

Foreword

In the spring of 1996, as most readers of this book will know, the Colorado Avalanche, recently relocated from Quebec City, won the Stanley Cup in their first year in Denver, defeating the expansion Florida Panthers. The Winnipeg Jets had bowed out in the first round, playing their final game in the Winnipeg Arena before becoming the Phoenix Coyotes. From the perspective of NHL headquarters in New York City these events were consistent with the league's strategy of building its presence in the prosperous and growing cities of the U.S. Sunbelt.

For many Canadians, though, the transfer of teams out of two Canadian cities in which hockey mattered and into U.S. cities where it was just one more product in the entertainment market signified a new and decisive stage in the Americanization of "our" game. The long-standing interests of Canadian fans, and indeed of Canada itself, were becoming increasingly marginal to the commercial future of a game that Canadians had popularized and that still occupies an important place in our popular culture.

Jim Silver has written a richly detailed account of the slow demise of the Winnipeg Jets and of the issues and personalities that dominated a series of campaigns, over many years, to keep the Jets in town. At one level this is a compelling drama, involving individuals, ambitions, interests and intrigues that will fascinate anyone with an interest in the exercise of power in local politics, as well as those whose interest is in hockey and the Jets in particular. And it is a reminder that top level professional hockey will in future be hard to hang on to not only in Winnipeg and Quebec, but also in Edmonton and perhaps Calgary too—cities of roughly 600,000 to 800,000 people where playing and watching hockey have long been an integral part of popular life. At one time teams in these places may have been able to compete with the vastly larger urban markets because enthusiasm for hockey meant bums in seats. The success of the Edmonton Oilers is a prime example: when total player budgets were still under \$4 million, Edmonton could afford the best team in hockey. This is no longer the case. Now successful major league franchises need substantial corporate revenues, and most teams in the larger U.S. centres, as well as Montreal and Vancouver, have been building new arenas featuring state-of-the-art advertising space, upmarket restaurants and large numbers of luxury boxes.

The new importance of corporate revenues—as opposed to individual fans buying tickets with their own, non-tax-deductible, money—creates a league in which cities like Winnipeg and Quebec would have found it difficult to compete, even with new publicly funded arenas. It is also a league in which Edmonton, with its major employers in the public sector and

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in non-consumer businesses (eg. engineering firms, with less to gain from the marketing exposure) will find it increasingly difficult to survive, even with the NHL's very modest new revenue sharing plan. Successful major league cities today need to have a corporate sector that includes national brand name companies and head offices, and a business and professional class able to afford contemporary ticket prices on a regular basis. Calgary's somewhat better chances of survival, like Ottawa's, will depend upon the willingness of their major corporations (including Canadian Airlines and Corel, of course, but also others) to lease advertising space and luxury seating, and on the continued growth and affluence of their business and professional classes.

The problem of smaller centres points also to a deeper or more structural dimension to the saga of the Winnipeg Jets, namely the restructuring of the North American economy. In the 1990s, "restructuring" has meant the rationalization of many kinds of industrial production and the closure of many smaller or regionally oriented producers. This has led, in turn, to rationalizations in the transportation, distribution and retail industries. The net result is that many cities whose historic role was as a regional "hub" have found themselves facing decline, and Winnipeg and Edmonton are in this respect not unlike Minneapolis, Milwaukee and Kansas City, now also "small markets" in the new parlance of professional sports. In this context, some cities have sought to restructure their economies by promoting "postindustrial" advantages—lifestyle, leisure and tourist attractions—and most cities have become very sensitive about "civic image." This is why major league franchises have become much sought after commodities, and it sets up circumstances that franchise owners have sought to exploit. Barry Shenkarow in Winnipeg, Peter Pocklington in Edmonton and Marcel Aubut in Quebec all repeatedly used threats of departure to seek financial concessions from local governments desperate to hang onto their "big league" status. These pressures create very real dilemmas for local political leaders because, even when self-serving claims about the contribution of pro sports to the civic economy are revealed as inflated, the symbolic effects cannot be discounted so easily.

For better or worse, professional sports teams have become surrogates for, and mobilizers of, civic identity in an era when this is increasingly hard to find; and the loss of a major team does represent, for many people, a significant loss to the atmosphere and general "life" of a city. Though there is little hard evidence to support claims that the presence of major league sports is decisive in residential—let alone business—relocation decisions, sports teams contribute to a cumulative image of a city with "things to do". This is the context in which the Winnipeg business community's efforts to save the Jets need to be seen. Although there are numerous instances of self-interest described in the pages that follow, readers will also get a clear sense

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that the local business and political class resisted the departure of the Jets (and with it the loss of major league status) because it constituted one more sign, and a highly visible one, of Winnipeg's decline in importance. They thus saw their own resistance to this as a community-spirited action.

A final issue concerns whether, in these circumstances, the governments of cities like Winnipeg should commit large sums of public money to sustaining popular but money-losing civic institutions. Clearly boosters would say "yes," and there is probably a side of most Canadian hockey fans that would want to agree. Spending public funds to sustain our national heritage in the face of market forces has numerous precedents in other spheres of cultural activity. Yet there are important issues of social justice that also have to be taken into account, especially in times of hardship when governments are cutting back on many kinds of social spending. Keeping a major league franchise undoubtedly adds to a city's attractions, for all those who can afford to attend even sporadically. Yet there are growing numbers of people in Winnipeg and other Canadian cities who will never get to these events we routinely claim as part of "our" culture. Many fans, of course, follow sports almost entirely through the media, and they too regret the departure of their favourites. However, we have to stop and think about what we mean when we say that professional sports teams benefit the whole community, for they do so very unequally. We also have to recognize that our interests as fans, however powerfully felt, may not coincide with our interests as citizens. We may have to step back and put our lifelong "interests" in a truly social context—something that Jim Silver does in bringing this story to us, in all its dimensions.

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Edmonton
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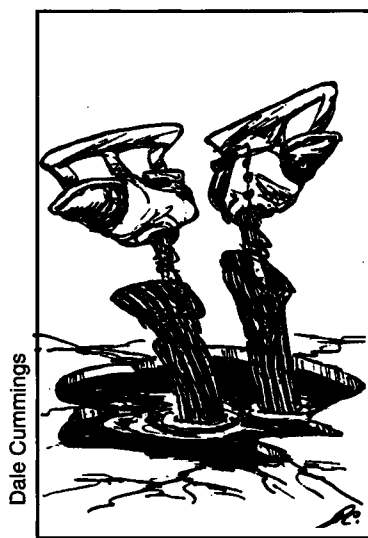
Preface

In addition to being the author of this book, I was actively involved in many of the events described in these pages. As a founding member of Thin Ice, the community-based group opposed to public funding for a new arena and for the Jets, I participated fully in the planning and implementation of the group's many activities and was frequently a spokesperson.

It follows that I bring a particular perspective to the writing of this book. It is appropriate that readers be aware of my involvement so that they can judge the book accordingly.

That having been said, every effort has been made to be accurate and truthful in the telling of the story. Thin Ice developed a well-deserved reputation for accuracy in its analysis of various proposals to save the Jets and for being determined to defend the principle of open and honest public debate no matter how heated the circumstances. In writing this book, I have striven to live up to that standard.

1. Introduction



Thousands of Winnipeggers rallied on the streets while corporate businessmen fought each other behind closed doors. Information was manipulated. Arms were twisted. Politicians capitulated. Adults wept on open-line radio shows. Children broke open their piggy banks. This was the campaign to keep the National Hockey League's Jets from leaving Winnipeg. It was a campaign that many of us believed was truly skating on thin ice.

This book is about hockey, but it is not so much about the game as it is about the business of hockey and how changes in the business threaten the game's survival in Canada. And while the events take place mainly in Winnipeg, the story has repercussions beyond a single city. Given the

new, corporate-driven, continental character of the business of NHL hockey, another version of this same story will almost certainly take place sooner rather than later in other small Canadian cities where NHL franchises are still located.

The story also involves money and politics, and how they are intertwined. Indeed, the long and often bitter conflict over the Winnipeg Jets affords the opportunity for a detailed look at the connection between money and politics. Again, what this look reveals may well be cause for concern for Winnipeggers, but the implications go well beyond a single locale.

In recent years the business side of pro hockey has shifted dramatically—perhaps best symbolized by the 1988 sale of Edmonton Oiler superstar Wayne Gretzky to Bruce McNall's Los Angeles Kings. That sale gave notice that in the corporate-driven, marketing-inspired drive for bigger profits the business of NHL hockey was headed south to the U.S. Sunbelt. Hockey, long a form of entertainment as much as a sport, has since become more intensely Americanized, commercialized and commodified. Hockey superstars, like key players in other professional sports, have become celebrities as much as athletes. The result is that the NHL has moved up-cost and down-south, and the relatively small Canadian cities of Winnipeg, Quebec City and Edmonton—and possibly Ottawa and Calgary—can no longer compete.

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Once considered the “gateway to the West”—a transportation and manufacturing centre located in the heart of Canada’s vast east–west expanse—Winnipeg has long since seen its national star decline, its economic lustre diminish. Winnipeg had experienced a “meteoric rise” by the second decade of the twentieth century, with the opening of the West and massive European immigration doubling its population between 1901 and 1906. The third-largest city in Canada by 1911, Winnipeg served as the wholesale distribution centre for a vast hinterland stretching from Northwestern Ontario to the Rockies, and became a financial hub for the burgeoning grain trade.

At the core of this early economic boom was the great divide: an aggressive, Anglo-Saxon business class, most of its members living in stately homes in the city’s genteel South end; and an ethnically mixed poor working class, most of whom lived, often in appalling conditions, in the North end. The two sides clashed frequently most notably in Winnipeg’s historic 1919 General Strike. The harsh impact of this long strike and its “Bloody Saturday,” when two men were killed and many other protestors injured, left its mark in many ways on the social and political fabric of the city.

Since the 1920s Winnipeg’s history has been one of a gradual, economic decline relative to the rest of the country. Though still Canada’s fourth-largest city in 1951, by 1991 Winnipeg had dropped to seventh-largest. In recent years the shift in the pattern of economic activity in Canada from an east–west to a north–south axis has accelerated, partly because of the free trade agreements. Key Winnipeg decision-makers have scrambled to find a new role for the city in an increasingly continentalized economy. One goal has been to refashion the historic gateway to the west as a new gateway to the south and the populous markets of the United States. The transition is playing havoc with the economic and social well-being of a large and growing proportion of Winnipeg’s population of about 680,000—evidenced only too graphically by the city’s consistently firm position either at or near the top of Canada’s child poverty rankings.

Professional hockey in post-war Winnipeg has always been financially imperilled, and Winnipeg has been the site of a long and protracted conflict over the role to be played by the public sector in providing financial support for professional hockey. The problems were exemplified by the experience of the Winnipeg Warriors of the Western Professional Hockey League, a team that struggled to survive, then collapsed in 1961. The Winnipeg Jets lost money from the outset in 1972 and suffered several apparent deaths over

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the following decades. The team owners and their supporters in the media and in three levels of government took repeated steps to put in place great amounts of public funding to cover both the hockey club's operating losses and the construction costs of a new, larger arena complete with more expensive luxury seating. In the early 1990s Winnipeg's old business establishment and then a younger generation of wealth-holders tried to take charge, leaning heavily on governments to get their way. Study followed study and scheme followed scheme in an ultimately futile effort to raise money from the private sector.

The Jets were resurrected again and again—until the wild and frenzied days of May 1995 and the local Save Our Jets campaign, which was followed by corporate squabbling and then chaos and confusion in June. Sports fans, whose enthusiasm had resurrected the Jets—and whose pockets had contributed millions of dollars to the campaign—were left to wonder what was going on behind closed corporate doors and where all the money was going.

A group I was involved in called Thin Ice fought, along with many other people, to raise some questions about the proceedings and challenge the wild plans for expenditure of greater and greater amounts of public funds that would ultimately end up in private coffers. Thin Ice was established in October 1993 as a working group of Cho!ces, a Winnipeg-based social justice coalition formed in January 1991. By that year the Winnipeg Jets' repeated demands for public funds required a government decision. Cho!ces did some preliminary analytical work, motivated by the belief that the issue was consistent with the group's defining theme: public money was available but it was being used to subsidize the well-to-do, in this case Jets owner Barry Shenkarow and his partners. Cho!ces' position was that the city was better off if the Jets stayed in Winnipeg than if the team left, but keeping them in the city did not justify massive public expenditures, given competing needs.

By 1993 the question of public funding for the Jets and for a new arena had become a very contentious public issue. Cho!ces moved the matter up on its list of priorities, and the committee charged with doing the work decided to adopt a separate, identifiable name, one that symbolized the financial dangers posed by the Jets' incessant demands for more public money. We became Thin Ice, and threw ourselves into what would become an increasingly heated battle.

In the end, despite a huge effort put forth by thousands of people in the community and by the city's leading corporate powers, the private-sector money needed to save the Jets was simply not there. It never had been, despite the ever more far-fetched financial schemes concocted by contend-

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ing business groups whose firm intent was to shift the bulk of the cost and the risk onto the public sector. The ill-constructed house of financial cards finally collapsed under the weight of its own inadequacies in August 1995. The Winnipeg Jets were finally dead. The Phoenix Coyotes were soon to be born.

The long, complex and increasingly acrimonious struggle over the Winnipeg Jets is, in its own terms, a fascinating and sometimes even dramatic story. The story is at the same time revealing and perhaps sobering for it lays bare—in a fashion more transparent than is the norm—the manner in which political power is exercised at the local level. It is a cautionary tale about who makes important decisions in our communities and how they make them, and it suggests that we would be wise to be more doubtful, and even more critical, of the claims being made by the most powerful people and organizations in our midst.