

# Major League Baseball owners lock out players

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The owners of Major League Baseball (MLB) teams locked out 1,200 professional baseball players after the collective bargaining agreement expired Wednesday at midnight. Less than two hours prior to that deadline the owners voted unanimously to lockout the players, provoking the first work stoppage since the players' strike of 1994-95.

Baseball's owners are representatives of the financial aristocracy of America. Twenty-three of its 30 owners are billionaires, with the other seven each worth several hundreds of millions of dollars. Driven by continual increases in television revenues and soaring ticket prices from ultra-modern new stadiums financed largely with public funds, revenues for MLB reached a record \$10.7 billion in 2019, the last year before the coronavirus pandemic.

The major issue in this dispute centers on attempts to alter free agency and compensation, and ways to promote more competitiveness across the league. As part of recent negotiations, the players union, the Major League Baseball Players Association (MLBPA), proposed changes that included free agency after five years of service time (instead of six), salary arbitration earlier in players' careers, and a raising of the luxury-tax threshold, so big market teams can spend more on player salaries without penalties.

The model that has been used by baseball for the past several decades provided that during the first three years of a player's career, a team could unilaterally dictate a player's salary. For the next three years, a player would gain arbitration rights and an arbitrator would resolve any differences between what a player wants to earn and what an owner is willing to pay. Then, after six years, a player would become a free agent, with the league's most veteran players being in a position to obtain contracts worth tens of millions or, in

some cases, hundreds of millions over several years.

While the free agency system has led to substantial rises in average salaries since its introduction in 1975, extreme levels of inequality exist within rosters. The average major league career now lasts three to four years, meaning most will never even make it to free agency. Of the players on opening day rosters last season, 46 percent made less than \$1 million, with 35 percent at less than \$600,000, according to an *Associated Press* salary survey. The minimum salary last season was \$570,500.

In the minor league system, thousands more each year earn sub-poverty wages of between \$8,000 and \$14,000 in the hopes of one day earning a spot on a major league team, but only about 10 percent of minor leaguers end up playing even a single game in the majors. In September, ESPN ran a story of the devastating mental health impact of these impossible financial difficulties on minor league players.

In this era of analytics, teams have learned it is smarter to pay players for what they are projected to do rather for what they have done, and consequently the younger and less expensive player is being prioritized. Players often are now released before they can go through salary arbitration three times, and when non-elite players hit free agency, they might find a minor league contract just as likely as a multiyear contract.

Owners of less competitive teams have also used the strategy of "tanking," to trade and sell off their best players, who are generally older, restock with younger inexpensive players, and build a more competitive team in the near future with higher draft picks for much less money. Under the franchise system used by US professional sports but uncommon everywhere else in the world, the worst teams not only retain their spots in the league the following season but are granted the first

pickets in the following year's amateur draft.

Under the present system, the teams with the worst records get higher draft picks. As *Sporting News* put it, "The way the system is set up now, owners reap two giant benefits from fielding awful teams: 1. They're pocketing money they could/should be spending to keep/bring in better players. 2. They're collecting high draft picks every year that they're awful."

In 2021, the publication reported that six teams lost at least 95 games out of a 162-game regular season, bottomed out by the Orioles and Diamondbacks at 110 losses each. In 2019, four teams lost at least 103 games, and another six lost 90-plus. In 2018, eight teams lost at least 95 games, "led" by the Orioles, at 115 losses. This is close to the worst record in modern MLB history set by the New York Mets, then an expansion club, in 1962, when they lost 120 games.

The players insist that to correct these disparities there should be a lottery type draft that will not reward teams with the worst records. They also want players to be compensated earlier in their careers by allowing them to reach salary arbitration and free agency sooner.

Since CBAs were first negotiated in the late 1960's, they have been structured to expire during the off-season. Initially the owners locking out players was a frequent occurrence, with lockouts taking place in 1973, 1976 and 1990. Players also carried out four strikes in 1972, 1980, 1981 and 1994-1995.

The 1994-1995 strike, which also revolved around owners' attempts to limit free agency, was the longest in professional sports history, lasting 232 days. During this strike, 948 games were canceled in the 1994 season and the first 18 games of the 1995 season. Eventually various court and arbitration rulings reimposed the prior CBA until another agreement could be negotiated.

For the past 30 years, Major League Baseball has been played without any lockouts or strikes. Today, however, its owners and its players are being influenced by the same economic tensions and pressures, including the global pandemic, which are impacting workers in this country and globally that has led to a massive strike wave.

In the last ten days before the lockout, contrary to their claims of economic hardship regarding contract talks, many of these same owners were able to scrape together over \$1 billion to sign nine players.

The owners, by instituting a lockout now, can do so

without risking losing any games since the season does not begin until late March, and at the same time place pressure on unsigned players and free agents who are now prohibited from negotiating or signing any new contracts during the lockout, as well as attempting to create a divide between the higher- and lower-paid players.

One of the top player representatives, however, is Max Scherzer, one of baseball's premiere pitcher's, who just a few days ago signed a three-year \$130 million contract with the New York Mets.

Scherzer, in response to the lockout, commented that the union has over the last five years been amassing money to weather this labor dispute. "We have a pretty good war chest behind us of money that we can allocate to players. The best-case scenario is not to tap it. Obviously, hopefully, we get a deal at some point in time, but just know as players, we're steadfast in our belief of how we see the game."



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