NHL lockout of players continues

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The owners of National Hockey League (NHL) teams began a lockout of players on September 16. So far, all preseason games have been canceled due to the lockout, and regular season games will soon be affected. Many players have already begun signing limited-term contracts in European leagues, and more are expected to follow if the stoppage is extended.

The NHL team owners initiated the lockout in order to extract massive concessions from players, in a manner that recalls not only last year's NBA lockout and the recent lockout of NFL referees, but also the attitude taken by the ruling elite to autoworkers, machinists, and teachers in other contract negotiations.

The attitude of the NHL owners to the players was aptly summed up by Jim Devellano, senior vice president and alternate governor of the Detroit Red Wings, in an interview with the *Island Sports News*. Devellano commented, "The owners can basically be viewed as the Ranch, and the players, and me included, are the cattle. The owners own the Ranch and allow the players to eat there. That's the way it's always been and that's the way it will be forever. And the owners simply aren't going to let a union push them around. It's not going to happen." Though undoubtedly an accurate reflection of owners' sentiments, Devellano was fined $250,000 by the league for making unauthorized comments.

Key aspects of the NHL's initial offer to players surround pay, contract lengths, and conditions. In particular, the league is demanding a reduction in the players' share of Hockey Related Revenue (HRR) from the current level of 57 percent to 46 percent, although changes in how that figure is calculated would mean that the targeted HRR for the players would be closer to 43 percent under the current collective bargaining agreement (CBA). Because the HRR figure determines the amount of money distributed to players under the salary cap system, a reduction in the HRR percentage would mean that all players would suffer a 24 percent rollback in salary from their contracts.

This change would represent a massive windfall for many team owners, entirely at the expense of players. The modifications to the HRR formula would exempt the owners from paying the players for many of the general costs of running a professional sports team, such as arena costs, as well as administrative staff expenses. Essentially, the league's owners are shifting the costs of doing business onto the shoulders of the players.

In addition, the league also wants to extend the length of time that young players must be held to entry-level contracts. Currently, players aged 18-21 who sign their first NHL contract are tied to the same team for three years, at a maximum salary that under the current agreement stands at around $900,000. The league's proposal would increase that to five years.

It is worth noting that entry-level contracts are what are called two-way, meaning that teams can assign players to a minor league and pay them a different salary rate. For example, players sent to the American Hockey League (AHL) have a maximum salary of $70,000 per year. Furthermore, if these players do not play at least 10 games at the NHL level in a given season, their entry-level contract can be extended by an additional year two times.

Besides the extension of entry-level contracts, the time in the league required before players are eligible to become unrestricted free agents would increase from seven years to ten. This would give the teams holding their contracts an increased length of time to determine their movement.

Another proposed change would mandate that all contracts pay the same amount of salary each year and would also eliminate signing bonuses. The aim with this provision is to prevent teams from offering so-called "front-loaded" contracts to players that pay a larger proportion of the total contract amount in the first several years.

Contracts made in recent years by some teams have been criticized on the grounds that the players involved are unlikely to finish out their contracts due to their age. Since the salary caps for the team roster are calculated according to the average yearly salary of a player, teams have taken advantage of this in order to lure star players eager to secure up-front pay in a league where long-term contracts are no guarantee of a long-term career.

The league claims that it is demanding all these concessions because of the inability of a number of teams to maintain profitability, and in order to achieve more “cost certainty.” These concerns were at the center of the last contract negotiations, which also resulted in a lockout as well as the cancellation of the entire 2004-2005 season. That lockout ended in a decisive defeat for the players, as it instituted the current salary cap system and a form of revenue sharing which was claimed would help smaller market teams stay profitable. Notably, the previous deal also featured a 24 percent salary rollback.

The NHL Players’ Association (NHLPA) entered the contract negotiations after hiring former Major League Baseball Players’ Association executive director Donald Fehr to lead the union. Fehr was brought in due to the relative successes enjoyed by baseball players under his leadership, such as the lack of a salary cap. Former NHLPA director Bob Goodenow resigned after the 2005 lockout ended with the imposition of a salary cap, which many players had vociferously opposed.

Despite attempting to appear more “hard-line” in the run-up to the negotiations and lockout, the strategy of the NHLPA under Fehr delivers more of the same. The union’s counteroffer instead accepts the existing salary cap and argues for its preservation for three years, but set at a fixed rate instead of being tied to HRR. This, and an enhanced revenue sharing program, are aimed at saving the league $465 million. In other words, the NHLPA is trying to solve the league’s business problems rather than winning the players higher pay—a textbook example of a corporatist perspective.

Despite the attempts of the owners to cry poor, league revenues have grown every year since the last lockout and now stand at approximately $3.2 billion. Moreover, the ownership of many teams are comprised of extremely wealthy individuals, often with fortunes made in finance or other businesses. The Philadelphia Flyers are owned by the giant media conglomerate Comcast Corporation. Chicago’s Blackhawks are owned by the Wirtz Corporation, which controls much of the liquor distribution in Illinois. The Red Wings are owned by Mike Ilitch, who also owns the Detroit Tigers and made his fortune with Little Caesars Pizza. The Toronto Maple Leafs, estimated to be the most valuable NHL team, is partly owned by Rogers Communications and Bell Canada, and the team has substantial real estate and media interests.

If the league wanted to solve the financial issues of struggling teams, it could certainly find a way to do so without demanding salary rollbacks or changes to contract structures. Rather, as in other industries, the owners are demanding that hockey players adjust their expectations and make do with less, in order to pad their already extremely cushioned bank accounts.

Though star hockey players are paid considerably more than the average worker, it must be pointed out that it is their performance and the marketing of them as players that draws substantial crowds to NHL games. Of course, the majority of hockey players do not make what the stars do; the average NHL salary is $2.4 million, and an average career is five to six years. To get to that point requires years of unpaid or poorly paid play in junior or minor leagues, or at the college level. Seasons of 82 games are physically grueling, and can often lead to chronic injuries or pain, with the attendant risk of addiction to painkillers.