

Baseball's Rising Salaries - Bud Lite At Congressional Hearing

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SPORT AND SOCIETY FOR H-ARETE
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This past week Mike Mussina signed with the New York Yankees for \$88.5M over six-year period with \$12M of that a signing bonus to be spread over the contract at \$2M per year. Next year Mussina will make \$10M pitching for the Yankees. Considered by many to be one of the best pitchers in all of baseball, Mussina gives the Yankees a formidable starting rotation, and this has already led some to concede next year's World Championship to them. This might be a bit premature for early December but it is difficult to deny that they are the clear early favorites.

This news provoked a hue and cry from non-Yankee fans across the land who were heard to make noises about the rich getting richer, the need for reforms, or even in some cases the death of baseball.

It's time for everyone--players, owners, the Comish, and all who love the game--to think creatively within the parameters of baseball reality. As George Will told Congress, "Baseball is not Bangladesh. It can get well by deciding to get well."

Coincidentally Baseball's former Acting-Commissioner for Life, Bud Selig, was in Washington testifying before Congress and giving witness before the National Press Club less than forty-eight hours prior to the Mussina signing. In both venues the man, who will be known forever as Bud Lite, was speaking about the problems of the national pastime and speaking optimistically about solutions to those problems.

On the problem side the Commish says that this year eighteen to twenty teams will lose money. In addition the payroll and revenue disparities remain quite large, but Selig is hopeful pointing out that thirty percent of the baseball's revenue is being shared this year.

How this figure is derived would be an interesting piece of information to have. How one determines the baseball revenue of the Braves, Yankees, Dodgers and other teams which are ensconced within the confines of larger enterprises is one of the great Jesuitical exercises facing anyone seeking to monitor revenues.

Bud also told Congress that he is optimistic that this sharing of revenue will increase in the future. One proposal from within the bowels of Major League Baseball proposed by George Mitchell's Commission recommends a fifty percent luxury tax on

payrolls over \$84M and a minimum payroll of \$40 to operate. Such a sharing of revenue might help although it will not remake Major League Baseball in the image of the NFL.

One major problem facing baseball resides within the world of local revenues where the overall disparities originate. At the extremes are the Yankees and the Montreal Expos. This past year the Yankees pulled in revenues in the \$185M range, while the Expos without a local television contract and an internet radio contract brought in a mere \$14M in local revenues. With the Yankees on the verge of signing a new local television contract in the \$100M per year range, the discrepancies are not going to disappear and are clearly going to get worse.

Beyond revenue sharing what could be done? A salary cap would of course be one solution. We know however that the players are adamantly opposed to such a solution and would go into another death defying work stoppage to prevent such a solution. Bud however remains optimistic about the players believing that increasing numbers of players, mostly those playing for the moribund franchises, see the need for change. This leads the Commish to think that perhaps the players are willing to give up a little of their power and riches in some areas.

"I know that our players are aware of and concerned about baseball's competitive imbalance," he said, "and I am hopeful that in our upcoming negotiations for a new collective bargaining agreement, both sides will work together to create a new economic structure in which everyone will benefit. It is time for sweeping changes that will, hopefully, reinvigorate all of our clubs."

To try to sell this line of thinking Selig told Congress this week that major changes can come for baseball without any negative impact on salaries. No specifics were offered in what can only be seen as an archetype of "fuzzy math." (Could it be Dubya picked up this term while running the Rangers?)

The only wisdom the Commissioner had to impart was that there will be no franchise relocation until after these basic fundamental problems are addressed. In Montreal there are clearly doubts that they can wait that long, as the Expos owner said recently that a new stadium may not even be enough to save them. This is an astounding admission in our current sportsworld where a new stadium or arena seems to be the solution to virtually all problems.

Other than this Selig offered little except the usual litany of grim statistics about teams only winning if they have big payrolls, along with the general platitudes about the teams who start the season with little or no hope of competing.

The fact that this has nearly always been the case in the history of baseball seems to escape the Commissioner. The fact that the Yankee dominance has been the rule rather than the exception in the 20th century also seems to escape Selig's notice. Some teams will win and some will lose. Some will win consistently and some will be chronic losers. "It was always thus," as they used to say in the Twenties and that will not change.

If however there is to be some stability of franchises and some equity of reward for players across franchises and leagues, then something must be done, and it must start with substantial revenue sharing of local income. Baseball is not part of a free enterprise system, but rather is part of a cartel, and it depends as much on cooperation as it does competition for its survival.

Baseball may not be Bangladesh, but it might be U.S. Steel.

On Sport and Society this is Dick Crepeau reminding you that you don't have to be a good sport to be a bad loser.

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