NHL owners cancel North American ice hockey season

Jerry White, Keith Jones
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The National Hockey League (NHL) announced the cancellation of the 2004-2005 season Wednesday, five months after team owners locked out their players, demanding unprecedented reductions in salaries and other concessions. The owners acted ruthlessly, dismissing several efforts by the players' association to save the season, including the union's decision earlier this week to drop its opposition to a salary cap, and a previous agreement to accept a 24 percent cut in the average salary of the league's 700 professional players.

The scuttling of the hockey season—the first time a professional team sport in North America has cancelled its entire playing schedule—provides an object lesson about professional sports under capitalism. Like every other aspect of mass culture, sports are ultimately subordinate to the dictates of multi-millionaire owners, who treat teams and clubs as their private fiefdoms. When it suits their purposes, and those of the media conglomerates that profit from the promotion of professional sports and featured athletes—to the point of near-hysteria—the controlling corporate entities encourage fans to identify fanatically with local teams. But when it comes to the bottom line, all such pretensions are cast aside and the bosses dispose of their property as they see fit.

The lockout had already caused economic distress in parts of the US and Canada, including the loss of revenue and jobs at sports arenas, restaurants, bars, hotels and other venues catering to hockey fans. By one estimate, in Canada, where six of the league's 30 teams play, the cancellation of the season will cost the national economy $130 million.

After the collapse of the negotiations, NHL Commissioner Gary Bettman withdrew the league's last offer, suggesting that because the NHL will suffer severe financial losses, any future offer will be even more onerous.

The owners have made it clear that they may declare an impasse, impose new financial structures, and restart the season next fall with "replacement players." Bettman told the press conference at which he announced the cancellation of the season that the owners will begin considering the possibility of using scab players in the next few weeks.

The owners never had any intention of bargaining seriously with the players' association, and were intent on breaking the union or, at the very least, returning to the days when representatives of the players' association colluded with the owners to keep salaries and conditions of hockey players far below those of their counterparts in other major professional sports.

Toronto sports lawyer and professor Gord Kirke told the Toronto *Globe and Mail* that if the owners did not make a deal after the players' association offered such massive concessions, it is because they wanted to break the union or declare an impasse and bring in replacement players.

Beginning as early as 1998, the *Detroit News* reported Thursday, team owners began stockpiling a war chest of some $300 million in anticipation of an extended work stoppage when the collective bargaining agreement expired September 15, 2004. Two-thirds of the 1994-95 season had been cancelled due to a 104-day lockout, also instigated by the owners' demand for a salary cap.

At that time, however, other factors, including negotiations on a multi-million-dollar network television contract, a push for Olympics participation, and pressure to pay for new arenas and expansion into other cities, led the league to drop this demand and accept other concessions offered by the union, including a rookie cap, strict free-agency limits, and restrictions on salary arbitration.

"The biggest mistake we made in the league was that we didn't do this in '94," said Jimmy Devellano, senior vice president for the Detroit Red Wings. "Had the owners hung tough and cancelled the season and not played hockey, I think the collective bargaining agreement that we would've worked through the '90s would've been much different. It would've contained a cap. But the owners caved."

While refusing to open their financial books to inspection by the players' association, the owners hired former Securities and Exchange Commission Chairman Arthur Levitt to author a report that declared the NHL had lost nearly $500 million on operations over the last two seasons, primarily because of high player salaries. The report concluded that "the present business model of the National Hockey League is not economically viable. Player costs of 75 percent of revenue clearly diminish any possibility of restoring a feasible business model."

Bettman locked out the players on September 16, at the start of training camp, demanding a salary cap to establish what he called “cost certainty,” with payrolls tied to a fixed percentage of no more than 55 percent of declared team revenues. The league also sought to reduce the average player salary to $1.3 million a year from $1.8 million.

The NHL’s figures were disputed not only by the players’ association, but by such venerable business publications as *Forbes* magazine, which pointed out that Levitt’s report did not count as revenue tens of millions the owners earned from “collateral sources,” such as real estate, broadcasting, cable, sponsorships and concessions. Hockey franchises are now worth an average of $163 million, up 3 percent from 2003 and 31 percent higher than when *Forbes* magazine first valued them more than six years ago. The last four expansion teams—the Atlanta Thrashers, Columbus Blue Jackets, Minnesota Wild and Nashville Predators—went for $80 million each in 1997. Today, they are worth an average of $130 million. In 2002, George and Gordon Gund, who paid a $50 million expansion fee for the San Jose Sharks in 1990, sold their team and the right to operate HP Pavilion to Kevin Compton for $147 million. *Forbes* noted, “Perhaps the best example of using your hockey team to create wealth is the Los Angeles Kings. Billionaire Philip Anschutz bought the team for $113 million in 1995. He used the Kings, which lost $5.3 million last season, to get the go-ahead to build Staples Center in downtown Los Angeles; it was completed in 1999 at a cost of $400 million,” including at least $71 million in public subsidies.

With this kind of revenue, major entertainment conglomerates and moguls have invested in the sport, including Blockbuster Entertainment Chairman H. Wayne Huizenga and Walt Disney Co., which bought two of the newest hockey franchises in Anaheim and Miami.

Other owners include: Detroit Red Wings owner Michael Ilitch, who also owns the Detroit Tigers baseball teams and Little Caesars Pizza; Peter Karmanos, the Carolina Hurricanes’ owner and CEO of software giant Compuware; Bill Laurie, owner of the St. Louis Blues, whose wife Nancy is an heir to the Wal-Mart fortune; Stan Kasten, the head of the Atlanta Thrashers, who also runs baseball’s Braves and basketball’s Hawks; and Ted Leonsis, an AOL Time Warner vice chairman, who owns the Washington Capitals.

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Making it clear that the inroads against professional hockey players will be imposed on players in other major sports, Karmanos, the Carolina Hurricanes’ owner, said, “The problem is that in every pro sport, the owners are going to have to dig their heels in the sand and say enough is enough.”

That the owners feel they can act in such a brazen fashion speaks to the current social and political climate, in which the prerogatives of big business not only come before those of society, but little attempt is made to obscure this fact.

With the assistance of the corporate media, the owners have by and large been successful in getting the public to accept their portrayal of the players as fat cats who receive millions for playing a game. The campaign against the players has, on the one hand, rested on the assertion of the property rights of the owners, and, on the other, a pseudo-populist appeal to the economic frustrations of workers and middle-class people, who must increasingly struggle to make ends meet, while popular culture celebrates the lives of rich athletes and movie stars, and the gulf between the business and professional elite and the mass of working people grows ever wider.

It is true that NHL salaries have increased substantially, especially for the star players. Under the salary regime now to be scrapped, even a journeyman NHL player would in a few seasons make more than most workers in a lifetime. In addition, the stars make millions more in lucrative endorsement contracts. Two of the owners are themselves current and former players, retired hockey great and Phoenix Coyotes co-owner Wayne Gretzky and Pittsburgh Penguins player-owner Mario Lemieux.

It would be wrong, however, to dismiss the dispute as one between two groups of millionaires. For one thing, the average player’s career lasts no more than six years, and long after he is forced to retire, in many cases with debilitating injuries, the owners will continue to prosper.

Moreover, hockey players were for decades notoriously poorly paid and subject to the arbitrary dictates of the owners who held their playing rights. The initial attempt to create a hockey players’ association in the 1950s was successfully fought by an owner campaign of intimidation.

The striking down of the reserve clause in baseball gave many players in North American professional sports considerable rights. But hockey players continued to lag behind other professional athletes, in part because in the 1970s and into the 1980s, the NHL Players Association was led and controlled by Toronto lawyer and Conservative Party supporter Alan Eagleson, who colluded with the owners against the players. Eagleson was eventually convicted and sent to prison for the fraud he perpetuated on NHL players.