

Playing for Dollars

Labor Relations
and the
Sports Business

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ILR Press

AN IMPRINT OF
CORNELL UNIVERSITY PRESS
ITHACA AND LONDON



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First edition, titled *The Sports Industry and Collective Bargaining*, published 1986 by ILR Press.

Second edition published 1989.

Third edition, titled *Playing for Dollars: Labor Relations and the Sports Business*, published 1996 by Cornell University Press.

Library of Congress Cataloging-in-Publication Data

Staudohar, Paul D.

Playing for dollars : labor relations and the sports business /

Paul D. Staudohar.

p. cm.

Rev. ed. of: *The sports industry and collective bargaining*. 2nd ed. c1989.

Includes bibliography references and indexes.

ISBN 0-8014-3280-4 (alk. paper). — ISBN 0-8014-8342-5 (pbk. : alk. paper)

1. Sports—Collective bargaining—United States. 2. Professional sports—United States. I. Staudohar, Paul D. Sports industry and collective bargaining. II. Title.

GV716.S72 1996

331.89'041796—dc20

95-49456

Printed in the United States of America

Ⓢ The paper in this book meets the minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI Z39.48-1984.

Table 4.2. Average Salaries in the NBA, 1967-95

Season	Average Salary
1967-68	\$ 20,000
1972-73	90,000
1977-78	143,000
1979-80	173,000
1980-81	189,000
1981-82	218,000
1982-83	246,000
1983-84	275,000
1984-85	340,000
1985-86	395,000
1986-87	440,000
1987-88	510,000
1988-89	601,000
1989-90	748,000
1990-91	1,034,000
1991-92	1,202,000
1992-93	1,348,000
1993-94	1,558,000
1994-95	1,800,000

Sources: Data for 1967-78 from Ray Kennedy and Nancy Williamson, "Money: The Monster Threatening Sports," *Sports Illustrated*, 17 July 1978, 46. For 1979-83, data from David DuPree, "NBA: Red Ink and a Bleak Future," *Washington Post*, 15 March 1983, D4. Data for 1983-84 from *Sports Illustrated*, 2 July 1984, 14; for 1984-88, estimated from various sources; and for 1989-95, from the National Basketball Association.

only about 30 percent of gross revenues went for players' salaries; by 1972 the percentage had risen to 66 percent and in 1977 to 70 percent.¹² By 1983 nearly three-quarters of revenues were allocated to salaries. During this period salaries rose dramatically in the NBA, making players the highest paid group in any sport (see Table 4.2).

Two principal factors have led to surges in NBA salaries: the competition with the ABA that ignited salaries in the late 1960s and the removal of the need to provide compensation for the signing of free agents, which began in 1981. This points up the fact that change in player salaries is very different in situations of open competition for players. Owners have less control over competition from rival leagues. If they are too complacent and do not match salary levels offered in the market created by owners in the other league, their own survival is threatened. Although free agency poses a less serious threat in that owners can tacitly agree to keep from bidding against each other for players, there always seems to