

# SELECTED REFERENCES

INDUSTRIAL RELATIONS SECTION

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## INDUSTRIAL RELATIONS AND PROFESSIONAL BASEBALL\*\*

Berry, Robert C. and Glenn M. Wong. *Law and business of sports industries*. v. 1: Professional sports leagues. Dover, MA 02030. Auburn House. (14 Dedham St.). 1986. 570 pp. \$45.00.

The complex business, labor, and legal processes pervasive in the sports industry are detailed in this exhaustive, well-documented study. Important background information presented in the first chapter examines: the constituencies existing in almost all sports leagues and associations; selected views of these constituencies as reflected in, among other things, Congressional testimony; and economic data on sports leagues, clubs, and players. The legal structure of sports is discussed in the next chapter, including enforcement of contracts, antitrust, and the convergence of antitrust and labor principles. Chapter Three focuses on standard player contracts and collective bargaining provisions, including highlights from the 1985 agreement between Major League Baseball owners and players. Chapter Four describes player representation in detail. Industrial relations and labor law are the emphasis in Chapter Five, the section on professional sports unions, their recognition, makeup and operations. The use of strikes, the arbitration of grievances, antitrust litigation, and other key issues are discussed. A final chapter on management perspectives and a useful table of cases follows.

Berry, Robert C., William B. Gould IV, and Paul D. Staudohar. *Labor relations in professional sports*. Dover, MA 02030. Auburn House. (14 Dedham St.). 1986. 289pp. \$32.50.

The first two chapters develop the theme that labor relations and labor law have assumed critical roles in the professional sports industry. Five chapters follow which examine the origins, growth, and current situation in baseball, football, basketball and hockey, revealing the idiosyncrasies of the individual leagues. The last two chapters examine the unresolved issues facing sports unions and ponder future scenarios. The chapter on baseball begins by describing the formation of the Leagues, early Players' Associations, and in particular, the Major League Baseball Players Association in 1952. In 1966, the MLBPA hired Marvin Miller, a skilled negotiator, who by 1968 had transformed the association into a forceful union. The authors explain that the NLRB's assertion of jurisdiction over baseball's labor organizations, the players' first collective bargaining agreement which addressed a number of important issues, and the ensuing route of negotiation and especially arbitration (instead of litigation) as vehicles for achieving gains for the players would create the climate in which the industry exists today. The impact of the *Hunter Case*, the *Messersmith* and *McNally* arbi-

\* Prepared by Kevin Barry, Librarian and Julienne Waldron, Industrial Relations Library, with assistance from Daniel Kinney.

\*\* For background information and an analysis of the operation of professional team sports in the United States, see *Government and the sports business; papers prepared for a conference of experts, with an introduction and summary*. (Edited by Roger G. Noll. Washington, DC, Brookings Institution. 1974. 445pp. o.p.) A good update and supplement to this volume is *Baseball economics and public policy* by Jesse W. Markham and Paul V. Teplitz (Lexington, MA, Lexington Books. 1981. 179pp. o.p.) in which the special characteristics of baseball as an economic enterprise and antitrust aspects of the sports are discussed.

tration over the reserve system, and other rulings are discussed. An overview of job actions is presented followed by a lengthy discussion of: the Spring Training Lockout of 1976; negotiations in 1980; and the Baseball Strike of 1981, its power struggles, impact on the industry and settlement.

*Collective bargaining in American industry: contemporary perspectives and future directions.* Edited by David B. Lipsky and Clifford B. Donn. Lexington, MA 02173. Lexington Books. (125 Spring St.). 1987. 351pp. \$16.95.

The chief characteristics and issues for collective bargaining in the professional sports industry are reviewed by James Dworkin in Chapter 7. (pp. 187-223). The focus is on teams, owners, and players of Major League status in baseball, basketball, football, and hockey. Among the several topics discussed are the ways in which each sport has employed collective bargaining to find solutions to the reserve system problem. Of particular interest is a discussion of major events in bargaining for the upcoming decade.

Debrock, Lawrence M. and Alvin E. Roth. "Strike two: labor-management negotiations in Major League Baseball." *Bell Journal of Economics* (P.O. Box 5036, Hicksville, NY 11816), Autumn 1981. pp. 413-425. \$15.00.

The authors use bargaining theory to examine the 1980 labor problems in Major League Baseball. They outline the important issues in the 1980 contract negotiations, and determine that the players' threat of a discontinuous strike was the optimal strategy. They also explain the effects of strike insurance.

Dworkin, James B. "Collective bargaining in baseball: key current issues." *Labor Law Journal* (Commerce Clearing House, Inc., 4025 W. Peterson Ave., Chicago, Ill. 60646), August 1988. pp. 480-486. \$10.00.

Dworkin identifies the key benefits and protections ball players have achieved in recent years, including the three major issues players and management continue to struggle over—salary arbitration, free agency, and drug testing.

Dworkin, James B. *Owners versus players: baseball and collective bargaining.* Boston, MA 02116. Auburn House. (131 Clarendon St.). 1981. 306pp. \$19.95.

Dworkin analyzes the history of unionism in professional baseball from the late nineteenth century to the present. He focuses on the major issues that motivated the players to organize. He traces the formation and development of the modern-day players union, the Major League Baseball Players Association, and he examines its predecessors. Dworkin then discusses the impact of collective bargaining on the game of baseball, focusing particular attention on two important areas—the elimination of the perpetual reserve clause and the increase in bargaining power by players as a result of the adoption of final-offer salary arbitration bargaining in 1974. The issue of player mobility and its significance is fully discussed. He also looks closely at changes that occurred in the profession since the introduction of collective bargaining, including grievance arbitration, minimum wage, improved work scheduling, and better pensions. The relationship between player performance and unionism is also explored. Dworkin looks at parallels between baseball unionism and the development of unions in general, and he compares and contrasts developments in baseball with those in basketball, hockey, and football.

Hill, James R. "The threat of free agency and exploitation in professional baseball: 1976-1979." *Quarterly Review of Economics and Business* (Bureau of Economic and Business Research, 428 Commerce West,

1206 S. Sixth St., Champaign, IL 61820), Winter 1985. pp. 68-82. \$10.50.

Hill evaluates the change from 1976 to 1977 in exploitation levels of non-free agents, measuring whether or not the threat of free agency substantially reduces exploitation by owners. Hill estimates player Marginal Revenue Producers (MRP), or financial worth, and then subtracts several team costs to achieve a net MRP. Hill then estimates a player compensation model, and compares the former results with the latter to achieve his exploitation estimates.

Hill, James R. and William Spellman. "Professional baseball: the reserve clause and salary structure." *Industrial Relations* (Institute of Industrial Relations, University of California, Berkeley, CA 94720), Winter 1983. pp. 1-19. \$15.00.

The authors examine the effects of the institution of free agency on salary structure in Major League Baseball. Focusing on the years 1976-77, they first analyze the changes in contract length and average compensation. Then they develop compensation models for hitters and pitchers for this time period. Finally, they illustrate the changes in salary structure for 1976-77 for free agents and non-free agents. The study reports that the average compensation for ballplayers increased by 42% as a result of changes in the reserve system. Multiyear contracts, once rare, also increased because some clubs used them to discourage players from becoming free agents, while others offered them to entice free agents.

Mogull, Robert G. "Salary discrimination in professional sports." *Atlantic Economic Journal* (Atlantic Economic Journal, Southern Illinois University at Edwardsville, Box 1101, Edwardsville, Illinois 62026-1101), September 1981. pp. 106-110. \$33.00.

Mogull reviews the major conclusions of his former work on salary discrimination by race in baseball, basketball, and football. He then performs a "Chow" test for each of the three sports, and concludes that nowhere in professional sports is salary influenced by race, reinforcing conclusions presented in his earlier work. His findings are controversial and challenged by other economists briefly listed in a footnote to his paper.

Raimondo, Henry J. "Free agents impact on the labor market for baseball players." *Journal of Labor Research* (Journal of Labor Research, Dept. of Economics, George Mason University, Fairfax, VA 22030), Spring 1983. pp. 183-193. \$10.00.

This article assesses the improvements brought about in the pro baseball labor market by the creation of free agency, especially in regards to the monopsonistic exploitation of ballplayers, salary determination, and racial discrimination. Raimondo reviews literature on MRP and also creates his own models for player salary.

Scully, Gerald W. "Pay and performance in Major League Baseball." *American Economic Review* (American Economic Review, 1313 21st Ave., South, Suite 809, Nashville, TN 37212-2786), December 1974. pp. 915-930. o.p.

This paper is important reading for anyone doing empirical work on baseball. Scully measures the economic loss to baseball players due to the reserve clause, which gave team owners monopsony power. In doing so he develops what is now a commonly used method of calculating player marginal revenue products. He derives his measures of monopsony power by comparing his calculations of MRPs to results of a salary model, in effect comparing worth and payment across varying career lengths and ability levels.

Sommers, Paul M. and Noel Quinton. "Pay and performance in Major League Baseball: the case of the first family of free agents." *Journal of Human Resources* (Journal Division, University of Wisconsin Press,

114 North Murray St., Madison, WI 53715), Summer 1982. pp. 426-436. \$5.00.

Following a good summary of the creation of free agency, the authors set about to determine just how well the first 25 baseball players who became free agents during the close of the 1976 season fared. Calculating MRP by Scully's 2-equation regression method, the authors determine the "worth" of these players, and then compare with actual contract costs to determine if free agency has brought worth and salary in line, at least for the "first family."

Staudohar, Paul D. and Edward M. Smith. "The impact of free agency on baseball salaries." *Compensation Review* (American Management Association, Subscription Services, Box 319, Saranac Lake, New York 12983), Third quarter, 1981. pp. 46-55. \$7.75.

The authors assess the impact of free agency on player salaries by comparing trends in salary growth to evolutions in the free agency situation. Among the observations: player salaries more than quadrupled from 1975 to 1981. For a current study based on salary information obtained from management and player sources, see "Baseball salaries are reaching the upper deck" (*New York Times*, Monday, December 13, 1988, pp. B19-B20). The *Sporting News* (Sporting News Publishing Co.) is also a reliable, ongoing source of data on player salaries.

Staudohar, Paul D. *The sports industry and collective bargaining*. Ithaca, NY 14851. ILR Press. (New York School of Industrial Relations, Cornell University). 1986. 195 pp. \$22.50, \$9.95, paper.

Staudohar explains labor-management relations and the employment issues peculiar to baseball, football, basketball, and hockey. He provides a general history of collective bargaining in each and examines the economic forces of audience size, television, and players' salaries for that sport. His description of the mechanics of contract and salary negotiations includes explanations of free agency and summaries of the leading court cases defining contract rights. The chapter on baseball is the longest and well structured. Discussions of factors like monopoly control, tax advantages, and team operating revenues and expenses help the reader better understand why team ownership can be quite profitable. The model of industrial relations presented—management operating through league structures and team ownership and labor operating through the players and their unions—is made memorable by accompanying descriptions of key leadership figures who have shaped the bargaining climate. The Major League Baseball Players Association and several of its major accomplishments are covered. Strikes experiences among players and umpires are also highlighted.

Wong, Glenn M. "Major League Baseball's grievance arbitration system: a comparison with nonsport industry." *Labor Law Journal* (Commerce Clearing House, Inc., 4025 W. Peterson Ave., Chicago, Illinois 60646), February 1987. pp. 84-99. \$10.00.

Wong compares baseball's grievance arbitration system with that of non-sport industry. Surveying many of the cases, Wong finds baseball's system to be quite similar to that of non-sport industry, in that both address similar issues (discipline, termination, benefits, etc.) and follow the same guidelines. Only in situations unique to sports (free agency, option clauses, strike-payment clauses, the "special covenants") are they dissimilar. This article is similar to one by Wong in the March 1986 issue of *Arbitration Journal*, entitled "A survey of grievance arbitration cases in Major League Baseball" (pp. 42-62), followed directly by "Salary arbitration in baseball: an impartial assessment after ten years" by James Dworkin (pp. 63-69).