando Vina, and for his role in a fight the next inning (he allegedly told teammate Julian Tavarez to throw at Brewers Mike Matheny, prompting an on-field brawl). Budig indicated that Belle's action not only threatened injury to an individual but also led to the disruption of the game. Belle and some other players, including Vina, contended that his action reflected legitimate, aggressive baseball, and appealed his suspension, which allowed him to continue playing baseball. The MLBPA appealed Belle's suspension to Budig by contending that a frame-by-frame videotape of the incident revealed that his actions did not warrant a suspension. Moreover, union officials noted that Budig did not inform Belle of all of the reasons for the suspension (Belle's instructions to Tavarez, for example) or his authority under baseball's constitution to act in ''the best interests of the American League or baseball.'' Budig did not accept these arguments but did reduce the suspension to three games.

Subsequent events after Belle's suspension reduction reflected management diversity on labor relations issues and optimism that a related difference could be resolved without the intrusion of media or fans. Management officials on the Indians club agreed with the MLBPA that Belle's suspension should be eliminated, a self-serving, management-union collaboration that another club official labeled ''disgraceful.'' Indians management officials did, however, remain on the sidelines when the union grieved Budig's disciplinary action to arbitrator Nicholas Zumas on June 20. Belle's attorney, Arn Tellem, then informed the MLBPA that he was going to protest the suspension in court, an action never previously employed in player disciplinary situations. The legal suit threat could have been idle, or a ploy with the MLBPA to force Budig to reduce or eliminate the suspension. This unprecedented move could challenge traditional union activities such as filing a grievance subject to negotiated labor agreement provisions. Gene Orza seemed to switch his former union agitator role to statesperson by encouraging Budig to further reduce the three-game suspension to a compromise one-day doubleheader and a $25,000 fine, paid to the RBI Program in Cleveland, which enables inner-city youth to play baseball. The union further advised Belle in a written statement that it would not be a party to a civil suit:

> The Association will recommend to Belle that he not pursue any court action challenging the decision, will not join in such action should Belle nonetheless initiate one, and will support a claim that the court is without jurisdiction in the matter.[17]

Budig accepted the union's offer, and the matter was resolved with neither court intervention nor an arbitrator's decision.

Selig did not think the Belle and Schott incidents would hinder the ''recovery'' that baseball was making in winning fans back after the World Series cancellation in 1994, although he continued to be silent about labor relations progress at this time. He did, however, ''unequivocally'' deny rumors circulating in late June that he would accept the commissioner's position on a permanent basis. While acknowledging that many owners pressured him to permanently accept this job, Selig maintained he never deviated from his initial position when he was hired in September, 1992; namely, get a labor agreement signed then hire a permanent commissioner.

The Strike Credit Service Issue

Differences over players' service credit for days lost to strikes also helped perpetuate a labor relations stalemate at this time. Fehr maintained the MLBPA would not sign an agreement that did not include service time, because this item has been a part of every settlement after a strike, and it is ''extremely important to the players.''

None of the owners' previous bargaining proposals accepted the union's contention that players should receive service credit for the 75 days lost because of the 1994–1995 strike. One club owner acknowledges that the cost of this issue is emotional rather than monetary: ''Talk about gall, . . . The players kill the '94 season. They walk out, and now they want us to pay for it. We've already paid more than enough.''[18] Cubs president Andy MacPhail thought players should not receive credit for nonwork during a strike because no revenues were generated at this time, and the action would encourage players to strike when future union-management disputes occurred. MacPhail stressed in late March, 1996 that the chance of owners' compromise on this issue was ''zero''; subsequently he did not completely rule out strike service credit; and Randy Levine also suggested at least some leeway on this issue. Strike days' service credit would likely cost management officials additional monies, although any expense estimate would be inaccurate at best if they completely accepted this provision. Forty-five players would reach the three-year, automatic salary arbitration eligibility, enabling another 20 players to move into the ''Super 2s,'' discussed in Chapter 2 (17 percent of the players nearest the three-year service date also eligible for this compensation mechanism). Some 20 players could use the strike service time to effect the six-year requirement for free agency, although this figure could be reduced if clubs did not contract for their services.

Chapter 2 noted that players experiencing salary arbitration receive more compensation, although the 1996 results suggest a different possibility. Also, hiring more free agents no longer automatically translates into increased payroll expenses, since owners nonsigned a season-record 94 individuals in this category before 1996.

Continued Labor-Management Discord in June and July

In late June, union officials made an unprecedented attempt to enhance public opinion by announcing the ''Players Trust for Children,'' a charitable organization financed by every player, who donated at least 2 percent of his licensing income in 1996 to raise nearly $1 million. The same commitment is expected to be made in 1997. This foundation, the first to be established and operated entirely by professional athletes, ''has the potential to do enormous good over time,'' according to Fehr, who also hoped the public would find this initiative more reflective of players' interests than those attributed to the 1994 strike.

Pitcher David Cone, one of three foundation trustees along with Fehr and Tom Glavine, has also been actively involved in the union-management dispute, and expressed a cautious optimism that a labor agreement might be reached at this time, because union and management negotiators now knew better than to destroy related progress with ''finger-pointing'' tirades publicized by the media. Cone acknowledged there was no real resolution deadline; however, he hoped the All-Star Game (July 9) would reflect very fine timing. The MLBPA would be having many of its star players/members of the negotiating team meeting at the location of the All-Star Game and the owners could obtain maximum media/public relations coverage of the labor relations settlement.

Informal, unpublicized meetings between union and management negotiators were held approximately three times a week during June and early July to discuss unresolved issues such as service credit for strike days and luxury tax implementation, dates, and rates. One owner countered, ''we're closer than we've ever been'' (to a labor relations settlement); and ''nitty-gritty'' bargaining occurring at this time could achieve a settlement before July 4.

July 4 and All-Star Game deadlines dissipated. Some baseball executives thought that a collective bargaining settlement could be attained before the World Series, and/or pressed their negotiators to ask Judge Sotomayor to lift her injunction so that the owners could declare a bargaining impasse, and unilaterally impose their last stated working conditions.[19] Conceivably, baseball owners might think both situations could occur—the injunctive release could prompt a collective bargaining agreement before October, 1996. Yet, a second District Court intervention and possible judicial appeals at this time would detract from necessary efforts at the bargaining table.

Through the All-Star break, teams' average attendance was 26,338, a 5.4 percent increase over the same number of dates in 1995 but down 17 percent from the 1994 average of 31,612. As of August 1, 1996, many union-management officials were on the same page rhetorically—Bud Selig and player representatives Tom Glavine and Terry Steinbach stressed a signed labor agreement was the key to baseball's resurgence. The union had yet to formally announce approval of interleague play, although the parties had agreed on revenue sharing, a luxury tax concept (albeit not threshold and rate amounts) for 1997, 1998, and 1999, and an individual tax of 2.5 percent on each player's salary to be paid from the union's licensing fund.

Negotiations had to be diverted if not altered by reported salaries being paid to basketball free agents at this time. Baseball owners had traditionally lauded the fiscal responsibility exerted by their counterparts and the union in professional basketball. The negotiated salary cap in that sport gave baseball management much impetus and wasted time to obtain a similar wage control technique. However, there are sufficient salary cap loopholes that enabled free agents to obtain rather generous contracts (Michael Jordan, one year, $30 million; and Shaquille O'Neal, seven years, $123 million, for example).[20]

EVENTUAL HOPE IN AUGUST

Continued Nonproductive Efforts in Early August

Threats instead of productive resolution efforts dominated labor relations concerns in early August. Management officials maintained the union was ''stalling'' in negotiations, and repeated its All-Star break threat to present its ''final offer to the union around August 16–20, then ask Judge Sotomayor to lift the injunction. John Harrington, while not liking this brinkmanship strategy, maintained it might have to be employed because the common managerial belief was that Fehr would not make a deal as long as the injunction was in place.

Fehr left formal negotiations to attend the Olympic Games in Atlanta, but denied ''stalling'' allegations and offered to either give owners the chance to attend future sessions to personally observe if he is ''dragging his feet,'' or videotape these efforts for management's review. Both alternatives appeared bizarre at this critical labor relations juncture. Having more individuals at bargaining table would seemingly reintroduce labor relations difficulties. The second alternative matched Marvin Miller's unproductive tactic in the 1981 negotiations when he absented himself from the bargaining table before the contract expiration date and three days into a strike to demonstrate union solidarity.

On August 7, 1996, management's executive council authorized Levine to make a ‘‘last and final’’ proposal to the MLBPA if talks did not progress in the next few days. Fehr indicated that management’s presentation of this offer would reflect saber rattling and unwillingness to continue negotiations. Intimations were also raised about another union strike that might be taken during the regular 1996 season or in spring, 1997. Levine responded that related threats by union officials are symptomatic of past labor relations problems, and hoped they ‘‘have learned their lesson.’’

Player representative Tom Glavine did not think a strike would occur over the bargaining stalemate at this time, a sentiment reinforced by many players’ agents, who informed Fehr that many union members did not want a strike. A related secret ballot vote would probably reflect further membership strike disapproval. The likely absence of the strike option coupled with a strong possibility that Judge Sotomayor would lift the injunction left Fehr with no alternative but to return to the bargaining table.

This alternative was reinforced, if not inspired, by pitcher/congressperson Jim Bunning, who, in his Hall of Fame induction speech, indicated that owners needed to determine how to employ revenue sharing without players contributing to the bill. He also thought a powerful, independent baseball commissioner needed to be hired by both union and management officials to overturn baseball’s rudderless situation. His remarks were personally experienced and approved by Marge Schott, not by Bud Selig, who was absent from the ceremony. Marvin Miller was in the audience to honor Bunning, who, along with Bob Friend, Robin Roberts, and Harvey Kuenn, was on the search committee that selected him as executive director of their players’ union. Bunning’s concern about baseball’s moribund labor relations at this time was not surprising but a bit confusing. He had threatened congressional intervention if baseball did not get its house in order, although he had to realize the folly of this possibility. When asked if he might accept the commissioner’s position, Bunning replied the position was ‘‘gutted’’ and ‘‘had no power.’’

Intensive Bargaining in Mid-August

Fehr went to Levine on the morning of August 9 and said, ‘‘enough is enough with threats,’’ and also sent a memo to players informing them that negotiations on August 9 represented a critical period. He, Levine, and others held several sessions totaling 33 hours on this day and the next,[21] and noted for the first time since negotiations began, ‘‘it smells good,’’ because differences had been sufficiently narrowed through ‘‘constructive bargaining,’’ and union and management officials were ‘‘past the point of confrontation and threat.’’ Fehr also informed player representatives of bargaining progress and they reflected his seldom-expressed optimism. For example, John Franco indicated that he experienced his first positive telephone call from Fehr or other union officials in two years, while Tom Glavine and Scott Servais thought that a settlement could be reached in the near future.

Bargaining impetus was provided by the MLBPA's willingness to give back a significant portion of its receipts from the new divisional playoffs, reducing their share of first-round playoff receipts from 80 to 60 percent, and enabling the owners to expand these series from five to seven starting in 1997 if management compromised in other areas. If the labor agreement expired after two luxury tax–free years in the years 2000 and 2001, then management would gain approximately $20 million from the players' reduced share of a five-game divisional playoff series and another $30–40 million from a seven-game series. Management and union officials also seemed to agree on another union concession/revenue source; namely the 2.5 percent flat tax on players' salaries that would generate an estimated $50 million through the first two years of a projected labor agreement. Three-fourths of these monies would supplement the owners' revenue sharing efforts while the remainder would be applied to a joint industry growth fund.

Other, possibly loosely agreed-upon working conditions at this time were:

- Minimum salary of $109,000 in 1996 with upward adjustments in subsequent labor agreement years.
- A 35 percent luxury tax rate on portions of team payrolls exceeding $50–51 million, $54–55 million, and $58–59 million in 1997, 1998, and 1999, respectively. These funds would likely cost five or six clubs, and go to five or six clubs and a joint revenue fund. One owner's source maintained, this tax arrangement would work because ''only a madman'' would exceed these thresholds.

Levine, while sharing the union's optimism, nonetheless contended that many issues, while nearly resolved, needed fine-tuning and/or final agreement. Related examples include: labor contract length and number of years that the luxury tax would apply; salary arbitration procedures;[22] minimum wages; and the role of the designated hitter in interleague play. Management and union officials also indicated that certain possibilities were available for additional trade-offs. For example, management would accept the players' request for an extended labor agreement with a second tax-free year in 2001 if the union would agree to concessions on playoffs. Management also agreed to help the MLBPA seek legislation that would eliminate baseball's labor relations activities from the sport's antitrust exemption if the union gave a concession such as:

- having three arbitrators hear each salary arbitration case;
- dropping unfair labor practices and pending arbitration claims;
- reducing its share of playoff division receipts from 80 percent to 60 percent with management receiving some $35 million to be used in revenue sharing. The playoff format could also be increased from five to seven games.

Fehr and Levine met for about 45 minutes on August 11, and Levine then held a three-and-one-half-hour conference call with members of the owners' labor policy committee.[23] He also held a conference call with player representatives, and indicated that a second negotiation session held on that date reflected continued, albeit small, bargaining progress.

The possibility of a second tax-free year at the end of the labor agreement for the year 2001 and service credit for strike days lost were major unresolved issues at this time. Some club owners thought that not having a payroll luxury tax in the second year (2001) at the end of the labor agreement would weaken, maybe destroy, management's bargaining leverage on players' salary constraints in the next collective bargaining agreement. At least one owner maintained the players could then argue in the next negotiations that no tax was the norm, thereby prompting another ''labor relations war.''

The strike service credit issue would cost the owners an estimated $15–20 million, a figure John Harrington regarded as not being ''a major deal breaker.'' However, at least seven clubs were against granting this working condition: White Sox, Cubs, Marlins, Braves, Expos, Twins, and Royals. Executives of these clubs thought service credit was wrong philosophically because players should not receive something they did not earn. The union's future bargaining power might also be reduced as MLBPA members would realize that a strike could cost them service credit for days lost.

Some of the opposing clubs' executives also had economic reasons for denying service credit that would enable some 20 additional players to become free agents at an estimated cost of $15 to $20 million. At least two clubs, Expos and Twins, could be against service credit because this working condition could make two of their superstars, Moises Alou and Chuck Knoblauch, instant and expensive free agents. However, three of these clubs might have economic incentives that might offset their service credit concerns. One estimate of revenue sharing funds during a possible six-year labor agreement would have the Royals, Twins, and Expos receiving $57 million, $48 million, and $47 million, respectively.

Bud Selig reaffirmed his ability to ''count votes'' among his fellow owners, and maintained that there was not enough opposition to block a labor agreement over the service credit issue. Baseball executives Jerry Reinsdorf (White Sox), Wayne Huizenga (Marlins), and Andy MacPhail (Cubs) were labeled most involved against management's granting strike service credit. Reinsdorf said he did not know if a settlement would be quickly obtained because he was not at the bargaining table and could neither see Fehr's facial expressions nor hear Fehr's tone of voice. He did, however, indicate that the interim commissioner did not have 15, let alone 21 clubs' votes needed to reach a settlement. Selig put his persuasion and consensus-building skills to the supreme test with marathon telephone conversations among owners during the August 13 to August 16 meetings. His attempt to have the owners unanimously approve the labor agreement was risky since it could diffuse management's bargaining impasse option for at least the immediate future. Levine had not yet presented management's final offer to the union, and Judge Sotomayor would likely ascertain that significant bargaining efforts and progress occurred during August 9 through August 12. Moreover, the absence of formal meetings between Selig and Fehr between August 13 and August 15 was due to management's intraorganizational bargaining difficulties, not union intransigence. Sotomayor would likely encourage the parties to continue bargaining, possibly using additional considerations such as mediation. The MLBPA could further blunt management's impasse declaration by proposing that unresolved bargaining issues be submitted to binding arbitration.

Bud Selig spent most of August 14 discussing the service credit issue with most owners, and all but ended management's impasse declaration option at this time when he stated that union and management officials have had ''constructive'' discussions, wanted to make a deal, and would ''keep at it until we got one.'' Levine issued a written statement on this date that he and Fehr were ''continuing to work hard to achieve the ultimate result.'' Were these remarks reflective of a bargaining blunder or a sincere, realistic attitude that labor relations resolution was in sight? Management's negotiator, Randy Levine, reinforced the second possibility when he purportedly informed the owners that he would no longer continue his chief negotiator role if a settlement was not reached in the near future.

Fehr talked with Levine over the telephone on August 15, and informally met with him the next day for about an hour. He continued to think Levine was committed to a negotiated settlement and that progress was being made, albeit in ''inches instead of feet,'' but realized the management negotiator had to first handle his constituency. The MLBPA might concede certain items (waiving arbitration and litigation claims, for example) for service credit, but Fehr contended that management had straightforward options regarding the service credit issue: granting it to ensure labor relations peace, or fighting it to leave permanent ''scars and retribution.''

Union sources contended that the players were ''furious'' about the delay in negotiations and were getting ''jumpy'' to reach a settlement. Fehr acknowledged that MLBPA players would increase pressure on him to ''do something'' if the negotiations resumed and ''continued to play out.''

Levine's and Selig's telephone attempts to resolve management's internal debate over the service credit and a luxury tax–free year in 2001 continued through August 20. Some owners wanted Levine to reopen an already compromised trade-off: the union's offer to reduce its share of divisional playoff receipts from 80 percent to 60 percent in exchange for receiving an option to have a second tax-free year in 2001. Both Bud Selig and the owners' labor policy committee realized this agreed-upon trade-off enabled agreements on almost all remaining issues except service credit time. Some owners wanted Levine to request a new trade-off: a second tax-free year in 2001 for strike service credit. This tactic would likely destroy the previously agreed-upon items as related union concessions were predicated on the tax-free year in 2001. Speculation rose that Levine would rather resign than present this tardy, possibly bad faith alteration at the bargaining table.

Fehr met with Levine for about a half hour on August 20, ostensibly to express the need to resume formal negotiations after a ten-day absence. On August 21, bargaining talks resumed, and management proposed that service credit lost during the 1994–1995 strike would be given to players except for those 20 individuals who would have the days to qualify them for free agency. Management also proposed new post-season gate receipt arrangements with the MLBPA that would either buy out the union's exercise of the luxury tax–free option in 2001 or increase the union's financial contribution if the option was retained.[24] Most important, the owners and/or Levine did not present the rumored deal-breaking proposal alteration that would tie service credit to the luxury tax–free year in 2001.

Fehr stressed that the union would not leave 20 players ''high and dry'' and the MLBPA formally rejected management's service credit proposal at a 45-minute meeting on August 22, an action that ironically may have cleared the decks for a labor agreement, since those owners against service credit needed to be placated by having the issue formally placed on the bargaining table. The MLBPA's formal rejection of this proposed working condition might redirect owners' attention toward resolving a labor agreement's seemingly few loose ends.

After leaving this meeting, Fehr initiated a major road trip to inform clubs' players of the labor relations situation at this time. He was ''not inclined'' to rework previously reached understandings with Levine, but thought management's chief negotiator sincerely sought a labor agreement and wanted to make every effort to reach an agreement by September so attention could focus on ''what's happening on the field.''

Bud Selig had apparently lined up enough owners' votes to ratify a labor agreement, and some speculated that he would authorize Levine to complete an arrangement with Fehr the week of August 6. Twins owner Karl Pohlad contributed to this possible scenario when he signed Chuck Knoblauch to a five-year, $30 million contract. Pohlad objected to any proposal that would give strike service credit because Knoblauch would have become a free agent under the new calculation. Now this issue appears irrelevant to Pohlad, particularly since a settled labor agreement would send additional revenues to the Twins. The Knoblauch signing also suggested that management was ready to accept the union's request for strike service credit. Only four owners (Reinsdorf, MacPhail, Huizenga, and Brochu of the White Sox, Cubs, Marlins, and Expos, respectively) seemed strongly opposed to the suggested, albeit not finalized, labor agreement framework at this time.[25]

Levine and Fehr met informally on August 26 and 27, but both halted the prospects of formal negotiations so that each could meet with his constituency to further explain the contents and implications of the likely labor agreement. Owners were confused about Selig's self-admitted ''deliberate'' style of dispute resolution. One maintained that ‘‘Bud moves too slowly’’ because ‘‘he’s listening to Reinsdorf and a few others.’’ Yet another owner thought Selig’s approach was ‘‘pretty effective,’’ while a third thought that Selig’s approach was enacted because he did not have the necessary 21 votes.

NOTES

1. According to Dan Silverman, neither union nor management officials had requested NLRB involvement as of May 28, 1996.

2. Another session was held February 8, because owners wanted some technical clarification of the union’s proposal, thereby explaining why some call these efforts the February 7 proposal and others refer to the February 8 proposal.

3. For additional considerations, see Hal Bodley, ‘‘Split-Pool Proposal Break for Big Markets,’’ *USA Today*, March 22, 1996, p. 10-C; Larry Whiteside, ‘‘Owners Finally Agree to Share and Share Alike,’’ *Boston Globe*, March 22, 1996, Sports, p. 37; and Ross Newhan, ‘‘Owners Approve Revenue-Sharing Plan,’’ *Los Angeles Times*, March 22, 1996, p. C-11. This agreement also pertained to Spring Training, where the home club no longer has to share gate receipts, a situation that favors top-drawing clubs such as the Cubs, Yankees, and Giants.

4. If this plan had been in effect in 1994, the largest spenders would have been the Yankees, Blue Jays, Orioles, and Braves ($5.9 million, $4.8 million, $4.1 million, and $4 million, respectively); and the largest receivers: Pirates and Padres ($6.2 million each); and the Expos, Twins, Brewers, Mariners, and Royals ($5.7 million, $3.7 million, $3.6 million, $3.1 million, and $3 million, respectively).

5. Management indicated it would no longer seek withholding announcement of arbitration awards until the last case is heard; not using free-agency contracts as a decision-making criterion; and, eliminating about fifteen players per year from salary arbitration who have between two and three years of major league service.

6. Hal Bodley, ‘‘Labor Talks Still Going Nowhere,’’ *USA Today*, May 10, 1996, p. 7-C.

7. Chuck Johnson, ‘‘Aging, Aching Dykstra Keeps on Hammering,’’ *USA Today*, April 26, 1996, pp. 1-C and 2-C; and Hal Bodley, ‘‘Baseball Disabled List Sports High Price Tag,’’ *USA Today*, May 24, 1996, p. 1-C.

8. Tim Turner, ‘‘Dirty Laundry Carries A Stain. Some Fans’ Hurt Feelings Still Remain From the Strike, But Players and Management Hope to Change Them with a Friendlier Tone,’’ *Orlando Sentinel*, March 31, 1996, p. C-1.

9. Andy Baggot, ‘‘Selig’s Plight Shows How Far He Has Fallen,’’ *Wisconsin State*, May 23, 1996, Sports: 1-B.

10. ‘‘Schott’s Rant Outrages Jewish Community,’’ *Florida Times Union*, May 7, 1996, p. C-4.

11. For the complete text of her apology, see *USA Today*, May 8, 1996, p. 6-C; Rick Reilly, ‘‘Heaven Help Marge Schott,’’ *Sports Illustrated*, May 20, 1996, pp. 74–78, 80, 83, 84, and 87.

12. Bill Peterson, ‘‘Schott Down! Marge Agrees to Reduced Role,’’ *Cincinnati Post*, June 13, 1996, p. 1-A. The executive council at this time included Brewers president Bud Selig (council chairman), NL president Len Coleman, AL president Gene Budig, Expos president Claude Brochu, Phillies president Bill Giles, Rockies chairman Jerry

McMorris, Twins owner Carl Pohlad, White Sox chairman Jerry Reinsdorf, Yankees owner George Steinbrenner, and Mets president Fred Wilpon. Nonvoting members were Braves chairman Bill Bartholomay and Red Sox chief executive officer John Harrington. The specific vote tally was not given at this time; however, Jerome Holtzman of the *Chicago Tribune* reported that the vote was not unanimous as George Steinbrenner abstained.

13. The other eight-and-a-half shares are owned by seven partners with no one having more than two shares.

14. Joe Posnaski, ‘‘Baseball Finally Shuts Up Marge,’’ *Cincinnati Post*, June 13, 1996, p. 1-B; Tony Kornheiser, ‘‘A Parting Schott Is the Best Kind,’’ *Washington Post*, June 13, 1996, p. D-1; Claire Smith, ‘‘Schott Punishment a First Step,’’ *New York Times*, June 13, 1996, p. B-8; Thomas Boswell, ‘‘Finally, Selig Acting Like a Commissioner,’’ *Washington Post*, June 14, 1996; and ‘‘Benching Marge Schott’’ (editorial), *Washington Post*, June 15, 1996, p. A-14.

15. Mike Royko, ‘‘We All Have a Right to be Dumb,’’ *Cincinnati Post*, June 14, 1996, p. 19-A; George Diaz, ‘‘Baseball Strikes Out in Stand Against Schott,’’ *Orlando Sentinel*, June 7, 1996, p. C-1. See also Gordon Edes, ‘‘Schott Not Alone in Nincompoopery. Reds Owner Embarrassing, But Owners Misguided in Trying to Take Her Team,’’ *Sun Sentinel*, June 9, 1996, p. 9-C.

16. Ira Berkow, ‘‘Why Schott Should Not Be Booted From Baseball,’’ *New York Times*, June 12, 1996, p. B-9. Schott was required to write a memo to Reds employees, indicating that they report directly to interim CEO John Allen. Instead, she issued a half-hearted memo on July 10, 1996, stating that she would continue to be around and aware of club operations. NL president Leonard Coleman announced the next day that Schott was banned from Riverfront Stadium, including without limitation, the executive offices (she could attend games if she bought tickets). The ban was of indefinite duration and could be reinforced with fines and suspensions if she does not more clearly indicate her nonexistent managerial role and instead help Coleman find a suitable interim CEO during Schott’s forced absence. (She indicated a clear opposition to John Allen but did not at the time suggest a suitable alternative.) Coleman also appeared concerned that Schott hired Chicago-based attorney Joseph Duffy, who allegedly urged her to take a harder-line stance against Major League Baseball. For a copy of Schott’s memo and additional details including the perspective of many Reds players that Schott’s banishment was unfair, see ‘‘Letter from Schott to Reds Employees,’’ *Cincinnati Post*, July 18, 1996, p. 5-C; and Bill Peterson, ‘‘Schott Barred from Park,’’ *Cincinnati Post*, July 18, 1996, p. 1-C.

17. Sheldon Ocker, ‘‘Belle, AL Agree to Settle Tribe Outfielder’s Suspension Cut to Two Games with $25,000 Fine,’’ *Beacon Journal*, June 21, 1996, p. D-1. The fine was the highest amount handed out by a league president. Baseball observer Bob Ryan has always found Orza to be ‘‘charming’’ and ‘‘gentlemanly,’’ and was not surprised about Orza’s statesmanlike abilities. However, Ryan also cites another observer’s different assessment of Orza: ‘‘A major pain in the body part. He is imperious. He’s not a guy who gives you any sense that he cares whether you live or die. He acts as if you’re taking up oxygen he should be using. He’s smart, but, like Fehr, he has absolutely no sense of public relations. They say they do, but they don’t’’; Bob Ryan, ‘‘He’s in Belle’s Corner. Orza Fighting the Good Fight for Rights of Player,’’ *Boston Globe*, June 25, 1996, Sports, p. 26.

18. Jerome Holtzman, ''Players, Owners Closing in on Deal,'' *Chicago Tribune*, July 12, 1996, Sports, p. 3.

19. Baseball executives seemed to differ over the date for the impasse-lifting strategy involving Judge Sotomayor. The Associated Press indicated the owners would attempt to enlist Sotomayor's cooperation by mid-August. However, one baseball executive indicated this strategy would be implemented if a labor agreement was not reached before or shortly after the World Series.

20. For related details, see Stefan Fatsis, ''NBA Cap Changes How Teams Are Built,'' *Wall Street Journal*, July 16, 1996, p. B-1.

21. For more details regarding the times, durations, and subjects of these negotiations, see Murray Chass, ''Baseball Peace and Pact Near,'' *New York Times*, August 11, 1996, pp. 21 and 23.

22. Management dropped its previous demand that arbitrators could not increase a player's salary more than 100 percent over the previous year's salary, although it still wanted to eliminate the existing labor agreement provision prohibiting an arbitrator from reducing a player's salary more than 20 percent of his previous salary. The union appeared willing to have salary arbitration heard by a three-member panel in some if not all future cases.

23. Members of the labor policy committee are Jerry Reinsdorf (White Sox), John Harrington (Red Sox), Jerry McMorris (Rockies), Bud Selig (Brewers), David Glass (Royals), Stan Kasten (Braves), Dave Montgomery (Phillies), and Rusty Rose (Rangers). The first four named owners were also on baseball's executive council that is fully listed in this chapter's note number 12.

24. For related bargaining cost details, see Hal Bodley, ''Union Likely to Reject Owners' Latest Proposal,'' *USA Today*, August 22, 1996, p. 6-C; and Ross Newhan, ''Negotiations Resume with No Progress,'' *Los Angeles Times*, August 22, 1996, p. C-4.

25. Reinsdorf's opposition to the labor agreement contradicted fans' antipathy and decreased attendance resulting from the prolonged labor dispute. White Sox attendance averaged 21,635 through September, 8, 1996, a figure less than half of the stadium's capacity, even though the White Sox were in the middle of a pennant race.

9

Lethargy, Yet Eventual Settlement

Union and some management officials thought the tentative agreement formulated in early August could be finalized within a month. This hope was not realized in September as labor relations was supplanted by the on-field behaviors of one baseball player, Roberto Alomar. While this diversion was basically resolved, negotiations proceeded in a stalled, convoluted manner until the labor agreement was reached in late November, 1996 and ratified by union and management officials a few weeks later.

BARGAINING NONDEVELOPMENTS IN SEPTEMBER

Waiting for Management's Approval

Selig continued his ambiguous labor relations approach in September, indicating he knew how the owners would vote, but could not rely on them because the situation could change. Fehr wanted a tentative agreement specified and reached so management could review and approve it in a September 11 executive council session and subsequent owners' quarterly meeting in Seattle. He met with Levine for about one hour on September 3, and hoped ''we'll be able to wrap things up in the next couple of days.'' The MLBPA official conjectured both sides would seize this momentum, since ''we have a virtual agreement anyway.''

The acting commissioner proved Fehr wrong by canceling the Seattle meetings and halting union management negotiations (the second time in approximately one month) so that Levine could apprise the overlapping executive council and labor policy committee of the current labor relations situation on September 11, 1996. Levine apparently thought that Selig agreed with the proposed settlement, but now cautioned, ''a deal is a deal when it's done.'' Fehr, while not publicly criticizing management's delay, stressed, ''It's time to put this to bed.'' Levine spent five hours with management's executive council and labor policy committee on September 11. Selig did not seek any vote on a possible labor relations agreement at this time but thought this session was needed so that owners (unlike those subject to previous labor agreements) could fully understand the contract's working conditions and implications, a necessary condition for achieving management by consensus.

At least some baseball executives reacted negatively to this development. Braves chairperson Bill Bartholomay, who had previously praised Selig's managerial skills, thought the delay was ''ridiculous,'' while Steinbrenner, Giles, and Wilpon uncharacteristically avoided the press after Levine's briefing session. Possible internal pressure for a labor relations settlement did not divert Selig's continued nebulous approach: ''We will move the process forward in the near future after more discussion amongst our group, this group that met today or a smaller group. When he goes back to the table, he'll go back knowing what he can do.''[1]

Gene Orza, while ''not happy'' about MLBPA concessions reflected in the virtual labor agreement, nonetheless thought it was fair, insofar as it was Levine's negotiating skills that prevented the MLBPA from obtaining everything it sought. Fehr waited a week for Selig to allow Levine to return to the bargaining table and met briefly with Levine on August 19 before attending a September 21 meeting of the International Baseball Association in Lausanne, Switzerland, that concerned the possibility of professional baseball players participating in the next Olympic tournament.

The prolongation of the dispute in spite of a near settlement on August 11 might have been due to Selig's

- obsession with having a unanimous vote even though only 21 out of 28 owners' votes were necessary.
- not having the necessary 21 votes, thereby needing more time to obtain them.
- allowing White Sox owner Jerry Reinsdorf to continue his nonsettlement, likely union-busting strategy. Reinsdorf reversed his previous approach of acting only in the White Sox's best interest, now contending that each labor committee member has an obligation that transcends his club's self-interests. Yet, he continued his intent to reject any labor agreement giving players full service time for game days lost to a strike.
- desire to give control of his Brewers team to his daughter, Wendy Selig-Prieb, and remain as full commissioner. The acting commissioner would need the support of Reinsdorf and others opposed to the agreement, and would be reluctant to alienate them by railroading a settlement at this time. He, however, labeled this scenario ''sheer nonsense.''

Also, at least some club owners no doubt delayed the labor agreement settlement to avoid paying any revenues to other clubs in 1996.[2]

Baseball's executive council and the owners' labor policy committee held separate conference calls on September 24, but did not authorize Levine to return to the bargaining table. Selig assumed little, if any, leadership role at this time, not indicating, let alone advocating, a particular course of action. Management officials reported he backed their positions whether they opposed or supported the tentative labor agreement.

Pressures were placed on the parties to reach agreement at this time. An unresolved labor agreement would extend Selig's nonproductive labor relations role for at least another year, a seemingly shuddering possibility. Moreover, Greg Murphy, the owners' top marketing official, informed the owners in mid-September that pending deals with MasterCard, IBM, Nike, Reebok, and MicroSoft would not be reached unless there was a new labor agreement. Yet, potential organizational and continued economic problems were not connected to specific settlement deadlines that were proposed but not effected in late September. Fehr maintained that a labor agreement reached before the end of the World Series needed consummation before post-season games, since players on 20 noneligible teams would be individually scattered and hard to find for contract ratification votes. However, his organization quickly removed this ''deadline'' by sending a detailed, twelve-page summary of the proposed labor agreement to MLBPA members, asking them to delegate their contract ratification voting rights to the executive board that includes each club's player representative. The board assured players this authority would not be implemented if management's proposal was materially different from that sent to them. This maneuver would not only facilitate bargaining through the end of the 1996 season, but would minimize the possible management strategy of declaring a bargaining impasse and asking Judge Sotomayor to lift the injunction so it could impose working conditions favorable to them.

The owners' January, 1996 interleague playing arrangement that needed MLBPA confirmation represented another real, yet unspecified deadline. The MLBPA would not approve this working condition unless an entire labor agreement was obtained. This situation would likely mean that the Arizona Diamondbacks and Tampa Bay Devil Rays, expansion teams in the National and American Leagues, respectively, would be put on hold since interleague play is a necessity for two fifteen-team leagues. Management would incur a large, albeit immeasurable, cost if interleague play did not occur in 1997; yet, NL vice president Katy Feeney said, ''I don't know what the drop-dead date [over this issue] is.''

The Roberto Alomar Incident

On September 27, 1996, Orioles player Roberto Alomar reacted to a called third strike and alleged name-calling by spitting in plate umpire John Hirschbeck's face. Only two people were involved, although the incident warrants further discussion as it reflected union influence on baseball operations; Bud

Selig's and baseball owners' continued ineptness to resolve anything; fans' irrelevance in labor relations matters because they lack credibility; and, the inability of union and management negotiators to turn a negative event into a stepping-stone for a labor agreement.

Hirschbeck maintained he had never experienced more player abuse in his 21 years of umpiring. Alomar immediately admitted he erred, but did not regret his action, contending that Hirschbeck made two mistakes. Taped replays suggested the called pitch was six inches outside the plate, a situation exacerbated by alleged umpire baiting. Alomar contended, ''If Hirschbeck said, 'I missed the call,' I would have done nothing. But he told me, 'You have to swing at that pitch.' I just reacted.'' Hirschbeck warned Alomar that additional comments would warrant ejection. The umpire did toss the player, who further complained on the walk back to the dugout. Alomar and Orioles manager Davey Johnson returned to the playing field and profanities were exchanged between umpire and player. When Johnson asked Hirschbeck why he tossed Alomar, the umpire, reputed to be one of the more confrontational baseball officials, replied, ''He's a fucking asshole.'' Alomar then spat.

He justified his action by contending that the formerly affable Hirschbeck had become bitter since his nine-year-old son died of adrenoleukodystrophy (ALD), a disease now affecting his younger son. Hirschbeck, when learning of this explanation, threatened to ''kill'' Alomar, and had to be restrained when attempting to confront the player in the clubhouse.

Everybody realized discipline was necessary, and AL president Dr. Gene Budig, instead of the semicommissioner, acted the next day without considering past, related post-season disciplinary incidents.[3] He suspended Alomar for the final two games of the 1996 regular season and the first three games of the 1997 regular season; however, Alomar appealed Budig's decision. Since no player can be suspended until an appeal is heard and management cannot increase its original discipline, Alomar would be able to play the last two games of the 1996 regular season. Also, any finalized suspension would be conducted in 1997, not during the 1996 post-season games.[4]

Richie Phillips, general counsel of the Major League Baseball Umpires Association (MLBUA), along with Jim McKean, the umpire crew chief at this incident, immediately reflected the umpires' anger and shock over this penalty, charging Alomar's unprecedented and animalistic act was ''despicable and cowardly.'' Alomar publicly sought to apologize to Hirschbeck on September 28, and issued a written statement two days later that expressed his sincere sorrow for his ''indefensible,'' ''disrespectful'' conduct that both offended the umpire's family and ''failed the game of baseball.'' He also pledged $50,000 to ALD research, and indicated he would extend personal apologies at Hirschbeck's convenience.

The MLBUA executive board was not moved by the apology and voted unanimously on September 30 to withhold services until Alomar's suspension was effected. This move was rash at best. Union officials had to hope that management would seek an injunction ordering the umpires back to work, and their members' return would represent a face-saving protest. Yet, management might not have sought an injunction; instead, it could have permanently replaced umpires with lower-paid counterparts, since the union members' job action would violate the labor agreement still in force. Replacement umpires could also prompt the MLBUA's decertification. Also, a judge could contend the umpires' dispute did not significantly affect the public interest, thereby not warranting an injunction. Judge Sotomayor's previous injunction involving the MLBPA never ordered the striking players to return to work, and an injunction at this time appeared illogical, particularly since it has not been granted in other actions involving far more employees, negative economic consequences, even possible safety/security risks.

Attention turned to Selig's continued, suffering complaisance in resolving any labor relations dispute.[5] Phillips maintained Selig held a September 30 conference call with the MLBUA's executive board, informing them that Alomar's actions represented ''the worst thing he had seen'' in his 50 years of following baseball. The acting commissioner also indicated a large majority of baseball executives strongly urged Alomar's suspension for at least the first round of the playoffs, although Orioles owner Peter Angelos dissented for some of the same self-serving reasons Indians management stood behind an earlier infraction committed by Albert Belle. Selig nonetheless deferred disciplinary action to Gene Budig because he did not want to embarrass the AL president, and incorrectly rationalized that the commissioner's office had no authority to act in this situation.

On October 1, 1996, AL and NL lawyers sought an injunction in U.S. District Court (Philadelphia) to prohibit umpires' work cessation actions for the post-season games. They, along with Judge Edmund Ludwig, fashioned a settlement where the umpires would work playoff games at least through October 3, when Budig would hear Alomar's appeal. The parties would return to court the next day for injunction considerations if this situation did not occur.

The players' union and Alomar were not represented at this hearing; therefore, Judge Ludwig's arrangement was not completely resolved. The MLBPA's non-involvement in formal proceedings would further minimize negative opinion from the public and even union members, who could not rationalize Alomar's actions. Cal Ripken, Alomar's teammate, probably reflected many players' consideration of this behavior; namely, a regrettable, strange, and incorrect reaction to a stressful situation. Tom Glavine thought every player regarded Alomar's actions as wrong and possibly punishable by a suspension during the playoffs.

Alomar withdrew his suspension appeal on October 2, an action most probably guaranteeing his playing in post-season games. Phillips was incensed over this development, particularly since Budig acquiesced to the five-day suspension ''with pay'' in 1997's early, comparatively insignificant games. Phillips, while not reiterating his previous strike threat at this time, nonetheless drew an ironic concern from the MLBPA. Unions representing players and umpires have not really supported each other's concerns, as evidenced by players not honoring the umpires' strike at the start of the 1995 season (discussed more in Chapter 7). Fehr tweaked counterpart Richie Phillips, maintaining the MLBUA officer was wrong to ask owners to violate player suspension rules outlined in the MLBPA labor agreement: ''The notion that whoever doesn't like the decision management makes should shut down the industry is startling''; moreover, ''the last thing this sport needs is more confrontation.'' Gene Orza also acknowledged umpires' concerns, but maintained umpires' strike talk was not constructive, since the 1996 situation enabled the first complete season in three years, and the current focus should be on baseball, not litigation.

Phillips neither publicly appreciated nor followed MLBPA officials' advice. He instead issued the seemingly strong, yet inconclusive response to Alomar's appeal hearing waiver: ''We are walking out after the last game tonight [played on October 3].'' He noted the umpires were not making any progress toward a settlement; moreover, ''There's no room for a compromise . . . there's nothing that would change our stance.'' Yet, he unsurprisingly indicated MLBUA officials would return to court on October 4 and honor a possible injunction issued by Judge Ludwig.

On October 4, Selig, Budig, NL president Leonard Coleman, Randy Levine, and Richie Phillips appeared in an unusually informal 45-minute hearing before U.S. District Court Judge Edmund Ludwig in Philadelphia. Ludwig allowed Selig to address the court without swearing him in, and did not even specify the type of order he was issuing, deciding merely that he would grant the relief requested. While maintaining that umpires cannot have their authority/dignity tarnished by Alomar's unjustifiable behavior, he nonetheless ordered the umpires back to work because their labor agreement clearly contained a no-strike clause, and the issue

> must be settled by arbitration, not withholding services. The umpires' remedy is the arbitration process. . . . A work stoppage would cause irreparable damage. There is no realistic replacement for these umpires. These umpires are the best. To this extent, it is a compliment to them to issue this restraining order.[6]

Ludwig also quoted former Supreme Court Justice Oliver Wendell Holmes: ''The game of baseball has a higher calling than pure business.''

Randy Levine allegedly scripted the entire session that gave Phillips a forum to stress the ''serious decay'' and ''erosion of discipline'' in professional baseball and then remain true to his obeyance of governmental authority (accepting the judge's orders) instead of backing down to management officials, whom he thought bungled the Alomar incident. Management did have replacement umpires on hand just in case the judge did not order the MLBUA members to return, or even more remotely, if Phillips ignored the judge's order.

Umpires returned to work, not missing any post-season games. This situation was further ameliorated by John Hirschbeck's formally accepting Alomar's apology and urging a ''closure'' to the controversy. Moreover, Bud Selig, at the MLBPA's urging, scheduled a November 14 ''summit meeting'' that would include Budig, Coleman, Levine and representatives of the players' union and umpires' association to ''establish codes of conduct, so the Roberto Alomar incident never happens again.''

The umpires' forestalled dispute carried at least two possible implications for player-owner labor relations differences. Fans' historical nonrole in labor-management conflict was likely reinforced by their hypocritical/irrational behavior after the spitting incident. Orioles fans booed umpires when they entered the game, and gave standing ovations when Alomar appeared at the plate. Indians fans, who booed Alomar, had previously given standing ovations to Albert Belle, who was not exactly a role model of player decorum. In short, fans' concerns, no matter how extensively/vividly expressed, had no credibility/influence in lifting players and owners from their moribund labor relations.

Owners and players moreover blundered by not converting this latest adversity into an opportunity for resolution—publicize a long-term settlement that would place Alomar's behavior in the background by stressing labor relations peace/goodwill, and urging everyone to focus on the remaining post-season games. Fehr further demonstrated his lack of public relations skills pertaining to this incident. For example, he relied on legalese instead of compassion at a press conference held during the second Rangers-Yankees playoff game. ''Egregious'' was the harshest thing Fehr said about Alomar.

MAMMERING NEGOTIATIONS IN OCTOBER

White Sox owner Jerry Reinsdorf, during an early October owners' conference call, argued that management should withdraw its August 11 tentative agreement, threaten another industry shutdown, and seek a salary cap. Royals CEO David Glass advocated a similar approach which upset John Harrington and other owner-supporters of the labor agreement since Glass was only a paid executive, who had not invested a cent in the Royals club.

Other union and management officials effected some signals that suggested negotiations might be resumed if not successful at this time. MLBPA officials sent each player the incomplete agreement negotiated with the owners and received enough members' votes to ratify a similar agreement if it was subsequently reached with management. The owners' executive council also did not issue the 1997 schedules, thereby providing additional time to finalize a labor agreement that would include the interleague play alteration.

These gestures might have facilitated an October 15 meeting between Levine and Fehr, the first negotiations since Selig had yanked management's chief negotiator from the bargaining table after a settlement was nearly reached on August 11. The acting commissioner did not delegate deal-making authority to Levine, although he indicated he would meet with Levine and Fehr if they thought his presence would be constructive. Moreover, he believed ''realistically that a deal can be completed shortly.'' Fehr met Levine again on October 18, and was somewhat concerned that management's negotiator made some new suggestions that the union could not accept because they would fundamentally rearrange the August 11 understanding.

Union and management negotiators met the next day for about nine hours, although poor weather prevented Selig's attendance. On October 20, Selig arrived to attend the World Series but skipped the negotiations session for the third straight day, an omission that had to frustrate Fehr and Levine. There was also a rumored possibility that ''moderate'' Red Sox executive John Harrington had withdrawn his support of the August 11 arrangement. Selig met with Fehr on October 21 for about 45 minutes, but did not schedule a subsequent owners' meeting to discuss a possible settlement.

Lack of progress at this time could be attributed to the *morass of soft deadlines*, and the *''commissioner's'' continued inability to resolve moribund labor relations*. Fehr contended that the MLBPA needed a settlement before the free-agency filing period (fifteen days convening with the first business day after the World Series, or October 28–November 12, 1996). He further indicated that he, along with an all-star team of major league players, would be leaving for Japan on October 28. Also, the union would not agree to interleague play unless a labor agreement was reached, and Selig indicated that management had to decide on this scheduling arrangement by November 15. An unsettled labor agreement also precluded 1996 monies from luxury taxes on clubs' payrolls and revenue sharing dollars allotted to some teams.

However, as is true with countless other ''deadlines,'' there was every reason to think that these dates and related actions could be altered. Selig further reinforced labor relations ambiguity at this time with his continued approach of being all things to all people, and preference for an inactive/nebulous negotiations role. On October 22, he stated,

> Nobody wants to make a deal more than I do . . . but obviously the clubs have to feel it's a deal that addresses their problems. When you have (AL) Payroll No. 1 (New York) meeting (NL) Payroll No. 1 (Atlanta), it is not an accident. In the ALCS, when you had four of the top five payrolls meeting, it was not an accident.[7]

Selig for once appeared to be right, at least from a statistical perspective. Chapter 2 (Table 2.12) indicated that there was only one positive, statistically significant relationship between club payrolls and number of season wins in one out of eight comparisons (American League in 1993) for the seasons during the 1990 labor agreement (1990 through 1993). Spearman Rank Order Correlations between club payrolls and number of season wins in 1996 were run for the 1996 season with statistically significant results for both the AL (.79 significant at $p \leq .001$ level, one-tailed test) and the NL (.46 significant at $p \leq .05$ level, one-tailed test).

The de facto commissioner agreed to meet with Fehr and Levine the next day, and incongruously purported he would ''filter in and out of the meeting . . .'' because ''They know what they have to do.'' He continued an even more indefinite leadership role with other owners in the baseball dispute, declining to publicly support Levine's proposed settlement: ''I'm going to let nature take its course.'' He ''predicted'' that the clubs would eventually get together, but did not know when he would schedule them to meet.

Fehr and Levine met on October 23, but they discussed the Alomar-inspired November 14 summit meeting of players, owners, and umpires instead of unresolved bargaining issues. They also met in a second October 23 meeting, and appeared to have reached an agreement between themselves, but did not immediately publicize this situation so that Selig and other baseball executives had some time to ratify this arrangement. (Fehr had already received contract ratification authority from the players.) Players representative Tom Glavine succinctly assured the progress of negotiations at this time: ''the deal is close. . . . Of course, we've been close for some time.''

The next day, Fehr announced a tentative, five-year agreement, covering 1996 through 2000, that was very similar to the August 11 proposed settlement. For example, the luxury tax would be in effect for the years 1997 through 1999, but not in 2000. Players would receive service credit for lost strike days, and the union would have a two-year luxury tax–free period at the labor agreement's end if it exercised its option to extend its option through 2001. The union allegedly granted concessions for three issues: increased monies paid to management for exercising the option year; compensating any team losing a free agent because of strike days service credit with an extra pick between the first and second rounds of the amateur draft; and having three-member salary arbitration panels. Figure 9.1 summarizes these and other issues tentatively resolved at this time.

Fehr, Levine, and several pro-agreement owners urged the acting commissioner to recommend a settlement around October 25. Selig noted the negotiations, while intense, were still incomplete. Fehr argued that Selig should ''support his negotiator, recommend the deal to the clubs and promptly call an owners' meeting.'' Levine agreed in an October 27 statement that he had ''completed'' negotiations with Fehr, and briefed the owners' baseball policy committee by conference call the next day. Some owners hoped the acting commissioner would influence enough owners to ratify the labor agreement; however, Selig, preferring to continue wallowing in indifference, would not indicate his position on the tentative agreement so that the owners could decide for themselves in an ''orderly fashion.''

THE NOVEMBER 6 VOTE REJECTING THE TENTATIVE SETTLEMENT AND RELATED PORTENTS

Fehr left for Japan on October 28, contending, ''there's nothing left for me to do.'' The baseball owners did, however, schedule a November 6 meeting in Chicago to consider the proposed labor agreement.

Figure 9.1
Working Conditions Basically Achieved in August, 1996 and Reflected in the Tentative Agreement Presented at the November 6 Owners' Meeting

- *Length:* Through October 31, 2000. Players have a one-year extension option for 2001.
- *Minimum Salary* increased from 1996 figure of $109,000 to a pro-rated $150,000 after July 31, 1996 (players who worked the entire 1996 season under the $109,000 minimum would receive an additional $13,667), $150,000 in 1997, $170,000 in 1998, and $200,000 for each of the next three years, plus a cost-of-living adjustment applied to salaries for 2001 if the MLBPA does not opt for a contract extension.
- *Revenue Sharing:* The owners' revenue sharing plan, adopted on March 21, 1996, will have the thirteen most profitable being taxed on net income. In 1996, some thirteen teams were likely to receive monies from an estimated revenue sharing fund of $70 million. The largest revenue sharing club contribution in 1996 would be some $6 million, an amount nearly equal to the highest monies a club could receive. (The two recent expansion teams, Rockies and Marlins, will not be eligible for payments for 1997 and 1998.) This plan would be funded at the following levels: 1996, 60 percent; 1997, 60 percent; 1998, 80 percent; 1999, 85 percent; 2000, 100 percent; and 2001, 100 percent.
- *Luxury Tax Rates and Thresholds:* The top five teams whose payrolls exceed set thresholds will be taxed on the portions above the thresholds. Money will be used to fund the owners' 1997 revenue sharing shortfall. No luxury tax in 1996; 1997, 35 percent tax on payroll above $51 million; 1998, 35 percent tax on payroll above $55 million; 1999, 34 percent tax on payroll above $58.9 million; no tax in 2000 and 2001. Payrolls are based on average annual value of contracts for players on each team's 40-man roster plus $5 million per team for benefit costs.
- *Payroll Tax:* Individual players, except for those receiving the salary minimum, will pay a tax of 2.5 percent of their salaries in 1996 and 1997 with money coming from licensing income or another method determined by the MLBPA. The 25-man rosters and disabled lists would be used for the calculation. This would generate a total of $40–50 million (former figure guaranteed by players), and would be used to settle debts owed in legal fees caused by the strike and help defray costs of international marketing and promotional campaigns.
- *Language Courses:* Management will pay for English courses—given to Spanish-speaking players.
- *Service Time:* All players on major league rosters during the 1994–1995 strike will receive 75 days of service time. Each club losing a free agent because of this provision will receive an amateur draft-pick between the first and second round of June, 1997 draft.
- *Interleague Play:* Owners may start interleague play next season, with each team playing fifteen or sixteen interleague games. The interleague play agreement is for 1997 only, with the designated hitter rule applying in American League ballparks.
- *Travel Accommodations:* For the first time, teams must give all players single rooms on road trips.

Figure 9.1 (continued)

- *Player's Guest at All-Star Game:* will have expenses paid.
- *Antitrust:* Players and owners jointly will ask Congress to repeal baseball's antitrust exemption as it applies to labor matters. This would allow baseball players to file antitrust suits if the Major League Baseball Players Association decertified in a manner consistent with the 1996 Supreme Court decision *Brown vs. Pro Football, Inc.*
- *Split Doubleheaders:* Management no longer needs union approval if an emergency warrants playing a split (afternoon-night) doubleheader.
- *Expense Money:* No expense money increase for 1996 ($60.50 per day of travel), although this benefit would increase in 1997 to approximately $70 based on cost-of-living calculations the past five years.
- *Free Agency:* The former labor agreement restriction against filing for free agency twice within a five-year span if a team offers salary arbitration is eliminated.
- *Salary Arbitration:* Three-person panels will be used in 50 percent of the cases in 1998, 75 percent of the cases in 1999, and all cases in 2000 and 2001.
- *Post-season Player Pool:* The players' share of the ticket revenues from the first three games of each Division Series will be reduced from 80 percent to 60 percent. The union also gave permission to have a best-of-seven playoff series that would probably be implemented in 1998.
- *Expansion:* Owners can add two expansion franchises, provided that they decide by December 31, 1999, and the teams start play by 2002.
- *Litigation:* The MLBPA releases owners from any damages that may have occurred during the strike and will cancel all outstanding litigation stemming from the strike, including two unfair labor practice charges filed with the National Labor Relations Board and nineteen grievances filed with baseball's independent arbitrator. This working condition presumably countered Fehr's pledge that he would not withdraw one unfair labor practice charge filed in Brooklyn, New York that contended owners told minor leaguers not to report to Spring Training in 1995 unless they were willing to become replacement players. The treatment of some minor league players sent home when they refused to be replacement players during this time period was also protested, but now apparently waived.

Notes: Issues were derived from a variety of sources. For a more detailed explanation of factors involved in luxury tax calculations, see Murray Chass, ''A Luxury Tax Will Change the Sport,'' *New York Times*, November 3, 1996, p. 29.

Some owners thought the acting commissioner could obtain enough votes to ratify the agreement, although Selig emphasized there was ''no way'' that he would attempt to tell an experienced owner what to do.[8] A *USA Today* survey of baseball executives found that fourteen clubs definitely would approve the deal at the owners' meeting, five clubs would likely vote against the arrangement, and the remainder of the 28 clubs were undecided.[9] (The expansion teams' voting status on the labor agreement was undetermined at this time.)

On November 6, baseball executives, after a seven-hour meeting, voted 18 to 12 by secret ballot to reject the tentative agreement[10] although at least twelve of them did not object to the strike service credit issue. However, management officials were very concerned before the vote about the luxury tax amounts and years it would operate. Some thought the tentative agreement's luxury tax for the years 1997 through 1999 would generate insufficient revenue sharing funds. The tentatively agreed-upon luxury tax (thresholds and rates) represented a far cry from management's December, 1994 proposal that would have capped payrolls at $35 million. Yet few, if any, owners publicized their objections to the evolved financial arrangement reached some three months before this vote. Stan Kasten, Braves executive and member of the labor policy committee, nonetheless indicated that this arrangement, coupled with no additional revenue and static spending habits, would cost owners $100–200 million in the next five years. He made no effort to indicate how this ''loss'' was calculated; indeed, Levine countered, ''Stan's calculator is broken and probably needs new batteries.''

Many owners further thought higher luxury taxes from all instead of the top five teams above the threshold were needed to increase a possible drag on club payrolls, thereby leveling the playing field and restoring more competition among teams. Management officials also feared that it would be more difficult to obtain a luxury tax in a subsequent labor agreement if it were lacking in the final year(s) of this one. They therefore sought to eliminate the proposed luxury tax–free option in 2001 and possibly in 2000. Owners Reinsdorf and Harrington hoped that the fans realized that the owners were acting on their behalf to control the salary spiral so that ticket and concession prices would remain affordable.

The November 6 rejection of the proposed labor agreement reflected past and present management animosities toward chief negotiators Fehr and Levine. Some owners never trusted Fehr and likely reasoned his negotiated agreement with Levine represented a public relations stunt and/or indicated the MLBPA was savaging them again. Other owners thought that Fehr's endorsement was forged out of desperation and that he would give even more concessions if pushed.

More surprising was the anti-Levine sentiment reflected by two club owners, who thought he committed ''treason-like'' behavior by not realizing his hired subordinate status, and arranging a settlement so he could be labeled a ''hero'' without having to live with the negotiated working conditions.[11] Levine's mother-in-law is the best friend of Selig's wife, and some owners thought Levine's promotion of the August agreement represented a near-familial betrayal. Selig indicated that he could not fire Levine; instead, he wanted to make the best of the situation and continue negotiations. Levine presented a three-hour explanation of the arrangement and then was told to leave the room before the debate (labeled a ''civil war'' by one insider) and vote occurred on November 6. He expressed extreme disappointment over the vote, but did not immediately resign over this action. (He later indicated he would resign at midnight, November 15, if a settlement was not reached by then.) Selig, according to one management source, sensed a 16–14 vote in favor of the agreement (from the informal discussion) that would not be enough for approval, and urged more negative votes reflecting management's stronger opposition that might, in turn, wrong MLBPA concessions. Purportedly, the Cardinals switched from a positive to negative vote and the Orioles did likewise, probably to avoid the 1996 revenue sharing payment. The acting commissioner did not indicate his position regarding the tentative agreement although his daughter, Wendy, indicated she cast a negative vote from the Brewers club.

Selig, nonetheless, hoped that union and management negotiators were ''closer now than ever before,'' particularly since a 30–0 owners' vote, also taken on November 6, gave Selig and the executive council full authority to wrap up a labor agreement if the union accepted two major modifications in the proposed labor agreement: eliminating the second tax-free year in 2001, and having every club above the stipulated payroll paying luxury taxes. Fehr did not share Selig's optimism; instead, he regarded management's November 6 contract rejection vote as ''extremely unfortunate'':

> The bargain we struck, which is complicated and carefully balanced, presents us with an historic opportunity to put years of division aside and to move forward together. For the first time, most players, and notwithstanding today's vote, most owners, we had hoped, wanted to seize that opportunity.
>
> The fact that the owners repudiated their own negotiator makes the future quite uncertain. The players were willing to live with an agreement they did not like because they understood compromise is the essence of collective bargaining, and because the overall agreement is the first step in providing the long-term stability needed to rebuild this industry. It is regrettable that the owners today decided not to do the same.[12]

The acting commissioner and some of his colleagues planned to meet with Fehr and other union officials on November 11. Levine was also scheduled to attend this session but his role as chief negotiator would be supplanted by Selig.

Speculation occurred over this meeting's efficacy. Levine, for the first time, cited November 15 as the ''real'' deadline because Judge Sotomayor's injunction indicated the old labor agreement's working conditions would govern in the absence of a new agreement. Owners faced more pressures to reach an agreement at the November 11 meeting:

- A reported $1 billion in marketing revenues contingent on a labor agreement. Coca-Cola, for example, withdrew its national sponsorship from baseball shortly before the 1994 strike with one of its marketing executives explaining, ''a sponsor looks for the likability and predictability of a sport. . . . In baseball, with what's going on in labor, they're both in question.''[13]
- Postponement or cancellation of new baseball stadiums in Detroit, Houston, San Francisco, Cincinnati, Milwaukee, and Florida.
- The ironic possibility that clubs scheduled to pay the most revenue sharing money

might punish those clubs who were scheduled to receive these funds and voted against the proposed settlement by revisiting and then eliminating this financial arrangement.

- The likelihood of evidencing bad-faith bargaining—sending a negotiator (Levine) to the bargaining table without sufficient authority to consummate a labor agreement. This finding by the NLRB could prevent Judge Sotomayor from lifting her injunction, and could result in the union conducting an unfair labor practice strike instead of an economic strike in 1997.
- Possible continued estimated operating losses for management that have heretofore been estimated at: $364, $305, and $150 million for 1994, 1995, and 1996, respectively. While 1996 players' salaries increased only 1.1 percent over 1995, these figures will likely surpass a record $1 billion in the 1997 season, particularly without some sort of luxury tax drag on clubs' payrolls. Teams already have committed to $615,589,750 in 1997 for 202 players; therefore, the clubs would have just $384,410,249 to spend on the remaining 628 players to avoid the first billion-dollar payroll. Per-game attendance increased more than 1,000 from 1995 to 1996 (26,889) and the World Series television ratings increased from 19.8 to 22.2 during this time period. But the 1996 attendance and rating figures were down more than 4,000 and 30 percent, respectively, when compared to the 1993 pre-strike season.[14]
- Growing owner resentment over Bud Selig's role in labor relations, particularly from Larry Lucchino of the Padres and Peter O'Malley of the Dodgers. The latter baseball executive repeatedly challenged the acting commissioner without success at the November 6 meeting, asking him to declare a position on the tentative agreement. A possibility existed that the National League executives would initiate a ''dump Bud'' movement if the November 11 meeting failed.

There was also little reason to think that union negotiators would return to the bargaining table in any productive fashion, particularly after Fehr sent a three-page memorandum to players strongly insinuating that Selig lied when he denied authorizing Levine to reach an agreement: ''In fact, Bud has repeatedly told me that we should negotiate with Randy, that he has full authority and speaks for Bud.'' According to the MLBPA official, Selig never thought Levine could reach a deal with the union, and hid for weeks after this arrangement was attained in August. ''Bud realized he'd blown it,'' because he had enough baseball executives' votes to obtain a labor settlement that he did not want. Fehr further contended the acting commissioner then effectively torpedoed negotiations, an effort reflecting ''consummate bad faith'' bargaining. Former MLBPA president Marvin Miller amplified Fehr's assessment: ''If I thought the owners had hit rock bottom when I was there, I was wrong. . . . This can only be done by people with a complete lack of integrity. . . . It's the worst example of bad faith that I have ever seen in labor negotiations.''[15]

Possibly for the first time, baseball fans agreed with union officials and the press that the owners were responsible for the destructive dispute. An on-line, albeit unscientific, survey, conducted by *USA Today*, found 782 respondents blaming baseball executives and 351 respondents blaming union officials for the labor deadlock.

The November 11 meeting commenced with Fehr asking Selig, ''who's the head of your negotiating delegation now?''[16] The acting commissioner appeared uncomfortable with the question and hesitated before responding, ''I guess I am.'' He then spent the first ten minutes of the meeting explaining what the union already knew; namely, the results of management's two votes, but also indicated that management did not have any goals in mind. After the two parties met separately, Fehr conducted a 40-minute session with the management officials suggesting that they had not bargained in good faith and emphasizing that the union would not agree to management's proposed changes because no related rationales were given.

Civil, not hostile, behavior characterized the meeting and the acting commissioner thought both sides exhibited candor. After this meeting, Selig and Levine met with Fehr, Orza, and player representative David Cone, and the interim commissioner acknowledged that he had the authority to make the deal. Attention shifted to what, if any, labor relations progress would be reached between the November 11 meeting and November 15 ''deadline.'' As noted earlier, the latter date could cause the old labor agreement to be implemented, although any working condition could be altered or replaced by management and union agreement. Even the MLBPA president suggested that the November 15 date that allowed free-agent players to sign with other clubs, while firm, was not immutable, stating only that players and clubs have to agree to terms, and this date cannot be continually pushed back. Selig also indicated on November 11 that the four-day-later deadline for interleague play could be extended: ''One week, one way or the other, is not going to make a difference.''

Other meetings and related concerns also competed for his attention: a November 11 session with general managers concerning player development and possible rule changes, and the previously scheduled, Alomar-ignited November 14 ''summit meeting'' between baseball executives, players, and umpires. Selig did not attend the general managers' meeting, and postponed the ''summit meeting,'' contending ''everybody understands that the labor issue this week is a top priority.''

Media and MLBPA representatives thought Selig and some other owners gave little, if any, priority to related efforts at this time. Press accounts doubted management's labor relations intent because no tangible results were realized soon after major bargaining progress occurred August 9 through August 11. An extensive review of articles and newspaper editorials revealed no positive coverage of the interim commissioner's labor relations acumen and leadership. Perhaps one editorial synthesizes related media assessment: ''If you're going to have anybody give the appearance of presiding over a wreck in progress, who better than a master of inconsequence such as Selig? They don't call him acting commissioner for nothing.''[17]

Fehr also had to regard the ''top priority'' labor settlement designation hypocritical since Selig's November 12 through 20 bargaining relationship with the union president totaled two conversations for one and five minutes respectively.

Selig also spent the weekend after the November 11 meeting vacationing in Arizona, prompting the MLBPA's top official to suggest the acting commissioner is more interested in ''communing with the sand and nature than in saving the agreement. Maybe since he got his own stadium (ground was broken recently in Milwaukee) he doesn't care about revenue sharing.'' Fehr further stressed,

> Just look at the basic facts, . . . He delayed in every way he could before taking a vote. He led the repudiation of his own negotiator. He pulled what was nothing more than a PR stunt by walking in (to the union offices) and asking for a renegotiation, then immediately flew back to Milwaukee. Why should I expect him to call?[18]

Not surprisingly, the acting commissioner removed the November 15 ''deadline.'' Levine also deferred his resignation for an unspecified period, seemingly because Selig assured him on November 13 that he was committed to resolving the dispute in the near term. Levine's continuation, while no doubt very acceptable to Fehr, particularly since no viable alternative seemed available, was nonetheless confusing, since he indicated he was explicitly authorized to agree to every point in the tentatively negotiated agreement reached. He not only confirmed that the acting commissioner and owners deserted him, but predicted management's irresolute labor executives were ''totally paralyzed,'' unable to obtain the necessary 21 votes ''to go to the bathroom.''

Fehr acknowledged that baseball's union-management activities had been traditionally acrimonious, but contended that the MLBPA's bargaining concessions (reflected in Figure 9.1) for possibly the first time brought back financial stability and fans' support. He charged the owners with bungling this latest opportunity for a settlement because they had a ''win'' since the union made concessions, ''But their object remains to continue the war, not win or end it.'' However, his dire assessment was not shared by at least some of the owners. John Harrington of the Red Sox, for example, thought the deadline reflected ''brinkmanship, and a deal could easily be reached by noon of November 15.''

Two player/free-agent categories were at least initially adversely affected by this bargaining nondevelopment that implemented the old labor contract's work rules unless union and management officials agreed to the contrary. There were 115 possible free agents after the 1996 World Series; however, 45 of these individuals were eliminated by the new labor settlement's collapse; namely, 34 who were under the old labor agreement's restriction against repeating free agency in a five-year period, and eleven who needed a new labor agreement provision providing them with service credit for strike days lost to become eligible for free agency. Fehr recognized this setback to some MLBPA members and obtusely predicted, ''Just like the players before them, we will make it right when we can.''[19]

INFLUENCES AND OUTCOMES RELATED TO THE NOVEMBER 26 CONTRACT RATIFICATION VOTE AND EVENTUAL SETTLEMENT

At least three influences removed the bargaining inertia after the November 6 vote: *clubs' signings of superstars Albert Belle and John Smoltz; Bud Selig's newfound persuasive, if not leadership capabilities*; and *most owners' realization that the tentative settlement, while flawed, was needed to advance the game's business and playing field aspects*. Jerry Reinsdorf announced on November 19 that he signed Albert Belle to a five-year contract, increasing the free agent's $5.65 million 1996 season salary to at least $57.5 million for the next five years. The terms of this agreement were: signing bonus of $2.5 million; $50 million for five years; and, a minimum $5 million guaranteed buyout option if the club did not want to sign him in 2002. This latter figure could rise to $8 million if he attained two out of three milestones in the previous season: a member of the AL All-Star team; being in the top ten of the AL most valuable player voting; and winning a Silver Slugger award.

This contract also enabled the player to demand a raise in the 1999 through 2002 seasons when at least three players have guaranteed contracts for a minimum of three years with average annual values exceeding his. The White Sox would either increase Belle's salary to that of the third-highest average annual value, or the player could attempt to sign with another club as a free agent during a 30-day period. If unsuccessful, Belle could then reinstate his contract with the White Sox.

Reinsdorf, regarded as the major force against the tentative labor agreement because it did not exert a sufficient drag against team payrolls, attempted to rationalize his excessive, contradictory behavior. He maintained the current economic arrangement among owners ''stinks,'' because it allowed financially able clubs like the White Sox to ruin competitive balance by obtaining superstars such as Belle, while poorer clubs could only watch and continue to lose. He vowed to continue to fight for salary control so that fans in small towns such as Pittsburgh, Kansas City, and Milwaukee could have a chance to see their clubs compete.

Many baseball executives appeared not to accept Reinsdorf's altruistic explanation of his behavior thinking that he scuttled the proposed labor agreement to avoid giving his star pitcher, Alex Fernandez, strike service credit to become a free agent and paying some $6 million in revenue sharing and luxury taxes in 1997. Reinsdorf long ago agreed on strike service credit and this working condition had not been a major issue for the last two or three months. However, the general manager of Belle's former team, the Indians, questioned the White Sox owner's credibility since Reinsdorf blew the market open at a time when 25 out of 28 teams lost money in 1996. Four clubs' (Detroit, Montreal, Pittsburgh, and Milwaukee) total players' payrolls were less than the combined $18.1

million paid to Frank Thomas and Albert Belle for the 1997 season. Cubs executive Andy MacPhail probably spoke for other owners when he said he could not understand why Reinsdorf would pay Belle nearly $2 million a year more than Ken Griffey, a unique talent with none of Belle's off-field negative exploits. Another baseball executive bitterly commented, ''Jerry . . . is always for Jerry.''

The acting commissioner would not comment on the Belle signing to avoid a conflict of interest since the player would now be playing in his division. However, he spent much of the next day trying to appease many baseball executives disgruntled over Reinsdorf's self-serving behavior. Owners also realized that Belle's salary would be used as an expensive comparison in arbitration cases for their players before the 1997 season.

A day after Albert Belle became the highest-paid player ever, the Braves made John Smoltz the highest-paid pitcher in baseball history with a $31 million contract over the next four years. Some executives also had to be skeptical over this action in view of Braves executive Stan Kasten's publicized anguish over the industry's spending itself into oblivion.

Selig responded in large part to these signings and related management concerns by scheduling an owners' meeting for November 26, 1996, and cryptically invoking his predecessors' fates: ''I've said that every commissioner before me either died in office or was fired.'' He did not indicate if a vote would be taken at the meeting, although a large majority of executives would likely force this action in view of Reinsdorf's alleged duplicitous behavior as well as having to meet two days before Thanksgiving. One owner further suggested that Selig had the votes for the labor agreement because ''Why call a meeting unless you're going to reverse course?'' The executive council, headed by the acting commissioner, also threatened to levy a $250,000 fine on any owner speaking to the media about the labor relations situation or the November 26 meeting.

The expansion clubs' addition to the owners' voting mix on November 6 meant that 23 out of 30 clubs were needed to approve the proposed settlement. Baseball executives dramatically changed their November 6 vote (12 accepting and 18 rejecting the labor agreement) some three weeks later (26 accepting and 4 rejecting the labor agreement).

Why did this action, ending a four-year labor relations dispute, occur? Management received no union concessions during the three-week period, and did not even attempt to generate some face-saving rationale.

The vote reversal did not reflect differences between large- and small-revenue clubs, since there were not enough organizations of either designation voting against the agreement on November 26. Moreover, the November 6 vote could not be explained by economic differences among clubs. The X^2 of 1.85 obtained when comparing baseball executives' pro/antilabor agreement vote by above-or below-average club total revenue in 1995 (Table 9.1) was statistically insignificant.

The immediate explanation for the November 26 voting difference would be Reinsdorf's signing Albert Belle that reflected an ''in your face'' approach to

Table 9.1
Clubs' November 6 Vote on Tentative Agreement Based on 1995 Total Revenue Status

Total Revenue Status for 1995	Vote on Tentative Agreement November 6, 1996	
	For	Against
Above Average	6	6
Below Average	4	12

Notes:

- Total revenues from clubs that include gate receipts, media, and venue (luxury suites, concession, and other events, for example), plus other revenues such as licensing and merchandise.
- The average club total revenue for the baseball clubs in 1995 was $50.5 million. Those clubs above the average: Yankees, Orioles, Braves, Blue Jays, Rockies, Dodgers, White Sox, Red Sox, Rangers, Mets, and Indians.
- This table does not include two affirmative votes from the two expansion teams (Devil Rays and Diamondbacks) not having revenues for 1995.

Source: Financial World, May 20, 1996, p. 56.

all owners, particularly those who joined his labor agreement opposition on November 6. Yet, Reinsdorf and Selig maintained that the Belle signing was never mentioned in the November 26 deliberations, although another account indicated that Padres and Mets presidents Lucchino and Wilpon criticized Reinsdorf at the meeting for leading owners astray with his hard-line stance.

Reinsdorf thought the voting shift proved his continuous contention that ''Mr. Selig is the power,'' since the acting commissioner strongly endorsed the labor agreement in the November 26 meeting and convinced uninformed baseball executives to change their negative votes on November 6. Another owner agreed with Reinsdorf's logic, shortly before the November 26 vote, maintaining that Selig is holding the powerful commissioner's chair. Moreover, ''We've got a lot of new owners. Out of 30, if 10 understand the deal, that's a lot. They look to Bud as a wise man. Which is kind of scary.''[20]

Activities such as the Belle signing, while not formally mentioned, can still have a major labor relations impact. The fill-in commissioner openly discussed other people in baseball whose opinions he ''respected more than Reinsdorf's,'' shortly before the vote. Knowing this agreement would likely set his tarnished reputation in stone, Selig nonetheless stood up, if not tall, in the days immediately preceding and including management's labor agreement ratification.

Within days, his position on the tentative labor agreement shifted from wreaking ''financial havoc'' on the sport to strongly endorsing a necessary, albeit ''disappointing'' resolution. He seemingly gave two rationales for his voting change, one suggesting he wanted the tentative agreement all along but voted against it on November 6 to give owners additional time to receive and digest additional related information. Selig also indicated his different votes were caused by spending more time alone after the Belle signing than ever spent in his life. This introspection gave him a commonsense ethic and a realization that he was the only baseball owner required to think beyond individual club interests. Moreover, he maintained that a settlement eliminating labor-management acrimony would generate a ‘‘renaissance in the coming decade that will startle everybody.’’

Levine and Selig each called the other a ‘‘hero,’’ for achieving a settlement. Levine admitted he erred after the November 6 vote when he did not give Selig and the bargaining process the benefit of the doubt. He also gave the acting commissioner major credit for obtaining a ‘‘revolutionary agreement.’’ Several players’ agents also had heroic roles in resolving the labor dispute. They circumscribed Fehr and Selig by explaining the bargaining situation to some owners who were unaware of either the labor settlement’s terms agreed upon by Fehr and Levine August 9 through August 11, or the fact that Selig agreed with this package. They also constantly informed various owners of two messages: the union wanted to make a deal; and the August tentative agreement would not be bettered in subsequent negotiations.

Some agents also advised union and management officials to change/enhance their leadership styles. MLBPA officers were told to avoid their strident bargaining approach and possibly propose alternative solutions. One agent, Ron Shapiro, continually urged the acting commissioner to assume a leadership role in approving the tentative settlement in August, 1996, and increased pressure after Selig’s noninvolvement with the November 6 vote. Selig finally indicated to the agent that he would recommend the labor agreement, four days before the November 26 vote. Other baseball executives had to consider John Harrington’s, Bill Gilles’, and Peter Magowan’s rationales, that the agreement, while unsatisfactory to owners, was nonetheless better than the previous labor contract, and set the stage for future improvements while enabling management to return to on-field problems such as building a competitive club.

This rationale was also reflected and extended by Cubs executive Andy MacPhail, a heretofore strong advocate of Reinsdorf’s labor agreement opposition,[21] who ended up voting for contract ratification on November 16. He insisted his labor relations switch was not related to Reinsdorf signing Belle; instead, he thought that management could not take anymore ‘‘hits’’ for its labor relations inaction and obstinance. MacPhail thought the owners’ labor agreement rejection would exacerbate fan tensions to an uncontrollable level. (Reinsdorf responded to his former partner in opposing the labor agreement by signing the Cubs pitching ace Jaime Navarro, who has a career ERA of 4.10, to a four-year, $20 million contract.) This sentiment and related action was shared by other owners. The November 26 negative vote, unlike that on November 6, was a voice vote, and they voted yes because they did not want to have to explain a no vote to their fans.

The four baseball executives who voted against the labor agreement apparently realized their actions would be, at best, symbolic. Indians owner Richard Jacobs did not comment on his November 26 negative vote, but stressed shortly before this action that more than five teams above the negotiated tax thresholds needed to contribute revenue sharing funds. Steven Schott and Mike Herman of the Athletics and Royals contended that the tentative agreement was still insufficient for competitive balance because tax thresholds/rates and clubs eligible for payments needed to be increased. Another Royals executive realized his club would receive revenue sharing, but contended these monies were only sufficient to keep its younger talent longer, instead of obtaining the best talent available.

Reinsdorf attached the greatest verbal, symbolic significance to his vote, indicating that he felt like Wayne Morris, one of two U.S. Senators voting against the Gulf of Tonkin resolution, which increased involvement with the Vietnam War. He maintained he voted against the agreement because it did not solve any problems facing baseball management. He did, however, suggest the ratified agreement was good for his large-market White Sox club because ‘‘it dooms the small-market clubs to not being able to compete.’’ Reinsdorf did not immediately implement his assessment, however, when he did not retain White Sox pitcher Alex Fernandez, now able to pursue free agency with strike service credit under the new labor agreement. White Sox executives would not increase their five-year, $30 million offer to Fernandez’s five-year, $35 million request, in part because the pitcher had never won 20 games in a season, an ERA title, a Cy Young Award, or an ‘‘All-Star’’ designation.

Three last-minute snags remained to be settled, one being management’s sudden request to extend interleague play into 1998. Another concerned the retroactivity of the labor agreement to 1996 that meant the players’ share of the ticket money from the first three games of each first-round playoff series dropped from 80 percent to 60 percent. The union indicated that due to the delayed settlement, post-season checks at the 80 percent figure were sent to players. Finally, new deadlines had to be established for the two new free-agent categories created by the labor agreement. Fehr gave a most unique assessment of these potential labor relations obstacles: ‘‘I’m far from pessimistic,’’ and they were quickly resolved (see Figure 9.2 for related details).

Selig observed that the resolution, while reflecting progress, still left much to be done; moreover, ‘‘Now it’s up to us all to move forward.’’ Reinsdorf suggested the first step would be selecting a new commissioner since the owners had consistently said that one would be appointed after labor peace had been obtained. The acting commissioner resumed his traditional and befuddled labor relations approach: ‘‘I will convene the executive council at some appropriate time and we’ll begin to talk about setting up mechanisms for that.’’ Fehr thought that much more work remained to be done, and a ‘‘real, full-time commissioner’’ was needed to lead baseball executives in the reconciliation process.

Figure 9.2
Details of Changes Made to Labor Agreement between November 6, 1996 and December 9, 1996

- Ten new free agents because of strike service credit under the new labor agreement (Moises Alou and Mel Rojas of the Expos; Tony Castillo and Alex Fernandez of the White Sox; and Mike Bordick, Luis Gonzalez, Brent Mayne, Tim Naehering, Craig Shipley, and Mark Whitten of the Athletics, Cubs, Mets, Red Sox, Padres and Mariners, respectively) can negotiate with any team starting 2:00 P.M. EST December 7.
- Pitcher Jesse Orosco's $850,000, one-year contract with the Orioles and pitcher Bob Patterson's $1.1 million, one-year contract with the Cubs are considered final, and they will not gain the right to free agency.
- Pitcher Jimmy Key and infielder Mark McLemore also become free agents December 7. Because they were offered salary arbitration by their former teams under the old rules, the salary arbitration offers will remain under the new rules.
- The December 7 deadline for teams to offer salary arbitration to their former players who became free agents remains. Players not offered arbitration may not sign with their former teams from December 8 to April 30.
- The December 19 deadline for free agents to accept or reject arbitration offers was pushed back to January 2.
- For the twelve newly created free agents, draft-pick compensation will change, with additional sandwich picks between the first and second rounds of next June's amateur draft instead of draft-picks from the new team. In some cases, teams will receive an additional first-round pick immediately following the first-round pick of the player's new team.
- Players sent to the minor leagues from July 28, 1994 (when the MLBPA announced its strike date) through the end of the 1994 season may buy back their lost major league service time for the remainder of the 1994 season by returning to teams the minor league salaries they earned during this period they were sent down (60 out of 70 players accepted this option before the December 18, 1996, deadline).
- Players will keep bonus playoff monies (80 percent of revenues) for 1996 because the 60 percent figure was reached after players' checks had been sent out by the MLBPA. The union will pay back $2 million of the $2.5 million decrease in 2000.
- Players approved interleague play on an experimental basis for 1998 as well as 1997. However, if owners expand interleague play beyond the sixteen-game maximum in 1997, the designated hitter must be used in all ballparks, not just those of AL teams.

NOTES

1. Murray Chass, ''Owners' Negotiator Can Now See A Path to Progress,'' *New York Times*, September 12, 1996, p. B-6.

2. According to latest management projections, eleven teams would receive more than $2 million each: Pirates ($4.7 million), Royals ($4.5 million), Expos ($4.5 million), Tigers ($4.4 million), Twins ($4 million), Brewers ($3.7 million), Athletics ($3.2 million), Reds ($3 million), Angels ($2.7 million), Padres ($2.7 million), and Astros ($2.5

million). Nine teams would pay more than $1 million apiece: the Yankees ($5.5 million), Indians ($5 million), Orioles ($5 million), Braves ($4 million), Dodgers ($3.4 million), Rangers ($2.8 million), Red Sox ($2.7 million), White Sox ($2.4 million), and Blue Jays ($1.2 million). Ronald Blum, ''Baseball Season's Final Week Critical to Labor Agreement,'' *St. Paul Pioneer Press,* September 23, 1996, p. 7C.

3. There were at least two such incidents with opposite time frame implementations. In 1942, Yankees Frank Crosetti was suspended for 30 days the following season for pushing an umpire during the World Series. In 1972 Bert Campaneris was suspended for three remaining playoff games for throwing a bat at a pitcher who hit him with a thrown ball.

4. This development greatly affected post-season play as Alomar hit a tenth-inning homerun on September 27 to clinch a playoff opportunity for the Orioles. On October 5 he hit a game-tying single in the ninth inning, and a game-winning homerun in the twelfth inning to beat the Indians and secure his team's playing in the AL Championship Series with the Yankees.

5. For one alternative of how Selig and the commissioner's office could have handled the Alomar incident, see Dave Anderson, ''Baseball Needs Solo Discipline—And Soon,'' October 5, 1996, p. 35.

6. Steve Zipay, ''Judge Orders Umpires Back to Work,'' *Newsday,* October 5, 1996, p. A-36.

7. ''Selig: No New Deal, No Interleague Play,'' *USA Today*, October 23, 1996, p. 5-C.

8. Hal Bodley, ''Selig Stays Firmly on Fence Before Vote,'' *USA Today,* November 5, 1996, p. 14-C. For a well-written analysis of Selig's leadership limitations at this time, see Joe Gergen, ''Baseball's Labor Impasse/Selig Sets Sad Tone for Game,'' *Newsday,* November 7, 1996, p. A-106.

9. Clubs in favor of the agreement: Orioles, Yankees, Athletics, Rangers, Blue Jays, Braves, Rockies, Dodgers, Mets, Phillies, Pirates, Cardinals, Padres, and Giants. Those against the labor agreement were the Cubs, White Sox, Royals, Marlins, and Expos while the Red Sox, Angels, Indians, Tigers, Brewers, Twins, Supersonics, Reds, and Astros were undecided. Hal Bodley, ''Selig Won't Influence Owners on Labor Deal,'' *USA Today*, October 29, 1996, p. 5-C.

10. The twelve teams voting for the settlement were the Yankees, Mets, Blue Jays, Padres, Rangers, Phillies, Pirates, Rockies, Dodgers, Giants, and the Arizona and Tampa Bay expansion teams. The decision to let the expansion teams vote reflected some widespread dissatisfaction over Selig's acting commissioner role. A resolution was introduced that would give Selig the authority to determine if and when the expansion teams could vote; however, it barely passed the AL clubs (8–6) and was soundly rejected by NL clubs 10–0 (four clubs apparently abstained).

11. Jerome Holtzman, ''Owners Doubt That Levine Is the Real Deal,'' *Chicago Tribune*, October 30, 1996, *Sports*, p. 6.

12. John Heyman, ''Baseball's Labor Impasse,'' *Newsday*, November 7, 1996, p. A-106.

13. John Helyar, ''Can Baseball Get Sponsors Back to the Ballgame?'' *Wall Street Journal*, November 15, 1996, p. B-1.

14. For additional financial indicator comparisons, see Michael Hiestand, ''Numbers Still Trail Levels Before '94 Strike,'' *USA Today*, October 1, 1996, p. 3-C.

15. ''Miller Time,'' *USA Today*, November 22, 1996, p. 3-C.

16. Four baseball executives also attended this meeting, although they did not take part in the discussions: Harrington, Brochu, Beeston, and Wilpon of the Red Sox, Expos, Blue Jays, and Mets, respectively. The apparent nonscheduling of Reinsdorf at this meeting was surprising since he was reputed to be the primary opponent of the tentative labor agreement. At first glance his absence may have been planned to avoid unnecessary confrontation and antagonism. However, one owner suggested this situation was predictable due to Reinsdorf's preferred approach to a labor relations dispute: ''he doesn't want to be out front and in the position of being second-guessed. He doesn't want his ass on the line.'' ''Scorecard: Ownership's One-Two Punch,'' *Sports Illustrated*, November 18, 1996, p. 18. Three players' representatives (David Cone, Tom Glavine, and B. J. Sarhoff) also attended the meeting.

17. Dan Moffett, ''A Fine Mess Baseball (Still) Can't/Won't Fix,'' *Palm Beach Post*, November 14, 1996, p. 1-C. See also Dave Anderson, ''This Bud's Not for You and Not for Baseball,'' November 17, 1996, p. 22.

18. Ross Newhan, ''Labor Impasse Postpones Code of Conduct Summit,'' *Los Angeles Times*, November 14, 1996, 2-E.

19. Peter Schmuck, ''Owners Submit Revised Plan,'' *Baltimore Morning Sun*, November 12, 1996, p. 3-D.

20. Thomas Boswell, ''Selig Saves Best for Late in Game,'' *Washington Post*, November 27, 1996, Sports C-1.

21. Marlins owner Wayne Huizenga also agreed with Reinsdorf that the agreement should be rejected; however, he switched his negative vote and was conspicuously absent and silent about the Marlins' positive vote at the November 26 meeting. Don Smiley, president of the Marlins, who cast this vote, contended that ''No one needs a baseball deal more than the Marlins,'' because the club averaged 34,000 ticket sales the day before the players' strike began, compared to an average of 22,000 for the end of the 1996 season. While not thinking the agreement was a ''perfect deal,'' he hoped its terms would jump-start the Marlins along with the rest of the industry. The club financially backed Smiley's goal when it signed Moises Alou and Alex Fernandez, formerly of the Expos and the White Sox, and currently free agents because of strike service credit under the new labor agreement to large contracts (five years—$25 million, and five years—$35 million, respectively). Fernandez had previously stressed how much he wanted to remain in Chicago, but was emotionally overcome at the Marlins' press conference because he could now pitch before his family and friends. The Marlins also signed Bobby Bonilla, who became a free agent because the new agreement eliminated the previous repeater restriction within five years. Bonilla received a four-year, $23.3 million contract and acknowledged the Albert Belle signing along with the player's negative public opinion: ''Who says [Belle] doesn't do community service?''

10

Summary, Possible Implications, and Prospects

This chapter reflects a combined summary of some four years of moribund labor relations in professional baseball and related implications/lessons that might possibly influence the next negotiations. Its capsulated contents from previous chapters pertain to various labor relations influences and issues. A final section suggests related lessons from current and previous negotiations that could enhance prospects for a future, effective labor-management relationship.

LABOR RELATIONS INFLUENCES

Government Officials' Involvement

Several governmental officials at executive, legislative, administrative, and judicial levels participated in this labor dispute. President Clinton's direct involvement was symbolic at best. Conceivably, one or both parties asked Mr. Clinton to bring union and management officials to the White House on February 7, 1995; however, this possibility seems unlikely as the president spent less than a half hour in a related information exchange. Moreover, at least one baseball executive (John Harrington of the Red Sox) publicly indicated management did not request this meeting.

The Executive Branch was also ineffective in two other demonstrable ways that further revealed inabilities of third-party and/or governmental officials to resolve the dispute. Mediation efforts by William J. Usery, who was strongly recommended by several government officials, and individuals from the Federal Mediation and Conciliation Service exacerbated management-union tensions instead of facilitating a labor agreement. Usery may have been resting on past laurels instead of quickly realizing the tradition of distrust and acrimony that would become reinforced by the free-for-all meeting approach, involving too many union and management officials. His public denigration of these efforts (labeling them most ''embarrassing'' and ''ridiculous,'' for example) did nothing to aid the process, and his lingering long after Fehr questioned his usefulness may have prolonged the dispute. Mediators from the FMCS also ran into difficulties with large sessions and the absence of the following factors that were necessary for their success; more specifically, the extent they

- are entering a situation where there is some unity of opinion within the management and union bargaining teams. This condition, while true to a strong degree for the MLBPA, was lacking for the baseball executives.
- are sincerely welcomed by union and/or management officials (providing this person with heretofore confidential information regarding bargaining priorities and concerns, for example).
- provide a face-saving opportunity for one or both parties to reach a negotiated settlement.
- have extensive knowledge of the disputed working conditions.

Mr. Clinton also failed to obtain congressional approval of his legislation to end the dispute by submitting unresolved working conditions to binding arbitration. Union and management negotiators spent much time and expense testifying before House and Senate committees and subcommittees during the fall of 1994 and spring of 1995, with no tangible benefits or results. None of the double-digit amount of legislative bills were passed because of traditional, related inefficiencies; for example, the defeat of pertinent legislators in the 1994 elections which stymied 1994 baseball legislation and precluded related efforts in 1995. There was also widespread legislator reluctance to resolve baseball's labor dispute and/or eliminate its exemption from antitrust laws. Some politicians had professional and/or minor league clubs in their states and thought these teams could be damaged, even eliminated if related legislation were passed. Even more legislators seemed to reflect at least one public poll concluding that Congress should not become involved in a private sector labor dispute unless it threatened the nation's security or economy. Those Republican legislators who were inclined to resolve the labor dispute perceived higher priorities embellished in their ''Contract with America'' mission. Ontario province labor law exerted a more significant role than proposed domestic labor legislation, as it would prevent the Toronto Blue Jays from hiring players' strike replacements, a situation that could preclude scheduling regular season games if clubs employed these individuals.

The National Labor Relations Board (NLRB) exerted some but not controlling influence on the labor relations dispute, a situation in line with many NLRB officials' beliefs that the agency's purpose is to ensure the parties' attempt to reach a mutual accommodation under the purview of the National Labor Relations Act instead of NLRB directives. The agency refused to issue a complaint regarding management's unfair labor practice (ULP) charge against alleged union agents Franco and Bonilla; along with a second management charge (2-CB 15518, filed December 27, 1994) and another by the union (2-CA 28065, filed December 27, 1994). The NLRB did issue two complaints along with two ULPs filed by the MLBPA (2-CA-27771, September 6, 1994; and 2-CA-28177, February 8, 1995); although union and management officials eliminated them in their eventual labor agreement settlement.

At first glance, the preceding NLRB inaction gave credence to management consultant Ballow's legal advice that baseball executives should basically disregard initial ULP charges because related actions could defeat the union before subsequent legal decisions could take place. Yet, management had to learn that the ''let unfair labor practices pile up'' strategy was likely wrong as only one (2-CA-28177 concerning the clubs' nonpayment of a pension plan contribution on August 1, 1994) was needed for the NLRB to successfully obtain a 10-j (National Labor Relations Act) injunction issued by District Court Judge Sotomayor and upheld by the United States Court of Appeals for the Second Circuit. The injunction prohibited management from declaring a bargaining impasse and unilaterally implementing desired working conditions, but did not instruct the parties to settle labor relations differences. Management's untaken vote to open the 1995 regular season with MLBPA members reflected a lack of owners' consensus instead of a NLRB or judicial edict. The NLRB nonetheless showed it could act efficiently to prevent a determined unlawful action, and keep one or both parties ''honest'' in dispute resolution.

Fans' and the Media's Role in the Dispute

President Clinton claimed widespread public concern over the 1994 strike mandated his attempted effort to help resolve professional baseball's labor relations differences. Management and union officials continue to invoke fans' interests to justify their stances and activities. Yet, this potential influence was never strong through the 1966 to 1990 labor negotiations, and exerted little, if any, pressure on the parties to resolve their differences from December, 1992 until the 1994 strike, when fans' pressures increased (having the parties avoid strike/lockout options during 1995–1996, for example).

Players were subjected to fans' vocal derision and nonattendance during the 1995 season. Those who were frequent union spokespersons during the strike, such as Jay Bell and Tom Glavine, received more focused abuse, and appreciated positive fan response at the end of the 1995 and subsequent Spring Training. A strike taken during the 1996 regular season would not have likely received repeated vocal and active support from Bell and Glavine, let alone by other players unfamiliar with the labor relations situation.

Management officials seemed to acknowledge, if not accommodate, fans' concerns at this time as well. American League president Gene Budig indicated in March, 1996 that fans' antipathy gave owners the ''ultimate wake up call,'' and that a long-term labor agreement without further work stoppages was desperately needed.

Jerry Reinsdorf, a CPA and reputed ‘‘hard-line’’ owner in labor relations matters, empathized with the fans at mid-1996 season,

> Yes, there’s been a sinking feeling about baseball, and I don’t think it’ll be right with the fans until we can come to a collective bargaining agreement. . . . They just don’t want to give themselves totally back to the game if only to have their hearts broken again.[1]

Season ticket sales in 1996, while up slightly from 1995, were down from the 1993 pre-strike season, and Reinsdorf and other owners no doubt thought an unresolved dispute and possible job actions in 1997 would reduce, perhaps permanently, fan interest, attendance, and related revenues. This realization might have prompted many baseball executives to reverse their November 6, 1996, negative vote to contract ratification a few weeks later.

Fans may have exerted their greatest labor relations influence after the November 26, 1966, negotiated settlement. Some clubs were willing to spend rather exorbitant sums on players’ salaries. The White Sox and the Blue Jays signed Albert Belle and Roger Clemens to expensive multiyear contracts to attract more fans and related revenues, and convince the public they were doing everything they could to field a competitive team. Don Smiley, president of the Marlins, who committed nearly $176 million in players’ multi-year contracts, contended his club had to do something to reverse the large attendance loss (average ticket sales of 34,000 the day before the strike began in 1994 versus 22,000 for the end of the 1996 season).

Paradoxically, an increase in fan attendance at increased ticket prices might reduce the significance of this influence in future collective bargaining efforts because owners’ and the MLBPA’s traditional belief that fans will return to the game despite labor-management disruptions will be reinforced. This possibility is discussed in this chapter’s next section.

Media coverage had never shaped previous labor settlements from 1966 through 1996. Both management and union officials eventually realized that bargaining through the media was counterproductive. Levine refrained from baiting his counterpart in the media while Fehr seemed to realize, in the summer of 1996, that the media could at least minimize, if not totally reverse, the 30-year portrayal of the union vitriolically representing whining players who were overpaid for playing a child’s game.

Media portrayal of management’s current, negative labor relations role was more pronounced than found in 30 years of related activities. It became increasingly hostile after the players returned to work after Judge Sotomayor’s injunction, and the media seemed to unanimously disapprove of baseball executives rejecting then ratifying the same labor agreement in November, 1996.

There were also no apparent, positive media accounts of the acting commissioner’s performance until Mr. Selig was given some credit for persuading some owners to ratify the labor agreement before the second vote. The prevailing media sentiment during four years of moribund labor relations reflected sports observer Mike Lupica's opinion that the two greatest scandals in professional baseball were ''shoeless Joe Jackson'' and ''clueless Bud Selig.''

Television exerted more than a public opinion impact because network contracts provided major revenues to baseball clubs. CBS informed baseball management that a lockout during the 1993 Spring Training and/or the regular season would be regarded as a trashing of its final contract year; therefore, the network would not negotiate a subsequent arrangement. No lockout was instigated in 1993; however, baseball executives did not have their fiscal or labor relations concerns significantly affected by network officials' subsequent threats and negotiations.

They knew their Total Baseball Network arrangement negotiated with ABC and NBC in 1993 was unsuccessful. Owners were not given any guaranteed rights fee (''up front money''), and only received $5–7 million per club annually compared to $14 million under the previous contract with CBS. Selig, in perhaps his biggest administrative accomplishment as acting commissioner, ignored ABC and NBC officials' aversions to another agreement after the 1995 season. His further negotiation efforts resulted in a commitment through 2000 that involved NBC, Fox, ESPN, and Liberty Media and an approximate $12 million per season for each club.

The impact of media revenues on the next labor-management negotiations remains uncertain. It could increase baseball executives' cost of disagreeing with the MLBPA if the union does not accept the option year 2001, and a new television contract remains to be negotiated. Also, poor television ratings could reduce club revenues when a new arrangement is negotiated after the 2000 season, thereby pressuring management to seek union concessions in subsequent collective bargaining efforts.

Replacement Players

These individuals did not pressure union officials to reach an agreement. Indeed, their use during the 1995 Spring Training season increased union members' solidarity while weakening management's bargaining position. Replacement player Craig McMurtry joined the Houston Astros in early August, 1995, and could not find one of his eleven former teammates who was willing to play, catch, or talk with him. Jamie McAndrew, a 27-year-old strike replacement reliever for Bud Selig's Brewers club, also experienced this situation:

> You always have a dream when you're coming up in the minors or high school about your call-up date to the big leagues. . . . This is not what I was planning on and had dreams of.
>
> The choice I made a couple of months ago is something I would never do again, without a doubt. . . . You're not buddy-buddy with anybody, just very professional.[2]

Other replacement players who were brought in by nine clubs in August, 1994 were sent back to the minor leagues because of team dissension.[3] Some of their intrusions were even remembered after the 1996 season. For example, three strike replacements out of 49 Yankees players in the 1996 regular season were the only ones not to receive a portion of the playoffs/World Series revenues.

Strike replacements also enhanced owners' confusion and disunity. The 1995 Spring Training season was somewhat competitive in terms of relative instead of absolute players' performance. Some clubs such as the Dodgers fielded higher-caliber players than others (the Yankees, for example), a situation that prompted accusations and possible recriminations among owners. Tensions increased when at least some owners maintained that games played with replacements during the regular season would count in the official standings. Baseball executives were also diverse and confused in their approach to strike replacements: what player categories (minor league, former major leaguers, or individuals with no professional baseball experience) to hire from; and what discipline, if any, should be taken against an owner, managers, and minor league players who refused to participate in games having strike replacements.

LABOR RELATIONS ISSUES

Administrative Concerns

Management professed great concern over many administrative issues in four years of negotiations; however, this emphasis was far more disruptive than the bargaining results warranted. As discussed in Chapter 4, more than 20 proposed noneconomic items were presented to the union in a ''made to be refused offer'' during May, 1994, with few, if any, eventually resolved in management's favor.

Another administrative issue, players' pension plan, was far more provocative in the labor-management dispute. Baseball executives were either uninformed about this issue's dimensions, or sought to force union officials into calling a strike. None of the several thousand reviewed documents indicated that union and management officials bargained over the pension plan's funding or pay-out amounts. This situation is not surprising as the maximum pension pay-out cannot be increased under current tax laws. Also, players not at this level (ten years' experience at age 62) are typically, if not always, receiving much higher pension pay-outs than other professional employees.[4]

However, a management decision made on July 29, 1994, to not pay a $7.8 million pension contribution had a threefold incendiary effect on labor relations. The announcement nullified a past practice of assigning a partial pension payment to the MLBPA after the All-Star Game was completed. Richard Ravitch's retort that the union, if concerned about this working condition, should have sought explanation before the game did not soothe the MLBPA officials/members since a similar payment occurred during the 1981 strike. It also broke the spirit if not legal letter of management's earlier promise to avoid unilaterally changing working conditions during the 1994 regular season. Moreover, many players, while receiving salaries that guaranteed financial independence from retirement benefits, viewed pensions in symbolic terms such as management taking earned retirement funds away from a player's family. Ironically, no published account of the pension plan's eventual resolution was apparently issued. One management representative indicated both parties agreed not to reveal a related figure; however, an MLBPA representative stated management would make a $68 million annual contribution to the pension fund through 2001.

Management overvalued two other administrative issues, *strike service credit* and *salary arbitration* decision making, to the detriment of productive collective bargaining. Fehr consistently maintained that the union would not ratify a settlement excluding service credit for 75 days lost during the 1994–1995 strike since players realize the issue's impact on working conditions such as salary arbitration and free-agency eligibility, and further knew it was always granted after a strike.

Management formally ignored strike service credit for nearly two years after the strike started because of symbolic and economic reasons. Some owners found the union's request that management pay players for a militant job action they started to be ''galling'' and/or encouraging them to strike again in future collective bargaining. Moreover, an agreement including this working condition would enable some 20 players to become free agents capable of obtaining higher wages from their present clubs or leaving these teams for a playing opportunity elsewhere.

The overall estimated cost of service credit was relatively minor ($15–20 million) and at least one owner (John Harrington) regarded the issue as not ''a major deal breaker.'' Yet seven or more clubs were opposed to this working condition before August 11, 1996. Bud Selig seemed to think he had enough votes to approve a tentative agreement at this time. The acting commissioner may have been wrong, however, because management officials proposed giving strike credit to all players except those who would be granted free agency because of this time addition. The union did not accept this proposal and it appears service credit for all players was granted before November 6, 1996, for two reasons: Reinsdorf's vague statement that strike service credit had been accepted around August; and management's exclusion of this issue for the union's reconsideration after this vote.

Fehr had to regard management's request to add two more decision makers in salary arbitration cases as the biggest throw-away bargaining issue since Marvin Miller's repeatedly ''unsuccessful'' insistence that the regular season should be shortened. This administrative issue did not really cost the union much; and more importantly, would not increase the quality or objectivity of the decision. Also, both parties would not be educated by the continued nonexplanation of arbitrators' decisions. It appears the union wisely held back its acceptance of this near-useless working condition so that a latter ''concession'' might represent at least one bargaining ''victory'' for baseball executives.

Salary Cap/Payroll Taxes

Management proposed these concepts to restore financial stability if not predictability to the game by curbing clubs' payrolls. The ''luxury tax'' on clubs' payrolls had a variety of financial considerations that became more unwieldy as negotiations continued.

Selig, Reinsdorf, and other ''small-market'' owners initially reasserted their preference for a salary cap that was not obtained in the 1990 negotiations. This wage control mechanism would presumably prevent owners from bidding against themselves, a legalized salary ''collusion,'' since it would be a negotiated working condition. Also, a salary cap could be obtained after the 1990 contract expiration, by declaring a bargaining impasse then implementing its final offer. A prolonged insistence of the issue and players' economic losses caused by a continued strike or management lockout might result in MLBPA members forcing union officers to accept this issue. None of these objectives were realized.

Baseball executives knew that Fehr and the MLBPA would not accept this issue in initial labor agreement negotiations as it represented a radical reversal from the union's near-30-year history of bargaining gains, including players' unrestricted salary increases. Moreover, Fehr realized that salary caps employed in professional basketball and football generated administrative complexities and dissension among the union members.

Management nonetheless featured a salary cap in its first economic proposal on June 14, 1994. The union predictably made no formal counterproposal on this issue. Owners waited for five months before suggesting it might move off this issue, an action taken three months later in its February, 1995 proposal.

Management next proposed a luxury tax that initially did not differ much from a salary cap. It was ''floated,'' in the owners' second formal bargaining proposal November 17, 1994 (some 23 months after they reopened the 1990 labor agreement) with the salary cap remaining in the background. This situation would theoretically enable baseball executives to retain the salary cap in its final offer and unilaterally impose it if the players refused the luxury tax alternative and management declared a bargaining impasse.

The MLBPA also regarded management's two salary control mechanisms as offering very harmful drags on players' future salaries. It nonetheless rather quickly responded to the luxury tax issue with a counterproposal approximately a month after management's offer. Components of the luxury tax: *threshold* (the club's total payroll that would affect this expenditure) and *rate*(s) (percentage of taxed amount that would be incurred) became gradually realized, if not accepted by union officials and members; and the MLBPA quickly responded (four days) to management's February 1, 1995, proposal on this issue, even though there was a large union-management disparity over the number of affected clubs (fifteen clubs to pay monies versus nineteen clubs) and related paid amounts ($58 million versus $180 million).

Disparities over luxury taxes and related effects on baseball clubs increased in the next round of proposals on March 4, 1995. The MLBPA's proposal seemed to trivialize Usery's mediative involvement at this time by sending a message to management that continued efforts involving a third-party neutral would only worsen labor-management relationships. The union did propose a 25 percent tax rate on a portion of payrolls above 133 percent of 1994 payroll average or $54.1 million. This threshold was $5 million less than the 145 percent of payroll average ($59 million) that the union unofficially proposed to Usery. However, this offer had to be made with management's refusal in mind since it drastically reduced the number of club payees and amounts from the previous February 5 proposal (fifteen clubs to two clubs and $58 million to approximately $700,000, respectively).

Management's March 4 proposal represented a sharp reduction over terms offered on February 5 (fifteen instead of nineteen clubs would be paying $55 million instead of $180 million). This movement may have reflected intraorganizational bargaining—making the possible settlement acceptable to more owners paying less or even no funds. Management might also have made this proposal to convince the NLRB and the courts that it engaged in good-faith bargaining. This possible strategy did not work as the NLRB voted on March 26, 1995, to seek an injunction that was upheld by Judge Sotomayor five days later. Both governmental venues indicated that the owners failed to bargain other issues (free agency, anticollusion, and salary arbitration) to impasse, thereby failing the good-faith bargaining obligation under the National Labor Relations Act.

Players and owners made two more bargaining proposals in late March. The relevant luxury tax figures presented in Tables 6.1 and 6.2 remained throughout 1995's regular season and serve as a comparative basis for subsequent negotiations. Management's November 15, 1995, proposal obverted further bargaining efforts on this issue as it tied a 25 percent tax on payrolls over $44 million to a seven-year tax adjusting system, affected by the previous year's industry revenue for threshold and percentage of the previous year's revenue spent on player payrolls.

The MLBPA responded to management's sliding tax proposals some three months later (February 7, 1996) with a complicating factor of its own: a 2.5 percent flat tax on each player's salary that would be implemented for some years of the labor agreement. The flat tax represented a more direct and measurable cost outlay to MLBPA members than heretofore considered salary caps and luxury taxes. Whether this variable would cost each player less than the other salary control mechanisms would never be known, particularly since the union's proposal also reflected continued negotiations over various luxury tax dimensions: a tax rate of 25 percent on a team payroll threshold above $52 million (123 percent of the average major league payroll). The tax rate would rise to 30 percent if industry revenues reached $2.7 billion.

Negotiators were now mulling over additional concepts and arrangements: flat taxes on players' salaries; sliding luxury tax rates applied to thresholds that would vary in unforeseeable dollar amounts each year of the agreement; percentages applied to average clubs' payroll statistics; and the extent that flat and luxury taxes would operate individually or jointly during differently proposed labor agreement durations.

It is ironic that the MLBPA, who criticized Usery's lack of cost estimates, was willing to formulate and discuss luxury tax dimensions and permutations that would only lead to unpredictable costs for both sides. Perhaps the chief negotiators could have intentionally added these factors to blur their constituents' (players and owners) concerns that a related bargaining settlement cost too much. Yet, this bargaining nuance might have been a negotiations blunder that further entrenched moribund labor relations.

The complicated luxury tax variables were reduced by one in the union's informal proposal of April 29, 1996, when it established a fixed payroll threshold instead of its previously proposed 123 percent of the average payroll. However, its fixed payroll threshold was $64 million or $14 million higher than its proposal nearly a year earlier.

Management could not conceivably calculate the offsetting effects of a higher threshold and tax rate (30 percent versus 25 percent as of April 1, 1995), particularly since these factors would be interwoven with three different payroll tax/revenue sharing arrangements.

In short, union and management negotiation over the luxury tax–revenue sharing interactions was far more complicated and confusing at the start of the 1996 regular season when compared to the start of the 1995 regular season. Perhaps Fehr and Levine understood these complexities and related economic figures. Their organizations, for example, indicated that $75 million would allegedly be generated by both the union's February 2, 1996, proposal (over a othree-year time period) and management's February 21, 1996, proposal (over a two-year time period). However, most, if not all, of their negotiating team members and those owners and players uninvolved in formal labor relations activities had no idea if economic differences could be precisely determined, much less narrowed. Previous media accounts stressed how far apart parties were on certain economic dimensions such as thresholds and rates. No such detailed calculations of total cost differences between union's and management's multifaceted bargaining over ''luxury tax'' were given, probably because Fehr and Levine were incapable of furnishing them. Owners or players considering repeating lockout/strike tactics if the negotiations stalemate continued through some or all of 1996, even 1997, would either need much more cost information from their chief negotiators, or rely on inflammatory rhetoric that has traditionally contributed to moribund labor relations.

Management did provide a luxury tax proposal on May 23, 1996, that slightly modified this issue, and subsequently raised its threshold to $49.8 million and lowered their tax rate to 35 percent in July. The union then altered its luxury tax components to 34 percent tax rate and a tax threshold which eventually resolved in an almost split-the-difference final settlement (Figure 9.1).

Two other luxury tax components appeared more difficult to resolve. Management wanted all clubs above the threshold (not a maximum of five, proposed by the MLBPA) to pay monies; and the elimination of a second tax-free year in 2001. Baseball executives authorized Selig to obtain these union concessions after their 18–12 labor agreement rejection vote; however, the acting commissioner was unsuccessful.

Salary Arbitration and Free Agency

Chapter 2 (Table 2.14 in particular) has illustrated how management has been burned by salary arbitration over the years. For example, players whose salary requests were acknowledged by arbitrators nearly, or more than, doubled their average income over previous salaries in twelve of the thirteen years from 1983 to 1995. Moreover, many players increased their previous years' salaries when the arbitrator rejected their salary requests and/or the arbitrator did not decide on the salaries of players who initiated but did not complete this process. These results galled many owners, particularly because the salary arbitration decision was made by someone not having baseball managerial experience.

Therefore, it is not surprising that management's first formal economic proposal on June 14, 1994, would completely eliminate salary arbitration, particularly since it also proposed reducing player eligibility for free agency from six to four years. The union's first proposal concerning these issues (players having two to six years eligible for salary arbitration, with free agency thereafter) was also not surprising since the MLBPA wanted to restore salary arbitration eligibility to all players having two years' experience, a working condition partially lost in the 1990 labor agreement. The MLBPA then proposed leaving salary arbitration and free-agency provisions as is (September 8, 1994), then suggested (February 5, 1995) that salary arbitration could be completely eliminated if eligible players could become free agents.

The owners' March 27, 1995, proposal surpassed the MLBPA's expectations when they reprised salary arbitration under the terms of the 1990 labor agreement. The MLBPA seemed to accept management's salary arbitration/free agent eligibility arrangement in its February 7, 1996, proposal while also agreeing to an inconsequential procedural alteration (having three arbitrators instead of one make the decision).

Management failed to eliminate a most obtrusive working condition and see the likely advantages of extending free agency to players having less service credit as well. Players' salaries in 1995 reflected mixed signals as some of them seemed to receive compensation far beyond objective performance levels. Yet, many players received sharply reduced salaries when compared to 1994 figures, a situation, while not extensive enough to be labeled a trend, should have prompted the owners to consider and value their future fiscal restraint with free agents instead of continuing with perceived capricious salary decisions made by arbitrators. Management's unwillingness to eliminate salary arbitration in favor of extended free agency reflected either a bargaining mistake or a very long tradition that fellow-owners should be trusted less than third-party neutrals. Conceivably, management could have altered Judge Sonia Sotomayor's decision by declaring salary arbitration and free agency mandatory bargaining issues, and either achieve a bargaining settlement or demonstrate to her that they bargained to impasse over the combined issues presented in the union's last bargaining proposal.

Revenue Sharing

This issue, while not bargained between union and management officials, severely debilitated labor relations efforts in several ways. Richard Ravitch needed at least one year to reach a revenue sharing plan (the Fort Lauderdale Agreement in January, 1994), an effort that enabled him to meet with Fehr only three formal times in the first eight months after the labor agreement was reopened.

Revenue sharing also revealed severe differences among the owners over the necessity and related components as management voted down two revenue sharing alternatives in January before passing the Fort Lauderdale Agreement. Some owners who thought revenue sharing unnecessary contended that purchasers of clubs should be aware of related financial problems and prospects. A few of them likely agreed with the MLBPA that revenue sharing would not increase on-the-field competitiveness, an argument often used by Bud Selig. As previously noted in Chapter 2 (Table 2.12 and related discussion), there was no continuing relationship between club payrolls and performance for the years of the 1990 labor agreement.[5] Moreover, Table 10.1 indicates there were only 4 of 32 statistically significant positive relationships between performance and gate, media, and stadium revenue sources.

The inconclusive relationship between payrolls, performance, and revenues suggests that ''revenue sharing'' lacks competitive/economic rationales, and is little more than a handout. Owners' revenue sharing differences also occurred over defining ''small-'' and ''large-'' market clubs, related income categories, amounts to be calculated and transferred, and the complications caused when a revenue sharing–receiving club suddenly receives a sharp expense reduction such as a new stadium lease agreement.

The MLBPA eventually accepted the Fort Lauderdale Agreement on March 3, 1995, some fifteen months after management agreed upon this arrangement that would have transferred about $58 million from seventeen high-revenue clubs to eleven small-revenue teams if the arrangement occurred in 1994. However, tensions remained among owners of small- and large-market clubs for the approximate fourteen weeks from the April 2, 1995, strike agreement to the 1995 All-Star Game, and beyond, and a new revenue sharing agreement was approved on March 21, 1996, by 26 out of 28 owners that would transfer $39 million from 13 high revenue to 13 low revenue clubs. When compared to the

Table 10.1
Spearman Rank Order Correlations between Revenues and Performance (Number of Wins in the Regular Season), 1990–1993

League and Revenue Category	*Spearman Rank Order Correlations*			
	1990	*1991*	*1992*	*1993*
American				
Gate	.366	.453	.549*	.754*
Media	.356	.077	-.209	.582*
Stadium	.393	.245	.262	.359
Total	.267	.265	.207	.751*
National				
Gate	.349	.379	.119	.469
Media	-.039	-.393	-.604*	.109
Stadium	.289	.158	-.601	-.035
Total	.254	.018	-.298	.091

Notes: N = 14 for American League and 12 for National League (Rockies and Marlins not included).
*Significant at $p \leq .05$ level, one-tailed test (critical value = .457).
Sources: Financial World, July 9, 1991, pp. 42–43; July 7, 1992, pp. 50–51; May 25, 1993, p. 28; May 10, 1994, p. 52.

first revenue sharing plan, four fewer clubs would be paying a total of $19 million less to two additional clubs. The March, 1996 revenue sharing plan, at least from an expense outlay, had to satisfy more clubs, thereby approaching Selig's managerial consensus objective on at least one labor relations issue. The MLBPA did not immediately accept management's revenue sharing plan, although it included this arrangement in its informal collective bargaining proposal a month later.

PROSPECTS FOR FUTURE LABOR-MANAGEMENT RELATIONSHIPS IN PROFESSIONAL BASEBALL

This section is analogous to counting angels on the head of a pin, wholly uncertain and likely unproductive. There are, however, some 30 years of lessons, most prominently from 1990 to 1996, that, if realized and effected by management and union officials, could remove labor relations from its moribund state.

The following points are not arranged in any order of importance. Moreover, the relative brevity of some related explanations is due to perceived self-evidence from previous discussion in this book.

Strike replacements' use would only worsen management's position in labor relations activities including collective bargaining. So-called owner ''hard-liners'' employed this option in 1995, thinking that fans sharing their belief that players are overpaid crybabies would attend games in droves to cheer the new athletic entrepreneurs on. They were wrong. This strategy, moreover, shored up players' solidarity while at the same time creating confusion and enmity among owners as to who should be replacements and how competitive they should be. Future, positive labor-management relationships can occur if management learns from the 1993–1996 negotiations that baseball players are much more than interchangeable employees, they are the game.

Fans' interests should receive minimal, if any, consideration in labor relations efforts. Owners and players, while concerned about the impact of a labor dispute on stadium attendance and media ratings, should not let perceived public displeasure affect their bargaining positions or strategies. Baseball fans are like customers in any labor dispute; namely, a possible revenue loss as they switch their preferences to a competitive (minor league baseball, for example), or an alternative (professional football) product.

Union and management officials have traditionally accepted and acted upon this realization, although some participants, sincere or otherwise, continued to proclaim and invoke fans' interest during the 1993–1996 labor dispute. This unnecessary pandering not only diluted the sport's credibility in the public's eyes, but generated additional cynicism between the MLBPA and baseball executives as well. Leonard Koppett, noted baseball observer, urged them to ''shut up'': stop complaining, doom-saying, agonizing, explaining their troubles in politically correct and/or market-driven terms, and blaming them on someone else. He also did not want to hear owners and players express their concern about fans, providing instead an entertainment they pay for willingly.

Baseball management has met if not exceeded Koppett's suggestion. An Associated Press poll taken in early March, 1997 found that 47 percent of baseball fans reported lower interest in attending games since the strike, and 48 percent of them thought most people could not afford to attend games. In 1997, all but eight clubs raised their ticket prices, with the average increase being 7.1 percent over the 1996 season. The Yankees' release of several players from its 1996 World Series team and increase of season ticket prices by 21 percent represented this situation's apex, while fans attending a Braves game will likely have the most expensive experience: an average ticket price of $17.49, a hot dog, French fries and soda for $10.25, and $4 for a box of Cracker Jacks.

Collective bargaining should not be conducted through the media. This realization reflects Koppett's preceding concern and past negotiations where taunting by labor relations participants in the media debilitated, if not destroyed, productive relationships. Much of this four-year dispute was punctuated by insults, negativism, and threats involving Richard Ravitch, Don Fehr, and some baseball owners. Eventual progress was obtained only when chief negotiators

Fehr and Randy Levine did not use the media to reflect, let alone exacerbate, tensions.

Congress offers no quick fix to baseball's labor relations problems. The four-year labor dispute, when compared to preceding events, featured much testimony by Selig, Fehr, and others on Capitol Hill. This time-consuming, farcical exercise accomplished nothing, because some legislators thought that the government should not intervene in a private sector labor relations dispute which affected neither the public interest nor the national economy. Other legislators refused to become involved in this effort because of self-interest (having a professional baseball club[s] in their representative domains, for example) or because of other legislative priorities.

This realization might not extend to other governmental venues and officials. Management should realize that the heretofore seldom-used National Labor Relations Board and subsequent judicial enforcement can be used by the union to remove bad-faith bargaining results. Baseball executives might also spend future lobbying efforts on local and state politicians to achieve favorable stadium construction/leasing arrangements, that in turn could affect revenue sharing and at least some owners' attitudes in subsequent negotiations.

Lack of mutual and definitive deadlines in a baseball labor relations dispute defeats both parties' interests. Only one bargaining deadline occurred during the four years of contract negotiations and it was unilaterally employed by the union in terms of an August 12, 1994, strike date. Fehr retrospectively admitted that this deadline was too premature as only one proposal was presented by each side before this time. He countered that his action was due to misplaced confidence generated by at least one owner that this action would prompt a labor relations resolution. Yet, he had to know that management's lack of consensus would not facilitate a new and acceptable labor agreement a month after the union's first proposal. No formal negotiations for eleven days after the strike and only four formal sessions between the strike's beginning and October 19, 1994, further confirm Fehr's miscalculation of an imminent settlement.

Few collective bargaining situations experience real deadlines; although professional baseball might uniquely need them because of its nonregular season of some five months where revenue-producing games cannot be rescheduled. Parties can continue to work without an agreement during this period; however, inconclusive results prolong labor relations differences.

Only union and management negotiators should determine if mutually imposed deadlines, while seemingly appropriate, should be applied. This possibility should at a minimum be considered, since related implementation could be easy. For example, a memorandum of understanding between union and management officials could specify a deadline that would preclude bargaining for 60 days. Players and management could only attempt to establish previous unfair labor practices prior to the deadline but probably not during the 60-day interval. Clearly, the parties, not outsiders, would have to determine the existence, content, and timing of this alternative, but a possible date might be the start of the Spring Training season.

A commissioner is not needed for effective labor relations, but different bargaining attitudes and arrangements would sure help. Many have thought that the addition of an independent commissioner, maybe hired by union and management officials, would solve labor relations woes. Various forms of commissioner intervention in labor disputes have been discussed in earlier chapters. Many of these efforts were successful, although none of their actions would have immediately resolved the disputes if a majority of owners did not approve of them.

The commissioner is management's employee. Union officials recognize this fact, and realize that a union-management selection of this individual is most improbable in view of labor relations differences. They might also agree with Hall-of-Famer and former union activist Bob Feller's assessment that management will seek a commissioner who is ''[a] washed-up, defeated politician after he'd gotten beaten in an election. Somebody who's a big name with no authority, but with a big smile. A real con man.''[6]

Management's inability to respond to labor relations difficulties and other challengers was succinctly emphasized by Braves owner Ted Turner at a baseball executives meeting: ''Gentlemen, We have the only legal monopoly in the country, and we're ——ing it up.''[7]

Management's existing organization, including the Player Relations Committee, could productively handle labor relations if lessons were learned from the 1993–1996 negotiations. Effective bargaining in baseball cannot be realized with Selig's patience to achieve consensus approach. There is little, if any, chance that management would regard any labor relations issue in a consensual fashion. Management's three unanimous, or near-unanimous, votes taken before the November 26, 1996, vote did not reflect consensus-building skills. Owners voting to link the revenue sharing to a salary cap realized this was a conceptual exercise and they would have at least one subsequent opportunity to vote on the specifics of this arrangement if it were proposed in negotiations. They also would have another opportunity if needed to reverse its March, 1995 vote to start the regular season with strike replacements. Management's 26–2 vote to cancel the 1994 season represented a sense of inevitability rather than a solid, consensual position.

Selig should have realized that managerial input into key decisions surrounding his hiring suggested his approach would be futile. For example, the votes to oust Commissioner Vincent, prohibit Selig from being a permanent commissioner, and reopen the labor agreement in December, 1992 were far from unanimous. Later votes on revenue sharing plans also reflected management diversity and probably prompted the nonvote over the opening of the 1995 season after Judge Sotomayor's decision. Even the June 8, 1994, rule change that increased the percentage of owners' vote to 75 percent to approve a collective bargaining agreement during a strike recognized the possibility of 25 percent of owners with different opinions. In some cases the margin of error was one. Peter Angelos indicated he would not use replacement players in 1995 Spring Training or the regular season, a position that could have complicated, if not altered, the other owners' intentions.

Some owners, particularly Marge Schott, George Steinbrenner, and Peter Angelos, pursued different paths, to their colleagues' consternation. Former commissioner Peter Ueberroth once noted owners seldom if ever achieve consensus on labor relations issues and working conditions because ''they compete and have to be friends and make trades, and then they try to outsnooker the other guy.'' John Harrington, management's chief negotiator at times, supports Ueberroth's observation: ''The fact that we have to compete against each other and pay competitive salaries is the dilemma we can't control.''

A contemporary, vivid application of this situation occurred with baseball executives Huizenga, Reinsdorf, and MacPhail, who were strongly united in opposition to union proposals presented over several years. However, shortly after the labor agreement was reached, Huizenga signed Reinsdorf's top pitcher, and the White Sox owner then signed MacPhail's pitching ace.

''Revenue sharing'' has and will continue to prevent ''consensus'' and ''partnership'' within management's ranks. One of the more ironic, if not stupid, aspects of the 1993–1996 negotiations featured some baseball executives accepting a strike for revenue sharing so that their clubs could pay monies to other clubs. Additional confusion and tensions will occur when revenue sharing is implemented under the current labor agreement. Differences will occur over the type and accuracy of information used. Moreover, new stadiums and related financial arrangements will continually alter those paying and receiving revenue sharing amounts.

Management also has to delegate labor relations involvement and authority; possibly to a committee involving few (probably no more than five) baseball executives and definitely to a chief negotiator, who has authority to reach an agreement with the union representatives. This latter situation is mandated by the National Labor Relations Act, although this legal stricture was abused by management during the past labor relations dispute.

Large negotiations committees, coupled with at least five chief management negotiators, some of whom were alternating in various sessions, created needless antagonisms. MLBPA officials surprisingly accepted this arrangement that prevented any management official from having deal-making authority. Fehr initially favored having at least thirteen players and MLBPA staff at the bargaining table, a situation that results in countless distractions and antagonistic side arguments that inflame and prolong labor relations differences. For example, Andy MacPhail, president of the Cubs, indicated these mass-attended sessions did not foster a labor relations resolution: ''I'm tired of being told I'm evil and stupid just because I disagree.'' Few, if any, baseball executives were aware of bargaining issues or strategies, and the mass-attended sessions confused labor relations authority and substance.

Management has to accept fiscal responsibility, and not expect the MLBPA to assume and effect this responsibility for them. Management uniquely exerted fiscal responsibility in the 1995 season, maybe because it realized the nonrelationship between players' salaries and performance (Table 2.12) and the trend where many clubs increased their percent of available income spent on player salaries (PARS) to ruinous financial levels. Means for this statistic for the 1990–1993 time period (Table 2.6) revealed that 12 of the 26 clubs either kept less than 2 percent of available income, or spent more than they received.

Union hard-liners and some players did not criticize management officials for cost containment measures so long as they were not collusive in nature. This reaction could have reversed a traditional management belief that the union should prevent them from destroying their clubs with player salary malfeasance, possibly rendering the likely disruptive revenue sharing/luxury tax concept unnecessary.

Yet, management did not seem to fully realize the pay-performance relationship during and after the 1996 regular season. For example, the Angels paid Chuck Finley, Jim Abbott, and Mark Langston $10.2 million for the 1996 season and received a combined record of 23 wins, 39 losses, and ERA of .549. Despite these and other negative relationships between pay and performance, owners realized that the top club payrolls in 1996 were associated with post-season games and apparently sought in many instances to increase their clubs' payrolls with little, if any, consideration to the individual player's performance statistics.

Previously discussed signings of Albert Belle and John Smoltz reflected the notion that top performers should receive top pay irrespective of any incremental values associated with these categories. More troubling was Atlanta management's giving pitcher Danny Neagle a contract extension a week after the club signed Smoltz. Neagle was traded by the Pirates late in the 1996 season where he posted a two-win, three-loss record, and 5.59 ERA (overall, he was 16 and 9 with a 3.50 ERA in 1996; and no wins or losses and a 2.63 ERA in four post-season games). His, at best, mixed record with the Braves, even considering performance contributions elsewhere, suggests overcompensation when his $3.51 million deal for 1997 (the final year of his Pirates commitment) was extended to $17.5 million for 1997 through 2000.

Clubs face another compensation problem when superstar-market draws are posting mediocre statistics at their careers' probable nadir. For example, free agent Ryne Sandberg returned to the Cubs in 1997 for $3.5 million with a team option for 1998. He had a .244 batting average, 24 homeruns, and 92 runs batted in during the 1996 season. A similar situation seemed to occur at this time when the Blue Jays signed Roger Clemens, an initially regarded Hall-of-Fame possibility, who subsequently had a losing record in 1996 and a .500 pitching average over the last four years, to a $24.75, three-year contract. Perhaps the ultimate wake-up call occurred when the expansion Arizona Diamondbacks signed free agent Travis Lee to a four-year, $10 million arrangement including a $5 million signing bonus.

Player's salaries increased from \$1.12 billion (62.4 percent of revenue) in 1996 to a record \$1.2 billion (59 percent of projected revenue) in 1997.[8] The precise relationship between these monies and players' performance during the 1997 season remains to be seen; however, certain benchmarks, such as highest single and multi-year contracts (\$6.65 million to the Rangers' Ivan Rodriguez, \$61 million for six years to the Marlins' Gerry Sheffield) were established in 1997. Even the parsimonious Bud Selig got into the act when he raised John Jaha's 1996 salary of \$1.1 million to \$3.39 million in 1997.

Some clubs also continued their practice of paying for players' nonperformance. For example, the Angels gave Jim Abbott his unconditional release in 1997, and paid him \$2.6 million this year and \$3 million in 1998 for the final two years of his contract. Moreover, a record of 76 players and their total salaries of \$88.4 million were on the disabled list on the opening of 1997 season.

At least one owner, Peter Angelos of the Orioles, thinks all of the owners, including himself, demonstrated their stupidity by paying too much for players in 1997, and threatened to open his books to prove that his team lost \$5 million in 1996. Yet players, while possibly agreeing with Angelos's efforts to restore fiscal responsibility, will not automatically accept related salary restraints if other teams are not following his club's lead.

The union has to realize that concessions and/or trade-offs are not organizationally ruinous. Labor-management relations from 1966 through 1990 were affected or influenced by Marvin Miller's saber-rattling, ''us versus them'' philosophy. Miller viewed negotiations as a labor-management war where a union retreat from previously obtained working conditions was not considered a possibility. Fehr suggested that the MLBPA's approach was different after the labor agreement expired in 1992: ''We're not the aggressors on the contract. . . . We've been in a defensive posture since the beginning and we still are.''

The union leader was partially correct as management pressed for and eventually received heretofore unobtained working conditions; namely, revenue sharing that the MLBPA not only accepted but partially funded directly through a flat tax and indirectly (likely restrained clubs' payrolls due to an agreed-upon luxury tax). Players nonetheless obtained several gains from management, more notably large increases in minimum salaries, and the possibility for players to repeatedly become free agents within a five-year period.

The inevitable question is, ''who won?'' In successful negotiations both sides can claim victory. Unfortunately, this did not happen as union and management incurred large salary and operating losses (\$350 and \$800 million, respectively) to obtain a settlement that pleased neither management nor the union.

Union and management officials can have a difficult if not impossible time in determining whether a working condition obtained through collective bargaining was worth related efforts and costs. Table 10.2 indicates club payrolls for 1997 as well as an estimated \$4.7 million in ''luxury taxes'' that will be paid by three clubs (Yankees, Orioles, and Indians) that year. Some might contend that management was fortunate in obtaining this work rule as related, mea-

Table 10.2
Major League Players' Salaries for Each Club, Opening Day, 1997

Club	Total Salaries	Projected Revenue Sharing* Contribution - 1997 Season
Tigers	$16,154,650	
Braves	50,488,500	
Giants	33,469,213	
White Sox	54,377,500	
Blue Jays	49,519,833	
Yankees	59,148,877	$2,852,107
Royals	31,225,000	
Reds	46,267,000	
Dodgers	43,405,000	
Orioles	54,871,399	1,354,990
Athletics	21,911,000	
Red Sox	43,232,000	
Rangers	50,177,039	
Phillies	35,463,500	

Astros	32,935,000	
Indians	52,283,009	449,053
Cubs	39,829,333	
Mariners	39,667,628	
Angels	29,452,652	
Cardinals	44,179,167	
Mets	38,474,562	
Twins	24,497,500	
Brewers	21,320,332	
Rockies	42,870,501	
Pirates	9,071,666	
Marlins	47,753,000	
Expos	18,335,500	
Padres	34,698,627	
Totals:	$1,065,078,988	$4,656,150

*Obtained by multiplying excess of a $51,000,000 million club payroll by 35 percent in accordance with the 1997–2001 labor agreement.
Source: ''1997 Major League Baseball Salaries,'' *USA Today*, April 3, 1997, p. 6-C.

ger figures might reflect a drag on players' compensation. However, management's several hundred million dollars lost in the related strike made this contract provision expensive, particularly since it will not be effected in the labor agreement's last two years. Table 5.1 reveals that the $4.7 million luxury tax contribution for 1997 is also very much less than that sought in previous management proposals in November and December, 1994 ($330 and $379.5 million respectively) as well as February, 1995 ($180.3 million). Club owners did not accept the MLBPA's much larger luxury tax payment offered on February 5, 1995 (Table 6.2). The eventual payout of $4.7 million was far less than the union's flat 5 percent tax of club payrolls in early December, 1994 (some $53 million when applied to 1997 club payrolls in Table 10.2), and reflected almost identical funding the union proposed March 30, 1995 (Table 6.2). Management spent much time achieving little gain while the union was also ineffectively engaged in attempting to preserve the status quo.

Baseball executive Stan Kasten challenged, ''Give me a call when you find the first owner who is enthusiastic about that agreement.'' Paul Molitor, a player very experienced in labor relations activities, also expressed sadness that a labor settlement that took four years to reach excited neither union nor management, and that there was not a labor relations improvement between management and the union as of April, 1997. David Cone cautions that achieving the next labor agreement might not be mutually productive as there have been eight consecutive labor work stoppages.

Marvin Miller volunteered his predictive recalcitrance toward any settlement not reached by him, contending that the union agreed to salary-limiting provisions that made the players collusive partners with management in players' subsequent wage determination practices.

However, the 1993–1996 negotiations generate an unprecedented optimism for future labor-management relationships. Union and management chief negotiators Fehr and Levine reached an agreement without work cessation that featured compromise, an action-attitude necessary for the next realization.

Collaborative efforts between union and management officials during the life of the agreement will likely facilitate subsequent negotiations.

Nobody can predict who will be representing management[9] and the union some four or five years from now. Many player-union activists such as Butler, Cone, Glavine, Winfield, Molitor, Bonilla, Franco, Fielder, and Murray might leave the game before subsequent negotiations in 2000 or 2001. Other players and owners experiencing the 1994–1995 strike will carry mixed baggage, making some more militant and others more accommodative. However, the negotiations interval, unlike those in the past, could give the respective organizations, if not current participants, something to build upon. ''Collaboration'' is not the same as ''partnership,'' the latter concept repeatedly and hypocritically invoked by Ravitch, Selig, and other owners that delayed collective bargaining and inflamed labor relations tensions.

The concept would instead have the parties recognize and approach issues of mutual concern. Players, owners, and umpires experienced a superordinate goal when their ‘‘summit meeting,’’ originally scheduled for November 14, 1996, occurred on February 4, 1997. Yet, the six-hour meeting and related aftermath highlighted instead of reduced labor relations differences for several reasons:

- Acting commissioner Bud Selig misread the labor relations problem. He thought the meetings’ purpose was to accelerate the labor relations healing process by diffusing tensions between the umpires and the players. In fact, the MLBUA was angry at attendees AL president Gene Budig and NL President Leonard Coleman for locking the umpires out in 1995. Umpires also blamed Budig for his lax handling of the Alomar spitting incident.
- The MLBUA sought the ability to impose swifter and more severe penalties that ran counter to an existing labor agreement provision between players and owners that enables a player receiving a fine of $500 or more to file a grievance and demand a hearing. Brian McRae, one of the two players attending the meeting dominated by lawyers, retorted that the MLBPA could not relinquish work rules needed to protect players’ due process rights.[10]
- Peter Angelos of the Orioles reflected a labor relations axiom that each owner will act in his/her self interest, thereby debilitating managerial unity and the possible ‘‘good of the game.’’ He acknowledged that Alomar would be paid $185,000 for his five-game suspension at the start of the 1997 season, and also urged Hirshbeck to apologize to Alomar for provoking the incident.

The umpires left the meeting proclaiming rigid rule enforcement. Richie Phillips, head of the umpires’ union, promised ‘‘arguing with the umpires at any time is grounds for ejection,’’ even for minor violations. This reaction prompted Selig’s pledge to take ‘‘appropriate action’’ if the umpires make a ‘‘travesty of the game.’’ Gene Orza of the MLBPA labeled Phillips’s stance ‘‘confrontational and flamboyant.’’ Another example might be a comprehensive substance abuse program, although the MLBPA has never shown any enthusiasm for this possibility.

The union has, however, shown adaptability in resolving innovative issues (revised playoff format and interleague play, for example) with management in a win-win fashion. Collaborative efforts will be more likely undertaken, if not successfully realized, under the recently negotiated contractual obligation to remove baseball’s antitrust exemption as it pertains to labor relations. Union and management officials could use imagination and efforts in the ‘‘off season’’ (period that the current labor agreement is in force) to seek and resolve other possible mutual concerns such as public service involvement and long-term marketing arrangements that could enhance trust and labor-management relationships.

Union and management officials have traditionally avoided positive, proactive labor relations efforts. Instead, they have either bypassed or bungled opportunities to enhance the sport and their labor-management relationships. In short, they often preferred sitting on the bench rather than hurt themselves with direct, possibly productive confrontation.

Hall of Famer Harry Heilmann most significantly typified this ‘‘swing and miss’’ analogy. Teammates urged him to sit out the final game in 1925 and 1927 so that his AL-leading batting averages would be preserved. Heilmann ignored this advice. His final game’s hitting statistics were three for three in 1925, raising his average to .393, four points above Tris Speaker. In 1927, he had seven hits out of nine attempts in a season-ending double-header to beat Al Simmons .398 to .392.

Labor-management relationships could emerge from its moribund state if union and management officials employed Heilmann’s attitudes and accomplishments.

NOTES

1. Ira Berkow, ‘‘In Brooklyn and Chicago, The Game’s the Same,’’ *New York Times*, July 7, 1996, p. 17.

2. Deron Snyder, ‘‘The Big Chill,’’ *USA Baseball Weekly*, August 9–15, 1995, p. 3. See also ‘‘Replace Those Feelings,’’ *Sports Illustrated*, August 7, 1995, p. 83; Lisa Winston, ‘‘Special Report: Strike/Minors,’’ *USA Baseball Weekly*, August 9–15, 1995, pp. 22–23; and ‘‘Replacements Resented,’’ *USA Today*, September 21, 1995, p. 3-C.

3. Lisa Winston, ‘‘Nine Teams Make the Call,’’ *USA Today Baseball Weekly*, August 9–15, 1995, p. 30.

4. The maximum payout was $120,000 in 1996 and is indexed for cost of living adjustments. For related considerations, see *Major League Baseball Players’ Benefit Plan* as amended April 1, 1990; and Sally M. Jones, *Federal Taxes and Management Decisions*, 1997–1998 Edition (Chicago: Irwin, 1997), p. 198.

5. For another empirical consideration of this argument see John Vrooman, ‘‘The Baseball Players’ Labor Market Reconsidered,’’ *Southern Economic Journal* 63 (October, 1996), pp. 339–360.

6. Howard Thomas, ‘‘Feller Rips State of Baseball,’’ *Capital Times*, June 27, 1996, p. 1-C.

7. At least one account suggests Turner’s dire assessment does not apply to his organization. John Helyar, ‘‘Braves’ New World,’’ *Wall Street Journal*, October 1, 1996, pp. A-1 and A-14.

8. The average salary increased 17 percent ($1.17 million in 1996 to $1.37 million in 1997 while the median salaries in the NL and AL increased from $280,000 and $300,000 in 1996 to $450,000 and $587,000 in 1997.

9. For related considerations see Michael Danielson, *Home Team: Professional Sports and the American Metropolis* (Princeton: Princeton University Press, 1997).

10. Alomar and Hirshbeck did not attend this meeting. For a list of attendees, see Murray Chass, ‘‘Players and Umpires Begin Talking,’’ *New York Times*, February 5, 1997, p. B-14.

Appendix: Chronology of Events in Baseball's Labor Relations Activities, 1992–1997

1992

December 7—Owners vote 15–13 to reopen collective bargaining agreement on January 10 in sections on free agency, salary arbitration, and minimum salary. Resolution requires three-fourths vote to start a lockout. Richard Ravitch, management's chief negotiator and Player Relations Committee chairman, states that revenue sharing among clubs and a salary cap would also be pursued.

1993

January 13—Talks begin with Ravitch announcing he will recommend to owners that no lockout should occur in 1993.

February 17—Owners vote to tie revenue sharing to a salary cap.

August 12—Owners failed to reach a revenue sharing agreement at a meeting in Kohler, Wisconsin, but pledged not to lock out players during the 1994 season and not to unilaterally change terms of the collective bargaining agreement through the conclusion of the 1994 season.

December 31—Collective bargaining agreement expires.

1994

January 6—Owners fail to complete revenue sharing during a meeting in Rosemont, Illinois.

January 18—Owners, meeting in Fort Lauderdale, Florida, agree to a new revenue sharing formula if players agree to a salary cap.

March 7—Bargaining session between management and the union occurs, the first time in fourteen months, and the third since the contract was reopened in 1992.

May 18 and 23—Bargaining sessions between management and union officials. Ravitch presents union with a list of more than 20 noneconomic issues, including eliminating termination pay, trade demands, and major league service for players called up in September.

June 8—Owners vote to require 75 percent of clubs to approve a collective bargaining agreement during a strike.

June 14—Owners make salary cap proposal, asking players to split revenue 50–50 (down from players' previous season's share of 58 percent) in exchange for limiting payrolls to 84–110 percent of average. Owners propose to eliminate arbitration but lower free-agent eligibility from six years of service to four—with the provision that a player's former club can match any offer until he has six years of service.

July 18—Players reject salary cap proposal and ask owners to lower threshold for arbitration to two years, eliminate restriction on repeat free agency within five years, and raise minimum salary of $109,000 to $175,000–$200,000.

July 27—Ravitch rejects the MLBPA's proposal.

July 28—The union's executive board votes unanimously to set an August 12 strike deadline.

July 29—Ravitch informs the MLBPA that the August 1 pension plan payment ($7.8 million) and the remaining balance of $49.2 million due the day after the World Series would not be paid.

August 12—Strike begins. Both sides agree to federal mediation.

August 24–25—Players and owners hold formal negotiations, the first time since strike began, for eleven hours with no bargaining resolution. Union releases a study that alleges management incompetence in various economic matters.

September 5—President Clinton, in Labor Day speech, urges union and management to settle differences so the season can continue.

September 6—MLBPA files unfair labor practice concerning management's failure to pay a portion of the pension plan after the All-Star Game.

September 7—White House rejects proposal by federal mediators that would have the president appoint someone to arbitrate the impasse, thereby saving the season.

September 8—Players present a proposal calling for 1.5 percent tax on revenues and payrolls of the sixteen largest clubs by revenue and payrolls—money that would be distributed to the remaining twelve teams with some of these funds spent on players' salaries. Also proposed was a change in gate receipts distribution.

September 9—Bud Selig participates in formal negotiations for first time. Teams reject union proposals.

September 14—Representatives of 26 out of 28 clubs sign resolution terminating the 1994 regular and post-seasons (the first time a World Series has been canceled since 1904). President Clinton states that professional baseball's antitrust exemption should be reconsidered.

October 14—Union and management agree with Labor Secretary Robert Reich's suggestion to accept William J. Usery as mediator.

October 19—Formal negotiations resume, the first session since September 9, and the fourth since the strike began.

October 31—Management files unfair labor practice charge against union for player representative Bobby Bonilla's alleged threats to players who might cross possible picket lines in 1995.

November 10–12—Negotiations resume with Selig attending the November 11 negotiations for the second time since contract expired.

November 17—Owners make luxury tax proposal that acts like a cap. Owners present two new proposals to players—one a modification of their original salary cap and the other a taxation plan that calls for severe penalties on big-spending clubs.

December 5—Ravitch announces his resignation, effective December 31.

December 9—Owners and the MLBPA meet in separate sessions with Usery with players proposing several revenue sharing sources, including a ''flat'' tax (5 percent) on each team's total.

December 11—Management submit new plan that reduces payroll taxes on most teams including flat taxes. Players' December 9 plan represents 15 percent of this plan proposed by management.

December 13–14—Bargaining session between management and labor officials.

December 14—The National Labor Relations Board issues complaint against owners for failing to make $7.8 million benefit payment on August 1.

December 15—Baseball executives meet and defer implementing salary cap decision until December 23.

December 16—NLRB informs management that it dismissed the clubs' unfair labor practice charge involving Bonilla and Franco.

December 19–21—Negotiations between union and management with no tangible results.

December 22—MLBPA presents a proposal for the first time including a secondary tax, although only three teams would pay only 10 percent tax threshold in 1995, and the proposed threshold of 25 percent would apply to club payrolls over $64 million in 1997, $8 million more than any team's previous payroll.

December 23—Owners declare a bargaining impasse and move to implement their June 14 salary cap proposal, as amended on November 17.

December 27—Both sides file unfair labor practice charges with NLRB.

1995

January 13—Management's executive council approves rules to sign replacement players.

January 26—President Clinton orders talks to resume or risk a government-imposed settlement, and sets February 6 deadline for progress toward an agreement.

February 1–3—Negotiations resume in Washington, D.C. Owners propose a 75 percent tax on the amount of payrolls between $35 million and $42 million and 100 percent on the amount above that.

February 3—Owners, after being told that the NLRB is prepared to issue an unfair labor practice complaint alleging the cap was implemented illegally, agree to rescind the system effective February 6.

February 4—Players offer counterproposal calling for a 5 percent tax on the amount of payrolls between 50 percent and 130 percent of the average, 15 percent on the amount between 130 percent and 160 percent, and 25 percent on the amount above that.

February 5—Management revokes, effective February 6, individual teams' authority to sign contracts, and eliminates salary arbitration.

February 6—Union files an amended unfair labor practice charge.

February 6—Clinton extends his deadline for one day.

February 7—Sides fail to reach agreement during White House bargaining session. Usery suggests 50 percent tax on payrolls over $40 million, free agency after four years. Clinton asks both sides to accept binding arbitration; owners refuse, and the president unsuccessfully seeks special legislation to force both parties into this procedure.

February 8—Players file a new unfair labor practice charge claiming management bargained in bad faith.

February 16—Spring Training opens with replacements.

February 21 and 22—Negotiations resume for the first time since February 7 with Selig participating for the fourth time since the strike started on August 12, 1994. Only reported output was an information exchange.

February 27 and 28—Negotiations involving Fehr, Selig, Usery, and other individuals.

March 1—Opening day of Spring Training. Confusion and lackluster results (fan attendance) parallel formal union-management negotiations that occurr on this date and two days thereafter. (Fehr meets with Selig one-on-one on March 2, then Selig explains management's position to players.)

March 3—Players for the first time accept management's revenue sharing agreement reached in Fort Lauderdale (January 18, 1994), and presented several other working conditions including possible elimination of salary arbitration.

March 4—Union proposes a 25 percent tax on the portions of payrolls above 133 percent of the average; owners propose a 50 percent tax on the amounts above the average.

March 14—NLRB says it will issue unfair labor practice complaint against owners the following day for unilaterally eliminating salary arbitration, free-agent bidding, and anticollusion provisions.

March 27—The NLRB files for an injunction to restore the expired agreement's working conditions and U.S. District Judge Sonia Sotomayor is assigned to the case. Owners make a new proposal that would retain the current free-agency arrangement and salary arbitration. Management proposes a 50 percent tax on the portions of payrolls above $44 million (108 percent of the average).

March 29—The union's executive board votes unanimously to make an unconditional offer to return to work if Sotomayor issues the injunction.

March 30—Owners vote 26–2 to begin the season with replacement players. Joint bargaining session occurs where the union proposes a 25 percent tax on the portions of payrolls above $50 million instead of $54 million. Parties are now only $6 million apart on the threshold.

March 31—Judge Sonia Sotomayor issues an injunction preventing owners from implementing new work rules in the absence of collective bargaining agreement.

April 1—Opening Day postponed and replacement players released.

April 2—Owners accept the players' offer to return to work.

April 3—Formal, eleven-page back-to-work agreement reached by union and management.

April 26—Season opens, with schedules cut from 162 games to 144. A total of 252 games are canceled for this season, raising total eliminated by the walkout to 921.

May 18—Owners settle first NLRB complaint, agreeing to pay $8.2 million to benefits plan by June 1 and $7.8 million by August 1. Players agree to play All-Star Game.

August 3—The Senate Judiciary Committee approved the Major League Baseball Antitrust Act of 1995 (S.627).

September 18—Owners hire New York City Labor Commissioner Randy Levine as their chief negotiator.

September 29—The 2nd U.S. Circuit Court of Appeals upholds Judge Sotomayor's injunction.

November 15—Owners issue first proposal since the end of a strike, a self-adjusting luxury tax of 25–50 percent on the portions of payrolls above $44 million.

December 18—MLBPA engages services of a public relations firm (Kamber Group).

1996

January 18—Owners approve interleague play for 1997 season.

February 7—Union presents three-page counterproposal to management's November 15, 1995 proposal, approving management's revenue sharing plan with some adjustments, and suggesting a 2.5 percent flat tax on team's total payroll plus luxury tax (25 percent on threshold over $52 million).

February 21—After a two-hour negotiations session, management officials agree to union's proposal for 2.5 percent payroll tax in 1996. Management's proposal would generate $75 million in two years toward a revenue sharing plan; the players' February 7 proposal would generate the same amount over three years.

March 7—Union proposes a six-year labor agreement giving management two options pertaining to monies paid into revenue sharing funds.

March 21—Owners agree (26–2) to new revenue sharing plan that would go into effect when a new collective bargaining agreement begins. They also issue a new proposal for six years (a length that MLBPA sought), abandoning their attempt to link a sliding luxury tax to revenue in their November 15, 1995, and February 21, 1996, proposals. They reduced the tax rate from 50 percent to 40 percent and from $44 million to $46 million. The tax would start in 1998, with the threshold rising 7 percent each year until reaching $56.3 million in 2001.

April 29—Players' union informally discusses a six-year agreement that would employ three different tax/revenue sharing arrangements. Union also establishes a fixed payroll threshold instead of its previously proposed 123 percent of the average payroll; however, management regard the union's $64 million tax threshold as being too high.

May 23—Fehr and Levine meet for first time since April 29. Owners propose a five-year arrangement where the tax reduced to 39.5 percent in effect in 1997, 1998, and 1999, but not 1996 or 2000.

July—Owners raise their threshold to $49.8 million and lower their tax rate to 35 percent. Union proposes threshold of $53.3 million and rate of 34 percent.

August 7 or 8—Owners give Levine authority to make a ''last and final'' offer.

August 9–11—Thirteen bargaining sessions over three days enable union and management negotiators to reach a tentative five-year settlement; however, this arrangement is stalled by baseball executives' infighting.

August 21–22—Negotiations resume with management proposing strike service credit be given to the players except for those who needed this time to become free agents before the 1997 season. Players reject this arrangement.

October 15—Fehr and Levine meet for the first time since Selig yanked Levine from the bargaining table after the August 11 tentative settlement.

October 21—Selig meets with Fehr for about 45 minutes with no results.

October 24—Levine and Fehr complete proposed agreement.

November 6—Owners reject agreement in secret ballot vote 18–12. A second vote (30–0) gives the executive council full authority to reach an agreement if union accepts two major modifications.

November 26—Owners conduct a voice vote and approve the same agreement 26–4 without any modifications.

December 5—Union's executive board unanimously approves deal (Figures 9.1 and 9.2).

December 9—Donald Fehr and Randy Levine sign 12-page agreement that forms the basis of new labor contract.

1997

March 14—Randy Levine and Donald Fehr sign the complete labor agreement.

NOTE

''The Four-Year Labor War,'' *New York Times*, November 27, 1996, p. B-15; Peter Schmuck, ''Labor Chronology,'' *Baltimore Evening Sun*, November 27, 1996, p. 5-D; and several other sources were used in this compilation.

Baseball Bibliographic Note

In 1992, when the work on this book began, online computer searches were performed in a variety of DIALOG databases provided by Knight-Ridder Information, Inc. in Mountain View, California, for current citations and fulltext articles. Databases were selected and search strategy adapted as databases changed, currency became more important, and the focus of the content evolved. The original databases searched covered newspapers, newswire services, and general interest magazines. Information for previous years was often obtained through Business NewsBank, a CD-ROM database of fulltext newspaper articles, which is offered free to users of the University of North Florida Library. The Internet home pages for *The Sporting News* and *USA Today* were searched on several occasions. Toward the completion of the project, fulltext newspaper databases which are updated daily were accessed via Knight-Ridder almost exclusively to provide late-breaking information as well as a difference in perspective evident in local and national reporting.

DESCRIPTIONS OF DATABASES

DIALOG Databases

All databases are fulltext and updated daily unless otherwise noted. Newspaper databases are provided to Knight-Ridder by the individual publishers. Descriptions are paraphrased from *Knight-Ridder Information Database Catalogue*, Spring, 1996.

Written by Sarah Philips, University Librarian, Thomas G. Carpenter Library, University of North Florida, Jacksonville, Florida.

AP News (File 258)

National, international and business news from the Associated Press.

BNA Daily News (File 655)

Includes BNA Labor Daily.

Magazine Database (File 47)

Information Access Corporation

Bibliographic and fulltext. Weekly.

Indexing and abstracting of popular magazines with coverage of current affairs, including sports and *The Sporting News*.

Newsearch (File 211)

Information Access Corporation

Bibliographic

Daily index of newspapers, magazines, and periodicals. Local and regional business publications, and complete text of PR Newswire. At the end of 45 days, the magazine article data is transferred to *Magazine Index* and the newspaper indexing to *National Newspaper Index.*

Newspaper & Periodical Abstracts (File 484)

UMI

Bibliographic

Indexing and abstracting of articles from newspapers and general interest, professional, and scholarly publications. In 1995 the database was split into *Newspaper Abstracts* Daily (File 483) and *Periodicals Abstracts Plus Text* (File 484).

National Newspaper Index (111)

Information Access Company

Bibliographic. Updated monthly.

Indexing of the *Christian Science Monitor*, the *Los Angeles Times*, the *New York Times*, the *Wall Street Journal*, and the *Washington Post*.

New York Newsday (File 638)

Coverage of the Long Island suburbs of New York City and detailed city news through July, 1995.

New York Times (File 471)

In 1996, the full text of the last 90 days of the Final Late Edition and all regional inserts of the *New York Times* became available through DIALOG.

PAPERS

Fulltext file of more than 70 newspapers providing international, national, regional, and local coverage. Separate paper databases occasionally searched include *Boston Globe* (File 631), *Chicago Tribune* (File 632), *Los Angeles Times* (File 630), *New York Newsday* (File 638), *New York Times* (File 471), *San Francisco Chronicle* (File 640), *USA Today* (File 703), and *Washington Post* (File 146).

PR Newswire (File 613)

Mainly business news releases from PR Newswire and Canada Newswire.

Other Databases

Business NewsBank Plus

Newsbank, Inc.

CD-ROM

Fulltext news articles from newspapers and regional business journals nationwide.

Internet

The *Sporting News*: http://www.sportingnews.com

USA Today: http://www.usatoday.com/sports/baseball

Search Strategy

Every week from 1992 through 1996 was included in the searches while an effort was made to minimize expense and needless redundancy. Initially, the broad search strategy *baseball/de and collective(w)bargaining and (date range)* was used to retrieve articles indexed under the subject heading or descriptor ‘‘baseball’’ combined with any occurrence of the phrase ‘‘collective bargaining’’ and a specific date. Other broad search strategies used included *baseball/de and strike and (date), baseball/de and arbitration and salar?, baseball/de and owners and (labor or union) and (settlement or negotiation? or agreement) and (date),* and *baseball and proposal and (date).* As new developments were announced, narrow searches were performed for names of specific key individuals and stories.

A search of the *PAPERS* file involving over 70 newspapers was used on specific, known events such as the union’s announcement of the August 12, 1994, strike deadline or a particular collective bargaining proposal. This approach yielded a variety of perspectives and quotations from different union and management officials, and it also facilitated a more detailed explanation and a verification of related specifics and figures.

In some cases, a search of local newspapers where the events occurred were also included (the *Cincinnati Post* for Marge Schott’s comments about Hitler and the *Baltimore Sun* for the Roberto Alomar spitting incident, for example). These were usually specific events which were not germane to the big picture.

Searches were also run during weeks when there were no anticipated developments. To reduce expenses, a subsample of the following newspapers having consistent and detailed coverage was used: *New York Times*, *Washington Post*, *Chicago Tribune*, *Los Angeles Times*, *USA Today*, and Associated Press articles written by its lead author on the subject, Ronald Blum.

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