

Market Forces

Written by {ga=gdbenz}

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If the comments floating about regarding the signing of Indians DH Travis Hafner are any indication, baseball fans seem rather non-plused about the size of contracts that players are signing these days. In his latest column for us, Gary talks about that fact, as well as the signing of Hafner, the potential of also signing C.C., and baseball economics in general.



If the comments floating about regarding the signing of Indians DH Travis Hafner are any indication, baseball fans seem rather non-plused about the size of contracts that players are signing these days.

The general consensus is that signing Hafner was critical to the long-term (by baseball standards) future of the Indians. With that point, it's easy to agree. Hafner is a fan favorite who does what most fans like best-mash. He is the kind of player that can be counted on to hit 30+ home runs and 100+ RBIs year in and year out. He also has a great batting eye, coaxes his fair share of walks by consistently putting together good at-bats and is a .292 career hitter.

But the fact that he will be paid more money in one year of his new contract than nearly every fan is likely to see in a lifetime hardly registers much of a blip on the radar screen these days. If anything, many consider the four-year \$57 million contract a relative bargain and in the screwy economics that guide sports, it probably is.

Consider, for example, that the Seattle Mariners are on the verge of signing Ichiro Suzuki for a reported \$18 million per year over five years. Suzuki is nearly four years older than Hafner and will be 39 when his new contract would expire. Ichiro

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is certainly a different kind of player than Hafner, to be sure, but is he \$3.5 million a year better than Hafner? Maybe, but the kind of dollars Ichiro is signing for make it appear as though Hafner actually gave the Dolans a hometown discount.

Another consideration to this mix is New York Yankees lightning rod, Alex Rodriguez. Currently, the Yankees, with a fair amount of help from the Texas Rangers, are paying A-Rod on average \$25 million a year over 10 years. However, A-Rod has the ability to opt out of the remaining three years of his contract at the end of this year, something that is appearing more and more likely. A-Rod certainly wouldn't do that in order to make less elsewhere. According to his agent, Scott Boras, A-Rod will easily surpass \$30 million per year going forward, if only because escalator provisions in his current contract essentially guarantee it. Thus, if he opts out, it will be with a fair amount of certainty that someone somewhere will pay him more. Again, A-Rod is a much different kind of player than Hafner. But is he twice the player Hafner is? Hard to believe, but that's certainly a fair conclusion to draw when looking at the two contracts.

The point is not to just be another naysayer out there complaining about ever spiraling contracts. Presumably the owners only pay what they can afford. Or do they? The [comments](#) of Florida Marlins president David Samson on the Dan LeBatard radio show who called the imminent Ichiro signing "the end of the world as we know it" seem to suggest otherwise. That may have just been hyperbole by Samson, but only to make his point as he also called the contract a "joke" and "inexcusable."

Of course, those same comments were made when the Rangers first signed A-Rod to such an unprecedented contract and while it's still unprecedented, the Yankees essentially equaled it, if only for one year, by signing Roger Clemens this past season. In fact, those same comments are made by someone nearly every time a big-named free agent is signed and always have been.

What this really says is that baseball owners, left to their own devices, simply can't control themselves. It's why both the NBA and the NFL eventually went to a

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salary cap. It wasn't too many years ago that Peter Ueberroth, as the commissioner of baseball, actually got the owners to work in concert to hold down salaries. The problem, of course, is that this was illegal and the owners had to make amends to the players because of this collusion. But at least he tried. Since then, the baseball owners have repeatedly caved at the bargaining table every time they've tried to convince the players to adopt a salary cap.

So the beat goes on, the salaries rise exponentially and the gross disparities in revenues and payrolls between ball clubs continues to stretch toward its breaking point, threatening the very foundation of the league itself. To bring this back around to Hafner's contract, irrespective of whether or not the contract is a bargain by baseball standards, the fact remains that it represents a huge financial commitment by the Dolans who, to be charitable, haven't exactly been known for their huge financial commitments to payroll. But give them their due in this case. They stepped up long before they had to and, as a result, the Indians will have the services of one of their foundational pieces for the next several years.

The real question comes whether or not they will have the stomach to do this all over again in the off-season for C.C. Sabathia. Like Hafner, Sabathia can be a free agent after next season. As noted previously, the White Sox recent signing of Mark Buerhle to a contract extension of \$14 million a year is a good gauge of what Sabathia can expect to make. The two are near statistical twins. If anything, Buerhle has the edge. But the conventional wisdom among the locals anyway is that Sabathia is in for some kind of precedent-setting deal himself. Given the contracts of Clemens and A-Rod, that's hard to imagine.

But if Sabathia and his agent see Buerhle's contract as only the starting point in their negotiations, it will get sticky before it gets sweet because no matter what the Dolans might be willing to spend, Sabathia is likely to get more elsewhere. That's just the way it is. The Dolans might be willing to deficit spend a bit in a given year but the chances of them being willing to deficit spend for several years is about as likely as Barry Bonds being able to fit into one of the caps he wore while with Pittsburgh.

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Unfortunately, there really are no good answers to the rock and a hard place that Cleveland fans find themselves between. If the Indians had an idiot owner like Tom Hicks, they'd probably overpay for one or two players and leave themselves with an inability to field a credible team, kind of like the Rangers actually. On the other hand, with the Dolans, the Indians are always going to have owners that are just this shy of having enough money to get the payroll to at least the middle of the pack, if not the average of the league. Consequently, there will always be a fair amount of hand wringing, whether it's over someone like Sabathia or some other player who looks like a lead pipe cinch to bolt for the big money elsewhere.

Actually, there are good answers, it's just that baseball owners, in general, lack the requisite courage to make them a reality. Baseball is in desperate need of a salary cap. The luxury tax, like the luxury tax in basketball, is only an impediment to folks like the Dolans. The big spenders will remain big spenders and the luxury tax just remains another annoying cost of doing business to them.

A salary cap, of course, isn't the holy grail, but it levels the playing field. What it really does is make the job of managing the business of the club the difference between champions and also-rans. The reason the New England Patriots seem to defy football's unending quest for parity is that Bill Belichick can manage the cap better than anyone else. His real talent lies in his ability to consistently properly value players relative to the amount of salary cap space they occupy, which isn't an easy trick with such a large roster. Basketball is easier, of course, because of the limited amount of players but if not managed properly it can have disastrous consequences. Just ask any New York Knicks fan who continues to suffer under the massive mismanagement of Isiah Thomas.

But don't hold your breath for that to happen anytime soon in baseball. The union is simply too strong and the owners are too weak. They wouldn't take the lengthy strike such an issue would engender because of the fear by the players that a cap is too much of a drag on salary growth. In the end, the owners will continue to placate themselves that they've somehow gotten to the same point with still another version of a luxury tap. And in places like Cleveland, they'll remain clubs from which established players generally leave not stay.