1985-1988
Collusions I, II . . . and III
(A Hard Lesson Learned)
By Maury Brown
(From Rob Neyer's Big Book of Baseball Blunders)

Peter Ueberroth: "I never did anything wrong."

Lou Hoynes: "Technically, you didn't. The clubs heard your words, but they also heard the music, and it was a martial music. They all fell into the beat."

—John Helyar
(Lords of the Realm, 1994)

Blunders can cost a team games. Big games. Blunders have changed the course of franchises. A few blunders have even resulted in *Curses*.

But this blunder is bigger than all of those. This blunder is bigger than perhaps any other blunder in the game's long history; bigger, that is, than any blunder but the one that left so many wonderful ball players in the shadows for far too long (and that one's so big that it wouldn't fit in this big book).

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Peter Ueberroth, Major League Baseball's sixth Commissioner, got owners started down their ruinous path on October 22, 1985. After eleven straight years of supposed financial losses for the "industry," Ueberroth addressed the owners at the headquarters of Anheuser Busch (courtesy of Gussie Busch, one of the original hard-line owners).

At one point in what amounted to a stern lecture, Ueberroth said,

> If I sat each one of you down in front of a red button and a black button and I said, "Push the red button and you'd win the World Series but lose $10 million. Push the black button and you would have a $4 million profit and you'd finish in the middle." You are so damned dumb. Most of you would push the red button. Look in the mirror and go out and spend big if you want, don't go out there whining that someone made you do it.

In closing, Ueberroth told his employers, "I know and you know what's wrong. You are smart businessmen. You all agree we have a problem. Go solve it."[1]

A few weeks later at the general managers' meetings in Tarpon Springs, Florida, Ueberroth hammered home his point, saying, "It's not smart to sign long-term contracts. They force clubs to want to make similar signings," he said. "Don't be dumb. We have a five-year agreement with labor."[2]

What might have been lost on the Lords in the first meeting was made clear in the second: Keep player salaries down. However you have to.

Did even one owner stand up and ask the obvious questions, like "Is this legal?" and "Are we setting ourselves up for big problems down the line?" There's no evidence that one of them did. The owners were cowed by each other, and by Ueberroth's reputation. After all, this was the man who had, just a few years earlier, somehow turned the Olympics into a money machine. If he could do that with team handball and the modern pentathlon, what might he do with America's National Pastime?

So the owners fell in line, and began drafting internal memos to clarify Ueberroth's message. Contracts should typically run no more than three years for hitters, two years for pitchers. And some clubs simply swore off free agents altogether.[3]

Collusion was on. With the owners working in concert and with little deviation, the final tally for the 1985-1986 off-season read as follows: of the thirty-three free agents, twenty-nine went back to their old clubs (and the other four were not wanted by their old clubs). Among the prominent free agents, only Carlton Fisk "got so much as a nibble from another team. George Steinbrenner . . . admitted he made an offer for Fisk but it was withdrawn after he got a call from White Sox chairman Jerry Reinsdorf."[4] Salaries increased by five percent; a year earlier the increase had been eleven percent (and in fact, since free agency's advent in the 1970s, salaries have typically gone up roughly ten percent per year). In addition to Fisk, other notable free agents who were shut out included Kirk Gibson, Donnie Moore, the knuckleballing Niekro brothers, and Tommy John.[5]

By December, furious agents were calling union chief Don Fehr, asking what was going on. The union smelled collusion, and in early February 1986 they filed their first grievance (which came to be known as "Collusion I"). When asked if the owners were working together to limit salaries, Uberroth responded, "They aren't capable of colluding. They couldn't agree on what to have for breakfast."[6]

Ueberroth was wrong, or lying (you choose). An idea—"Hey, let's not be so reckless every winter!"—had become a habit, enforced by tacit agreement. Instead of worrying about buying the best players they could afford (or not), now the owners worried about what their colleagues might think (not to mention the scary Olympics guy). In the winter of 1986-1987, a second group of free agents felt collusion's sting, and this included some fantastic players, including Jack Morris, Lance Parrish, Tim Raines, Andre Dawson, Bob Horner, Ron Guidry, Rich Gedman, Bob Boone, and Doyle Alexander. Out of this group, only four—Parrish, Dawson, Horner, and Ray Knight—signed with new teams.[7] Dawson famously offered to sign a blank contract with the Cubs, and wound up taking a significant pay cut and a one-year contract.[*]

The fix was in, and it was working better than anyone could have predicted. The average free-agent salary for 1986-87 had declined by sixteen percent, and roughly three-quarters of them had to settle for one-year contracts. With MLB reporting that revenues

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[*] To his credit, Dawson hit forty-nine home runs in '87, after which he was rewarded with a lucrative new multi-year deal.

were actually up fifteen percent, the union suspected that collusion was still in play and filed a second grievance—Collusion II—on February 18, 1987.[8]

If nothing else, Ueberroth was persistent. Even though the union knew what was happening and continued to file grievances, Ueberroth kept hounding the owners. He wanted to know if they planned to offer contracts running more than three years. If so, he told them, "I want you to come and tell me eyeball-to-eyeball that you're going to do it."[9]

In September of '87, the note on the owners' perfidy—or rather, the first of their perfidies—came due. Arbitrator Thomas Roberts ruled, in Collusion I, that the owners were guilty as charged (damages would be assessed later, after Thomas conducted the hearings and collected the evidence that would allow him to get an accurate take on just how collusion had affected salaries).

Ueberroth and the owners didn't get the message. They continued to collude, but this time through the mechanism of a so-called "information bank." The idea was simple. If Team A makes an offer to Free Agent Z, the team reports all details to the Players Relations Committee (PRC). That was an information "deposit." Next, Teams B, C, and D, curious about Z's offers, could (and presumably would) call the PRC and make a "withdrawal" from the information bank. More collusion, of course. But in sheep's clothes.

Eleven players, including Paul Molitor, Jack Clark, and Dennis Martinez, felt the squeeze in this new twist. The Players Association filed a third grievance in January 1988 (Collusion III).

Early in 1988, the damages for Collusion I were finally announced—of the sixty-five free agents of 1985, only fourteen were still on major-league rosters—and seven players were awarded "new-look" free agency. They could, without forfeiting their existing contracts, solicit offers until March 1 from other teams. Out of that group, Kirk Gibson was regarded by many as the plum. He had one season remaining on a three-year, $4 million contract with the Tigers, but on January 29 he signed a new deal with the Dodgers: three years and $4.5 million.[10]

Collusion, then, did help one club: without Ueberroth and his willing accomplices, Gibson never would have hit that walk-off piece against Eckersley, and the Dodgers almost certainly wouldn't have won that World Series (because they wouldn't have reached it without Gibson, the National League's MVP that season).

The spanking by the arbitrators continued in October 1989 when George Nicolau presided over Collusion II and, just like Roberts, ruled that the owners had conspired to restrict movement of the players in question.[11]

This time, new-look status went to (among others) stars like Rich Gedman, Bob Boone, Brian Downing, Doyle Alexander, Ron Guidry, and Willie Randolph.

But setting players free was just a part of the process. Somebody also had to figure out how much *money* all that colluding had cost the players. Roberts ruled that the owners owed union members $10.5 million for 1986, and Nicolau came up with $38 million for 1987 and $64.5 million for 1988. In addition to these salary shortfalls, the owners would also have to compensate the players for ancillary losses related to multi-year contracts and various sorts of bonuses.[12]

Late in 1991, the players and the owners reached a settlement: the owners would surrender $280 million, with the money then distributed to affected players via a complicated (and often lengthy) process.[13]

So the blunder had run its course . . . or had it? The seeds of distrust, well rooted within the union even before Collusions I through III, grew to venomous heights. As Fay Vincent told the owners shortly after taking over as Commissioner in 1990, “The single biggest reality you guys have to face up to is collusion. You stole $280 million from the players, and the players are unified to a man around that issue, because you got caught and many of you are still involved.”[14] Certainly, every labor negotiation since has been freighted with memories of what the owners did (particularly considering that Bud Selig and Jerry Reinsdorf—two of collusion’s most enthusiastic ringleaders—have remained in positions of power over the last two decades).

And there was still all that money. In 2005, I asked Vincent if the two rounds of expansion in the 1990s were motivated by the owners’ desire to offset the financial losses they incurred as a result of Collusions I, II, and III. Vincent replied, “I remember one of the owners said, ‘That’s the single dumbest idea I’ve ever heard!’ But what he was really saying was, ‘We need the money to pay off the union because we colluded.’”[15]

—*Maury Brown*

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SIDEBAR

If not for Don Drysdale and Sandy Koufax, the Collusion rulings of the late 1980s and early ‘90s might never have happened.

In 1966, Don and Sandy announced that they would negotiate only as a team . . . and they—with the help of an agent, another first (or near-first)—both asked for three-year contracts that would pay $166,000 per season. It all added up to one *million dollars*, a number that caused bile to rise in the throats of team owners struggling to make the mortgage payments on their hunting lodges and island getaways.

Don and Sandy eventually caved, signing one-year contracts that paid them handsomely (if still far less than what they were worth to the Dodgers). But the owners never forgot. And in 1977, they requested that one sentence be added to the new Collective Bargaining Agreement:

> *Players shall not act in concert with other players and clubs shall not act in concert with other clubs.*

Marvin Miller agreed to the sentence, but added many years later, “I was only going to give in if it was a two-way street. They yielded instantly. It wasn’t a big deal.”

Except it was a big deal, a decade later. As usual, the owners had been outsmarted. As usual, the players had the better lawyers, and they won.

END SIDEBAR

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[1] Jerome Holtzman, *The Commissioners: Baseball's Midlife Crisis* (Total Sports, 1998).
[2] John Helyar, *Lords of the Realm: The Real History of Baseball* (Villard, 1994).
[3] Helyar, *ibid*.
[4] Holtzman, *ibid*.
[5] Clifford Kachline, *The Sporting News Official Baseball Guide: 1988*.
[6] Holtzman, *ibid*.
[7] Kachline, *ibid*.
[8] Andrew Zimbalist, *May the Best Team Win: Baseball Economics and Public Policy* (Brookings Institution Press, 2004).
[9] Helyar, *ibid*.
[10] Clifford Kachline, "Pitchers Reestablish Control in Historic 1988 Campaign," *The Sporting News Official Baseball Guide: 1989* (Sporting News, 1989).
[11] Kachline, *ibid*.
[12] Zimbalist, *ibid*.
[13] Zimbalist, *ibid*.
[14] Fay Vincent, *The Last Commissioner: A Baseball Valentine* (Simon & Schuster, 2002).
[15] Maury Brown interview with Fay Fincent, www.businessofbaseball.com.