Monthly Labor Review

July 2013

Green acres is the place to be?

Ann Norris

If you have driven along a country road in the South in recent years, you may have spotted an abandoned factory or textile plant. Prior to World War II, the southeastern region of the United States was, for the most part, an agricultural economy. However, the South's economy boomed thanks to plans carried out by the federal National War Labor Board to bring military production to the region. As a result, manufacturing employment rose by 50 percent and wages increased by 40 percent from 1939 to 1942. The advent of the interstate highway system further helped the South transform; however, the North and West remained the dominant industrialized regions.

Large metropolitan areas in the South—including Atlanta, Nashville, Orlando, and their surrounding suburbs—have experienced tremendous growth in recent decades while the majority of the region's rural areas have seen the reverse. In "Wanted: jobs 2.0 in the rural Southeast" (Econ South, Federal Reserve Bank of Atlanta, third quarter 2012, pp. 7–19), author Charles Davidson explores the economic downfall of the South's rural areas and the uncertain future that many rural counties face. A rural county is defined as one not belonging to a Metropolitan Statistical Area (MSA). The U.S. Census Bureau identifies an MSA as an area with 50,000 or more people plus any of the urban core's adjacent counties with linked economies. Rural counties that are most distant from large, urban areas tend to be worse off than rural counties located on the outskirts of bustling regions—these counties may still reap the benefits of nearby business, services, and employment opportunities. Also, the economies of rural counties with natural attractions like mountains or lakes have fared comparatively well.

Using county-level data from the Bureau of Labor Statistics, the author notes that in July 2012, 79 percent of southern counties with unemployment rates above 10 percent were rural counties. Furthermore, a U.S. Department of Agriculture report shows that 136 out of 164 rural southern counties, or 83 percent, are categorized as being in a state of "persistent poverty." One of the main factors driving the pervasive poverty and high unemployment is loss of industry, particularly in the manufacturing sector. It is not uncommon for small towns to depend on one plant or factory for jobs. Monroe County, Alabama, has seen its labor force reduced by more than 25 percent since 2000 when the Vanity Fair Corporation, an apparel company, substantially reduced operations in the area. As a result, the county population decreased by 8 percent.

With factories closed and jobs lost, how do rural communities boost their economies? The author investigates a few different approaches, one being the reliance on local governments to invest in new infrastructure, such as industrial parks, to attract new businesses or manufacturers. In today's high tech environment, the intellect needed to succeed in the tech industry may not be found in the South's rural counties, and funding for education in these areas has proven difficult. Therefore, a brand-new facility does not guarantee automatic industry growth.

Another approach to economic growth has been to focus on the local entrepreneurs and those with a strong sense of self-reliance. In recent decades, the number of nonfarm proprietorships (NFPs) in rural areas has risen while the number of rural farms has declined. Though NFPs and entrepreneurs provide promise for the South's rural counties, the self-employed still earn less than those with wage or salary jobs. Another issue with rural entrepreneurs is their lack of access to funding and to an overall support system. The Georgia Department of Community Affairs offers microloans to rural entrepreneurs, but said loans are typically granted to small establishments instead of individuals.

For most states, new jobs are created within. This notion goes hand in hand with training efforts to prepare workers for jobs with expanding companies such as manufacturers. In rural Perry County, Tennessee, a nonprofit program named Vision Perry provided job training, and in turn a number of call centers opened in the county. State and local governments have made progress in helping to stabilize and encourage growth in rural counties, but the challenges still outweigh the efforts. The author calls for economic development councils, local governments, and other stakeholders invested in the future of the rural South to come together instead of continuing with separate visions for economic prosperity.

Monthly Labor Review
July 2013

Within-country archetypes: best chance for climate change mitigation

Brian I. Baker

For at least two decades now, the world's nations have collectively labored to deal with the predicament of climate change. Though not entirely fruitless, their joint efforts have culminated largely in treaties that failed to produce many tangible results and that lack the teeth to enforce the few results they have produced. Acknowledging that climate change is already upon us, Lee G. Branstetter and William A. Pizer look past the international failures and envision a future in which mitigation takes place at the local, regional, and national levels, yet has worldwide consequences. In their paper titled " Facing the climate change challenge in a global economy " (National Bureau of Economic Research, working paper no. 18214, July 2012), Branstetter and Pizer point out the failures of the Kyoto and Cancún agreements reached in the United Nations Framework Convention on Climate Change and suggest instead a strategy that brings together those nations which are separately willing to experiment with climate change policy. Implementing a variety of policies—some good, some not so good—these nations could serve as examples for other nations, which could observe the policies and then adopt those which work. That way, the world could forgo the failed international agreements of the past and the necessity of entering into new international agreements in the future. In effect, initial unilateral action by some countries will offer its successes for other countries to adopt.

The authors offer five arguments in support of how a variety of unilateral approaches could ultimately coalesce to a global approach: (1) dealing with the effects of climate change will become increasingly necessary for countries that lag behind the initiators; (2) higher incomes in lagging countries will lead to greater environmental concern; (3) innovation in initiator countries may result in better, cheaper solutions that lagging nations will also adopt; (4) policy experience will give both initiators and laggards confidence in both the policies themselves and each other's capacity to enact and enforce them; and (5) border measures—tariffs that tax the carbon in goods offered for trade by lagging countries—that initiator countries will inevitably have to adopt will encourage the lagging countries to join the initiator ones.

Thus, what started out as a collection of bold and distinct unilateral approaches, in contrast to the failed international approach of the Kyoto and Cancún agreements, could in the end turn into a robust, this-time-successful global endeavor to meet the challenge of mitigating climate change. The authors note that ultimately a global approach is necessary to stabilize atmospheric concentrations of greenhouse gases. Of course, this entire scenario is predicated on a group of nations being willing and able to lead the way by enacting the measur es necessary to set the world on its climatic—and climactic—odyssey.

Monthly Labor Review

July 2013

The Monthly Labor Review gets a new look

This article, which introduces readers to the redesign of the Monthly Labor Review, includes a brief history of the journal as well as a guide to the redesigned homepage. Also included is information about article presentation, the publication schedule, the newly-expanded archives, and changes to MLR departments. The article concludes with a brief discussion of ongoing BLS efforts designed to best meet the needs of MLR readers.

Emily Lloyd Liddel
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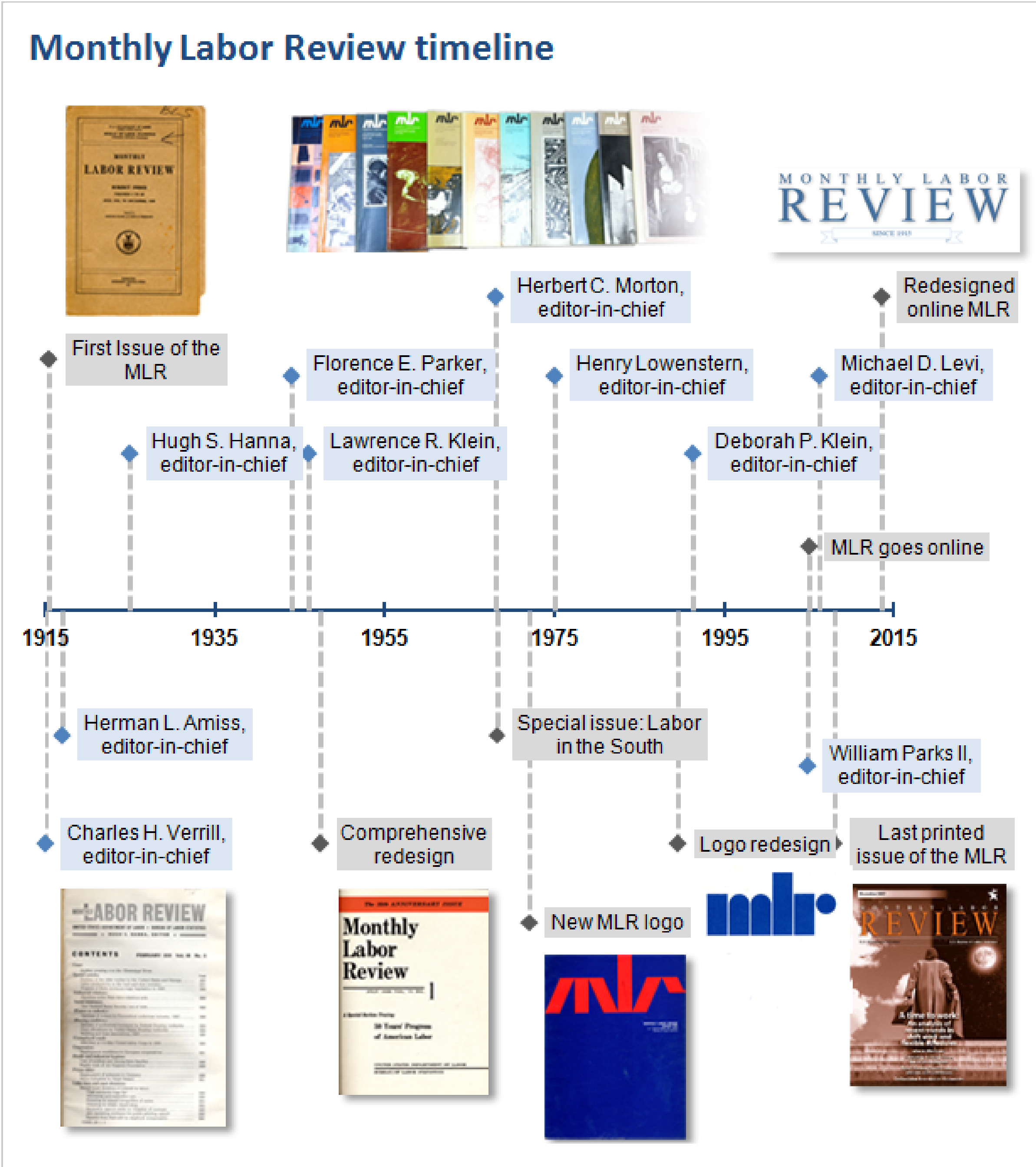
Emily Lloyd Liddel is executive editor of the *Monthly Labor Review,* which is published by the U.S. Bureau of Labor Statistics.

Welcome to first edition of the redesigned *Monthly Labor Review (MLR).* This design journey has been 2 years in the making. We hope you enjoy the new look. This article will present an abbreviated history of some of the changes that this journal has undergone over the years, discuss the changes that have been implemented with the redesign, explain some of the thought that went into these changes, and lastly, identify some ongoing work.

A brief history of the *MLR*

Established in 1915, the *Monthly Labor Review* is the principal journal of fact, analysis, and research from the Bureau of Labor Statistics (BLS, the Bureau). Over the years, the *MLR* has undergone various changes to both its content and appearance. (See figure 1.) The very first issue of the publication—called the *Monthly Review* until 1918—was approximately a 6- by 9-inch pamphlet. The most popular topics in that first volume were labor–management relations, working conditions, and food prices.

Figure 1



The July 1947 issue “marks the first change in format in the 32 years of publication,” according to then- editor-in-chief Lawrence R. Klein. He further noted, “The change was motivated by a desire to create greater clarity and readability and to facilitate in the presentation of both graphic and tabular materials.” The publication grew to standard magazine size and the interior design was originated by Charles Pollock (the less famous of the Pollock brothers, both American abstract expressionist painters).[1]

As tensions regarding race relations were climaxing, the *MLR* dedicated its March 1968 issue to “Labor in the South.” This special issue was the first time the cover of the *MLR* appeared in full color. This still is one of the most requested archival issues of the *MLR*.

Under the direction of Herbert C. Morton, the January 1972 issue featured a new logo and nameplate for the *MLR,* and the covers from this point forward were in full color. (See figure 1.)

In 1995, a design change to the *MLR* incorporated another new nameplate for the cover as well as color throughout the publication. The addition of color, particularly in the charts, helped pave the way for more complex charts and the ability to convey more information in a chart.

In 2005, the *MLR* made its first appearance online. However, at the close of 2007, in response to budget cutbacks and the public's growing use of the Internet, the Bureau of Labor Statistics ceased printing the *Monthly Labor Review*. From that point forward, the *MLR* became an online-only journal; however, the *Review* continued to be published in a print-oriented format, despite its online-only existence.

In the fall of 2011, the Bureau launched a team[2] to reimagine the *Monthly Labor Review* as a journal in a web-oriented world. The team did an environmental scan of other scholarly journals and similar government publications. Using web metrics, the team also did some analysis of how users get to the *MLR* site and which articles seem to draw the greatest number of page views. The recommendations were further refined based upon feedback from developers and other stakeholders. Design work on the *MLR* started in January 2013, followed by a fair amount of work transferring the archive into the new design.[3]

In terms of readership, circulation of the first issue of the *MLR* was 8,000 copies; in June 2013, readers accessed 1.1 million page views of *MLR* content. Much of the content accessed was from the most recent issue, but constant access of the archives implies that the information *MLR* publishes continues to stay relevant, sometimes even years after initial publication. In fact, among journals covering industrial relations and labor, the *Review* ranks high in terms of influence.[4]

A guide to the redesigned homepage

The design of the online *MLR* had not been touched since its first appearance online in 2005. The BLS nameplate, which appears throughout the BLS.gov website, was absent. The presentation was fairly simple, displaying the table of contents for the current issue. The staff had often received complaints that archival material was difficult to find.

Please refer to figure 2 to follow along with the description of the changes to the *MLR* homepage. Users can perform a self-guided tour by hovering over the page to get descriptions of the various elements.

Navigation. With this in mind, the new design brings in the BLS banner and improved navigation, allowing users to get to the rest of the Bureau's information with a simple click. Just below the BLS banner and top navigation, in the upper left corner is the *MLR* nameplate, and to the right is the *MLR* navigation ribbon. This ribbon will appear on all HTML pages of the *MLR*. The first item in the navigation is the “Home” tab. This will always take readers back to the homepage of the *MLR*. The next item in the navigation is “Archives.” This menu item has a drop-down list and allows readers to find archival materials by date, subject, department, and author. The next item, “For Authors,” is a page that describes the requirements when submitting materials to the *MLR* and provides helpful tips for ensuring a speedy response to submissions. The final menu item, “About,” gives some information about the *MLR* and includes a list of the editorial and technical staff who keep the publication going.

Figure 2


UNITED STATES DEPARTMENT OF LABOR

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SINCE 1915

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FEATURED ARTICLE

MARCH 2013

U.S. labor market continued to improve in 2012

Lisa Williamson

The U.S. labor market continued to improve slowly in 2012 as unemployment trended downward and employment grew. In the fourth quarter of the year, 12.2 million people were unemployed and the unemployment rate was 7.8 percent, nearly a full percentage point lower than a year earlier. Total civilian employment grew at a faster pace in 2012 than in 2011. (For a comparison of the employment measures available from the Current Population Survey (CPS) and the Current Employment Statistics survey (CES), see the box on page 4.) Still, even with the modest improvement in the job market, a number of labor market problems persisted. For example, the proportion of unemployed people who had been without work for 6 months or longer remained close to historically high levels.

read full article

BOOK REVIEWS

Mothers and the clock

Reviewed by Julie Munson

Many mothers of young children will likely have comparison in mind when approaching this book: "How do I measure up to other mothers caring for their children? Do I spend more time caring for them than average? What about other mothers in my income bracket, or with similarly aged children?" The Time Use of Mothers in the United States at the Beginning of the 21st Century is data rich and has those answers, but it is written more for researchers than for a mother who wants to quickly see how she stacks up while she transitions between making a meal, snuggling and reading with children, ensuring the cleanliness of the kids and their clothes, and guaranteeing that homework gets done.

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BEYOND BLS

Gender gap in patenting

Jobs in science, technology, engineering, and mathematics (STEM) are often thought of as drivers of innovation in a nation's economy, and the lack of female representation in STEM occupations has recently made headlines.

Do women avoid salary negotiations?

Women are somewhat more likely than their male counterparts to negotiate for higher pay if a job has a flexible salary offer.

U.S. working women are they falling behind in the labor force race?

Is a smaller proportion of U.S. women in the workforce than women in other countries?

View all Beyond BLS articles

RECENT ARTICLES

Slow and steady: payroll employment grew moderately in 2012
March 2013

Restricted work due to workplace injuries: a historical perspective
March 2013

Changes in federal and state unemployment insurance legislation in 2012
March 2013

Changes in the publication of seasonally adjusted Employment Cost Index series
March 2013

Recent college graduates in the U.S. labor force: data from the Current Population Survey
February 2013

Hispanic/Latino fatal occupational injury rates
February 2013

State labor legislation enacted in 2012
February 2013

FLASHBACK

May 1981

Finding and maintaining a domestic energy supply is a topic that not only garners attention today, but also was of importance following the oil embargo of the 1970s. This article takes a look at how employment in the energy-related industries expanded greatly following the embargo-related price shocks

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Search box. To the right of the navigation bar is a search box. This is a new feature of the *MLR*. The search is a full-text search of all *MLR* content. A great deal of work went into tagging all of the content items with keywords so that the search engine can provide reliable search results.

Articles. In terms of the presentation of the articles on the homepage, the most recent article, which will be labeled "Featured Article," will always appear in the area just below the nameplate and will be accompanied by an image. As the next article becomes available, the title of what had been the featured article will move to the "Recent Articles" section in the right-hand column. The articles listed in the recent articles section are listed in descending order by when they were first published. To see earlier articles, readers should go to the "Archives" tab in the *MLR* navigation ribbon.

Book Review. Just below the featured article, readers will find the book review. The change here is that we will begin including an image of the book cover along with a brief description of the review and a link to read the review.

Beyond BLS. Below the book review is the newly named "Beyond BLS" department. This department is essentially the same as the former Précis department. The Beyond BLS department features summaries of published articles or working papers dealing with economic research from outside our walls. We hope to feature a broader range of items in the Beyond BLS department.

Flashback. Under the "Recent Articles" box is a section called "Flashback." This area will highlight previously published *MLR* articles. The *MLR* staff will strive to highlight articles that either have particular relevance to the featured article or are relevant to recent economic news.

Subscribe. Below Flashback is a box that allows readers to subscribe to email alerts that notify subscribers when new articles available. Readers simply enter their email address and click "enter"; this will take readers to the full list of BLS email subscriptions that are available.

Article presentation

Possibly one of the more striking changes to the *MLR* is the presentation of the articles. Each article, starting with those first published this month, is now presented in HTML. This allows for ease of reading on multiple platforms, whether it's a desktop computer, a smartphone, or a tablet. An HTML format also allows better access to the full content of the *MLR* for those using screen readers. For readers who are interested in a printer-friendly version, a PDF is available at bottom of the "Related Content" box.

In the articles themselves, a web presentation allows authors to use the tools the web has to offer. Authors can easily link to relevant content. They will also have the ability to display interactive infographics as the material warrants. All charts will have an underlying data table and readers and researchers will be able to view the data.

Readers will also be able to control how much of the article is shown at a time. The default presentation will show "page 1" of the article, and users can continue to paginate through the remainder of the article or can select "View full article" to view the entire article on a single page.

Readers will note that, to the right of the article, there is an "About the Author" box. By clicking on the author's name, readers will be presented with links to other *MLR* articles by that particular author. We will continue to provide contact information and a short bio for each author.

Below the author information box is the "Related Content" box. Within this box are some selected publications that relate to the article. Most of the related content links will be to other *MLR* articles, but in some instances, we may link to articles in other BLS publications, such as *Beyond the Numbers*.

Also in the related content box is a list of related subjects presented as keywords describing the topics that the article encompasses. Readers may explore more *MLR* articles on a particular subject by simply clicking on the keyword.

Publication schedule

In the final sentence of the introduction to the first edition of the *MLR*, it states “The *Monthly Review* will be issued on the 29th day of the month.”[5] In recent years, the *MLR* has been published on the last business day of the month. Publishing an issue on a specific day of the month was necessary for getting the publication to the printer, but in a web-oriented world, specifying a particular date is unnecessary and perhaps outmoded.

From July 2013 forward, the *MLR* will be published on a flow basis; that is, articles will be published as they become ready throughout the month. Each article will be dated with the month and the year of publication to make searching the *MLR* archives easier. The hope is that this will provide fresh content to our readers throughout the month. There will be times where BLS will publish articles simultaneously, but BLS will reserve this for special compilation issues, such as the “Projections” issue.

Archives

One of the chief complaints that *MLR* staff has heard from both readers and authors was that it was difficult to search the archives. In response to this concern, the staff has done a great deal of work to try and make search and navigation of the archival material more straightforward.

From the January 1981 issue forward, each article has been tagged with a date, keywords, and author information. Also included in the archives is the archival material from the now-shuttered *Compensation and Working Conditions Online* (also known as *CWC Online*) publication.

By clicking on the “Archives” button in the navigation ribbon, users will be able to browse through the archive by author, date, department, and subject.

By selecting “Browse by Author,” users will find the authors listed first name first but sorted according the author’s last name (as it was at publication). Readers can quickly jump to a different spot in the alphabet by selecting a letter from the box on the right. When readers click on a particular author’s name, they will see a list of all of the *MLR* or *CWC Online* pieces authored or co-authored by that individual.

Readers who wish to use the “Browse by Date” function will note that the current year archive will show as the default. To browse earlier years, readers only need to select the year of interest in the box to the right.

For readers who are interested in perusing previous book reviews, the “Browse by Department” option may suit their needs. Readers need only select the department of interest in the box to the right.

Finally, the “Browse by Subject” archive is quite similar to the subject index as previously published. As they can with the other archive pages, readers can jump to a subject by selecting a letter of the alphabet in the box to the right.

Changes to departments

There are some changes to the departments in the *MLR*. We will no longer distinguish between reports and articles; they will all be categorized as articles. Each article now will include an abstract, and authors may include a list of references that would appear after the article text. In addition, as the *MLR* has done for the past 6 months, articles previously published in the *CWC Online* are now included as part of the collection of articles published in the *MLR*.

Also, the *MLR* is moving away from publishing visual essays. BLS now has a format better suited to the visual presentation of materials; look for visual essays in *Spotlight on Statistics*. We encourage readers to peruse this publication for data analysis in a more visually oriented presentation.

The aforementioned Beyond BLS will essentially remain the same as what had previously been called the Précis department. In addition to publishing the regular summaries of research outside of BLS, from time to time this department may feature papers authored by BLS researchers that have appeared in other journals.

The *MLR* is discontinuing the Current Labor Statistics section. The *MLR* reimagine team felt that more up-to-date information could be found elsewhere throughout the Bureau website. For some guidance on where to find tables similar to those which had been presented in the Current Labor Statistics, please see https://www.bls.gov/opub/mlr/current-labor-statistics.htm.

Finally, the Labor Month in Review department has also been discontinued, along with an issue cover and tables of contents. Because the *MLR* is publishing on a flow basis, *MLR* staff didn't feel that this department added much value because it would likely come out after all the material for the month had been published.

Ongoing efforts

In addition to instituting the look and feel changes, BLS has also reestablished the *MLR* Editorial Board. Some of the goals of this advisory group are to advise and assist in the compilation of special topical issues of the *MLR* and to review the slate of submissions to identify gaps, opportunities, and redundancies.

As previously mentioned, the online archive only extends back to 1981. As resources become available, *MLR* staff will begin scanning in more of the archival material and making those articles electronically available.

There have been some slight scope changes to the material published in the *MLR* and some fairly major design changes to the presentation of this material, but what isn't changing is the BLS commitment to publishing high-quality, indepth analysis on issues related to the labor market and price behavior.

We hope you will let us know what you think of the new look and how we can best meet our readers' needs by dropping us a line at *MLR*!bls.gov.

SUGGESTED CITATION

Emily Lloyd Liddel, "The Monthly Labor Review gets a new look," *Monthly Labor Review,* U.S. Bureau of Labor Statistics, July 2013, https://doi.org/10.21916/mlr.2013.23.

NOTES

1 *Monthly Labor Review*, July 1947, p. ii.

2 Members of the *Monthly Labor Review* reinvention team were Christen Byler, Elizabeth Handwerker, Carol Boyd Leon, Amar Mann, Joe Nunes, Jennifer Price, Terry Schau, Demetrio Scopelliti, and Keith Tapscott.

3 Members of the *Monthly Labor Review* development and testing groups were Robbin Galloway, Kristyn Jeschelnik, Rahul Mootha, Jerie Refugia, Dinara Sagatova, Roopa Sengupta, and Connie Sielaff.

4 Based upon the rankings at http://journal-ranking.com/.

5 *Monthly Review*, July 1915, p. 6.

RELATED CONTENT

Related Articles

Monthly Labor Review celebrates its 50th year with special issue, news release, July 23, 1965.

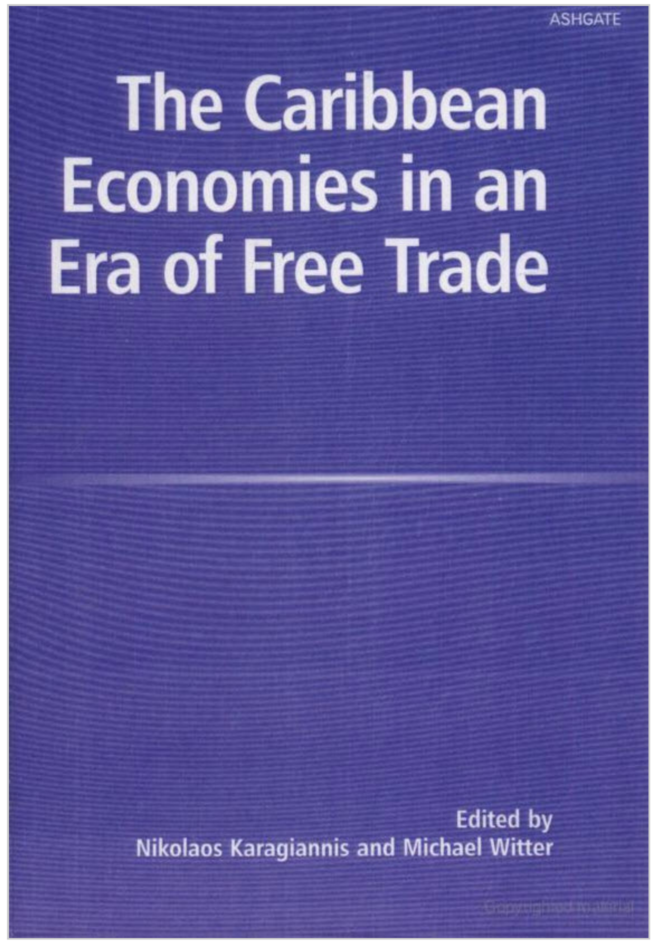
Related Subjects

BLS Programs and surveys

July 2013

The Caribbean Economies in an Era of Free Trade

The Caribbean Economies in an Era of Free Trade. Edited by Nikolaos Karagiannis and Michael Witter (The University of the West Indies, Jamaica), Ashgate Publishing Limited, Burlington, VT, 2004, 203 pp., $130.00/paperback.



Andy Petajan
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Andy Petajan is an economist in the Office of Productivity and Technology, Bureau of Labor Statistics.

This book, a collection of 10 articles addressing the issue of economic free trade in the Caribbean economies, is divided into three sections.

Section I. Theoretical issues

In "*Dependence, cumulative causation and the Caribbean*," Nikolaos Karagiannis, coeditor of the book, posits that wealthier countries have been taking advantage of poorer countries in the international markets for some time now. As he points out, in the three decades prior to 2004, the wealthiest 20 percent of the world's population increased its share of income from 70 percent to 85 percent at the same time that the poorest 20 percent's share fell from 2.3 percent to 1.4 percent. Thus, in his view, globalization has actually worked to expand, rather than contract, the worldwide dispersion of wealth, income, consumption, power, technological capabilities, and access (to trade, labor, and finance).

After examining various economics-related topics, policy, and industrial strategies, Karagiannis concludes that the Caribbean economies will have to do a better job of meeting both quality and price expectations in order to compete in the global market. Actions will need to be taken to create an atmosphere conducive to local socioeconomic development and the effective enforcement of production-oriented policies. According to Karagiannis, Caribbean government structures cannot, and should not, depend on "favoritism" and "clientelism." The author's perspective on the Caribbean countries is well taken. Conveniently, he also introduces neoclassical and radical theories in this article that are mentioned in various articles later in the book.

In "*Are there any limits to 'globalization'? International trade, capital flows and borders*," Grahame Thompson investigates the question set forth in the title. Based on his analysis of international trade, foreign direct investments, foreign stocks in equity portfolio, and cross-border European interbank activities, Thompson's conclusion is that there are indeed limits. In his view, cross-border financial activities in the 1990s clearly did not grow at the same rate they did in the 1980s and this trend will continue. The point is borne out in an excellent chart he includes showing world exports from 1978 to 1999. Although Thompson projects the slowdown in exports to continue, he also states his belief that there is little hint of a downturn in the growth of world GDP. It would be interesting to compare and contrast his conclusions, based on 1978–1999 data, with conclusions based on today's data and using the same methodology.

In contrast to the other authors in this collection, Robert Read, in "*The political economy of international integration: small states in the Caribbean and the Free Trade Area of the Americas (FTAA),"* focuses on the FTAA from a regional economy perspective rather than a national one; in particular, he looks at how small states would be affected by the FTAA and at economic integration dealing with constraints in the Caribbean.

Read identifies a number of sectoral issues. One is that there are "fallacy of composition" problems, in which too many Caribbean countries specialize in identical or similar business services, types of tourism, and agricultural products that compete with each other for limited regional markets. Although the author notes that some states in the Caribbean have been somewhat successful in improving growth rates and living standards, his opinion is that economic policymaking in general needs to be revamped.

Anthony Clayton's article, "*Globalization, technology, trade and development*," analyzes why some undeveloped countries succeed in developing their economies while others fail. Clayton then suggests that developing countries implement strategies relating to competitive advantage and knowledge. He believes that competitive advantage requires a concentration of human capital, the dissemination of technology, a better managerial capacity, improvement in knowledge networks and business groups, the resolution of recurring new problems, and the ability to capitalize on opportunities. Regarding knowledge, he cites *dependency theory,* which recognizes knowledge not as a constant commodity, but rather as a vital combination of management information, technology, skills, and infrastructure necessary to keep up with changing demand. Adopting the measures promoted by that theory, he suggests, would allow Caribbean countries to manage their economies better and engage in trade more effectively.

Clayton also presents a number of interesting facts about the relationship between the global economy and what he calls "Gross World Product." He believes that globalization both accelerates technological adjustment and breaks down barriers to international trade. Interestingly, the author correctly states that China surpassed both Germany and Japan in 2004 to become the world's largest industrial economy, but incorrectly states that China was the largest exporter to the United States that year. According to the U.S. Census Bureau, Canada was the top exporter to America at the time Clayton authored this article.

Section II. Policy issues

"*Monetary policies for small island economies*," by Carlos J. Rodríguez-Fuentes, is among the clearest and easiest-to-read pieces in the book. In it, the author provides a good introduction to Keynesian and monetary theories and how they apply to small-island economies. He includes a table that illustrates how monetary policy affects the development of banks, puts limitations on investment, and influences lending reserves in small-island economies such as those in the Caribbean.

Most other literature on the topic suggests that monetary policy in small Caribbean island countries tends to be ineffective, partially because of the necessary political and economic reliance on other countries. In contrast, Rodríguez-Fuentes argues that monetary policy can enhance economic growth by encouraging proper investments (in banking and financial development) and improvements in productive capacity.

In "*Development policy options for CARICOM in an era of free trade*," Marie Freckleton and Nikolaos Karagiannis analyze policy options for the nations of the Caribbean community (CARICOM) regarding trade agreements. Their view is that neoliberal economic policies in the Caribbean countries have proven ineffective in the competitive world economy. As proof, they provide a table comparing manufacturing and agricultural sector GDP data among the Caribbean countries with analogous data from the rest of the world. It would be interesting to compare current data with those from 11 years ago, when the table was created.

Freckleton and Karagiannis conclude that the CARICOM countries will be unable to compete in the international economy so long as they harbor an insufficient technological infrastructure and low levels of human capital; until those conditions change, the CARICOM countries will continue primarily to assume their role as supplier of such commodities as "sun and sea" and cheap, unskilled labor. The authors offer some different strategies and options, including, for starters, the need to improve those countries' basic infrastructure (roads, irrigation, etc.). The Caribbean governments also need to locate competent development planners and technocrats to carry out legitimate national strategies and reduce "pork barrel" policies. Planning should be democratic, allowing for collaboration and cooperation among state representatives, business leaders, and civil society in order to realize the CARICOM countries' transformation to a developed economy.

What do the Caribbean nations stand to gain or lose by joining the Free Trade Areas of America agreement? In "*Caribbean tourism and the FTAA*," Ian Boxill, Diaram Ramjee Singh, and Marjorie D. Segree find that most Caribbean businesses would suffer by competing directly with the other North American countries. The authors believe that only resource-based industries, such as methanol in Trinidad and bauxite in Jamaica and Guyana, would likely succeed. Consequently, the focus of their article is the tourism industry, which they feel offers the Caribbean economies a competitive advantage.

Unfortunately, their conclusion is that joining the FTAA would likely lead to excessive dependence on the tourism sector alone, increasing the vulnerability of local economies and aggravating their dependence on imports. Although some economists argue that FTAA membership would reduce the cost of imports of consumer goods by decreasing tariffs, others maintain that lowering tariffs would diminish government revenues and lead to increased levels of capital outflow; in a number of Caribbean countries, trade taxes amount to 50 percent of the budget. Implementation of the FTAA, some believe, would merely force these countries to find alternative ways to raise revenues.

To their credit, the authors post their forecasts of the top job-creating countries in the Caribbean from 2002 to 2012. After factoring in the declining revenue to the travel and tourism industries as a result of the terrorist attacks of 9/11, Cuba and the Dominican Republic are seen to finish first and second, respectively, by double-digit margins. The forecasts, however, do not factor in how natural disasters, such as the Haitian earthquake, might have affected job creation.

Section III: Country-studies

In "*The Bahamian economy in the era of the FTAA*," authors Nikolaos Karagiannis and Christos D. Salvaris provide a guide to a productive fiscal policy in the Bahamas given the constrained budget situation facing that nation. Financial markets in the Bahamas, the authors believe, are currently designed to encourage risky projects emphasizing short-term gains. Too often, this situation leads to a "dysfunctional business culture," stemming from insider trading, conflict of interest, corruption, and insufficient governmental oversight. The authors opine that investment in the necessary technological innovation and training to support critical sectors of the Bahamian economy could yield significantly higher rates of growth, wages, and productivity, although funding such an investment could be a problem.

I agree with the authors that the Bahamian government needs to focus more on long-term objectives. As they put it, a good first step would be for the business elites and the socially well connected to network better with government officials responsible for planning. Ideally, the developmental planning would be sufficiently democratic to allow for participation at all levels of Bahamian society.

Coeditor Michael Witter opens "*Prospects for Jamaica's economic development in the era of the FTAA*" by expressing his concern that future international geopolitical events and situations, such as religious wars, social conflicts, and other tensions, could easily affect his analysis of the Jamaican economy. His position is that Jamaica (and the rest of the Caribbean countries, for that matter) has become more, rather than less, economically dependent than in the 1960s, when it achieved independence from the United Kingdom. His excellent presentation of the history of Jamaica enables the reader to understand how much of an impact past events have had on the present.

In theory, according to Witter, Jamaica should compete well in tourism, services, cultural products such as exotic food and drinks, music and other forms of entertainment, and aluminum production by joining the FTAA. The challenge is to find better ways to allocate the country's resources, a task that might require establishing legitimate social partnerships among the Jamaican government, foreign and local investors, and civil society, in order to compete more favorably internationally. Although it is the author's position that the United States assumed the supreme role in what he terms the "unipolar world in the 1980s," I would contend that it was more of a bipolar world, dominated by the Cold War struggle between the United States and the Soviet Union.

"*The Demand for imports in Jamaica: 1972–2000*," by Dillon Alleyne, includes much discussion about econometric models. The author contends that utilizing domestic factors of production in lieu of importing is an essential step in improving Jamaica's economic policies. He believes that doing so can simultaneously assist in conserving foreign exchange without constraining endogenous growth.

I recommend Karagiannis and Witter's *The Caribbean Economies in an Era of Free Trade* to anyone with a strong interest in the Caribbean economies and free-trade agreements who has some knowledge of technology and economics. Combining 10 articles on the Caribbean countries into a single volume is a strength because it provides a number of different economic perspectives and analyses. My only criticism of the book is that I think it should have provided better references so that readers would know exactly when each article was written and where to find other information on the topic.

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The hockey lockout of 2012–2013

Although less severe than the disruption of 2004–2005, the hockey lockout of 2012–2013 resulted in the cancellation of 60 percent of regular-season games. Owners were the clear winners, securing a 50–50 split of hockey-related revenue.

Paul D. Staudohar

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The epic 2004–2005 lockout in the National Hockey League (NHL) caused the entire season to be lost, an unprecedented outcome in professional team sports. Lockouts have become increasingly common in sports, as illustrated by the lengthy 2011 work stoppages in the National Football League (NFL) and National Basketball Association (NBA).[1] Although the 2012–2013 hockey lockout avoided losing an entire year, nearly 60 percent of the regular season was canceled, along with the All-Star Weekend and New Year's Day Winter Classic games. This was the third major lockout in the NHL in the past 20 years.

Before the mid-1990s, major work stoppages in sports were predominantly strikes. The money pie to be divided between owners and players grew along with the expansion of leagues into new markets and the acquisition of lucrative national television contracts. This newfound wealth was hotly contested, and negotiations frequently dissolved into strikes called by unions late in the season. These strikes were especially costly to owners, who received the largest share of their television revenues from postseason play.

> *Lockouts have given owners a bargaining edge as indicated by the substantially reduced percentage of total revenue received by players in recent settlements in the NFL, NBA, and NHL.*

The last big strike in professional team sports was in Major League Baseball (MLB) in 1994–1995 and resulted in the cancellation of 921 regular-season games, the playoffs, and the World Series.[2] Team owners came to realize that, rather than having to face crippling strikes, they would do better to seize the initiative by locking players out before the season starts. This tactic would shift the economic burden toward the players, who would have yet to receive paychecks for games played. That lockouts have given owners a bargaining edge is indicated by the substantially reduced percentage of total revenue received by players in recent settlements in the NFL, NBA, and NHL.

Another factor contributing to lockouts is the small residual effect of canceled games on subsequent attendance. Martin Schmidt and David Berri found that attendance in years following a strike or lockout does not show a significant dropoff from that during the years before the stoppage.[3] For example, attendance at NHL games in 2003–2004 was 20,356,199, and, despite the devastating lockout of 2004–2005, attendance rose to 20,854,169 in 2005–2006.[4]

Background

The National Hockey League Players Association (NHLPA) was formed in 1957 by several players, including Ted Lindsay, a Detroit Red Wings forward who became the association's first president.[5] The fledgling union was able to get its members a minimum salary of $7,000 and additional pension contributions from the owners, but after a year or so became inactive.

In 1967, the NHLPA resurfaced as a viable organization under the leadership of Toronto lawyer Alan Eagleson, who secured formal recognition of the union by the league. Eagleson, who assumed the role of executive director of the organization, also represented players—including the great Boston Bruins defenseman Bobby Orr—as an agent in their individual salary negotiations. However, when Eagleson mishandled Orr's finances and misused union funds, he was convicted and incarcerated for racketeering, embezzlement, and fraud.[6]

Bob Goodenow, a Detroit lawyer and a player agent, took over the union when Eagleson departed in 1992. Goodenow led the union in its first work stoppage, a 10-day strike at the end of the 1992 season. Following this strike, the NHL hired Gary Bettman as commissioner.[7] Bettman, also a lawyer, had previously been an executive at the NBA, serving under commissioner David Stern. While at the NBA, Bettman designed and implemented the first modern-day salary cap in team sports.

Soon after becoming NHL commissioner, Bettman had a collective bargaining conflict with league referees. When the referees struck for 17 days, he hired replacement officials and negotiated an agreement favorable to the league. With this victory behind him, Bettman entered negotiations with the players in 1994, determined to limit their salaries with a surcharge similar to the luxury tax in MLB, which penalizes teams with outsized payrolls.

In January 1995, following a 102-day lockout, an eleventh-hour settlement was reached. Only 48 regular-season games were played, the same number as was to be played in the 2012–2013 season. Although the agreement was hailed as a clear victory for the owners, they continued to pay big salaries to players. Consequently, average player salaries rose threefold, from $558,000 in 1993–1994 to $1,830,000 in 2003–2004.[8] Player salaries outstripped revenue growth, causing the league to claim in 2004 that it lost $1.8 billion during the previous decade.[9]

In the 2004 negotiations, the league was committed to the idea of "cost certainty," which would be provided by a salary cap. The union was adamantly opposed to this notion, insisting that it wanted salaries based on market conditions and that it would never agree to cap team payrolls. Goodenow and Bettman did not mix well and engaged in a battle of words in the media. In a last-ditch effort to save the season, the league dropped its demand that salaries not exceed 55 percent of revenue. In response, the union reconsidered its initial position and indicated its willingness to accept a salary cap. However, the parties were far apart on how much the salary cap should be and could not close the gap.

When neither side made further concessions, time ran out. The league canceled the 2004–2005 season, resulting in teams losing an estimated $2 billion in revenues and players giving up about $1 billion in lost salaries.[10] One consequence of the lockout was that the NHLPA agreed to a salary cap. When games resumed for the 2005–2006 season, few, if any, observers would have imagined that the league and the union would ever reach the precipice of a lost season again.

New leadership came to the NHLPA in 2005, as Goodenow was replaced as executive director by Ted Saskin, the union's senior director of business affairs and an active negotiator and media correspondent in 2004–2005. Saskin, however, was fired by the union in 2007 after being accused of spying on players by tapping into their email accounts.[11] Saskin's replacement, former U.S. attorney Paul Kelly, had earlier prosecuted NHLPA executive director Eagleson for embezzlement.[12] After less than 2 years on the job, Kelly was fired for being too closely associated with the owners.

Kelly's replacement was Donald Fehr, a lawyer and former executive director of the Major League Baseball Players Association (MLBPA) from 1983 to 2009. Fehr oversaw work stoppages in baseball, including the 1994–1995 strike. He is known as a smart, tough negotiator and, like Marvin Miller, his predecessor at the MLBPA, as a man of principle and integrity.[13]

Factors contributing to the lockout

Under the 7-year agreement reached following the season-ending lockout of 2004–2005, the league's annual revenue grew from about $2.2 billion in 2005–2006 to about $3.3 billion in 2011–2012.[14] Players enjoyed the fruits of these revenue increases, as average salaries rose from $1.46 million in 2005 to $2.17 million at the time negotiations for the current agreement began in 2012.[15] Adding to revenue was the 10-year, $1.9 billion television deal that the NHL reached in 2011 with Versus and NBC.[16] Although the new national television agreement more than doubled revenues, the money is dwarfed by the larger television packages in the NFL, MLB, and the NBA. Most of hockey teams' revenue is locally generated, through attendance at games and local television agreements.

Yet despite robust revenue growth, the team salary cap, and a cap on rookie salaries, the league was not entirely healthy. According to an independent study by *Forbes* magazine, 13 of the 30 teams in the NHL lost money in 2011–2012 and 5 teams lost $12 million or more.[17] Also, despite the 24-percent rollback in salaries that players accepted under the previous collective bargaining agreement, the division of hockey-related revenue between players and owners favored the players by 57 percent to 43 percent.[18] By contrast, in the aftermath of the 2011 lockouts, NFL owners captured 53 percent of revenues and NBA owners captured 50 percent. Thus, not only was there a bigger pot of money to contest in negotiations, but hockey team owners were getting a smaller share of revenues than their counterparts were in other sports.

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Another cause of the work stoppage was the NHL's market structure. A considerable difference exists in the economic welfare of teams. Three clubs—the Toronto Maple Leafs, New York Rangers, and Montreal Canadiens—generate about 80 percent of the league's revenues,[19] and, as noted earlier, 13 of the 30 teams lost money in 2011–2012. Much of the problem is associated with the rich–poor nature of markets. Big cities, such as New York, Chicago, and Boston, have a natural advantage over smaller market cities, such as Columbus, St. Louis, and Raleigh, NC (home to the Carolina team). Not only do large markets enjoy more attendees at games, but they also have a bigger audience for viewing games on local television, which is an important generator of revenue.

Adding to the market structure problem is the NHL's geographic predicament. Cities in Canada, where hockey is by far the most popular sport, have a market advantage over cities in the southern part of the United States. It is not surprising, then, that clubs located in Nashville, Tampa, Miami (Florida Panthers), and Phoenix lost money in the past season. Typically, citizens of these communities have not grown up playing and watching hockey and may therefore be less attracted to the sport. Revenue generation can worsen if small-market, southern U.S. teams have a poor win–loss record. Moreover, the lockouts that have fractured seasons are themselves disturbing to fans who desire accessibility to their teams.

Although there is no universal solution to the inherent structural differences in markets and teams, one helpful measure is revenue sharing. However, big-market owners—similarly to their counterparts in other sports—are disinclined to share revenues with the have-nots. But the viability of the league depends on sharing, so that teams in disadvantaged markets can thrive and be competitive.

According to *Forbes*, Toronto has the most valuable franchise, at $1 billion, and St. Louis has the least valuable, at $130 million.[20] The market model, however, does not work well with a marked rich–poor disparity. The NFL has the most revenue sharing of the major team sports, which is perhaps the chief reason for its success. One of the NHLPA's objectives in the 2012–2013 negotiations was to get clubs to share more revenue. Absent significant revenue sharing, money-losing clubs may go bankrupt, as the Phoenix Coyotes did in 2009. Another dire possibility is a contraction of teams, as contemplated by MLB in 2002, before it adopted greater revenue sharing.

Key bargaining issues

The most important issue in the hockey negotiations of 2012–2013 was how the economic pie would be divided. Under the old agreement, the players' share of hockey-related revenue had climbed to 57 percent. The league's initial offer in July 2012 was to drastically cut the players' share to 43 percent. The union expressed a willingness to move down from 57 percent, but wanted the new percentage linked to an increase in revenue sharing among teams and insisted that all existing player contracts be honored in full. (A reduction in the percentage of revenue going to players also was the main issue in the NFL and NBA negotiations in 2011.)

Another key issue was eligibility for free agency. Under the old agreement, players could become unrestricted free agents at age 27 or after 7 years of NHL service. The league initially wanted to raise the free-agency threshold to age 30 and 10 years of NHL service, whereas the union wanted to maintain the status quo. Other demands in the league's opening proposal called for eliminating salary arbitration, changing the way the salary cap is calculated, adopting a 10-year collective bargaining agreement, and limiting player contracts to 5 years with equal money paid in each year and no signing bonuses.[21] Unlike the negotiations of 2004–2005, in which discussions focused on the issue of whether to have a salary cap, the 2012–2013 negotiations centered on the division of revenue between owners and players.

Negotiations

Pitting Fehr and Bettman as adversaries in 2012–2013 was quite a contrast from the earlier era when Eagleson and league president John Ziegler placidly went about their business at the bargaining table. The law firm Proskauer Rose, which acted on behalf of the NHL, also represented the NFL, MLB, and the NBA in negotiations. Bettman, as well as NBA commissioner Stern, worked for Proskauer Rose in the 1970s. Therefore, the circumstances surrounding negotiations—circumstances created by the 2011 lockouts in the NFL and NBA and the adversarial relationship between Bettman and Fehr—contributed to the lockout.

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The owners' proposals to take a large share of money from the players were ill timed, as they coincided with a dramatic example of owner largesse. Nine days before the league made its opening proposals in mid-July 2012, the Minnesota Wild signed free agents Zach Parise and Ryan Sutter to matching front-loaded $98 million contracts.[22] Moreover, the contracts were for 13 years, making the league's proposal for 5-year limits on player contracts look oddly inconsistent.

In mid-August, the union made a counteroffer to the league, proposing a 3-year deal with an option for a fourth year. With the old agreement expiring on September 15 and the regular season set to start on October 11, the possibility of a lockout became apparent. Negotiations took place, but the parties were unable to gain any traction toward compromise. The union's counterproposal would have left the players with about 53 percent of revenues; for its part, the league moved its position to 45 percent for the players. Because the sides remained far apart, the league took the preemptive step of declaring a lockout on September 15, following a unanimous vote by the owners. This was the third lockout since Bettman became commissioner in 1993.

As it became evident that the chances of a settlement were remote, players began to sign contracts with teams in Europe and the American Hockey League. For instance, San Jose Sharks captain Joe Thornton signed with Davos in the top Swiss hockey league, where he had played during the 2004–2005 lockout. Rick Nash of the Rangers also returned to Davos. Evgeni Malkin of the Pittsburgh Penguins signed with Metallurg Magnitogorsk in the 7-nation, 26-team Kontinental Hockey League, which became a popular destination for the nearly 300 NHL players who contracted to play elsewhere.[23]

Although Bettman and Fehr were the chief negotiators, deputy commissioner Bill Daly took an active role for the league and Steve Fehr assisted his brother for the union. Jeremy Jacobs, owner of the Boston Bruins and chairman of the NHL Board of Governors, was a strong voice for cutting the players' share of revenues, as he had been in the 2004–2005 lockout. Several players—notably, Sidney Crosby of the Penguins, Ryan Miller of the Buffalo Sabres, and Jonathan Toews of the Chicago Blackhawks—were on hand to lend support for the union.

On September 28, the parties met for the first time since the lockout. Progress made on secondary issues was overshadowed by the league's announcement that the remaining preseason games were canceled. Negotiations continued regarding minor matters, but with little attention given to the core economic issues. As the start of the regular season drew near, the league announced that it had canceled the first 2 weeks of regular-season games.

A few days later, however, the NHL made a surprising offer of a 50–50 split of hockey-related revenues.[24] An important question stemming from this offer was what would happen to the value of existing player contracts. Would they be scaled down in accordance with the decrease in the players' share of revenue from 57 percent to

50 percent? This was to become a nettlesome issue. The league further proposed to increase revenue sharing from $150 million to $200 million, but short of the $240 million the union wanted.[25]

Fehr balked over the league's offer, contending that it would constitute a 12-percent pay cut and cost players $1.6 billion over 6 years.[26] The offer also did not guarantee the full value of current player contracts, or what the union called "make whole." Although both sides were ostensibly in favor of a 50–50 split, which sounded simple in principle, reaching a division of revenue deal was complicated because the parties were making different assumptions about the timing of the split and its effect on existing contracts. Frustrated with the union's response, the league withdrew its offer.

In early November, the league canceled the Winter Classic, an outdoor game scheduled for January 1 and one of the highlights of the season. Negotiations were unproductive. The make-whole issue—whether existing contracts would be fully honored by the league despite the reduction in the players' revenue share—became a major roadblock to settlement. Following more fruitless talks, the league canceled games through December 14 and called off the All-Star Weekend events. The union began to consider the possibility of decertifying itself in order to file an antitrust suit against the league.

With talks going nowhere, the parties agreed to mediation provided by the Federal Mediation and Conciliation Service, the U.S. government agency involved in the 2011 NFL and NBA lockouts. The mediators selected were Scot Beckenbaugh, deputy director of the agency who mediated the 2004–2005 hockey lockout, and John Sweeney, director of mediation services. However, the league and the union were so far apart that the mediators departed the negotiations after 2 unproductive days of talks, with the promise to stay in touch for possible assistance later.

Meanwhile, the NHLPA executive board authorized a $10,000 stipend to help players during a time when they were not receiving NHL paychecks. The owners were feeling the pinch too, as Bettman estimated that the league was losing $18 million to $20 million a day.[27] With the losses mounting, some concerned owners appeared at the bargaining table for the first time, including Mark Chipman of the Winnipeg Jets, Larry Tanenbaum of the Maple Leafs, Ron Burkle of the Penguins, and Jeff Vinik of the Tampa Bay Lightning. This involvement helped negotiations, and it appeared that a deal might be imminent.

However, the make-whole issue lingered without resolution, and another obstacle emerged regarding the length of player contracts. The players were willing to go along with a 7-year limit, but the owners were adamant that 5-year contracts were the maximum. Deputy commissioner Daly expressed the issue's importance when he said, "That is the hill we will die on."[28] When the union rejected the league's make-whole offer of $300 million, the league withdrew the offer. As to the length of the collective bargaining agreement, the owners stuck at 10 years whereas the union came up to 8 years with an opt-out allowance after 6 years.

The NHL calendar continued to melt away as the league canceled games through December 30. The season was in peril of being lost. Bettman indicated that a schedule with fewer than 48 games was not possible. The parties reconvened with mediator Beckenbaugh in early January. The pace of bargaining quickened with lengthy sessions, and the gaps between the parties' positions narrowed.

Legal Maneuvers

Frustrated with the failure of the parties to agree, and with time running out, the union prepared to decertify itself. The U.S. Supreme Court has ruled that in order for a sports union to file a lawsuit against a league on antitrust grounds, it must first decertify itself as the players' representative in bargaining with the league.[29] Following decertification, individual players can sue the league under the Sherman Antitrust Act of 1890, which prohibits combinations in restraint of trade and provides triple damages in the event of violation. In both the NFL and NBA lockouts of 2011, the unions were decertified and antitrust suits were filed by players in federal courts.

Two legal actions were taken by the union and players in September 2012. In one case, the union and 16 Montreal Canadiens players filed a motion with the Quebec Labour Relations Board to have the lockout declared illegal under the province's labor laws.[30] The case was considered by the board, but was adjourned without a decision at the request of the union and the league.[31] In the other case, players for the Edmonton Oilers and Calgary Flames sought to have the lockout declared illegal under Alberta law. However, the NHL prevailed in this litigation, as the Alberta Labour Relations Board ruled that the lockout of Oilers and Flames players could continue; the board noted that declaring the lockout illegal in the province would not help the parties reach an agreement.[32]

On December 14, the NHLPA executive board voted to allow its entire membership to vote on whether to authorize the board to "disclaim interest."[33] A vote in favor of authorization would allow decertification of the union and thus a subsequent antitrust suit. In a similar move, the NBA players had entered into a disclaimer of interest in 2010, before the 2011 lockout, so that they would be in a position to file an antitrust suit without having to go through the formal decertification process.[34]

Also on December 14, the league filed a class action suit in U.S. District Court in anticipation of a possible antitrust suit by the players.[35] The purpose of the suit was to establish that the lockout was legal. In a separate move, the league filed an unfair labor practice charge with the National Labor Relations Board, claiming that the union had not bargained in good faith as required by law. This same tactic was used by the NFL and NBA in their recent lockouts. The possibility of an antitrust suit was not taken lightly by the NHL, because, if filed and successful, a suit could result in the players receiving triple the amount of their lost salaries under the provisions of the Sherman Act. Because antitrust suits were instrumental in motivating the NFL and NBA to reach agreement with their unions, it is surprising that the NHLPA did not put this strategy into effect earlier in the lockout.

By a vote of 706–22, the players agreed to give the union's executive board the power to file a disclaimer of interest.[36] This action cleared the decks for dissolution of the union and for players to proceed to federal court with an antitrust suit.

Settlement

The players' intent to initiate antitrust litigation, along with the fact that time was running out to salvage the season, served as a catalyst to reaching a new collective bargaining agreement. The owners voted unanimously to accept the deal, while 667 players voted in favor, 12 voted against, and 84 abstained.[37] Only a week was allowed for training camps, and the 48-game regular season began on January 19, 2013. All games were to be played within the teams' conferences, in order to minimize travel and allow more back-to-back games.

The centerpiece of the deal that ended the 119-day lockout is the 50–50 division of hockey-related revenue, a provision that substantially reduces the players' previous share of 57 percent. The equal sharing is consistent with the 2011 agreement in the NBA. Because the hockey players will receive $300 million in make-whole payments over 3 years to replenish a portion of the salaries lost because of the lower salary cap, their revenue share will be slightly above 50 percent at the outset of the deal.[38] The length of the agreement is 10 years, with a mutual option to reopen bargaining after 8 years. The salary cap for 2012–2013 is $70.2 million, prorated for the shortened schedule, and will drop to its 2011–2012 level of $64.3 million for the 2013–2014 season.[39]

The centerpiece of the deal that ended the lockout is the 50–50 division of hockey-related revenue, a provision that substantially reduces the players' previous share of 57 percent.

Under the previous agreement, there was no limit on the duration of player contracts. Under the new agreement, contracts for free-agent players are now limited to 7 years, or 8 years if a team re-signs its own free-agent player. Clubs will no longer be able to circumvent the salary cap by backloading contracts with balloon payments.[40] Amnesty buyouts—which enable teams to waive unproductive players—were adopted by the NHL, and two amnesty buyouts are allowed ahead of the 2013–2014 or 2014–2015 season.

Revenue sharing among clubs increased from $150 million under the old agreement to $200 million under the new one. Although negotiations took place over both salary arbitration and eligibility for free agency, these provisions remained unchanged. The minimum salary also remained unchanged for the current season, at $525,000, but was scheduled to rise to $750,000 by 2021–2022. Appeals of disciplinary suspensions of more than five games, formerly heard by the commissioner, could now be submitted to a neutral arbitrator. The annual draft of new players previously featured a lottery among the bottom five teams to determine which team had the number-one overall pick. This practice was changed so that all 14 nonplayoff teams would be eligible for the lottery.[41]

An unaddressed issue in the new agreement is whether the league will release players to participate in the Winter Olympic Games. Although players were released for the 2006 and 2010 Olympics, their 2-week absence interrupted the regular NHL season. The league has considered dropping the practice, which is popular with the players who look forward to the 2014 games in Sochi, Russia.

Although an agreement was reached in the nick of time, fans were upset that it took so long to accomplish something that might have been done months earlier, when it looked like a 50–50 division was where the sides would end up. Bettman and Fehr were criticized for risking the season, awakening the specter of the 2004–2005 breakdown. The *Hockey News* called for Bettman's firing.[42] Bettman apologized to fans, and mea culpas flowed from players and front offices around the league. It is unlikely that Bettman will be fired as a result of the lockout; that decision is for the owners to make, and they are apt to be pleased with the capture of revenue share that he orchestrated. The lockout's bottom line is that the owners prevailed by a wide margin, as did their counterparts at the NFL and NBA in 2011. Winning came with a price, however, as owners lost about $2 billion in revenue and players lost about $800 million in salary.[43]

Although league attendance rose in the seasons after the past hockey lockouts, it is not certain that history will repeat itself. Still, fans tend to be forgiving, especially as time passes. The majority of the NHL ticket base comprises season ticket holders, who, in general, are more invested and loyal than fans who purchase single-game tickets.

All major team sports—baseball, football, basketball, and hockey—now have long-term agreements that will allow the public to focus on the entertainment of sports rather than on interruptions caused by wrangling over money. Squabbles between labor and management will doubtless continue, but without work stoppages for several years.

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NOTES

[1] See Paul D. Staudohar, “The hockey lockout of 2004–2005,” *Monthly Labor Review*, December 2005, pp. 23–29; “The football lockout of 2011,” *Monthly Labor Review*, August 2012, pp. 29–34; and “The basketball lockout of 2011,” *Monthly Labor Review*, December 2012, pp. 28–33.

[2] Paul D. Staudohar, “The baseball strike of 1994–95,” *Monthly Labor Review*, March 1997, pp. 21–27.

[3] Martin B. Schmidt and David J. Berri, “The impact of labor strikes on consumer demand: an application to professional sports,” *American Economic Review*, March 2004, pp. 344–357.

[4] NHL data.

[5] The origins of the NHLPA and early negotiations are discussed in Paul D. Staudohar, *Playing for dollars: labor relations and the sports business* (Ithaca, NY, Cornell University Press, 1996), pp. 147–150.

[6] See Russ Conway, *Game misconduct: Alan Eagleson and the corruption of hockey* (Toronto, Macfarlane Walter & Ross, 1995).

[7] For a biography of Bettman, see Jonathon Gatehouse, *The instigator: how Gary Bettman remade the league and changed the game forever* (Toronto, Viking Canada, 2012; and Chicago, Triumph Books, 2012). See also Michael Farber, “Lord of the lockout,” *Sports Illustrated*, March 11, 2013, pp. 52–57.

[8] NHL data.

[9] Stefan Fatsis, “Hockey league locks out players,” W*all Street Journal*, September 16, 2004, p. D8.

[10] Stefan Fatsis, “NHL calls off its entire season with labor face-off cold as ice,” *Wall Street Journal*, February 17, 2005, p. B2.

[11] “NHL’s union’s Saskin fired,” *Los Angeles Times*, May 11, 2007, p. D4.

[12] Helene Elliott, “NHL’s union has a new man with a plan,” *Los Angeles Times*, January 26, 2008, p. D6.

[13] See Jeff Z. Klein, “Buoyed by experience, Fehr holds tight to his composure and his principles,” *New York Times*, October 22, 2012, p. D6; and David Pollak, “Fehr just the man for the job,” *Contra Costa Times*, January 1, 2013, p. C1.

[14] NHLPA data. By way of comparison, the annual revenues in the NFL, in MLB, and in the NBA are approaching $10 billion, $7 billion, and $4.5 billion, respectively.

[15] David Pollak, “How ugly will it get?” *Contra Costa Times*, September 15, 2012, p. C1.

16 Richard Sandomir, “Networks that stood by N.H.L. secure deal,” *New York Times*, April 20, 2011, p. B12. Versus was owned by Comcast, and when Comcast acquired NBC Universal, the Versus network was renamed NBC Sports Network.

17 “NHL team values: the business of hockey,” *Forbes.com*, November 28, 2012.

18 Michael Farber, “Picasso of the blue line,” *Sports Illustrated*, June 25, 2012, p. 62.

19 Jeff Z. Klein, “'Dysfunctional' business model puts the N.H.L. in peril, experts say,” *New York Times*, December 12, 2012, p. B12.

20 Mike Ozanian, “NHL team values 2012: Toronto Maple Leafs are first hockey team worth $1 billion,” *Forbes.com*, November 28, 2012. Ironically, Toronto has not won the Stanley Cup since 1967.

21 “Labor talks hit crucial fork in the road,” *Contra Costa Times*, August 17, 2012, p. C6.

22 Michael Farber, “Warning shots,” *Sports Illustrated*, July 23, 2012, p. 24.

23 Mike Sielski, “NHL races back to business,” *Wall Street Journal*, January 7, 2013, p. B1.

24 Jeff Z. Klein, “N.H.L. proposes even split in revenue,” *New York Times*, October 17, 2012. Interestingly, a former owner of the Florida Panthers had proposed a 50–50 split and an increase in revenue sharing about 2 weeks earlier; see Stu Siegel, “The big matter of small markets,” *Sports Illustrated*, October 1, 2012, pp. 17–18.

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