

The hockey lockout of 2004–05

The epic lockout resulted in the loss of the entire 2004–05 National Hockey League season and produced an outcome slanted largely in favor of the owners; a salary cap, a pay cut for players, new free-agency rules, a new drug-testing policy, and changes in the rules of play were among the agreements reached in the settlement

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The lockout in the National Hockey League (NHL) gave new meaning to the old sports adage “Wait till next year.” The aborted schedule of games in 2004–05 set records that the fans would rather not see: the first professional sports league to lose an entire season, the most games lost (1,230) due to a work stoppage, and the longest-lasting shutdown (310 days) in sports history. Moreover, there was no guarantee that there would even be a “next year,” as key issues on the bargaining table remained unresolved. But in July 2005, the NHL and its players’ union finally reached a new collective bargaining agreement, allowing the 2005–06 season to start on time.

Lengthy work stoppages in professional sports are not new. In 1994–95, major league baseball lost 921 games over a period of 232 days from a strike, and the National Basketball Association cancelled 428 games during its 1998–99 lockout.¹ Hockey had a lengthy shutdown in 1994–95 when 468 games were wiped out during a 103-day lockout.

Team owners have increasingly relied on lockouts to put pressure on players to accede to their demands. Lockouts usually occur before or early in a season, when players have not received much, if any, of their pay. However, it is not uncommon for players to strike late in a season, when they have received most of their salaries while owners have yet to take home big payoffs from postseason television revenues.

These conflicts are costly, and perhaps it is past the time for the parties to pursue new ap-

proaches that promote a partnership between owners and players. This is especially the case with hockey, because the future of the league is threatened by the frequent wrangling over money and power. Unless a more cooperative model of negotiations is developed, the NHL could continue to recede from public view and lose its standing as a major professional sport.

Background

The National Hockey League Players’ Association (NHLPA) was formed in 1957 by players protesting a television deal between the league and CBS that gave all of the money to the owners. Detroit Red Wings star Ted Lindsay was the first president of the union, which was able to secure a minimum salary of \$7,000 and additional pension contributions from the owners. But a lack of player solidarity and failure to achieve recognition from the owners caused the union to falter after only about a year of operation.²

The union came back to life in 1967 when Toronto lawyer and players’ agent Alan Eagleson took over the reconstituted NHLPA. Eagleson quickly established formal recognition of the union by the league and became the most powerful operative in the sport by gaining control of staging international hockey events and continuing to serve as an agent for several players. However, he also mishandled the financial affairs of Bobby Orr, the famous Boston Bruins defenseman, and ma-

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nipulated union funds to his advantage. These missteps forced Eagleson to resign, and in 1994, following a 2-year FBI investigation, he was convicted of 32 counts of racketeering, embezzlement, and fraud. As a result, he served 6 months in prison.³

Eagleson was replaced as executive director by Bob Goodenow in 1992. Goodenow was captain of the hockey team at Harvard University, where he earned a degree in economics and government. He later received a law degree from the University of Detroit and, as a labor lawyer in that city, served as an agent for several players, including Brett Hull, then of the St. Louis Blues. A tough negotiator, Goodenow was able to achieve a 3-year, \$7.3 million contract for Hull, an immense increase over his previous salary of \$125,000 a year.

In sharp contrast to the “company union” approach of Eagleson, Goodenow adopted an adversarial posture with the owners. To demonstrate his tenacity, he led the union in a 10-day strike at the end of the 1992 season, the first ever in hockey. The union won concessions such as the right to choose arbitrators in salary disputes, a reduction in the age for unrestricted free agency from 31 to 30, and an increase in the players’ postseason revenue share.

Following the 1992 strike, the NHL hired Gary Bettman as its first commissioner, succeeding John Ziegler, who had the title of league president. Bettman, a graduate of Cornell University and the law school at New York University, had done an excellent job as the third-ranked executive in the National Basketball Association (NBA) under Commissioner David Stern. Importantly, while at the NBA, Bettman designed and implemented basketball’s salary cap, the first in modern-day sports. He was viewed as an energetic, marketing-oriented innovator and a perfect fit for the less-than-pace-setting NHL.⁴ Like Goodenow, Bettman showed his mettle soon after becoming commissioner by dealing severely with a 17-day strike by hockey referees in 1993, when he hired replacement officials and then negotiated a 4-year agreement for little more than the league had initially offered.

When the players-owners’ agreement expired in September 1993, the union agreed to play the 1993–94 season uninterrupted. This appeared to be an encouraging sign, but negotiations proceeded at a snail’s pace and turned out fruitless. Faced with the likelihood of a strike at the end of the season, the owners took the preemptive action of a lockout. The venture proved costly, however, because it came at a time when hockey’s economic prospects never looked brighter. Although serious negotiations commenced, they soon turned rancorous, and it began to look like the season would be lost.

Similar to what would occur in 2004–05, the big issue was a so-called salary cap. The league’s proposal, however, did not seek to cap payrolls generally. Instead, it was designed to limit salaries by requiring big-spending teams to contribute to revenue sharing with low-spending teams, enabling the latter to com-

pete more effectively for signing and retaining top-quality players. In effect, the measure was akin to the luxury tax that was adopted in baseball in 1995. The union was amenable to a payroll tax, but at far lower levels than what the owners proposed. A true salary cap was proposed by the league for rookies, whose salaries had been escalating rapidly.

The lockout ended in mid-January 1995, barely saving the season, which was cut from 84 to 48 regular-season games. As a result, the owners dropped the payroll tax idea, but achieved a salary cap for rookies under the age of 25, who were limited to an \$850,000 salary in 1995, with the cap rising annually to \$1,075,000 in 2000. Eligibility for free agency was severely limited. Players who completed their first contract were no longer eligible for free agency. Although players aged 25–31 could still become free agents, their movement to other teams was stifled by stiff draft-choice penalties that had to be paid by teams signing such players. Unrestricted free agency could be achieved only at age 32 (up from age 30 under the old contract) for the first two seasons of the agreement and at age 31 after that. It was the most restrictive free agency system in sports.⁵

The owners appeared to get much the better of the settlement, which was reported in the media as a solid victory on their part. Nick Kypreos of the New York Rangers, returning from Canada after the lockout, expressed the players’ view with gallows humor. Asked by customs officials if he had anything to declare, he said, “No, the owners took it all.”⁶ But there was a delicious irony in store for the players. Although the owners appeared to have “taken it all,” they nonetheless wasted little time in bestowing lavish salaries on players in individual negotiations with agents. This largesse would eventually lead to the league’s insistence on a salary cap applicable to *all* players, a turn of events that became the major cause of the 2004–05 lockout.

Causes

Table 1 shows average salaries in the NHL since the 1993–94 season. During this period, salaries more than tripled. Because revenues did not keep pace with salaries, the league contended that it lost approximately \$1.8 billion over the previous decade.⁷ The increase in NHL salaries over the period was significantly greater than corresponding increases in major league baseball, the NBA, and the National Football League (NFL).⁸

In a widely publicized study, the NHL retained Arthur Levitt, former chairman of the U.S. Securities and Exchange Commission, to examine its finances. Although Levitt’s work was an “independent study,” he was paid \$250,000 by the league, apparently without the union’s knowledge. Levitt found that the league lost \$273 million in the 2002–03 season, with 19 teams losing money and 11 teams profitable.⁹ In an earlier internal report, the league found that it spent 76 percent of its annual revenue

Table 1. Average salaries in the National Hockey League, 1993–94 to 2003–04

Year	Average salary	Percent increase over previous year
1993–94	\$558,000	...
1994–95	730,000	30.8
1995–96	890,000	21.9
1996–97	980,000	10.1
1997–98	1,170,000	19.4
1998–99	1,290,000	10.3
1999–2000	1,360,000	5.4
2000–01	1,430,000	5.1
2001–02	1,640,000	14.7
2002–03	1,790,000	9.1
2003–04	1,830,000	2.2

SOURCE: National Hockey League.

on player salaries, significantly more than corresponding spending in other sports.¹⁰ For instance, in the NBA, the players' share is about 58 percent of revenue.¹¹ The union was critical of the Levitt report, contending that teams understate revenues by directing them to related business entities, thereby creating a falsely bleak picture.

Nearly a year after Levitt's report, *Forbes* magazine also did a study of league revenues and expenditures for the 2002–03 season. This report found that teams lost \$123 million, considerably less than the \$273 million claimed by Levitt, and that salaries consumed only 66 percent, rather than 76 percent, of league revenue.¹² The *Forbes* article attributed the difference in its numbers to what the league considers to be revenue. For example, although the Chicago Blackhawks claimed no revenue from the 212 suites the team owns in the United Center, where it plays its home games, Blackhawks owner William Wirtz owns half of the arena in a separate corporation.¹³

Notwithstanding creative accounting and any discrepancy in figures, it is clear that the NHL was losing money, even though the economics of owning a particular team might be quite favorable. In a sense, the owners had no one to blame but themselves: no one had forced them to pay high salaries. For instance, rookie salaries were supposedly capped under the old agreement. But a loophole developed in this cap when the owners circumvented it by paying bonuses to rookies.¹⁴ Perhaps they took a cue from the NFL, which allows signing bonuses to be excluded from its salary cap.¹⁵ As a result of the loophole, rookie salaries soared. For example, Marian Gaborik, a rookie with the Minnesota Wild, earned 3 times his million-dollar salary in bonuses.¹⁶

Another complicating factor for the league was the financial circumstances of its Canadian teams. In recent years, the Canadian dollar has varied between two-thirds and three-fourths

the value of the American dollar. Teams in Canada have to compete with American-based teams for players, yet they do not usually receive as much in revenues. Also, whereas U.S. team owners have been adept at getting local governments to pay for stadiums, Canadian clubs typically have to pay for their own arenas.¹⁷ Adding to the problem are the higher individual and corporate tax rates in Canada. Well aware of these circumstances, the NHL set up the Canadian Currency Assistance Plan in 1999, to help franchises defray some of their losses. Still, the plan is not nearly enough to overcome the inherent disparities.

The NHL contracts with national television networks have always yielded far less revenue than those in football, baseball, and basketball. In 1999, the league began a 5-year contract with the Walt Disney Company for the rights to show games on ABC and its ESPN cable network. For the last year of the contract, the league received \$120 million, which, when divided among the teams, amounted to \$4 million for each team. Television ratings for NHL games were trending lower, and at the time of negotiations for a new contract, networks were wary of making a deal because of the possibility of a lockout. As a result, the new 2-year agreements reached with NBC and ESPN provided for only about half the previous annual return to the league. This reduction in revenue contributed to the owners' tougher stance with the union.

The lower television ratings and right fees are symptoms of other problems facing the league, such as the suitability of the game for television, overexpansion, and the style of play. First, hockey does not translate well to television screens because the puck is small and not easily followed. (High-definition television is expected to give a boost to viewing, but it will not be available on a widespread basis until about 2008.) Second, in a growth spurt in the 1990s, the league added nine franchises in 9 years. Because the new clubs, mostly from Sunbelt cities, paid \$50–70 million entry fees to the league, expansion resulted in short-term rewards. But the novelty of the game has worn off in those cities, diminishing attendance and profits. Finally, the game featured a defensive style with a lot of pushing and grabbing that dulls fan interest. The league promotes its hard hitting and fights, which appeal to some fans, but tragedy struck in 2004 when Todd Bertuzzi of the Vancouver Canucks severely injured Steve Moore of the Colorado Avalanche by slugging him from behind and repeatedly driving his face into the ice.

Issues and negotiations

There were numerous issues on the bargaining table in 2004–05: higher player fines for misbehavior, reducing the schedule of games, minimum salaries, playoff bonuses for players, free agency, operation of the salary arbitration process, and revenue sharing. Overshadowing all other issues, however, was the league's desire for "cost certainty," provided by a maximum team

salary cap linked to league revenues. In the early stages of negotiations, for example, the league wanted a salary cap of \$35 million per team, with the players guaranteed about 50 percent of league revenues. The union offered a rollback of 5 percent on player salaries, a luxury tax on payrolls of more than \$50 million (with money going into a revenue-sharing pool), and a rollback on the rookie salary cap to 1995 levels.

What the negotiations boiled down to was that the league insisted that it get a salary cap while the union was equally adamant that it wanted salaries based on market conditions and would never agree to cap payrolls. At this juncture and for a long time to come, the dispute was more about each side's philosophical approach than numbers. The rigid positions of the two sides resulted in the league's announcing a lockout on September 15, 2004, the day the collective bargaining agreement expired. In anticipation of a lockout, each side established funds from which to draw, with the 730 union players eligible for payments of either \$5,000 or \$10,000 per month and the owners having a \$300 million war chest available.

One of the problems common to sports negotiations is that the public wants to know what is happening at the bargaining table and the media are determined to supply this information. Bettman and Goodenow engaged in a battle of words in the media, as did Bill Daly, the league's vice president and chief legal officer, with Ted Saskin, the union's senior director of business affairs. Although several players—particularly union president Trevor Linden of the Vancouver Canucks—made public comments, the owners were relatively quiet because the league instituted a gag order. When Steve Belkin, an owner of the Atlanta Thrashers, stated in the *Boston Herald* that the league would use replacement players the next year if a new collective bargaining agreement was not reached, he was fined \$250,000 by the league.¹⁸ Tim Lieweke, president of the Los Angeles Kings, was fined an undisclosed amount for making a derogatory comment about Goodenow.

Twice during the lockout it appeared that the stalemate might be broken. In December 2004, the union offered to cut wages by 24 percent and dropped the amount of payroll on which the luxury tax would be levied to \$45 million. Although Bettman called the union's concessions a "big-time move," he rejected the proposal and continued to insist on a salary cap and guaranteeing players a fixed percentage of revenue as wages, while raising the guarantee to 54 percent.¹⁹ The league's counterproposal of continuing to link salaries with revenues was rebuffed by the union, because it did not trust the owner's revenue-reporting methods.

The other significant shift in the parties' positions occurred in a last-ditch effort to save the season. Time was running out to hold a week or so of training camp and play a reasonable number of regular-season games prior to the postseason playoffs. In a major concession, on February 15, 2005, the league dropped its demand that salaries could not exceed 55 percent of revenue,

thus abandoning the notion of cost certainty. The union's response was to accept the concept of a salary cap. These concessions brought a glimmer of hope to salvaging the season, because the focus of bargaining would now be on the numbers rather than a philosophical approach. However, even after some give-and-take with assistance from the Federal Mediation and Conciliation Service, the numbers were still far apart, with the league proposing a salary cap of \$42.5 million per team and the union \$49 million. Although there was a \$6.5 million gap in the offers, they would apply to 30 teams and therefore caused a difference of \$195 million in the positions.

Impact of the lockout

With neither side making further concessions and with time having truly run out, the league announced on February 16 that the season was cancelled, for the first time in 86 years. (The Stanley Cup was not awarded in 1919 because of the Spanish influenza epidemic.)

As a result of the work stoppage, there were layoffs of team office personnel and stadium attendants. The economic impact on league cities was not great, because fans redirected their spending from attending games to other forms of entertainment. Teams lost an estimated \$2 billion in revenue from tickets, media, sponsorships, and concessions, while players gave up about \$1 billion in lost salaries.²⁰ Revenue was lost by government agencies that owned stadiums, but some of this income was made up through booking other events into the facilities.

According to an estimate by the Canadian government, the country's gross domestic product diminished by \$170 million Canadian dollars as a result of the cancelled season.²¹ Because of debt servicing, the need to retain some office staff, and overhead expenses, teams spent approximately \$7 million to \$10 million each in American dollars during the lost season.²² These expenditures would constitute losses, but given the likelihood that owners collectively would have lost money had the season been played, the losses are not significant, and in some cases teams actually made money.

Players, too, had offsets to lost income, such as the monthly payments from the NHLPA. About 380 NHL players were playing overseas in European leagues at the time the season was cancelled.²³ The biggest number of these players signed with Russian teams, with professional leagues in Sweden, Finland, and the Czech Republic also popular destinations. Many other players signed on with minor league clubs in North America. After the cancellation of the season was announced, still more players joined teams home and abroad. The salaries of these players were far less than what they made in the NHL, although a few lucky ones did fairly well. For instance, Vincent Lecavalier and Brad Richards each signed for \$1.5 million with Ak Bars Kazan, a team from the autonomous Russian Republic of Tatarstan that plays in the 16-team Russian Superleague. Lecavalier was

scheduled to make \$4.4 million and Richards about \$2.6 million for the Tampa Bay Lightning.²⁴

At around the time the season was cancelled, cracks began appearing in the players' solidarity. Hockey's greatest-ever player, Wayne Gretzky, now coach of the Phoenix Coyotes, said he wanted a salary cap in a new collective bargaining agreement. The league released the gag order on owners and team executives, allowing them to talk to the media and seek to influence players. About a dozen players, including Jeremy Roenick of the Philadelphia Flyers, Jarome Ingila of the Calgary Flames, and Chris Pronger of the St. Louis Blues, indicated that they would accept a salary cap, but not one linked to league revenues. This groundswell gained momentum after the season was cancelled, putting pressure on the union to settle.

The owners also were under mounting pressure. The aborted season left them with franchises devalued to a much lower level than before. On the one hand, further devaluation could occur if fans turned away from the game. Hall of Fame goalie Ken Dryden, a former president of the Toronto Maple Leafs and now Canada's Minister of Social Development, prophetically stated, "You never want to give a fan a chance to find out whether it was passion or habit."²⁵ On the other hand, the owners are well endowed financially, with nine of them among *Forbes* magazine's 400 richest Americans.

It appeared inevitable that the players would have to accept a salary cap. Payroll limits have existed in the NBA since the 1984–85 season and in the NFL since 1994. Only major league baseball lacks a cap, and the union there is much stronger than the one in hockey. Moreover, basketball and football have prospered despite (or perhaps because of) a salary cap.

Commissioner Bettman indicated that the league would not start the 2005–06 season on time if a collective bargaining agreement was not in place. Yet he also was committed to the idea of beginning the season on time in October. These conflicting aims raised the possibility of the league seeking a declaration of impasse from the National Labor Relations Board (NLRB). Because the league had been responsive to the union's demands and had made a sincere effort to reach an agreement, it would likely have been found to have engaged in good-faith bargaining, which is a necessary condition for declaring an impasse. Although the baseball owners' attempt to declare an impasse in 1995 was thwarted by the NLRB and a U.S. district court judge, the 2005 board could very well rule in favor of the hockey owners.

Should the league have achieved a declaration of impasse, an available option was to use replacement players. This tactic was employed successfully by the NFL during its 1987 strike, and the threat of using replacement players was instrumental in ushering in the end of the baseball strike in 1995. If necessary, the NHL probably would have used replacement players to get the 2005–06 season started on time, but as it turned out, the parties reached an agreement beforehand, avoiding what could have been an ugly confrontation.

Settlement at last

On July 13, 2005, the NHL and the NHLPA reached a settlement on a 6-year collective bargaining agreement.²⁶ The union can reopen negotiations after the 4th year and can also extend the agreement by a year. The centerpiece of the nearly 600-page agreement is a team payroll cap of \$39 million for 2005–06, with player compensation limited to 54 percent of league revenues. The agreement achieves the cost certainty that Bettman and the owners wanted. The cap will be adjusted annually: if revenue goes up, the cap will rise; if revenue goes down, the cap will fall. There is a minimum payroll of \$21 million. Rookie salaries are capped at \$850,000 per season, with a top signing bonus of 10 percent annually. Also, like NBA players, NHL players will deposit an adjustable percentage of their salaries into an escrow account. If, after the season, the leaguewide payroll exceeds 54 percent of revenues, the teams will receive funds from the escrow account. If total payrolls are less than 54 percent, the account will be paid to the players.

Players under contract had their pay cut by 24 percent. Teams had a one-time opportunity to buy out player contracts for two-thirds of their remaining value, minus the 24-percent cut. No player can account for more than 20 percent of a team's total payroll, which means that no player can earn more than \$7.8 million in 2005–06. Minimum salaries were raised from \$175,000 under the old agreement to \$450,000 in 2005–06. Every 2 years, the minimum rises again, to \$475,000 and finally to \$500,000.

Free-agency rules are liberalized. Players still will become unrestricted free agents at age 31 for 2005–06, but the age will gradually decrease to 29 and then to 27.²⁷ This seeming benefit to players is diminished somewhat by the hard cap on team payrolls.

The rules on salary arbitration were changed so that teams now can opt to take players to arbitration, whereas only players had the option before. A baseball-style system will be used in which each side submits a salary figure and the arbitrator picks one or the other. The number of rounds in the player draft was reduced from nine to seven, a feature that will make more incoming players free agents. The league will take a hiatus from February 13–27, 2006, so that players can represent their countries at the Winter Olympics in Turin, Italy. There will be no all-star game in years that include an Olympic break.

Prior to the 2005 agreement, the NHL did not have a formal drug-testing policy. The new arrangement calls for a minimum of two random tests per year for performance-enhancing drugs. First-time offenders get a 20-game suspension, a second offense results in a suspension for 60 games, and a player caught a third time suffers a lifetime ban. Compared with punishments in other professional team sports, these are stiff penalties, although the NHL program may be criticized for being vague in its enforcement provisions and lax on testing procedures.

Concluding thoughts

Although both sides typically lose in a lengthy work stoppage, the hockey lockout is notable in that the owners achieved such a dominant outcome. On nearly all issues in contention, the end result was solidly in the owners' favor. The union appears to have underestimated the need for economic restructuring, Bettman's determination to prevail, and the commitment and financial resources of the owners. The players would have been far better off if they had accepted the league's offer in February 2005, just before the season was cancelled. Probably for this reason, Goodenow resigned as head of the union with 3 years remaining on his contract and was succeeded by Ted Saskin.

A major problem for the league was its deteriorating television situation. In late May 2005, ESPN declined to exercise its \$60 million option for broadcast rights for the 2005–06 season, but in August the NHL reached an agreement with OLN (formerly called the Outdoor Life Network) for a rights fee of \$65 million in 2005–06 and \$70 million in 2006–07. Known chiefly for its coverage of the Tour de France and hunting shows, OLN is owned by Comcast, the nation's largest cable provider. However, OLN is available in only about 64 million homes, compared with ESPN's 90 million homes.

There was also a need to address the high cost of attending games. Even before the agreement was reached, some teams announced that they were slashing ticket prices. Most teams eventually did this, as well as spending more money on special promotions to entice fans back to the arenas.

The games themselves should be more exciting as a result of rule changes. There will be Olympic-style shootouts at the end of a tie overtime game to determine a winner. The center red line no longer will be counted for offsides purposes, thereby allowing longer breakout passes that should result in more scoring. A third major change involves goaltenders: their equipment is reduced in size and their range of mobility behind the net is limited, making goalies less effective in stopping pucks.

Clubs agreed to share revenues, with the top 10 revenue-producing teams contributing to a fund from which the bottom 10 teams can draw. The amount shared is variable, depending mainly on differences between hockey-related revenue and player

salaries. Revenue sharing should stimulate competitive balance, so that all clubs have a better chance of winning the Stanley Cup, and smaller clubs should be more profitable as well. After the agreement was settled, the league moved forward with the player draft. Making the draft special was the inclusion of minor-league hockey scoring sensation Sidney Crosby, thought to be one of the finest players to come along in many years. In a lottery in which all teams had a chance for the first choice in the draft, but with the odds in favor of less successful teams, the Pittsburgh Penguins won and made Crosby the draft's top pick.

Although in the end the union had to swallow the dreaded salary cap, it may not turn out to have such an ominous impact. Small-market teams will have a better chance of retaining talented players formerly lost to rich teams that bid salaries upward. Player mobility increases under the new free-agency rules, although equalized team payroll limits will prevent salaries from escalating rapidly. Perhaps the biggest advantage to players is that they can move to teams and areas they prefer. While the payroll cap keeps costs under control, it also promotes a partnership between owners and players. Under the 54-percent guarantee to the players, the more money the owners make, the more money the players can earn, so their fates are intertwined.

In the recent past, four teams—Buffalo, Los Angeles, Ottawa, and Pittsburgh—were saved from bankruptcy by new owners or internal refinancing. Overexpansion and flagging popularity have left several other clubs, including Anaheim, Atlanta, Carolina, Florida, Nashville, and Phoenix, vulnerable to bankruptcy or purchase at fire-sale prices. The elimination of some of these teams, located in Sunbelt States where hockey is not a traditional sport, would place the league on a sounder financial footing and improve the overall quality of play. The contraction of the league, however, raises a number of legal issues. Moreover, should the league itself decide to buy out and fold franchises, the union, cities, and fans would be up in arms, as occurred when baseball proposed eliminating two teams in 2002.

Although the future is unclear, it seems certain that the NHL will be a troubled league for a while. Profitable television contracts, financial restructuring, and making the game more exciting to fans will have to occur before long-term economic stability can emerge. The surest way of achieving this objective is through cooperation between the league and its union. □

Notes

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¹ These work stoppages are discussed in Paul D. Staudohar, "The Baseball Strike of 1994–95," *Monthly Labor Review*, March 1997, pp.

21–27; and "Labor Relations in Basketball: the Lockout of 1998–99," *Monthly Labor Review*, April 1999, pp. 3–9.

² David Cruise and Alison Griffiths, *Net Worth: Exploding the Myths of Hockey* (Toronto, Penguin Books Canada, 1991), pp. 110–11.

³ For an interesting case study, see Russ Conway, *Game Misconduct: Alan Eagleson and the Corruption of Hockey* (Toronto, Macfarlane Walter & Ross, 1995).

⁴ Paul D. Staudohar, *Playing for Dollars: Labor Relations and the Sports Business* (Ithaca, NY, Cornell University Press, 1996), p. 146.

⁵ The 1995 contract was extended to secure the players' agreement to participate in the 1998 Winter Olympics and again as part of a four-team expansion, causing a new expiration date of September 15, 2004.

⁶ Quotation from *Sports Illustrated*, "Scorecard" section, Jan. 23, 1995, p. 23.

⁷ Stefan Fatsis, "Hockey League Locks Out Players," *Wall Street Journal*, Sept. 16, 2004, p. D8.

⁸ Michael Hiestand, "Put a Lid on Pro Player Salaries," *USA Today*, Sept. 2, 2004, p. 4B. Team success does not necessarily correlate with high salaries. The New York Rangers typically have the highest team payroll in the league, but have not performed well for several seasons. The two teams that competed for the 2004 Stanley Cup—the Calgary Flames and the Tampa Bay Lightning—had the 19th- and the 20th-highest payrolls in the league.

⁹ Arthur Levitt, Jr., *Independent Review of the Combined Results of the National Hockey League 2002–2003 Season* (Westport, CT, Arthur Levitt, Jr., 2004); and Helene Elliott and Elliott Teaford, "A Frozen Pond of Red Ink?" *Los Angeles Times*, Feb. 13, 2004, p. D1.

¹⁰ Stefan Fatsis, "NHL Says Players' Salaries Put League in Financial Peril," *Wall Street Journal*, Sept. 19, 2003, p. B1.

¹¹ Joel Stein, "Can the NHL Save Itself?" *Time Magazine*, Mar. 22, 2004, p. 62.

¹² Michael K. Ozanian, "Ice Capades," *Forbes*, Nov. 29, 2004, p. 124.

¹³ *Ibid.*

¹⁴ For a discussion of how players and their agents drove up salaries, see Bruce Dowbiggin, *Money Players: How Hockey's Greatest Stars Beat the NHL at Its Own Game* (Toronto, McClelland & Stewart, 2003).

¹⁵ Paul D. Staudohar, "Salary Caps in Professional Team Sports," *Compensation and Working Conditions*, spring 1998, pp. 6–8.

¹⁶ Kevin Allen, "Lockout Threat Has Both Sides on Edge," *USA Today*, international edition, Sept. 17, 2003, p. 5B.

¹⁷ L. Jon Wertheim, "Uh-Oh, Canada," *Sports Illustrated*, June 21, 2004, p. 65.

¹⁸ "NHL Fines Thrashers' Co-Owner \$250,000," *Los Angeles Times*, Oct. 13, 2004, p. D4.

¹⁹ Joe Lapointe, "N.H.L. and Union Each Reject Proposals," *New York Times*, Dec. 15, 2004, p. C13; and Alan Adams, "NHL Season Hanging by Thread," *USA Today*, Dec. 15, 2004, p. 1C.

²⁰ Stefan Fatsis, "NHL Calls Off Its Entire Season With Labor Face-Off Cold as Ice," *Wall Street Journal*, Feb. 17, 2005, p. B2.

²¹ "Go Figure," *Sports Illustrated*, "Scorecard" section, Feb. 14, 2005, p. 16.

²² Darren Rovell, "Lockout Will Test Depth of Owners' Pockets," on the Internet at ESPN.com, Feb. 11, 2005, p. 2.

²³ Figure from the International Ice Hockey Federation, reported in *Time Magazine*, Feb. 21, 2005, p. 19.

²⁴ Michael Farber, "Tampa Bay to Tatarstan," *Sports Illustrated*, Jan. 10, 2005, p. 62.

²⁵ Quotation from Helene Elliott, "Union Says NHL Players' Solidarity Intact," *Los Angeles Times*, Feb. 8, 2005, p. D3.

²⁶ The players subsequently voted 464–68 (87 percent) in favor of the agreement, while the owners ratified it by a 30–0 vote.

²⁷ An exception is made for 18-year-old players, who can become eligible for free agency as early as age 25.