

## Economy Sliding, MLB Free Agents Rising

Written by Jordan I Kobritz  
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Economy down? So what. Scott Boras client Manny Ramirez should garner a near-record contract figure. The only question is, how many years will it be?

As the Major League Baseball free agent signing period begins in earnest – the first day teams can talk money with other teams' free agents is November 14 – the question on everyone's mind is, given the current state of the economy, will the big money be out there? The prediction here is...yes.

The economy may be in the doldrums, but most professional sports - although not recession proof - are recession "delayed." Thanks to long-term contracts with TV networks, naming rights holders, sponsors, suite and season ticket holders, most professional leagues and teams can count on at least the same - if not increased - levels of revenue for the foreseeable future.

There are exceptions, for sure. As previously mentioned in this space, NASCAR has seen race

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attendance plunge and some teams are closing up shop in the absence of sponsorships. With the season ending this week, rumors are running rampant in the garage that hundreds of employees will be dismissed.

Major League Baseball, on the other hand, is swimming in an estimated \$6.5 billion in revenue this year, a figure that will almost certainly be eclipsed next year regardless of the state of the economy. The sport is set to launch the MLB Network in January to the largest audience in the history of sports networks.

Not all MLB teams are flush with cash. The Arizona Diamondbacks recently announced the layoff of 31 front office employees. But the Red Sox aren't likely to see a diminution of passion for their team. And the Yankees and Mets are moving into new stadiums that will generate obscene amounts of revenue. In the case of the Yankees, the 300 seats in the new Yankee Stadium priced at \$2,500 per game – already sold out – will generate \$60 million next year. That figure exceeds the ticket revenue generated by over half of MLB clubs in the 2008 season.

The uncertain economic climate led Commissioner Bud Selig to urge all clubs to exercise caution in their financial dealings, which is code for avoiding exorbitant free agent contracts. Super-agent Scott Boras pooh-poohed Selig's cautionary tone, opining that baseball won't be affected by the economy. "Baseball didn't invest in derivatives and sub-primes," he told *NBCSports.com*

. "Baseball has long-term contracts with national and local TV networks...As I've said all along, the hay is in the barn."

As someone who is given to hyperbole, it's usually best to take anything Boras says with a barrel of salt. But in this instance, the hyperbolic agent is right on. His clients, including the top two position players on the market, Manny Ramirez and Mark Teixeira, are guaranteed to be well compensated. The only thing the economy may do is reduce the length of their free agent contracts. But teams will be willing to pay more up front to obtain increased flexibility down the road, which means the overall dollars are likely to be the same.

Case in point: When the Dodgers opened the bidding on Manny last week, speculation put the offer at \$45 million for two years, with an option for a third year. While not publicly announcing the terms of the offer, Dodger GM Ned Coletti did say the offer would give the enigmatic slugger the second-highest average salary in the sport, behind only Yankee third baseman Alex

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Rodriguez. Whether the Dodgers are intent on signing Ramirez or merely trying to appease their fans, is another story.

According to the *Los Angeles Times*, Boras quickly rejected the offer as too short, having previously hinted that his client was seeking a six-year deal at \$25 million per year. But that's where the uncertainty of the economy may come into play.

Once the big names are off the board, there will likely be a feeding frenzy for the second tier of free agents. Clubs who never got in on the Manny or Teixeira sweepstakes will feel compelled to do something – anything – to convince their fan base that they want to win. To avoid the wrath of the press, and to prevent erosion in their ticket base, those clubs will likely overpay for mediocrity.

Welcome to MLB's 2008 off-season. Less money for free agents as a result of the economy? Don't count on it.

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