

The Economic Club of New York

326th Meeting
82nd Year

Peter V. Ueberroth
6th Commissioner of Baseball

Syd Thrift
Senior Vice President of Operations
New York Yankees

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Questioners: David Hartman, President
Rodman-Downs, Inc.

John Whitehead
Former U.S. Deputy Secretary of State
Co-owner - New Jersey Devils hockey team

Introduction

Rand V. Araskog

...he is with her in Ohio and he has asked that Syd Thrift who is the new Senior Vice President of Operations for the New York Yankees, formerly General Manager for the Pittsburgh Pirates come in his place and we're very appreciative of that quick replacement. Thank you. (Applause)

Ladies and gentlemen, welcome to the 326th meeting in the 82nd year of the Economic Club of New York. We have a very special luncheon today on sports, both professional and amateur, the Olympics, baseball, and other subjects that our speakers wish to discuss today. Our first speaker will be Mr. Peter V. Ueberroth. He is well known, I think, to everyone in the room. He started his own travel business, a very successful business, subsequently accepted the position managing the Olympic Games in Los Angeles in 1984, one of the most successful this country or any other has ever had, and subsequently became Commissioner of Baseball.

When we first contacted him about speaking today, we told him that we were seeking George Steinbrenner. After Peter had accepted, we talked with George. And George said, well, that would be just fine, but he would have to agree with everything that Mr. Ueberroth had to say because he was really his boss as the Commissioner. And then I reminded Mr. Steinbrenner that he would have stepped down by that time and that he would no longer be Commissioner of Baseball, and Mr. Steinbrenner said, oh, then we'll really have some fun. (Laughter) So I look

forward to hearing from Mr. Ueberroth. (Applause)

Peter V. Ueberroth

Sixth Commissioner of Baseball

Whenever I'm asked to speak, I ask myself two questions. Why was I asked? And why did I accept? (Laughter) All of you are facing in our country budget deficits and all those things, so why I was asked is easy. I was asked for a couple of reasons. First, I'm free. Secondly, you wanted to see what, all of you who are employed, what an unemployed executive looks like. (Laughter) Third, the most important reason I was asked is, if you look in the back of your program and see the Honor Roll of great speakers, your organization had a problem. They wanted to provide balance so they wanted to find a speaker that was not very smart, and I filled that bill.

Why did I accept? I accepted because you ladies and gentlemen are very important people in my eyes as a new five-year resident here in New York – a city that I must tell you, if I can go off my point for a minute, a city that I have fallen in love with in five years. I came here as a stranger. Lew Rudin and a couple other people who were friends kind of helped me get settled and said that I would fall in love with the city. And I've developed an opinion that it's the capital of the world. The United States has a capital south of here. Other countries have capitals. But this is where it all happens. This is the communications capital, the finance capital, the business capital,

and I could go on and on and on.

And because of that, all of you in the audience representing the private sector, you are the solutions to the problems of society. I don't always think all of us in the private sector keep that in mind, but we should. I've had the pleasure; the best part of being baseball commissioner was the opportunity to travel to every major city in this country – the Minor League cities and the Major League cities. And the commissioner is welcomed in the cities with open arms by the business leaders, by the law enforcement leaders, by the governmental leaders, all the people. And you get to know the heartbeat of the city and the problems of the city. And in case you haven't checked recently, the government solutions to those problems in the cities of America are not working – certainly not working very well. And if we're going to have much to talk about our future or much to turn over to the youngsters of the next group coming along, we have to turn our attentions there.

You know I said I wasn't very smart. I didn't want to throw that away as just a line. It happens to be very true. The phenomenon that took place in Los Angeles in 1980 when an unknown person from the travel business, albeit we had 300 branches in cities across the country, but I really absolutely, the name had never appeared in the *LA Times* in the 20 years that I was in business there.

So they ran to the records, the inquiring press, and that's their duty and I respect it, to find

Ueberroth. They couldn't find it. So they went to the two major institutions in that town that compete in sports – USC and UCLA. For sure, Ueberroth was there, and they couldn't find him. And they went to Harvard and Stanford and up and down across the country and still no Ueberroth. And within about four or five weeks, they finally found San Jose State. And as the media does these days, especially we saw recently to our present sitting vice president, they ran up there to see how he had done. And before you ask the question, they found Ueberroth's file and he had entered in the mid-50s, and he did graduate in the top 83% of his class. (Laughter) I don't know why you're laughing. I'm assuming most of you graduated in the top 83% of your class. (Laughter)

But true story, I was a C-student in high school and I had been accepted to San Jose on an athletic scholarship, full paid athletic scholarship, but also because of my high school grades, on a probationary basis, and I had to fill out a form. And in the form that I filled out very carefully, I might tell you, evidently I had been very nervous that day in the mid-50s. So when the press got a hold of this form, for probationary acceptance, they read through it and they came to the heading, Church Preference. And I had written in big letters, Red Brick. (Laughter) And you can imagine the field day that they had in Los Angeles with all that information.

Today, in the few minutes we have together, both Syd and I are going to limit our discussion to shorter than you normally have basically for two reasons. He found out he was going to speak a couple of hours ago and I've been otherwise occupied. (Laughter) Basically, the subject is

Amateur and Professional Sports, so we're going to talk briefly and then turn it over to the questioners and answer, to the best of our ability, any questions.

A couple of comments I'd like to make. The first is Syd has a title that you heard, but the title that you don't hear is that he has rebuilt a franchise – dead last in many issues. The moral, the ethical, the business, and the playing on the field of the Pittsburgh Pirates was dismal when I arrived in my last job, and the man turned it around. And all of you in business know what turning around means. It's the most difficult thing to do and he did it. And so he'll talk about baseball. I will not speak about baseball. That's the only questions I won't answer – other than to maybe tell you the overall quality of the New York Yankee owner, but I won't do that either because he's not present to have – we were going to have a lot of fun with each other.

But the reason I won't talk about it is it's not in my province anymore. March 31 at midnight I stepped down. And it's my responsibility not to talk about that sport. For a whole number of years, I think he's in the audience somewhere, but Bowie Kuhn afforded me the same protection. Anything that I would say would be second-guessed and the media would work on it. Baseball is very fortunate to have Bart Giamatti who will go down in history as one of the great commissioners of baseball and he's ably assisted a new system with Fay Vincent as the Deputy Commissioner. It had never been done before. And they will take that institution called baseball into really new glories. Also history will treat Bowie Kuhn in the proper way. Seventeen years, he really saved the sport and was an exceptional Commissioner of Baseball and you need to

know that.

My quick comments on amateur sports are as follows. Amateur and professional sports – just to give you something that’s kind of a format to fall back in the question and answers – amateur sports in my opinion, it has a single positive purpose. And that’s the development of young people in this country, women and men – develop them physically and healthy to go along with their minds. Teach them about competition. That’s the value of it. The value is not who wins the certain Bowl Game and who does this and who does that.

The Olympics are especially important in amateur sports because they bring all the sports to the world, to all the 170 competing nations. They are sports we can all compete in – sports that don’t get the publicity and never will. There’s never going to be huge crowds and television audiences and big fees paid for crew or fencing or archery or wrestling or gymnastics or volleyball or cycling or judo or yachting and track and field and on and on and on.

I might also tell you that the sports that we’re focusing on in this country, we have to be a little careful about. They deserve to be focused on, but we’d better focus on the other sports because to be a superstar, and after all that’s one of the reasons you go into the sport because you’re a dreamer as a kid, you think you’re going to be able to bat like Joe DiMaggio and you’re going to be able to play, you know, football, like the great football players and play basketball like Jordan and all the rest. That’s why you do it. But some of the sports you have to have such immense

size, other than a few positions, that it really doesn't open opportunities. In football you need huge and immense size these days. Basketball, the guards are 6' 9"; you need huge and immense size. So you have kind of been prenatally eliminated from the chance to be a superstar. And for that reason we have to look to all the other sports. So be sure the kids play those sports. And that's why the growth of soccer, soccer is so important out there, and other sports like that.

Just a fear I have – jumping off amateur sports – a fear I have in our country is fan behavior. The whole thrust is toward male-only audiences who are participant audiences. They are people who clinch their fist. They're very macho. They drink too much. And we've got to curtail it. And that's something that we've done a lot on in my prior activity and nobody more than Bart Giamatti will carry that forward. His whole plans are toward focusing on women and children and lowering alcohol consumption and doing all those things that make it a great place to go with your kids. And incidentally, the beer companies are the best cooperators in that effort. So I'm worried about fan behavior. I'm worried about violence in the stands and violence on the field. There's no excuse for either in all of sports, even in college sports and all the rest. We've got to take the macho-ness out of the guy who is participating as he's standing in the stands. And if you go to some of these sporting events, you'll see there's more and more profanity and those kinds of things. That's solvable in this country. If enough of us care about it, we can turn that around.

Professionalism and amateurism, I'm worried about the fact we don't keep a fine line and a hard line. It's a Chinese Wall, if you will, between the two of them. As that's becoming blurred, we're

going to lose a lot. There's those out there who think we're going to do very well in basketball now because professional basketball players can be on our Olympic team next time. All that's done in my opinion is destroy basketball in the Olympic Games. Sure, we'll win the gold medal the next four, or five, or six, or seven, or eight times in a row quite easily, thank you.

It was more fun for me when a bunch of young athletes could get together, a bunch of youngsters, and have them thrown together with very little practice and go against these teams that have been practicing together for seven years under various other kinds of systems out there. Frankly, we would have won this last time even, if we had done it a little better, been a little smarter, got the team together a little earlier. There's probably a coaching mistake or two in there too. But I love to see Bobby Knight take a bunch of youngsters, throw them together, and see if we can still beat all the people in the world. If you think we'll lose ever a game with the likes of Jordan and Magic Johnson and the rest, we'll never lose a game. Well, we can all be very proud, very macho, and pound on the table, but I don't think we've done anything for the youth of this country or the world.

Of the teams that compete in the Olympics, I think there's 170 countries. I think 100 countries never won a medal. I see some medal winners here in the audience. You know, I see at a table right there, more medal winners than 100 countries have ever won. We have to realize that's not the purpose. We want to win. We want to do our best. But I guess, in my old sport that I used to be involved in as commissioner, I don't want to take those guys over to play the Taiwanese

baseball team or the Nicaraguan baseball team. I think it's absurd.

Professionalism, as ownership of sports, a quick comment on that. There's two kinds of owners out there in all the sports. Take them all, lump them all together for professional sports. There's those who it's their life work and they care and it's everything they believe in, and they believe in the institution, and they believe in the relationships of the youngsters, and the idols that youngsters make of professional athletes. People like, and I'm not going to leave any out, there are so many, but locally people you know, Fred Wilpon and John McMullen, Bud Selig and others, who care very much about their institution. They want to win on the field, but they care very much about the young people.

And then there's others I see entering other sports, so let's drop off baseball. I'm not talking about baseball at all. Other sports, people that are getting into it, it's a vanity investment. It's an investment where they can be somebody overnight. When you're wealthy enough that you can't do anything else, you either get racehorses, buy art, or a professional baseball team or basketball team or the rest.

Lastly is the value of sports. And that's, I think the value of sports is health, and the value of sports is the chance to uplift society. The Soviets do it very well. Whenever they have real problems in their society – the harvest is so much worse than they expected, real upheaval – they quickly organize the Spartakiads, national sports endeavors, kind of a National Olympic Games.

And they invite a few other world-class athletes there and they show from morning 'til noon and night their great athletes performing and winning. It's a great way to use sports to influence.

Kind of in closing my remarks, that was something about the Olympic Games that people overlook and it has not been written about. There was no special talent of the guy up in front of you running those games. I had one secret weapon and it's never written about. Sure, there was \$250 million left over which goes to young people and sports in our country, but the secret was simple. You see in America we have a talent and we have a utility that we don't talk about enough. There's millions of people in this country that get up every morning, they go to work at 9:00 and they don't quit 'til 5:00. The difference between you and me is they don't get paid. They're called a volunteer. We had 77,000 volunteers. When you run a sporting event that's two weeks long, when you can charge hundreds of millions of dollars for television rights and other kinds of rights and you don't pay anybody a penny, you're going to have \$250 million left over. That's San Jose State Economics 1A. (Laughter)

But they did get paid something, and that's the point. What they got paid – they never got a ticket, they didn't get their lunch paid or their parking – and I see a couple of volunteers who were part of that 77,000 sitting here – what did they get paid? They got paid the chance to be a part of something very special – a chance to make their country proud in front of a television audience of 2.5 billion people, half the living, breathing people on this earth. And when the Chinese team, the People's Republic of China would be announced and come into the stadium

and 93,000 fans would give a standing ovation, they didn't know what they were doing. But what they were doing is sending a message back to that country that would mull over all the politics, all the protocol, all the propaganda between the two nations and political leaders. That film clip was made for the People's...the first time they had ever gone in the Olympic Games. They defied the Soviet boycott, they came to the games. And that film clip has been shown 100 times on Chinese television and been made into a film and shown in the Great Halls for the people who don't have television sets to say that's what the American people think of us. You want to talk about international friendship, ladies and gentlemen, that's a true, true value of sports. Thank you very much. (Applause)

Chairman Rand V. Araskog: Thank you Peter. I think we're all just as happy you didn't take time to prepare. That was wonderful. Our next speaker, again replaces George Steinbrenner, but it's a great opportunity to welcome the person that George has named the Senior Baseball Executive, and that includes himself, of the Yankee organization – no one believes that, huh? – (Laughter) to the Economic Club of New York. It's a great opportunity for all of us to see him and I know we're going to be seeing him many times in the New York community and the Yankee organization.

He comes to us, as Peter mentioned, with a tremendous success record. The ethics and so on were mentioned, but in fact in turning the team around the attendance also doubled and a team that was near financial difficulty is now very healthy on the business side. He's been in baseball

for 28 years and we're very pleased that George would nominate him and that he would accept on such short notice to come here today. Thank you Syd. (Applause)

Syd Thrift

Senior Vice President - Operations - New York Yankees

Thank you very much. Let it be abundantly known and abundantly clear that I am in no way a replacement for George Steinbrenner. I don't want that rumor started because I had such words of encouragement this morning as my wife and I took a cab to the stadium and he was listening to our conversation about looking for a home. And he advised, as three others had, don't buy, rent. (Laughter) And when I look at the media guide and see the number of coaches and managers and former general managers, and on our managerial staff, field staff, we have five ex-general managers in uniform. That's a slight case of overload.

I'm very sorry that George couldn't be here today. I know he wanted to be here today, but due to the illness of his mother, he asked me to be here. I've only been on the job three weeks. And even though I speak with a funny accent and come from the state of Virginia, I'm not stupid, I accepted. (Laughter)

The Pittsburgh story is a great story and I had the privilege of being selected to do that job. And it didn't make any sense because I had not been in baseball for nine years. And I think that

sometimes they were looking for someone that identified with Webster's dictionary on economical and money-saving so they looked and found the only synonym that was one word and that was my name and that's how I got picked. They had an attendance in 1985 of 735,000. They had averaged a loss of \$10 million or more per year for seven years. And because of Peter Ueberroth, he made a suggestion to the business leaders that they try to save the franchise by being participants in ownership, and nine corporations and four individuals put up \$2 million each. And then the city of Pittsburgh loaned them \$25 million to operate and that was the beginning of the story.

When I looked at the team in 1986 in spring training, it didn't take a Rhodes Scholar or a baseball genius to know and understand that the most sensible goal that we could establish for 1986 was how not to lose 100 games. Because in 1984 and '85, in '83, they had mastered the 100-game loss column. Now you think that isn't a challenge to try not to lose 100 games – that's the year I would most likely would like to forget. So I'm very pleased that I came here today after that one-game winning streak. (Laughter)

We were very fortunate to be able to go into the streets, and I had a field manager, a coaching staff, and the players that knew that they were not just baseball players but they were in the entertainment business and the fans were the most important people in the whole world. They were the customer. And in my country environment, my father had a country general merchandise store and we knew the importance of the customer. The customer has been and is

always right. And in 1988, in Pittsburgh we sold 2.2 million tickets which had never been done before. Even with the greatest teams, with Roberto Clemente and the Stargells and the Vernon Laws and all the great players, they had never sold over 1.7 million tickets.

It was the first time that they had ever made a profit in 17 years. One of the ladies in the Accounting Department said it was the first time that they'd ever had money in the bank to write checks with in 17 years. But the most important thing, I think, that was accomplished there was the players and the people, the management, and all the people in the front office recognizing that the customer is always right. And the fan really knows more about our team in New York and in Pittsburgh than many times we do ourselves. The fan was recognized and appreciated and was a participant in our exercise for success. Because without them, we are nothing.

Now it's been hard for me to identify, on another subject, the difference between professionalism and who is an amateur. I know by George's standards the two games we won, we were professional, and the five we lost, we were amateurs. Peter Ueberroth will answer no questions about baseball. I will answer no questions about airlines. (Laughter) And George Steinbrenner is here to answer no questions about the Olympics.

I have always been fascinated and interested in a separate subject in baseball, a thing I call research and development. It's the only major industry in sports that doesn't have research and development. And I hope that the new commissioner and his staff, and the owners of baseball,

will set aside some of the money that the former commissioner worked so hard to get for baseball via television. Because I know of no business that can succeed without improvement in instruction, in teaching, in learning. It's hard for me to understand, and I will not accept the excuses that there were only five 300-hitters in the National League in 1988. We have made excuses for not winning in the Olympics. So we have compromised our positions by allowing the professionals of the world, because that's our rationalization that the other countries have done it. I don't think in this great country we should do anything because someone else does it.

But on a smaller note, I would like to throw this interesting idea that I have come upon. For example, in China there are 4 - 5 million table tennis players. Now what's that got to do with anything? They start training those players as children, as we do Little Leaguers. Now that ball travels 150 miles per hour, changing trajectory in flight, and they have interesting techniques to train their table tennis players. They even had to change the rules of table tennis because they became so good at it that the opposition did not have an opportunity to return the serve. They could serve the tennis ball at 150 miles per hour, hit the table on the other side and come right back to the server. So they had to change the rules. Now, the interesting thing to all of this, if they can learn to hit that little ball, traveling at 150 miles an hour, then we ought to be able to learn something from the Chinese that will enable our hitters to hit a little bit better. (Laughter)

Preparation is a great thing and that's why I represent none of that here today. (Laughter) Only three weeks on the job and I'm asked to be a designated hitter, after being in the National League

all these years. The one thing that I think that we really accomplished above everything else in baseball in Pittsburgh, we really spent a lot of time trying to teach and train the players about life after baseball. Because these professional athletes have been waited on because they were good in high school and good in college and professional baseball. They employ agents to do all their contract negotiations. They've signed contracts for business deals that they have no idea what they were all about. Many of them, after making millions of dollars, are broke today. So we try to train and teach our players to be independent people and not so dependent on everyone in the world for every little thing and to recognize who really paid their way, and that's the fans. And I left there knowing all along that I'd end up working for George. Thank you very much.

(Applause)

QUESTION AND ANSWER PERIOD

CHAIRMAN RAND V. ARASKOG: Syd, we thank you very much. We're going to go to our standard format. We have two questioners today. On the left, David Hartman, President of Rodman-Downs and, as all of you know, the former ABC Good Morning America. And prior to that, believe it or not, a semi-pro baseball player. And Mr. John Whitehead who was co-chairman of Goldman Sachs, then Deputy Secretary of State, and now is a co-owner of the New Jersey Devils hockey team. So we'll begin with you, John.

JOHN WHITEHEAD: Thank you very much, Rand. I'm glad that isn't the only thing I have to

do these days. I have a question for both Peter and Syd. Since this is an Economic Club gathering, it's an economic question. My question is do the owners in baseball ever make any money on their investment? They seem to be generally a very colorful bunch of characters, but is this a profitable business or is it just sort of an ego trip for the owners? And before you answer, I would just like to add a word of my own experience as one of the owners of the New Jersey Devils which I've had for seven years now. It can be summed up very simply. Our attendance averages 15,000, our capacity is 19,000, and our break-even is 25,000. (Laughter)

SYD THRIFT: I think we both should have the privilege of answering that question. I think that oversimplification is a very dangerous thing. I think that you have different groups of ownership. And having the privilege of working for different owners, I categorize the first group called the New Owners. Now the new owner is probably the most uninformed purchaser of a product or an object in the whole world. And because of that, they think they buy a Major League team and all of a sudden they find out that they have to have Minor League teams and scouts and all these things that they don't understand, and you really have a complex situation that develops there. I think that in the major markets, the New Yorks and Los Angeles, Chicago, etc., you have a much better chance of economic stability or making money. But I don't really believe that the ownership group – and Peter Ueberroth is probably the most well-versed person I know on the subject – are really concerned about that as much as they could and should be. It's a great temptation not to hurry up and want to do something now. I think that you can't regulate good judgment. I don't think that you can legislate common sense. I think that, and believe that, the

former commissioner has allowed baseball to have, with his good staff of people, because of the money in television, more money to be spent. We only hope it's spent wisely.

DAVID HARTMAN: You're going to let that one go, Peter? Okay. Peter, going back to something you said. This is on baseball, but I certainly wouldn't ask you, or on sports, but I wouldn't ask you to betray the relationship with Mr. Kuhn or certainly with Bart Giamatti. But a subject you raised, and that's young people today and their future, millions of people around this country are deeply concerned obviously about future generations of kids, their education, their attitudes, drugs, discipline, competing in this newly competitive world. How concerned are you that with the promise, the potential of big money in sports, instant stardom, instant gratification that Syd talked about, that pro sports is a significant distraction for school administrators, for coaches, parents, kids, from college all the way down to young kids, and is making sports indeed less positive and useful as a human experience than it should be for young people in our country?

PETER UEBERROTH: I think you have two situations that are causing that. First of all, I agree that it's a less positive experience for young people. I will tell you that in the five years of my experience, recently, and certainly during the five years that I was with the Olympic movement, the growth of role models is on the increase. At the same exact time that's happening, there's many more than there was at almost any period. And you go to the great experts who have transcended decades of great athletes and they'll tell you that. But the focus of the media on the behavior of one or two or three athletes, legitimate focus, purely legitimate focus, has kind of

made the picture unclear for young people. Sports, what we should do, and let's talk about a solution, what we should do is work very hard on seeing to it there's lots of opportunities for young people to participate in sports and don't make the only goals the three primary sports. Those should not be the only goals. There's all kinds of other sports, a lot of them you can play all your life. And that's another thing we should take into consideration – what ones can you play all your life? And how many people go out and play, you know, they're 42 years old and play, or in my case, a grandfather in his mid-50s, go out and play a game of tackle football? None that are smart do that. But I'm no better. I got my way paid through college playing water polo. I don't get my gang together and go down to the pool to have a game. We should focus on the sports that keep health in the country and get youngsters playing and not spending so much time watching it on the television set. They should be playing. But the role models are there, we just have to learn to promote them. It's a tough issue and it's not going to go away.

JOHN WHITEHEAD: Syd, one of the greatest threats to sports these days, both professional and amateur, is the problem of drugs. Can you say a word about your views on that subject?

SYD THRIFT: I have very strong opinions on that subject. Having lived in a city that had been marred by a bad reputation and drugs, you kind of live in constant fear because of what's happened in the past. But the way that we went about that, and the sensible way that I see to approach that, to find a solution to that, is through teaching and training and education and talking about, and not hiding it. The number one problem, I think, in this country is alcohol – the

abuse and use of it. And I've seen so many young athletes, great athletes that were destroyed before they got started because of alcohol. And I know and believe and understand if you have the courage of your convictions, and if you reason with players and with people, we took alcohol out of the clubhouse in Pittsburgh. And it made sense because we talked about it. We had no alcohol on flights, because historically most of the drug problems occur with alcohol as a preamble to that agreement. And I think that it must be addressed and must be recognized and I think that the way to do it is through just common sense and teaching and training and talking about it, and training and teaching over and over and over again. Because the young people really are the mirror of their environment and I know that's a terrible thing to say, but we created that problem by (a) ignoring it, and (b) believing it could never happen in this country.

(Applause)

DAVID HARTMAN: Peter, this audience obviously is interested in Eastern Airlines and Peter Ueberroth on the subject. Can I ask you something on that? To the best that you can answer the question, what caved the deal in? Are you totally out of it? And what's it going to take for a sale to happen? (Laughter and Applause)

PETER UEBERROTH: I had hoped that you'd forgotten some of your morning skills. That kind of corrals it. The straightest answer I can give within the bounds of legality I have had in the last, the last six days, I was under a gag order on which I would be held in contempt of court for two of those days. I was in a "not speak to the press" order from the court for another day and a half

in various intervals. So I'm still restricted somewhat. The thing that everyone seems to overlook is there was an unprecedented labor agreement struck in a round-the-clock negotiation in which all the participants were locked up, not permitted to communicate by phone, not permitted to leave the building by court order, couldn't leave the building, couldn't, you know, for food. Food was brought in around the clock for almost two days. And a labor agreement was reached that had been tried to be reached for three, four years. Those people who deliberated very hard in that environment were told that the issue of who was going to manage in the interval was taken care of. I was in those rooms. So that was not going to be an issue. In fact, the man who was going to take care of it, there was two individuals that would be asked to manage the company in the interval. One was George Schultz and one, well, he was asked first. And he declined; he's on the West Coast. And then Mr. Carlucci, and he accepted. So the group that was locked up, gag order, came out of a building, caught a plane. Mr. Carlucci joined them, a discussion of his running in the interim. Got to the court, was it going to be done by 9:30? Mr. Carlucci is a – I'd never met him – a remarkable human being and he was already bringing all the factions together. And then the court and the process began to slow and what was going to happen in one hour was going to be maybe one day and then one day was going to be two days and it went beyond the time of the agreement, because it's a wasting asset. Unless you get it up and flying, it's wasting every day. There was a bankruptcy case years ago, I think Fulton Pier, Fulton Fish Market, way before refrigeration. And it was a very simple matter. Your Honor, here are the fish that are coming in being delivered today. Today they're an asset. Tomorrow they're a liability. Bankruptcy is the sale of assets in this San Jose State viewpoint. So we never could get it done in that process. And

it's not pointing fingers at everybody, but the fingers being pointed at organized labor are incorrectly being pointed. They really did their job over a short period of time. They took \$210 million in concessions. The fingers pointed at Frank Lorenzo are incorrect – totally incorrect in my judgment. You asked for a straight answer. But the process itself, and that's not to point the finger at any particular person in a process, the process of bankruptcy doesn't seem to suit the situation. I wouldn't bore all of you. I could make a case that the process of RICO does not suit a lot of business situations and the threat of RICO back and forth that people are throwing around. Certain legal processes in this country don't fit certain situations. There's a marriage there that doesn't seem to be happening. And I said yesterday, and I say today, I don't think it looks very bright. We're out of there for sure.

JOHN WHITEFIELD: I think there are a great many people in this room that hope you hang in there. Syd, just one last quick question because I think our time is up. Where are the Yankees going to finish this year? How many wins? How many losses?

SYD THRIFT: I will have to ask Peter Ueberroth to answer that question. (Laughter)

PETER UEBERROTH: You know, I'm out of there and unofficially I think that very possibly the bottom three teams will be at the top three when the season is over. That's how it looks to me.

DAVID HARTMAN: Syd, can I ask you one quick baseball question.

SYD THRIFT: Oh, no, I saw you with that Cincinnati Reds cap on years ago, you don't fool me.

(Laughter)

DAVID HARTMAN: I'm fickle, though.

SYD THRIFT: That was a big red machine, you were right.

DAVID HARTMAN: That's right. We were right at the top. Syd, the reports are that George has asked you to trim the total salaries for the year of the Yankees by \$2.5 - \$3 million. If that indeed is true, how do you rebuild a baseball team? How long does it take? How do you rebuild it in the period of time you have, whatever that period might be, to rebuild it? (Laughter)

SYD THRIFT: That's an interesting question, wasn't it?

DAVID HARTMAN: No, but how do you cut salaries, if that's true, by \$2.5 - \$3 million and rebuild a club in whatever period of time and make it a contender which is obviously, I would guess, your charge?

SYD THRIFT: It ain't easy. First of all, I've never been given that responsibility. That's the first

part. The second part, we were able to do in Pittsburgh because of the necessity. We had to do it. It was a matter of surviving. We had a \$12 million payroll in '86. And at the end of the '87 season, we had a \$4 million payroll – \$4 million for the entire team. In 1988, we finished in second place with a \$6.5 million payroll versus \$20 million. That's how it has to be done. It ain't easy. It requires a lot of dying and some living. It's perseverance and patience. The problem with patience is you have to enjoy tribulation, and I don't like that. (Applause)

CHAIRMAN RAND V. ARASKOG: Peter and Syd, we thank both you very much for being here today. It's a normal closer here, we present a Steuben Apple to each of the speakers, but would you believe the city is out of Steuben Apples. Either that or George Steinbrenner was supposed to bring them. Under any circumstances, we'll send them to you. And we thank you all for coming and good day. (Applause)