

11620

NATIONAL LIBRARY
OTTAWA



BIBLIOTHÈQUE NATIONALE
OTTAWA

NAME OF AUTHOR..... GLENN GREGORY WATKINS

TITLE OF THESIS..... PROFESSIONAL TEAM SPORTS AND
..... COMPETITION POLICY : A CASE

..... STUDY OF THE CANADIAN FOOTBALL LEAGUE

UNIVERSITY..... OF ALBERTA

DEGREE FOR WHICH THESIS WAS PRESENTED..... Ph D

YEAR THIS DEGREE GRANTED..... 1971-1972

Permission is hereby granted to THE NATIONAL LIBRARY
OF CANADA to microfilm this thesis and to lend or sell copies
of the film.

The author reserves other publication rights, and
neither the thesis nor extensive extracts from it may be
printed or otherwise reproduced without the author's
written permission.

(Signed)..... *G. G. Watkins*

PERMANENT ADDRESS:

..... Flat 1

..... 86 ROSSLYN AVE

..... SEAFORD

..... MELBOURNE, VICTORIA

..... AUSTRALIA

DATED..... 1..... 12..... 1971

NL-91 (10-68)

THE UNIVERSITY OF ALBERTA
PROFESSIONAL TEAM SPORTS AND COMPETITION
POLICY: A CASE STUDY OF THE CANADIAN
FOOTBALL LEAGUE

by



GLENN G. WATKINS

A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND
RESEARCH IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

DEPARTMENT OF PHYSICAL EDUCATION

EDMONTON, ALBERTA
SPRING, 1972

UNIVERSITY OF ALBERTA
THE FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled "Professional Team Sports and Competition Policy: A Case Study of the Canadian Football League" submitted by Glenn G. Watkins in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

M. F. Howard
.....
Supervisor

R. G. Hassford
.....

H. J. Mc. Lachlan
.....

G. J. [Signature]
.....

Peter Lindsay
.....

John [Signature]
.....
External Examiner

Date *November 22, 1971*
.....

.....

ABSTRACT

For many, sports results are the most important news of the day, and the success or failure of a team can affect a whole city psychologically, but the game per se should not obscure the fact that professional sports are truly big business. The primary purpose of this study was to examine the economic organisation of professional sports to ascertain if their peculiar practices meet the demands of Canada's competition policy.

To achieve the stated goal of this study the industry of Canadian professional football -- the Canadian Football League -- was selected and its organisation examined by means of an industrial organisation model. This model, which was developed by J. E. Bain, provided the theoretical framework for the analysis. In the course of its application the model highlighted the areas in which the mechanisms of the football industry and competition policy conflict.

The professional football industry presented a unique form of economic organisation where members must compete fiercely in the playing field while cooperating in the economic sphere. As a result the industry does not adhere to all the conditions of "good" business practice as demanded by competition legislation. Certain of these atypical market practices, such as price fixing, allocation

of markets and maintenance of high barriers of entry, can be justified in terms of efficiency, whereas others, of which the best example is the control of player personnel, need to be closely policed as they often result in anti-social behaviour on the part of the industry.

ACKNOWLEDGEMENTS

I wish to express sincere gratitude to my thesis committee members, Dr. M. L. Howell (Chairman), Dr. H. J. McLachlin, Dr. R. G. Glassford and Dr. P. L. Lindsay of the Faculty of Physical Education, and especially Dr. S. M. McFadyen of the Department of Business Administration. To Dr. G. Lewis, thank you for your time and effort in serving as the External Examiner.

The data used in completing this study could not have been collected without the cooperation received from the Canadian Football League Office and the Edmonton Eskimo Football Club. I would particularly like to thank Mr. G. Fulton and Mr. J. Gaudaur of the League Office and Mr. Q. Moffat of the Edmonton Eskimo club. My thanks are extended to all who agreed to be interviewed and provided valuable information for my study.

Special appreciation is extended to Jacquie Corrigan for typing the dissertation; to my family Sue and Cindy goes my everlasting love for their continued support and encouragement.

TABLE OF CONTENTS

	PAGE
PART I	
INTRODUCTION	1
BAIN'S INDUSTRIAL ORGANISATION MODEL	10
DEFINITIONS OF SOME TERMS	14
THE CANADIAN FOOTBALL LEAGUE AS AN INDUSTRY	17
PART II	
THE CARTELIZATION OF CANADIAN PROFESSIONAL FOOTBALL	24
PART III	
THE APPLICATION OF BAIN'S INDUSTRIAL ORGANISATIONAL MODEL TO PROFESSIONAL FOOTBALL	82
Market Structure	83
I. The Degree of Concentration	84
II. Product Differentiation	98
III. The Condition of Entry into the Market	103
Market Conduct	113
I. Determination of Selling Prices and Outputs by Sellers	114
II. Determination of Selling Costs and Products by Sellers	135
III. Predatory and Exclusive Tactics of Sellers	142
IV. The Market Conduct of Firms Acting As Buyers	146

Market Performance	165
I. Technical Efficiency	167
II. Allocative Efficiency	181
III. Size of Selling Costs	188
IV. Progressiveness in Production Techniques .	196
V. Product Performance	201

PART IV

CANADIAN COMPETITION POLICY AND THE INDUSTRY OF PROFESSIONAL FOOTBALL	206
Bill C-256 and Canadian Professional Football .	208

PART V

RECOMMENDATIONS AND CONCLUSIONS CONCERNING THOSE FACETS OF THE INDUSTRY WHICH CONFLICT WITH COMPETITION POLICY	220
BIBLIOGRAPHY	234
APPENDIX I THE CONSTITUTION OF THE CANADIAN FOOTBALL LEAGUE	245
APPENDIX II THE BY-LAWS OF THE CANADIAN FOOTBALL LEAGUE	275
APPENDIX III A SUMMARIZATION OF THE "COOL" REPORT .	303
APPENDIX IV THE CANADIAN FOOTBALL LEAGUE'S STANDARD PLAYERS CONTRACT	307
APPENDIX V AN ESTIMATION OF THE EXCESS PROFITS OF THE CANADIAN LEAGUE FIRMS	312

viii

PAGE

APPENDIX VI CANADIAN FOOTBALL LEAGUE SCHEDULES

1970 and 1971 322

LIST OF TABLES

	PAGE
1. C.F.L. Total Attendance Figures 1968-1970	23
2. An Estimated Cost Breakdown of the Markets	89
3. Percentage Breakdown of League Attendance 1968	91
4. Stadia Capacities as of 1968	92
5. League Attendance Figures 1968-70	102
6. Population: Major Metropolitan Areas	111
7. Actual Income from C.F.L. Properties Ltd.	115
8. C.F.L. Standings 1950	120
9. Eastern Conference Standings 1969	121
10. Income from the Sale of T.V. Rights	124
11. Television Redistribution	124
12. Attendance Figures for the Edmonton Eskimos	126
13. C.F.L. Statement of Gate Equalization for the Year Ended December 31, 1969	127
14. Equalization Pool - 1968-1969	128
15. The Financial Balance Sheet of the Edmonton Firm	133
16. The Financial Balance Sheet of the Calgary Firm	134
17. Conference Standings 1968	139
18. Attendance Percentage per Club 1968	139
19. Yearly Income from W.F.C. Radio Rights	160
20. Yearly Income from Grey Cup Radio Rights	161
21. Yearly Income from Television Rights	161
22. Excess Profits of the C.F.L. Firms	184

23.	Measurement of Selling Costs of the 1969 and 1970 Grey Cup Games192
24.	Measurement of Selling Costs of the W.F.C. Playoff Games 1966193
25.	Measurement of Selling Costs for the Calgary Stampeders, 1969 and 1970194
26.	Percentage of Seats Between Goal Lines199
27.	Offensive Performance 1967-1968202
28.	Average Player Salaries 1968-1970225

LIST OF FIGURES

	PAGE
1. Administrative Authority in Firms of the C.F.L.. .	58
2. Administrative Authority of the Canadian Football League	76
3. C.N.E. Stadium Seating Plan	132

PART I

INTRODUCTION

In March of 1970 the Honourable J. Munro, Minister of National Health and Welfare,¹ announced that the National Hockey League was to be the subject of an investigation by the Department of Consumer and Corporate Affairs. The legislation which grants to this department the authority to review the affairs of professional hockey in Canada deals with combines, mergers, monopolies, and restraint of trade and is referred to as competition policy,² which is the major area of Canadian business law.

Munro's announcement appeared premature, for the department of Consumer and Corporate Affairs has not the power to act under the present Combines Investigation Act. Professional sporting industries lay outside the jurisdiction of the act as they were considered to be services industries³ which, in the main, were exempt. According to the Economic Council of Canada this exclusion was an anomaly⁴ and in their

¹Edmonton Journal, March 21, 1970, p. 1.

²The Anti Combines Act prohibits three main classes of activity: a. Combinations that prevent or lessen unduly competition. b. Mergers or monopolies that may operate to the detriment of the public. c. Unfair trade practices.

³House of Commons Debates, March 15, 1968, 7671.

⁴Interim Report on Competition Policy, The Economic Council of Canada, July 1969 (Ottawa: The Queens Printers, 1969) p. 133.

view there was

. . . enough evidence pointing to the existence in the service sector of anticompetitive practices detrimental to the public interest to lead to the conclusion that the continued exemption of parts of this sector from competition policy cannot be justified.⁵

This pronouncement by the Economic Council, when combined with the organisation of professional team sporting enterprises, the events in parliament and in the National Hockey League, led to the proposed inclusion of professional sports in a new competition act which is at present being considered in the Canadian Parliament.

In the United States, by comparison, all the professional sporting leagues have been the topics of inquiries, and as a result all, except baseball, are now considered within the realm of the anti-trust laws.⁶ The question as to what places professional team sports in such a situation that their operation can be considered in terms of offending Canadian anti-combines legislation is the central problem of this dissertation.

The possession of a monopoly is not of itself a crime, it is only when monopolistic powers are abused or run counter to the public interest that the anti-combines

⁵Ibid., p. 147.

⁶G. Watkins, "The Antitrust Laws and Professional Team Sports" A paper presented at the First Canadian Symposium on the History of Games and Sport, Edmonton, May 1970.

law can be invoked. As a result, it was not until Canada suffered a decline in the realm of international hockey that there was any real move on the part of members of parliament to question the monopolistic powers of Canada's professional sporting leagues.⁷ In 1966 the Honourable R. Basford, as a member of the Opposition Party introduced Bill C-132.

Mr. Ron Basford (Vancouver-Burrard) moved for leave to introduce Bill C-132, to amend the Combines Investigation Act (Professional sports).
Some Hon. Members: Explain.

Mr. Basford: Mr. Speaker, as was made clear on Wednesday, the Combines Investigation Act does not apply to professional sports or, in particular, to the operation of the National Hockey League. This bill will amend the Combines Investigation Act to provide that those who conspire or combine together to limit or restrict the opportunity in Canada of persons to participate in or observe any professional sport and which operates against the public interest shall be guilty of an offence and liable to imprisonment for two years.

While this amendment includes all professional sports it is immediately directed at the National Hockey League whose president, Mr. Clarence Campbell, has made it clear that its owners are interested only in their own welfare and not the public interest.⁸

⁷See Debates, Feb. 10, 1966, 994-5; Feb. 15, 1966, 1230-1; Feb. 23, 1966, 1670, 1673-4; Feb. 24, 1966, 1711, 1730; Feb. 25, 1966, 1779, 1786; June 23, 1966, 6791; Sept. 8, 1966, 8192, 8248-9; Jan. 23, 1967, 12100-1; Jan. 31, 1967, 12457-8; May 26, 1967, 603; Nov. 17, 1967, 4418; March 15, 1968, 7671, 7688-9; March 19, 1968, 7799-7800, 7808-9; Dec. 11, 1968, 3817; Dec. 16, 1968, 4024-5; Jan. 15, 1969, 4323, Jan. 20, 1969, 4487, Jan. 22, 1969, 4619, April 17, 1969, 7630; May 14, 1969, 8694-5; May 15, 1969, 8728-9; May 21, 1969, 8899.

⁸Debates, Feb. 25, 1966, 1779.

Although Basford's bill failed, it was an expression of a growing concern. The definitive triumphs of Russia in amateur hockey and the shift of professional hockey so decidedly to the United States had combined to bring about "a deep pessimism to Canadians about the role of Canada in the future of the sport,"⁹ and the demand for the removal of artificial barriers to the participation of Canada's best players in international matches.¹⁰ The writers of the Task Force Report on Sport held up hockey as an example of the manner in which a professional sports organisation could destroy the talent basis of an international sport.¹¹

The Honourable J. McCleave, in referring to the issue in parliament spoke of another problem which, until the granting of a franchise in Vancouver, caused a great deal of consternation.

Mr. McCleave (Halifax - East Hants): Earlier today I raised a point with the minister and while I shall not labour it, it seems to me that a situation has developed in this country with regard to one of our national sports that deserves more consideration in parliament than it has received so far. I believe that thanks largely, I suspect, to the lure of television money, two hockey organizations in Canada have conspired against the national interests of Canadians. I

⁹Report of the Task Force on Sports for Canadians (Ottawa: The Queen's Printer, 1969) p. 35. (hereafter referred to as the Task Force Report on Sport).

¹⁰Ibid., p. 30.

¹¹Ibid., p. 12.

refer to the Toronto Maple Leafs and the Montreal Canadians. These two organizations have conspired to see to it that a third city in Canada shall be denied a franchise in the National Hockey League.

We have taken enough batting around of our national pride as a result of sending inferior hockey teams abroad to represent this country in so-called amateur play. In addition, however, we find a situation that has never been satisfactorily explained, namely, that ten of the twelve professional hockey teams on the North American continent are located in United States cities. The thought that immediately came to my mind with regard to the situation in Canada was that Toronto or Montreal, or both together, were unwilling to give up their share of the revenue that could be derived from national television broadcasting in Canada and that they had their eye on the almighty buck instead of any national pride in this country.¹²

On March 11, 1970, a member in the House of Commons asked Basford, presently Minister of the Department of Consumer and Corporate Affairs, if he intended to introduce amendments to the Combines Investigation Act relative to professional sports.¹³ Although he refused a direct answer, it was a safe assumption that professional sports would be included in amendments to the act.¹⁴ In fact, in the proposed act there is a special section devoted to sports

¹²Debates, March 15, 1968, 7688.

¹³Ibid., March 11, 1970, 4674.

¹⁴Basford himself introduced such amendments in Bill C-132 in 1966.

which will bring the professional sporting leagues directly within the purview of competition legislation.

Canada has at present three such leagues, but only one, the Canadian Football League (C.F.L.) is bound by her borders, the other two -- the National Hockey League (N.H.L.) and the National Baseball League (N.B.L.) -- being international in scope. It is for this reason that the Canadian Football League was selected as the basis for this study.

The writers of the Task Force Report on Sport viewed the Canadian Football League as a good model in professional enterprise.¹⁵ This conclusion was mainly a result of tacitly comparing the relationships that exist between the Canadian Football League and the Canadian Amateur Football Association (C.A.F.A.) with the National Hockey League and the Canadian Amateur Hockey Association (C.A.H.A.). Unlike hockey "there is no room in this sport for the flat accusation that the pros are running the amateurs"¹⁶ even though the Canadian Football League financially aids amateur sport.¹⁷ There is also the realisation that with all the

¹⁵Task Force Report on Sport, p. 22.

¹⁶Ibid.

¹⁷In 1968 the clubs of the C.F.L. collectively contributed approximately \$165,000.00 to amateur football.

teams of the League located within Canada and "a philosophy which results in a frenzied annual climax called the Grey Cup Game"¹⁸ Canada has something which is uniquely her own.

The last three Prime Ministers of Canada have all commented on this unique event. The Honourable P. Trudeau in the 1970 Grey Cup programme wrote of Canada now having five seasons, "the usual four plus Grey Cup." The Honourable L. Pearson in the 1964 Grey Cup programme remarked that:

Each year with increasing intensity, the words "Grey Cup time" carry a message of excitement across Canada. And each year it becomes more obvious that in this annual classic Canada exhibits not only a superb athletic contest but more and more, a genuine National symbol, a force for unity and understanding linking east and west in vigorous healthy competition.

In the Grey Cup programme of 1961 the Honourable J. Diefenbaker also observed the unity which was generated by the Grey Cup contest.

The annual Grey Cup game is a great National event for all Canadians. It stimulates an interest in sports, for it has become symbolic of athletic competition. It brings east and west together and contributes to the unity of the Nation.

In view of these expressions of faith in the institution of the Grey Cup it is not surprising to find reactions against events which may interfere with its success.

¹⁸Brief Submitted to the Task Force on Sport for Canadians by J. Gaudaur as Commissioner for the Canadian Football League, 1968, p. 6. (Hereafter referred to as the Brief to the Task Force).

The Honourable P. Alexander¹⁹ expressed such a concern over Montreal hosting the Olympics in 1976, fearing²⁰ that if the city was to get an 80,000 seat stadium and then successfully bid for a United States football franchise it "would adversely effect Canadian Football and the Grey Cup classic."²¹

I think it is sufficiently important that the government be apprised of the concern of many people in Canada who are football fans and would not like to see the Grey Cup Classic, which is part of our heritage, unnecessarily interfered with by a United States football franchise which would probably ruin (it).²²

The airing of such sentiments, however, has not alleviated the problems that the Canadian Football League faces with regard to the new act. Recognizing the situation that regulation appeared imminent the present commissioner of the League, Mr. J. Gaudaur, submitted a brief to the Department of Consumer and Corporate Affairs expressing League's concern as to what would happen if professional football came under the purview of the act. It is an appropriate time, therefore, to examine the organisation of Canadian professional football so as to determine those areas of its operation in which conflicts may arise.

¹⁹Member of the House of Commons for Hamilton west.

²⁰This fear was based on an attempt to procure for Montreal a National Football League franchise which was supported by such people as Montreal Mayor Jean Drapeau.

²¹Debates, May 29, 1970, 7486.

²²Ibid.

In order to investigate the Canadian Football League to determine the relationships between Canadian Competition policy and its operation the model for analysing the behaviour of industries as devised by Bain²³ was selected. Before developing the model it is necessary, for the present, to accept certain rather widely held assumptions about professional sporting leagues:

I. A professional league is, in essence, business. In spite of the fact that the public tends to disassociate the game from the economic aspects of the industry because of the way it is publicised, glamourised, and eulogized, the game (product) is marketed with a profit motive.

II. Unlike other businesses a professional sports firm must co-operate with chosen competitors in order to produce a marketable product (game). Professional sporting leagues represent a confederation of businesses dependent upon one another for existence. Because of the need to produce evenly matched competition among contestants and at the same time to co-operate, there have evolved a complex set of rules and standards by which the owners maintain control over their problems within the structural framework of the sport. Through this system of agreements, investors in professional sports have provided the machinery

²³J. S. Bain, Industrial Organisation, (second edition; New York: John Wiley and Sons Inc., 1968).

for the self regulation and protection of their business,²⁴
and as a result they operate akin to a trust.²⁵

III. By virtue of the fact that certain professional leagues, have no rival associations, they are not only trusts but also monopolies. As a result, the firms which operate within these leagues also maintain local monopolies. Generally then, it is the realisation of these assumptions that enables not only the legislators to consider controlling professional sport by means of the anti-combines legislation, but also the application of Bain's model to the present study.

BAIN'S INDUSTRIAL ORGANIZATION MODEL

Bain, in developing this model drew heavily upon

²⁴E. G. Krasnov and H. M. Levy, "Unionization and Professional Team Sports," The Georgetown Law Journal, Vol. 51, 1963, p. 752.

²⁵M. Keith, "Developments in the Application of Antitrust Laws to Professional Team Sports," Hastings Law Journal, Vol. 10, 1958, p. 120.

accepted economic theory²⁶ and the literature of the law affecting competition and monopoly in the United States, for identification of significant phenomena.²⁷ Concerned with the market performance of an industry in a capitalistic society he hypothesised that it could be systematically determined by the pattern of the market structure and the type and form of the market conduct of an industry acting as a seller and buyer.²⁸ The application of this model to professional football should then lead to an understanding of the performance of the industry while highlighting those aspects which conflict with competition policy.

Market structure refers to the organizational characteristics of a market which determine the relationships between the sellers in the market, the buyers, the sellers to the buyers, and the established sellers in the market to potential new firms which might enter.²⁹ The main elements of market structure are:

²⁶The model so developed relies on general economic theory, however, it is specifically based on price theory, which sets out to explain and predict the behaviour and performance of business firms in the selling markets for the goods they produce. Bain, *op. cit.*, p. 25.

Price theory builds its deductions on the assumption that businessmen seek to maximize their profits. Business motives in reality are much more complex, but this assumption provides a good starting point.

²⁷Ibid., pp. vii - viii.

²⁸Ibid., p. 41.

²⁹Ibid., p. 7.

- i. The degree of concentration . . . described by the number and size distribution of sellers and buyers in the market.
- ii. The degree of production differentiation as among the outputs of the various sellers in the market - that is, the extent to which their outputs (though similar) are viewed as nonidentical by buyers.
- iii. The condition of entry to the market . . . referring to the relative ease or difficulty with which new sellers may enter the market, as determined generally by the advantages which established sellers have over potential entrants.³⁰

The patterns of behaviour that enterprises follow in adapting or adjusting to the markets in which they sell or buy are referred to as market conduct.³¹ Conduct links an industry's structure to the quality of its performance³² and as such is a very complex thing encompassing numerous major and subsidiary dimensions of enterprise behaviour.³³ Bain believes that it would not be profitable to explore every aspect in detail and therefore limits the areas to be investigated to the:

³⁰Ibid.

³¹Ibid., p. 9.

³²R. Caves, American Industry: Structure, Conduct, Performance (Second edition; New Jersey: Prentice-Hall Inc., 1967), p. 37.

³³Bain, op. cit., p. 303.

- i. Determination of selling prices and outputs by sellers.
- ii. Determination of selling costs and products by sellers.
- iii. Predatory and exclusive tactics of sellers.
- iv. The market conduct of firms acting as buyers.³⁴

He realised that these were not the only determinants of market performance, however, they were isolated and emphasised because they appeared to have an important differentiating influence. Public policy is normally directed at influencing the overt behaviour patterns of an industry.

By comparison public regulation of market performance tends to impair essential enterprise incentives³⁵ as performance refers to

. . . the composite and results which firms in any market arrive at by pursuing what ever lines of conduct they espouse -- end results in the dimension of price, output, production and selling cost, product design, and so forth.³⁶

Basically performance deals with the seller's adjustments to demands for their product output and the buyer's adjustments to the supply for their goods, and as such there exists many aspects of market performance. Certain of these are unique to individual industries and this makes a full

³⁴Ibid., p. 303.

³⁵Ibid., p. 431.

³⁶Ibid., p. 10.

appraisal difficult as there has to be a reliance on several broad dimensions of performance which appear important in all industries.³⁷

- I. Technical Efficiency . . . An industry's market performance in the dimension of technical efficiency refers to how closely it approaches (or how far it misses) the goal of supplying whatever output it produces at the minimum attainable unit cost of production.
- II. Allocative Efficiency . . . The size of its output as judged by the relationship of its long run selling prices to its long run marginal cost of production. . . .
- III. Size of Selling Costs "Selling costs" may be defined as expenditures made by the firms to stimulate the sales volume of their products. . . .
- IV. Progressiveness in Production Techniques.
- V. Product Performance

DEFINITION OF TERMS

Before proceeding to the application of this model to the industry of professional football in Canada certain terms need defining. The notions of market structure, conduct, and performance have already been discussed, however, basic

³⁷ Ibid., pp. 372-3.

business terms such as firm, sector, and industry need defining as does the term professional.

The concept "professional" is used to describe three different phenomena -- a player, a club, and a league. Used as an adjective describing a player a professional is one who pursues sport as a source of income. The notion of a professional club carries with it more than just the hiring of professional players. In this context clubs are considered as professional when they operate fully staffed organisations on a year round basis using the latest techniques of business management, provide the highest quality playing and training equipment available for their players, utilize travel and living accommodations when travelling as a team that is the equivalent of that used by other professional football teams on the Continent, and pay their players in the manner that classifies them as professionals. For a league to be considered professional it must be made up of professional clubs in addition to having a fully staffed league office on a year round basis to administer the affairs of the league as required by its constitution.

The terms firm and club will be used interchangeably with the former being the more generic term. A firm is a privately owned business enterprise which engages in productive activity of any sort with the opportunity of making a profit.³⁸

³⁸ibid., p. 4.

The Canadian Football League is comprised of nine firms which engage in the activity of producing football games.

The Canadian economy is made up of a multitude of separate firms which engage in a wide range of activities. For easier empirical handling the firms are grouped into sectors. The principal sectors of the economic structure are:

- Agriculture, forestry and fisheries
- Mining and other extraction of mineral materials
- Processing and manufacture
- Construction
- Transportation
- Utilities
- Communications
- Distributive trades
- Service trades
- Finance³⁹

The firms engaged in professional football fall under the service trades sector as they are primarily concerned with entertainment.

Although all the firms of a given sector have some common functions they still may produce quite different goods and services. Their products may not be close substitutes to the buyers and therefore while all are striving to attract the consumer dollar they may not be, in any immediate sense, competing with each other. For example, hotels are in the service trades sector as are theatre houses. As a result the output of firms in any sector tend to fall

³⁹Ibid., p. 5.

roughly into subgroups,

. . . so that in each subgroup the outputs are relatively close substitutes for each other and relatively distant substitutes for all other outputs. Each subgroup is then also a group of sellers potentially in more or less direct competition with each other.⁴⁰

Such a subgroup is termed an industry.

Oftentimes the clear cut separation of firms into industries is complicated by the fact that there are many overlaps and interrelationships among industries. The firms engaged in the service of providing entertainments present such a picture. Hotels, theatres, circuses, and professional sporting clubs, are all in the business of entertaining, but, each in itself can be considered as a separate industry.

THE CANADIAN FOOTBALL LEAGUE AS AN INDUSTRY

At present there are three professional sporting leagues (Canadian Football League, National Hockey League, National Baseball League) operating, either wholly or partially, within the geographic boundaries of Canada. The end product of their work can be considered as close substitutes for each other, as, what is marketed is a sporting event.

⁴⁰Ibid., p. 6.

Nevertheless, competition between these leagues for the consumer dollar is, in the main, indirect, and so it seems feasible to study Canadian football as a single industry.

The seasonal aspects of the "playing" of football, hockey and baseball severely limit competition, as does the location of the individual firms. The only cities where conflict can occur are Toronto and Vancouver with both Canadian Football League and National Hockey League franchises, and Montreal with Canadian Football, National Hockey, and National Baseball League franchises. The rest of the Canadian Football clubs are spread across Canada, whereas the remaining National Hockey League and National Baseball League teams are based south of the Canadian-United States border.

For the products of these leagues to be of close substitutability and grouped as an industry noticeable changes in the selling price of any one should have significant effects on the selling prices or sales volumes of the others.⁴¹ This does not appear to be the case with the Canadian Football League as their schedule, the price of stadia tickets and attendances at games are not significantly influenced by the operations of the other professional sporting leagues.⁴²

⁴¹Ibid., p. 113.

⁴²Q. Moffat, Personal Interview, May 15, 1971.

The football schedule is drawn up with little consideration for either baseball or hockey,⁴³ and has remained stable over a number of years, beginning on or about Monday July 5 and finishing with the Grey Cup game, usually on the Saturday or Sunday of the last weekend of November.⁴⁴ The development of the schedule is dictated by the seasonal nature of football, and internal problems, of which the most important are, the availability of stadia and the partial interlocking programme.

As the facilities in which the games are presented are publicly owned the schedule must be constructed around such annual events as fairs and exhibitions. The annual exhibition held at the C.N.E. grounds precludes the Toronto club from playing home games for a period of two weeks in late August early September, and therefore, during this period the club completes its interlocking commitments.

Perhaps the most difficult aspect of time tabling concerns the number of teams in each division -- four in the east and five in the west -- and the partially interlocking nature of the schedule. As a result a complete home and home series takes two seasons.⁴⁵ As set down in the League

⁴³Ibid.

⁴⁴See the 1970 and 1971 schedules, Appendix VI.

⁴⁵See Section III of the C.F.L. Constitution, Appendix I.

constitution the four eastern teams have to play each of the five western clubs on a three at home two away or a two at home three away basis, which is reversed in the next year, so that all clubs in both divisions play each other at home and away once during a two year period.

As a consequence of the uneven number of teams in the west -- five -- a divisional schedule which also takes two years to complete has been developed. In the course of a season each team in the western conference plays three home and away games with the other conference members. For example, in 1970 the Saskatchewan Roughriders played the Calgary Stampeders at Calgary twice and in Regina once. The 1971 schedule will see this reversed as two of the three Saskatchewan Calgary games are scheduled for Regina.

The overall number of games played during the season is restricted, as the time between games is considered crucial. Team operators feel that the nature of the game taxes the physical capacities of their playing personnel and so they try to obtain at least a three day rest between playing commitments.⁴⁶

The effects of other professional team sports on the scheduling of Canadian games appears to be restricted to the starting time of Saturday afternoon games in Winnipeg. Normally afternoon games start at 2 p.m. In an effort to

⁴⁶Q. Moffat, Personal Interview, May 15, 1971.

reduce competition between televised American professional football and games played in Winnipeg, the Canadian League's games scheduled on Saturdays in Manitoba's capital start at 2:30 p.m. From the aspect of scheduling the Canadian Football League can be considered an industry as the other professional sports do not affect the time tabling or the amount of football produced.

Traditionally, sports have maintained a seasonal characteristic with ice hockey being a winter, baseball a spring-summer, and football a summer-fall game. In the world of professional sport, aided by technological advances and the desire for increased profits for owners, the traditional seasons are changing. Maule refers to this phenomenon in an article entitled "The Curse of the Endless Playoffs" and prophesizes that "someday, in the not too distant future, all sport seasons will last 365 days a year."⁴⁷

The duration of both ice hockey and baseball have been extended and now completely overlap the Canadian Football League season. Baseball, beginning in April, has been extended to mid October and professional ice hockey is now played from October to May. This overlap has not noticeably effected either the pricing of Canadian football tickets or attendance figures at league and playoff games.

⁴⁷ T. Maule, "The Curse of the Endless Playoffs," Sports Illustrated, April 7, 1969, p. 19.

The pricing of stadium tickets for football games is a club affair. Guided by a league requirement that the minimum average price be not less than \$4.20⁴⁸ ticket prices are directly related to the position of stadium seats in regards to the playing field, their number, the demands of the operating expenses of the club, and the disposition of the potential market. The literature is void of any reference to so called competitive sporting leagues influencing the price formulation of football tickets. Therefore the selling prices, as well as, the outputs of the other professional sports do not influence football.

The average fan apparently does not have to make a choice between sports, even though their seasons overlap, feeling quite at ease following football, baseball, and hockey if so inclined. This fact is borne out by increasing attendance figures at all three types of events. The overall number of spectators at Canadian Football League games, for example, has steadily increased, as has the percentage of the total possible attendance.

⁴⁸G. Fulton, Personal Interview, April 6, 1971.

Table 1

C.F.L. Total Attendance Figures 1968-1970⁴⁹

	1968	1969	1970
Attendance	1,385,627	1,447,218	1,597,106
% Capacity	77%	80.4%	88.8%

Table One

In conclusion then, because of the location of the various professional sporting clubs, the seasonal nature of these sports, and the fact that the selling prices and sales volume of the Canadian Football League's product is not significantly effected by the operations of similar sporting leagues, it is conceivable to study Canada's professional football league as an industry in itself.

⁴⁹ Minutes of the C.F.L. Annual Meeting, Winnipeg, The Commissioner's Report, "The Economy," February 11, 1971.

PART II

THE CARTELIZATION OF CANADIAN PROFESSIONAL FOOTBALL

It was moved by Mr. Gaudaur, seconded by Mr. McColl, that the Canadian Football League agree to enter into one autonomous league on the basis of the recommendation of the steering committee on the understanding that it would take effect as from January 1st, 1968. . . .

Carried Unanimously.⁵⁰

The Centennial Year of Canada (1967) will long be remembered for the many memorable events that occurred, and the motion to place professional football on a sound business footing with the establishment of a league office in Toronto, directed by a full time Commissioner, must rank as one of these for Canada's many football fans. It took a decade and an extensive internal examination of the Canadian Football League via the Urwick-Currie report to bring the professional football firms to formally acknowledge that the club's, even the conference's, business whims should be subservient to the League's if the operation were to survive. The notion of restricting competition to the playing fields prevailed, and a cartelized professional football league, made up of nine professional firms, resulted.

This section deals briefly with the development toward a professional league and associated changes in the control and ownership of the Canadian Football League, the

⁵⁰Minutes of the C.F.L. Annual Meeting, February 23-24, 1967.

two conferences, and the individual clubs. The period examined in detail spans the life of that entity known as the Canadian Football League, which was formed in 1958. The firms which comprise the League have remained unchanged, even though attempts have been made to gain new franchises and on the odd occasion the British Columbia club has threatened to secede. The Hamilton Tiger Cats, the Montreal Alouettes, the Ottawa Rough Riders, and the Toronto Argonauts make up the eastern division, with the British Columbia Lions, the Calgary Stampeders, the Edmonton Eskimos, the Saskatchewan Roughriders and the Winnipeg Blue Bombers combining to form the western conference.

The organisation from which the Canadian Football League evolved was the governing body of amateur football in Canada, the Canadian Rugby Union (C.R.U.) whose history can be traced, without a break, back to the date of December 19, 1891, when the Union was reorganised and reconstituted after having ceased to operate in its original form as the Canadian Rugby Football Union in 1886. The game played was essentially a hybrid of English rugby, far removed from the style of play that appeals to millions of Canadian fans today.

By the 1930's the two conferences which now make up the Canadian Football League, the Western Interprovincial Football Union (W.I.F.U.) and the Interprovincial Rugby

Football Union (I.R.F.U.),⁵¹ had been organised and were functioning under the jurisdiction of the Canadian Rugby Union. While professing to be amateurs, their member clubs were well on the way to becoming professional. The constitution of the parent organisation stipulated that all playing personnel had to be amateur, but with the realisation that money invested in senior teams resulted in prestige as well as financial returns

. . . the wealthier clubs chose to ignore the regulations and the poorer clubs had to make a decision as to whether they should carry on in an amateur way thereby losing money and prestige, or join with the other clubs in recruiting and paying players.⁵²

This, plus the realisation that the Grey Cup was a potential financial windfall for the competing teams, led to the blatant use of professional football players by the late forties and early fifties.

In 1948 the "coach and no. 1 financial backer of the Montreal set up, Lew Hayman, opened his ledgers at the request of Canadian Business."⁵³ Hayman pointed out that the operation of a senior football club in a big league fashion cost about \$75,000 per season, of which it was

⁵¹The I.R.F.U. was often referred to as the Big Four.

⁵²F. Cosentino, "A History of Canadian Football 1909-1968," Published M.A. Thesis, University of Alberta, 1969, p. 179.

⁵³A. O'Brien, "Football Financing," Canadian Business, Vol. 21, November 1948, p. 28.

estimated that between \$35,000 and \$50,000 went to players' salaries. The Ontario Government quickly came to view the clubs in the province as businesses, for in 1950 the Toronto, Hamilton and Ottawa clubs were all informed that each ticket sold at their home games would have to include a 15 percent amusement tax.⁵⁴ The only aspects of the operation that remained truly amateur were those of the conferences, which continued to function under the auspices of the Canadian Rugby Union.

The early fifties witnessed attempts by the two senior conferences to reorganize along more business-like lines. In 1950 the Canadian Rugby Union instructed clubs to institute a reserve clause in player contracts to stop them from offering their talents to the highest bidder. This also effectively halted member clubs from tempting players from other clubs with promises of increased salaries. The Big Four sought to equalize Canadian talent among their members by instituting a college draft in 1952. The last place finisher had first choice, the second last next and so on up the final standings. The west, however, was not included in this draft and so college players still had the option of selling their services to the western clubs as free agents.

The institution of the office of conference com-

⁵⁴Toronto Globe and Mail, April 29, 1950.

missioner must be considered as a major step in this re-organisation at the conference level. In 1953 the Western Interprovincial Rugby Union appointed S. Halter as their commissioner with full disciplinary powers, and two years later Judge P. Frazer, at an honorarium of \$1,000 per year,⁵⁵ became the commissioner for the east. The east was unwilling to grant Frazer equivalent powers and in 1957 he resigned, ostensibly because the narrow limits of his power as commissioner left him open to criticisms from many quarters.⁵⁶ Key matters in the conference were decided by taking a vote among the member teams who tended to react according to what financial or other gain might accrue to the individual firm as opposed to the conference as a whole.⁵⁷ This lack of cohesion prompted Montreal to make an informal approach to join the western conference.

Disgust with the Big Four administration is the real reason for the Montreal approach to the western league. . . . It isn't likely that Montreal will become a member of the western league, but it's possible that the publicity created by its "feeler" will result in far tighter organization for football in the future; and an interlocking schedule.

Maybe this is what Montreal intended, all along.⁵⁸

⁵⁵ Edmonton Journal, Saturday December 21, 1957, p. 15.

⁵⁶ Ibid.

⁵⁷ Financial Post, November 23, 1957, p. 35.

⁵⁸ Ibid.

The moves to improve the operation, through cartelization at a conference level, in part mirrored and were in part the result of, the professionalization of the individual firms. The western conference, as implied above, already functioned from a fairly sound basis. The individual clubs, although classified as community owned, non-profit associations, were, by the mid-fifties, organised on a twelve month basis with full time general managers. Edmonton appointed a member of its board of directors to the position of general manager in 1949, and it was not until 1952 that they hired a professional from outside their ranks.⁵⁹ British Columbia entered the conference in 1954 with a full time general manager and Calgary, Regina, and Winnipeg were all similarly organised by the mid-fifties.

Except for Montreal, the eastern firms lagged. As with the western clubs, Ottawa, Toronto, and Hamilton functioned as non-profit organisations issuing no stock or dividends, and paying no corporation taxes,⁶⁰ but instead of keeping abreast, administratively, of the professionalization of football they tried to continue as before with "unpaid yeoman service."⁶¹ In contrast, the Alouettes, the

⁵⁹ Henry Singer, Personal Interview, May 25, 1971.

⁶⁰ J. Kieran, "Is This Answer to Big Four Muddle?" Financial Post, November 5, 1955, p. 21.

⁶¹ Ibid.

only club set up as a profit making corporation, were a full scale professional business operation twelve months a year.

On Mountain Street in Montreal, in the shadow of Ritz Carlton Hotel, stand the imposing bureaus of the Montreal Alouettes Football Club. Here on a twelve-month basis is accommodated the profusion of minutiae associated with the operation of a professional football enterprise: Player signing and salaries; programs; publicity and press relations; legal forms and other forms; tickets and printing; home game arrangements; schedule; exhibitions and intersquad games; aid to minor leagues; special mailings to season's subscribers; football council; trip arrangements and reservations; promotions; Grey Cup ticket handling; ticket selling; insurance; tax-analysis; training and tryouts; shareholders' meetings; radio and television rights; off-season player employment; employee relations; etc.⁶²

Montreal's success on the playing fields in 1954, 1955, and 1956 was partially related to its administration. The Toronto Argonauts, Hamilton Tiger-Cats, and the Ottawa Roughriders "eyed the Montrealers with envy"⁶³ and Kieran,⁶⁴ writing for Financial Post in 1955, claimed that there was a realisation on the part of "football men" that clubs had to put their operations on a stronger footing with the necessary first step being to introduce paid business managers, and the Hamilton Tiger-Cat President, J. Gaudaur, agreed.

"The time has come," says Gaudaur, "when the league should be set up by profit making corporations. We need owners who have a large enough

⁶²M. M. Gutwillig, "The Alouette Way," Financial Post, November 5, 1955, p. 21.

⁶³Keiran, op. cit.

⁶⁴Ibid.

capital investment in their team and their league that they will be ready to look after their interests as they would any other business."⁶⁵

Still, two years later another Financial Post writer made a similar statement that a team could no longer be operated on an informal basis by a loose grouping of local businessmen.⁶⁶

Along with these attempts to improve the internal workings of the firms and the two conferences this period also witnessed the movement towards a measure of unity between the east and west. The first Shriner east-west all-star game, played in 1955, was an accurate reflection of this movement, and at a meeting prior to the 1955 Grey Cup game the representatives from both conferences talked of amalgamation. The outcome was the formation of the Canadian Football Council on January 22, 1956.

The Council was still a far cry from the one autonomous league that eventually evolved in 1968, as it was more like a loose federation made necessary because of common interests.⁶⁷ As a unit the professionals held the sway in the Canadian Rugby Union, with six of the ten votes, but this was still short of the two thirds majority required to amend the constitution of the Union. The remaining

⁶⁵J. Gaudaur quoted in Kieran, op. cit.

⁶⁶Financial Post, November 23, 1957, p. 35.

⁶⁷Cosentino, op. cit., p. 232.

members of the Canadian Rugby Union -- the Quebec Rugby Union (one), the Ontario Rugby Football Union (two), and the Intercollegiate Union (one) -- held the remaining four votes.⁶⁸

Realizing that their power to control their own destiny was limited constitutionally the professional clubs began to express dissatisfaction with the organisation of the Canadian Rugby Union, claiming that professional football had problems different from the other organisations also controlled by the Union.⁶⁹ The underlying reasons for this disaffection included the operation of the Grey Cup, which, since the removal of the Ontario Rugby Football Union's right to participate in 1955, was solely a professional affair. The distribution of the Grey Cup tickets, with the Canadian Rugby Union, the Big Four and the Western Inter-provincial Football Union getting a 30 percent and the Ontario Rugby Football Union 10 percent, was a particularly thorny question. The members of the Council wanted a bigger share, ostensibly to satisfy their season ticket holders and supporters who had been "paying the shot all year."⁷⁰ The professionals also objected to going to the Canadian Football

⁶⁸Toronto Globe and Mail, January 17, 1958, p. 17.

⁶⁹Edmonton Journal, January 10, 1958, p. 10.

⁷⁰Toronto Globe and Mail, January 17, 1958, p. 17.

Union for rule changes and were unhappy with the system of electing the president. The system called for yearly nominations on a rotating basis resulting in the office being controlled by the amateur organisations for three out of every four years.

At the various club and conference meetings during the early days of 1958 the issues were discussed. The Big Four voted to seek a break with the Canadian Rugby Union, but the western clubs were not as unanimous. The president of the Edmonton club, in a statement to the press, was reticent to effect a break with the Canadian Rugby Union as the cost of setting up a new governing body would be exorbitant.⁷¹ Winnipeg announced that they would attempt "to hold the line against any hasty break".⁷² The Saskatchewan representatives were content to "sit on the fence," whereas Vancouver and Calgary were in favour of the split.

The Calgary Stampeders suggested in a brief, presented at the Canadian Football Council meeting in Winnipeg, the formation of a Canadian League along the lines of the National Football League (N.F.L.). The brief demonstrated, at least from Calgary's viewpoint, that there was a real need to cartelize the operation of professional football.

The N.F.L. has augmented the appeal of football

⁷¹Edmonton Journal, January 16, 1968, p. 10.

⁷²S. McCabe, Syndicated article, Edmonton Journal, January 16, 1968, p. 10.

as entertainment with smart promotion and the realization that the league can best prosper as an entity -- not as a number of individuals cutting each other's throats at every turn.

Our rivalry ought to be restricted to the playing field; costly competition elsewhere is only harmful to professional football. . . .⁷³

On January 17, 1958, a compromise was effected when the professional firms merged without breaking away from the Canadian Rugby Union, and the name Canadian Football Council was changed to the Canadian Football League.⁷⁴ The two conferences, which were now to be known as the east and west divisions of the Canadian Football League, retained their former identity within the Union. The resolution on the formation of the League called for jurisdiction over all the affairs pertaining to professional football, including the registration of players, imports, rule changes and the operation of the Grey Cup.⁷⁵

The newly formed league elected Halter as commissioner. To this new appointment he carried the powers he had exercised as commissioner of the Western Interprovincial Football Union -- control over team and club executives, playing and coaching personnel, game officials, the Grey

⁷³Calgary brief quoted in Ibid.

⁷⁴Minutes of the Canadian Football Council, January 17, 1958.

⁷⁵Edmonton Journal, January 18, 1958, p. 16.

Cup⁷⁶ and arbitrator of all disputes. Even though it was still not a full time job Halter was requested to draw up a league constitution. The realization by the Big Four of the need for a commissioner with extensive powers can be viewed as a positive indication of their continuing maturity as a professional operation. Their former commissioner, Frazer, could only discipline the paid personnel of the eastern teams.

With the merger, free selling or trading of players between the clubs was made possible, and some of the old conference procedures were taken over by the league. A team could now dress only twenty eight players for any game, be it away or at home, and its negotiation list became effective at the League level. A slight revision of territorial rights was made. A Canadian junior raised within a team's territory but completing his academic and football education in the United States remained the property of that club on his return to Canada. The Western Interprovincial Football Union had been previously operating under this clause, but to the Big Four it gave extra protection.⁷⁷

⁷⁶Although the running of the Grey Cup was taken over by the commissioner he left Harry McBrien of the Canadian Rugby Union responsible. McBrien, who had been in charge of the classic for a number of years, was left as organiser until the League office finally took it over after the 1968 Grey Cup. Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "The Grey Cup," February 13, 1969.

⁷⁷Edmonton Journal, January 20, 1958, p. 13.

The new unity also brought with it a national system of waivers, whereby a club proposing to release a player from its roster had to offer his services to the remaining eight clubs according to a predetermined order. The club could recall a player from waivers only once. Any club wishing to claim the waived player had to pay his original club \$500.00 in the case of a Canadian, and \$700.00 for an American,⁷⁸ and if unclaimed he was declared a free agent.⁷⁹ Therefore, even though the idea of an interlocking schedule between the two divisions was defeated,⁸⁰ the formation of the Canadian Football League heralded a measure of unity between the two professional conferences that had not existed previously.

The eastern and western divisions of the League had retained their former identity and restricted voting powers in the Canadian Rugby Union, mainly because they felt that the Union was the only body that currently possessed the necessary machinery to govern fully a professional league.⁸¹ In March of 1958 they moved to formally take over voting control of the Union and thereby solve some of the

⁷⁸The fee for imports was boosted to \$1,000.00 in June of 1958, and in 1960 the price for both categories was dropped to \$350.00.

⁷⁹Cosentino, op. cit., pp. 242-3.

⁸⁰Edmonton Journal, January 20, 1958, p. 13.

⁸¹Ibid.

remaining issues that had been voiced. The Big Four Western Interprovincial Football Union combination set forth a motion asking for increased voting power. In essence it proposed that the voting structure of the Union be changed so that the combine could obtain the necessary two thirds majority for amending the constitution under threat of withdrawal from the Union. The Ontario Rugby Football Union voiced the most opposition⁸² to the proposed change, but with the Quebec Rugby Union supporting the professionals⁸³ the motion passed and the voting structure was adjusted so that they received ten of fifteen votes in the Canadian Rugby Union, the necessary two thirds majority.

The professional firms now had the power to remove from the constitution of the Canadian Rugby Union those sections that were required to operate the Canadian Football League without having to rely on the voting support of minor unions. They quickly took control of the formulation of rules and rule changes and later in the year dispensed with the need for players to have Canadian Football Union cards.

In June of 1959 the Canadian Football League constitution was finally adopted, and with it several procedures

⁸²The O.R.F.U. was mainly concerned with a proposal by the Big Four/W.I.F.U. to cut its share of Grey Cup tickets from 10% of the total to 200.

⁸³The Q.R.U. feared withdrawal as it would have meant an end of financial subsidization.

which aimed at standardizing professional football across Canada. These procedures, in the main, endeavoured to gain a far more extensive and effective control over player personnel. The territorial rights of the Canadian clubs were established. In the western division, with the exception of Calgary and Edmonton, each firm obtained the territorial rights to all junior players in their province. Calgary and Edmonton split Alberta, with Red Deer as the dividing line. The four eastern clubs had the territorial rights to Ontario and Quebec, and were to sub-divide the area so as to determine their respective spheres of influence.

The rights to negotiate with footballers playing in the intermediate leagues were also determined. The eastern firms were allowed to name one sponsored intermediate club in their area, whereas the western firms could only place twelve names of such players on a protected list. The different procedures between the east and west were a result of the geographic location of the majority of intermediate teams which were operating in the east. The various names and teams had to be submitted to the commissioner as a protection against raidings by other Canadian Football League clubs.

A restricted College draft completed the protection of Canadian talent. The draft differed little from the existing Eastern college draft, except for the inclusion of Calgary in whose territory there existed no college football

team.⁸⁴ The remaining western centres of professional football contained, within their territorial boundaries, universities that operated teams from which they could draw, and for this reason they were not included.

The League also decided that as of 1960 a 90 per cent option clause was to be included in player contracts.⁸⁵ Prior to this time a player could play out his option at the same salary he had previously signed for. In effectively reducing the payout year salary to 90 per cent by this insertion the Canadian Football League executives brought their contracts into line with those of the National Football League.

Although working to bring about the formation of the Canadian Football League and giving it certain powers for which it could continue to exist, the two conferences failed to agree on the important issues which would have hastened the cartelization of professional football. On the matter of an interlocking schedule, an issue that had been aired for several years, and the subsequent division of gate and television revenues, the two conferences parted company. The western firms were unanimous in declaring that they could only subscribe to a fully interlocking schedule and that it would only be entertained on the understanding that the west

⁸⁴Minutes of the C.F.L. Annual Meeting, January 15-18th, 1959.

⁸⁵Ibid.

receive forty per cent of the pooled television revenues.

The east appeared in favour of the concept as Gaudaur, then president and general manager of the Hamilton club, stated that the interlocking schedule was the ultimate aim,⁸⁶ but at a League meeting in June of 1958 the eastern delegates deferred the issue, indicating that they felt the scheme was economically unsound.⁸⁷ A joint body representing the clubs was formed to investigate the possibilities in 1958, and in early 1960, a two man committee of Frank Gibson of Hamilton and Rolf Parliament of Winnipeg submitted a proposal.

Historically the idea of an interlocking schedule had been discussed over a number of years. During the current round of negotiations the west had originally proposed that an interlocking schedule be arranged on a straight 50-50 split of the combined television money. In 1959 this would have resulted in \$429,000⁸⁸ being divided nine ways. Such a division would have reduced the eastern clubs' income from this source from \$78,000 per firm, to \$34,000, and increased the west's from \$25,000 per club to \$34,000. The east countered with a proposal which made no mention of

⁸⁶Edmonton Journal, June 21, 1958, p. 8.

⁸⁷Edmonton Journal, June 23, 1958, p. 9.

⁸⁸The eastern television contract in 1959 amounted to \$312,000 and the western \$117,000.

splitting television revenue, to which the west replied with yet another offer -- a television split of 60 per cent of the combined total for the east and 40 per cent for the west, plus a 75-25 per cent gate equalization split in favour of the home club.⁸⁹ In an effort to reach agreement the west later dropped the gate equalization proposal.

The Big Four, at this point, decided that the interlocking schedule had now to be accepted or shelved, claiming that it was unfair to the public to keep talking about it every year and deferring the action.⁹⁰ By so doing the eastern firms tried to present the west as the stumbling block to previous attempts to initiate the schedule. At the League meeting in February of 1960 the Big Four presented its "take-it-or-leave-it proposal."⁹¹ They offered \$5,000 per game for western teams playing in the east in return for \$2,500 per game for eastern teams playing in the west. The east offered a \$50,000 incentive to interlock, based on the assumption that interlocking would mean twenty games -- ten in the east and ten in the west. In reality the offer was far less. If all games were televised the flow of money from east to west would only amount to \$25,000. Part of the pro-

⁸⁹This recommendation had its origin in the desire to establish an equitable basis for sharing gates and was comparable to the I.R.F.U.'s 75-25 gate split.

⁹⁰Edmonton Journal, February 1, 1960, p. 8.

⁹¹Edmonton Journal, February 12, 1960, p. 41.

posal was that the game had to be televised for the visiting team to receive any monies, and as not all of the games would be, the actual exchange was to be far less than \$25,000.

When the issue finally came to be voted upon the proposals were defeated and the Canadian public had to wait until February of 1961 before professional football accepted an interlocking schedule.⁹² The schedule adopted was termed partially interlocking as it proposed that each eastern team would play each western team once at home and once away over a two year period. The only financial arrangement that accompanied the schedule was that the home teams pay the conference of the visiting club 75 cents for each ticket sold between the goal lines. Agreed to without the incentive of television monies the mechanics of the schedule remained virtually unchanged and now operate on the financial basis of a gate equalization arrangement.

Although the interlocking schedule came into being the conferences continued autonomously, only giving up powers to the league when it was deemed financially , or otherwise, expedient. The final acceptance of the interlocking schedule, for example, was based on the assumption that it would increase fan interest in the game and make the conference television rights more attractive, and to this end it was

⁹²Edmonton Journal, February 10, 1961, p. 9.

successful.

During 1961 Commissioner Halter received from the clubs expanded powers to interpret the validity of players' contracts for reasons of expediency. Halter sought and obtained this right in an attempt to prohibit secret pacts between players and teams.⁹³ The problem arose when, in the previous year, Etcheverry, the quarterback of the Montreal Alouettes, touched off a controversy between the Canadian Football League and the National Football League by refusing to accept a trade to the Hamilton Tiger-Cats and signing with the St. Louis Cardinals. Etcheverry had signed a standard Canadian Football League contract but had a separate letter of agreement which provided that he could not be traded without his approval. The standard contract regulations were altered so that any club would face a fine of up to \$10,000⁹⁴ if it dropped the option clause, or made an agreement with a player not to enforce it.

The institution of a league Disaster Plan was also viewed as a necessity. The Big Four already had a plan in operation whereby a team was covered against the possibility of being irreparably damaged by a fatal accident. The west now moved and accepted a plan which would cover the entire League. The plan was to come into effect if one team experi-

⁹³Ibid.

⁹⁴Edmonton Journal, February 17, 1961, p. 10.

enced a disaster whereby four or more of their regular players were to become incapacitated and unable to play during the playing season.⁹⁵ In the event of a disaster all of the unaffected clubs were to submit a list of eight imports and eight Canadians who were deemed as "protected." The victim club could then draft any players not named up to the number that they had lost. There was established an order of drafting whereby the clubs would be numbered one to nine, with the number one team being the Grey Cup winner of the previous year. The League also took out an insurance policy whereby each player carried a coverage of \$50,000 with the Canadian Football League as the beneficiary.⁹⁶ In the case of the policy being invoked 65 per cent (\$32,000) of the \$50,000 would go to the club from which a player had been drafted, 20 per cent (\$10,000) to the victim club, and 15 per cent (\$7,500) would be retained by the League for an emergency fund.

The establishment of a disaster policy was the outcome of an air disaster in 1956. After the Shriner All-Star game in Vancouver a Trans-Canada Airlines plane crashed into Mount Slesse killing, among others, one Winnipeg Blue

⁹⁵The plan did not cover any incapacity suffered while practicing or playing football, and incapacitated meant death, dismemberment or loss of eyesight in either eye.

⁹⁶The number of players per club varied throughout the season, 40 players for pre-season, 32 for regularly scheduled and play off games, and 34 for the Grey Cup.

Bomber and four Saskatchewan Roughrider players. With the prospect of increased travel to fulfil interlocking commitments and the growing realization that fan appeal was dependent upon uncertainty of outcome the existence of a league policy was deemed expedient. In case of a disaster of the magnitude of the Mount Slesse crash,⁹⁷ there was a need not only to maintain the affected club throughout the rest of the season, but keep it competitive.⁹⁸

Perhaps the most fundamental division between the two conferences which slowed the process towards one League involved the type of ownership that controlled the individual firms -- private versus community. When the Canadian Football League came into being the dichotomy, based not only on a geographical plane but also along a parallel ownership dimension, had not developed, but in 1958 the wheels were set in motion the outcome of which was a western conference of community-owned, non profit firms and an eastern division of privately owned operations.

By the end of 1960 all of the eastern clubs had become private business companies after the Big Four had

⁹⁷In order to keep the risks at a minimum the League tries to see to it that teams travel on separate aeroplanes. Greg Fulton, Personal Interview, April 6, 1971.

^{98A} clause was inserted in the policy in an effort to achieve this end. The victim club could draft one import and one Canadian quarterback, and if a Canadian of suitable quality was not available then the club could draft a second import and play the season using an extra import.

decreed, back in 1958, that its members must be under private ownership.⁹⁹ Montreal and Toronto were already private companies. Toronto having been sold in 1957 by the Argonaut Rowing Club to a group of Toronto businessmen -- L. Hayman, J. Bassett, J. Wright, C. Burns, R. Moran, E. Craddock, and W. Ross.¹⁰⁰ The Ottawa and Hamilton clubs were both sold in 1960 to private interests. The Rough Riders were "purchased lock, stock and sweaters by eight men for about twelve cents a piece"¹⁰¹ and although the Hamilton club was reported as sold to J. Gaudaur, R.W. Cooper, J.R. Fischer, T.M. Gibson, H.C. Hilton, C.C. Lawson, G.W. Lawson, J.G. Rogers, and H.A. Soule for \$170,000¹⁰² it was rumored that the actual purchase price was one cent per buyer.¹⁰³

In the west the clubs based in Edmonton, Regina, Vancouver, and Winnipeg continued as community owned. Calgary's operation was often times referred to as privately controlled¹⁰⁴ and, therefore, similar to the eastern teams.

⁹⁹Edmonton Journal, December 17, 1960, p. 12;
Edmonton Journal, December 3, 1964, p. 10.

¹⁰⁰G. Currie, 100 Years of Canadian Football, (Winnipeg: Greywood Publishing Limited, 1968) p. 128.

¹⁰¹Edmonton Journal, December 3, 1964, p. 10.

¹⁰²Edmonton Journal, December 17, 1960, p. 12.

¹⁰³T. Welland, Personal Interview, April 4, 1971.

¹⁰⁴Edmonton Journal, January 8, 1959, p. 6.

In 1955 the faltering organization's financial obligations were taken over by a group of Calgary businessmen, headed by millionaires M. Dutton and F. and G. McMahon. The group reorganized the old Calgary Football Club Ltd. as the Stampeder Football Ltd. and infused more than \$75,000 of new capital into the operation.¹⁰⁵ Nevertheless, the operation remained basically the same as the remaining non-profit western clubs,¹⁰⁶ issuing a yearly financial statement and paying no dividends to shareholders.

The concept of "community owned" is perhaps a misnomer as the local community does not own the club. The Edmonton Eskimos were set up as a non-profit limited company, incorporated under the Companies Act of Alberta, with an authorized capital of 20,000 shares of \$1 par value.¹⁰⁷ No shareholder could hold more than one share,¹⁰⁸ and there were no dividends payable, but up to 1964 only fifty seven shares had been issued.¹⁰⁹ The British Columbia Lions were incorporated under the British Columbia Societies Act and in

¹⁰⁵R. Nykor and A. Epp, "Football Same As Any Big Business - Almost," Financial Post, November 23, 1963, p. 17.

¹⁰⁶Edmonton Journal, February 6, 1957, p. 7.

¹⁰⁷Edmonton Journal, January 10, 1964, p. 13.

¹⁰⁸Articles of Association of the Edmonton Eskimo Football Club, 1961.

¹⁰⁹Edmonton Journal, January 10, 1964, p. 13.

1961 there were between 3600 and 3900 members who purchased an annual \$20 share in the society.¹¹⁰ Winnipeg and Regina operated under similar circumstances, with the Roughriders selling approximately one thousand \$10 annual memberships.¹¹¹ The title "community owned" is tenuously conferred on the western clubs not then as a result of their ownership patterns but because, firstly, shareholders, and therefore members of the executives, must be resident in the local community, and secondly, any profits made on the yearly operation of the club are turned back into the firm.¹¹²

In striving to maintain a measure of equality throughout each division the eastern firms appeared to come closer together while the west looked like splitting under the pressures which sought to bring about a greater degree of cooperation. The eastern conference, after becoming composed of private firms, was content to function much as it had previously, appearing very close-knit on league matters.¹¹³ The west, without the financial resources of the east, attempted various schemes to help solve its problems.

¹¹⁰See Edmonton Journal, November 19, 1961, p. 7 and December 9, 1961, p. 11.

¹¹¹Nykor and Epp, op. cit., p. 18.

¹¹²Henry Singer, Personal Interview, May 25, 1971.

¹¹³This was particularly true of their stand over the interlocking schedule.

Of major concern in the late fifties and early sixties was the fear that the Saskatchewan club would drop out of the conference if it continued to operate at excessive deficits.¹¹⁴ The west had operated, for a number of years, a gate equalization system¹¹⁵ whereby the "rich" helped the "poor."¹¹⁶ Under the system an average of seasonal gate revenues of the conference was determined, with those above the average paying 25 per cent of the amount by which the revenues derived from their gates was over the average, into a pool. The clubs below the average then drew out 25 per cent of the amount that their gate revenue fell short of the average.

Saskatchewan proposed that the percentage rate be increased to 40 per cent, and at the Western Interprovincial Football Union meeting in November of 1960, the firms voted four to one in favour, British Columbia opposing the increase. The Lions argued that, as the conference's most successful team, at the gate, they would therefore carry the major burden of the increase,¹¹⁷ and refused to accept the vote.

114In 1960 Saskatchewan suffered a \$75,000 deficit.

115The east had in operation what they termed a gate split, whereby at each game there was a 75/25 split, with the 25 per cent going to the visiting team.

116The individual clubs also received monies from a split of revenues received from play-off games and the Grey Cup.

117Under the new scheme British Columbia's contribution of \$40,000 in 1960 would have been increased to between \$60,000 and \$66,000.

At one stage they threatened to take the matter into a court of law,¹¹⁸ nevertheless the impasse was temporarily solved at the Canadian Football League annual meeting in February of 1961. With the help of an eastern delegation¹¹⁹ the Lions agreed to accept the 40 per cent, gate split, but for 1961 only, and in exchange it was agreed that henceforth matters involving gate equalization required a unanimous vote.¹²⁰ The following year British Columbia asked for a reduction, and this time a compromise was agreed to, for a 33 1/3 per cent split was accepted.

During the same period the Lions found themselves fighting for another type of equalization, but in this instance the majority of western clubs reacted negatively. A player draft proposal put forward by the Lions in November of 1960 called for each team, at the end of the season, to place twenty-five of its thirty-four players on a protected list. The remaining nine were to be pooled, with the team finishing in last place being allowed to choose one player from each of the four teams placed higher in the standings.¹²¹ Although

¹¹⁸Edmonton Journal, January 12, 1961, p. 8.

¹¹⁹Edmonton Journal, February 17, 1961, p. 10.

¹²⁰Halter had previously ruled that the 4-1 vote which increased the gate equalization from 25 to 40 per cent was constitutional and this led the Lions to question the powers of the commissioner.

¹²¹Edmonton Journal, November 26, 1960, p. 10.

approved in principle at the 1960 meeting, by February 8th of the next year Calgary, Edmonton and Winnipeg had expressed disapproval of the plan. The whole scheme was overshadowed by the issue of gate equalization, and the Lions' strenuous opposition to an increase may have incensed the other western firms against a plan that was proposed by, and aimed at helping British Columbia.

A scheme for assisting the weaker clubs, in the area of player personnel, was finally agreed to at the same meeting that hammered out a 33 1/3 per cent compromise in gate equalization. It involved the formation of a pool of Canadian players based on the final conference standings. For the 1961 season Calgary, Edmonton, and Winnipeg could protect twelve of their Canadian players, and from the rest British Columbia, Saskatchewan, and Calgary could draft five players -- British Columbia and Saskatchewan were allowed two choices each, Calgary one. Once two players had been selected from either Edmonton or Winnipeg the remaining unprotected players in the pool from that club were removed. Calgary had only to contribute one. In return for a drafted player a payment of \$1000 to his original team had to be made. The problems associated with the operation of such a scheme led to it being dropped the next year.¹²²

¹²²Minutes of the W.F.C., Annual Meeting, February 1963.

Vancouver's stirrings at the conference level were in part due to the pressures of trying to operate a team that was consistently losing. In the conference standings the Lions had not risen past third place, and the year that they reached the playoffs, 1959, they were soundly beaten by the Edmonton Eskimos.¹²³ By 1961 a faction of the club supporters submitted a petition asking that the club's directors call for sealed bids for the team's franchise, player and coach's contracts, and other assets. The petition was a reaction to a membership vote which called for a "top-to-tail" investigation of the club and its affairs.¹²⁴

A three man committee¹²⁵ was established and their report was voted upon and accepted in February of 1962. They favoured the continuation of the current public ownership system, but advocated a drastic streamlining of club administration.¹²⁶ The club had between twenty four and thirty directors, elected by the club's shareholders, and much of Van-

¹²³During 1961, after compiling a win/loss record of one win and one draw against twelve losses, the Lions released their head coach, Robinson, who still had two and a half years to go on a four year contract.

¹²⁴Edmonton Journal, October 16, 1961, p. 7.

¹²⁵The Lions looked outside their ranks for help, calling on D. McPherson of Regina, a former President of the C.F.L.; A. Anderson of Edmonton, a former general manager of the Eskimos; and F. McMahon, an industrialist and former director of the Stampeders, was the only local resident.

¹²⁶Edmonton Journal, February 27, 1962, p. 3.

couver's inability to play winning football was blamed on the factional problems that developed as would-be directors sought to be elected or remain in office.

As a result of the report constitutional changes deprived the club membership at large from electing directors, and reduced the directorate to nine. The nine directors were to be appointed by the club's twenty five member board of governors, and in each year three members were to be replaced on a rotational basis. The general management of the club was to be conducted by a committee of three, of which one was to be the club president.¹²⁷

A little over a year later the Edmonton Eskimo Club was subjected to a similar type of investigation for similar reasons. After winning the Grey Cup in 1954, 1955, and 1956, Edmonton never fell below second place in the western conference standings until 1962, when the team dropped to the bottom rung, and remained on or near there until 1966. In the wake of growing fan criticism¹²⁸ of the coach, E. Keys, and the general manager, J. Ryan, and rumblings of player unrest, the directors decided to launch an investigation into all phases of their operation.¹²⁹

¹²⁷Edmonton Journal, April 3, 1962, p. 10.

¹²⁸The issue really came to a head when the wives of two Edmonton players, D. Getty and O. Kruger, on a radio show implied that as long as Keys remained the club would continue to lose. Edmonton Journal, October 28, 1963, p. 8.

¹²⁹Edmonton Journal, October 30, 1963, p. 37.

Unlike Vancouver, the Edmonton firm decided to stay within its own ranks, and appointed six past presidents to conduct the enquiry, but when their report was released it contained proposals similar to those adopted by the British Columbia Lions. They suggested the creation of a seven man board of governors to act as a permanent nominating committee, responsible for nominating nine directors, who were to have full control over the management and direction of the club.¹³⁰

The shareholders, on January 28, 1964, approved the adoption of the recommendations of the six man board, and set about reducing the directorate from twenty eight to nine. They also agreed to increase the number of shareholders by allowing prospective shareholders to buy into the firm after being sponsored by three existing shareholders, paying an initial fee of \$10, and annual dues of \$10.¹³¹ By the end of the year the number of shareholders had increased from about fifty seven to two hundred and thirty.¹³²

¹³⁰When the western clubs reorganised in the late forties and early fifties all the functions of the firms were carried on by these unpaid directors. By the sixties there was a realization that the professionalization of football had resulted in many of these jobs being taken over by paid employers, and that a large unwieldy directorate had become, in some instances, obsolete.

¹³¹The present Articles of Association of the Edmonton club, passed in 1964, state that a shareholder also had to purchase a season ticket.

¹³²Edmonton Journal, December 11, 1964, p. 55.

As in Vancouver, the election of directors had often developed into popularity contests.¹³³ Under the old system there existed six ways to become one of the twenty eight directors on the Board:

Twelve were elected by the Touchdown Club,¹³⁴ eight by the shareholders, six appointed by the directorate as specialist directors, one appointed by the Alumni Association, one by the Touchdown Club. . . .

And the Board had a sixth avenue open, the right to appoint associate directors with no voting powers.¹³⁵

The board of governors was now responsible for presenting to the annual shareholder's meeting a list of nominees, which was to contain at least two more names than the vacancies to be filled. The shareholders could offer names for nomination to the board "provided such nominations were sent to the Board of Governors not less than ten days prior to the meeting, accompanied by the consent of the person nominated."¹³⁶

The Regina and Winnipeg-based clubs, as yet, have not experienced similar searching enquiries into their operations, and Winnipeg still maintains the largest direc-

¹³³Edmonton Journal, January 10, 1964, p. 12.

¹³⁴The Touchdown Club was disbanded as a result of the enquiry and it was from this group that the majority of the new shareholders were drawn.

¹³⁵Edmonton Journal, January 10, 1964, p. 12.

¹³⁶Articles of Association of the Edmonton Eskimo Football Club, January 1964.

torate of any football firm in Canada -- an executive of 55 as of 1964.¹³⁷ Potential directors are, however, subjected to a training period, having to operate various promotional projects, half-time entertainments and the pre-season inter-squad game. Each year a screening committee evaluates performance, promoting those who did well to replace executive members who performed inadequately.¹³⁸

The eastern firms, being privately owned, could not be subjected to similar public enquiries. Public pressure can, nevertheless, be applied, and the Ottawa owners experienced such pressure to the extent that "partially to confound such criticisms the Rough Riders became a limited liability company."¹³⁹ The club was criticised by Ottawa's mayor, C. Whitton who, the owners believed, wanted the municipality to take a hand in the affairs of the firm, "on the grounds that a football team should belong to the people, not to a few private owners."¹⁴⁰

Since these changes the organisational structure

¹³⁷Nykor and Epp, op. cit., p. 18.

¹³⁸Ibid.

¹³⁹Currie, op. cit., p. 150.

¹⁴⁰Ibid., "The directors were Sam Berger, Dr. Carl Laurin, Bill McEwen, Barry O'Brian, and Bob Thompson, and on the formation of the new company they recruited six more, David Loeb, Bill Term, Maurice Strong, Don McLean, Gordon Henderson and Red O'Quinn. Each paid \$50,000 for the privilege. . . ."

of the firms has remained stable and in reality their actual day-to-day modus operandi differs little across the two conferences (See figure two). In some instances there exists a Board of Governors, a chairman of the board, and a position that combines the tasks of secretary and treasurer. The general managers of a few of the eastern clubs are also owners,¹⁴¹ but normally, from the position of general manager down, the roles are filled by paid employees who maintain full year operation.

To a degree the events of the first seven years of the life of the Canadian Football League witnessed the internal stabilization of the nine firms and the two conferences.¹⁴² The League, on the other hand, found itself made up of two autonomous conferences and, as already noted, the recipient of only those powers which the conferences deemed necessary to transfer. By the mid sixties expressions of concern questioned the viability of such arrangements.

Gaudaur, in a letter¹⁴³ to the presidents and general managers of the League, wrote that the survival of

¹⁴¹R. Sazio of the Hamilton Tiger-Cats, L. Hayman of the Toronto Argonauts.

¹⁴²In 1958 the IRFU had changed its name to the Eastern Football Conference (E.F.C.) and the WIFU made a similar move in 1961 when it was renamed the western Football Conference (W.F.C.).

¹⁴³J. Gaudaur, Letter to all Presidents and General Managers of the C.F.L., 26th June 1964.

ADMINISTRATIVE AUTHORITY IN THE FIRMS OF THE C.F.L.

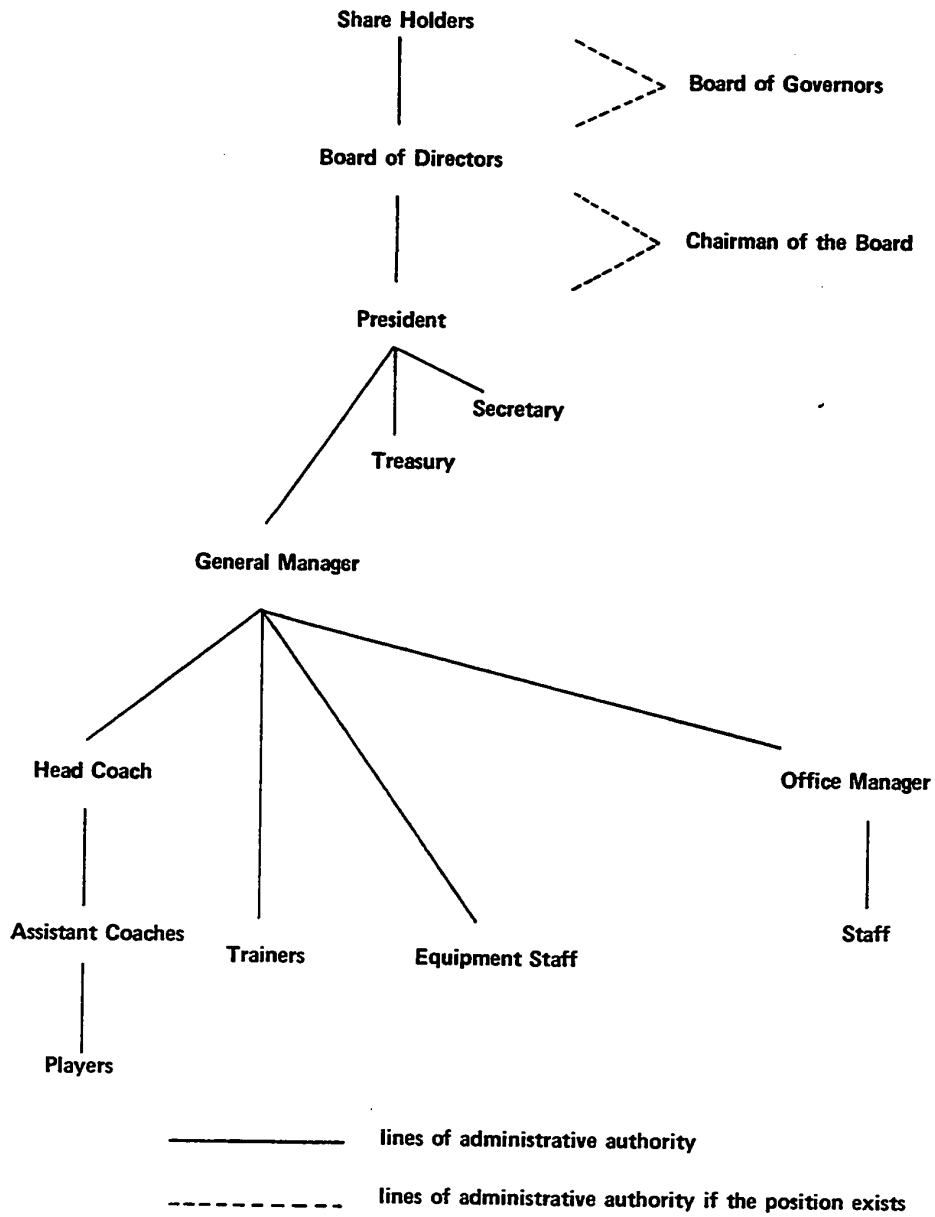


FIGURE 1

the Canadian Football League was dependent upon the progression to an organisation which would be truly one League. He claimed that the League had reached a cross-roads and could follow one of three routes,

1. Maintain a status quo and gradually fade as rising costs surpass a levelled off income.
2. A. Discontinue the interlocking schedule, revert to two totally separate Leagues and "die."
B. Threaten to discontinue the interlocking schedule and possibly "die," by forcing certain teams in anticipation that such discontinuance may be more than a threat, to consider alternative ways of "staying alive."
3. Become "One League," grow stronger through collective action and prosper.¹⁴⁴

To many, routes one or two were distinct possibilities, as member clubs of the respective Leagues were suspicious of one another, especially over matters which pertained to the financial arrangements of the interlocking schedule. The annual meeting of 1963, which reviewed the renewal of the east-west schedule, supposedly ended amid bitter conflict, with commissioner Halter "scolding officials and telling them to act like responsible businessmen."¹⁴⁵ The following year it was rumored that Halter threatened to resign and that a group, "seemingly dedicated to maintaining the strength

¹⁴⁴Ibid.

¹⁴⁵Edmonton Journal, February 18, 1963, p. 8.

of the League,"¹⁴⁶ convinced him to remain as commissioner.

Attempts at renewal of the interlocking schedule for 1965, nevertheless, threatened to bring the League to an abrupt end. The members of the Western Football Conference, at a meeting in Edmonton on September 1, 1964, challenged the eastern conference to either work out a more equitable share of the television receipts or see the interlocking schedule "go down the drain."¹⁴⁷ This pronouncement followed the signing of a television contract which was to return \$1,000,000 for the eastern firms over the 1965-66 seasons, a figure which was over two and half times as much as the value placed on the western contract. The West contended that the eastern firms could not sell their television rights for that amount if it were not for the ten interlocking games played in the West. Without the interlocking schedule the large eastern market could only witness four teams, and the exposure would be reduced drastically because the area of each home team had to be blacked out.¹⁴⁸

During 1964 no agreement over the financial aspects

¹⁴⁶Edmonton Journal, September 1, 1964, p. 8.

¹⁴⁷Ibid.

¹⁴⁸Ibid.

of the interlocking schedule was reached,¹⁴⁹ but a move, along the lines proposed earlier by Gaudaur, was accepted, for at a meeting in October the eastern and western delegates unanimously endorsed the selection of a two man committee to investigate ways of achieving autonomy for one League.¹⁵⁰ In the process of this investigation a consulting firm was commissioned to examine the internal workings of the operation. The Urwick-Currie Report was the outcome, completed just prior to the annual League meeting in 1966.¹⁵¹

At the same meeting a steering committee of nine members, one from each firm, under the chairmanship of the Canadian Football League president, was given the task of sifting through the Report and preparing ways and means to implement the one League concept.¹⁵² The Committee on One League (COOL) presented its report at the next annual meeting and a motion to enter into one autonomous League was unanimously adopted. The cartelization of Canadian Professional

¹⁴⁹At the following annual meeting, in February 1965, the financial problems of the interlocking schedule appeared to have been settled fairly admirably. Provisions set down that the conference of the visiting team was to receive 10% of the gross gate up to a ceiling of \$25,000. The E.F.C. agreed to pay an additional \$5,000 but the total was not to exceed \$30,000. Revenues derived from United States television were to be divided. Minutes of the C.F.L. Annual Meeting, February 12-13, 1965.

¹⁵⁰Edmonton Journal, October 8, 1964, p. 10.

¹⁵¹Minutes of the C.F.L. Meeting, February 10, 1966.

¹⁵²Minutes of the C.F.L. Annual Meeting, February 24, 1966.

Football from that point became an assured reality and the way was open to determine if the predictions of Gaudaur, made some three years earlier, were in fact accurate.

The COOL Report¹⁵³ pointed out that although there had been no professional market survey pertaining to football, local surveys indicated a lessening of interest in football in the east, and that the west was just keeping pace when compared to the population increase. The report was very critical of the over-all government and management of the game as sectional and local autonomy, which appeared to be mainly directed by self interest, hindered cooperation and exchange of information and ideas. This criticism was perhaps a little overstated, as in the years 1965-7 there existed forces which fostered a degree of cooperation that had not previously existed.

The League had exhibited a degree of unity in 1964 by purchasing a life insurance plan which provided every player under contract with a \$20,000 life insurance policy. It also had stipulated that no club could offer bonuses or profit sharing schemes without the approval of the League.¹⁵⁴ The next year the problem of financing increasing operating

¹⁵³See Appendix III for a summary of the COOL Report.

¹⁵⁴This was a reaction to British Columbia's \$21,000 profit sharing split among its players, assistant coaches, trainers and equipment managers after reaching the Grey Cup final in 1963.

costs led to unilateral attempts to cut back on the number of American players¹⁵⁵ by deciding that for the 1965 season teams would carry fourteen American players, a reduction of one, but still play thirteen in any one game. An outcry arose, which eventually drew the League closer together, when it was decided to limit naturalised Canadians to three per team.¹⁵⁶

The ruling, supposedly aimed at equalizing player talents and relieving some of the clubs' financial burdens, drew a very definite and negative reaction from the press and public. The League was chastised for making naturalised Americans "second class Canadians", and an Ontario cabinet minister called on the League to rescind the repugnant rule

¹⁵⁵British Columbia reacted by threatening to join an American League.

¹⁵⁶The question of naturalised Canadians was a perennial minor cause of dissension. "Funny Canadians" was a term often applied to Americans who had settled in Canada and gained Canadian status through a five year residence. The problems arose basically because cities such as Regina and Ottawa could not induce Americans to remain on a year round basis as the economies of the areas made jobs hard to obtain. The player equalization scheme had been partially aimed at solving this problem but had failed.

Regina and Ottawa nevertheless gained support from other centres -- Montreal and Edmonton -- for like the American import the Canadianized player drew a top salary and therefore placed an additional strain on the club's operating budget.

Toronto, Hamilton, Vancouver and Calgary, with some outstanding naturalised Canadians, had been opposed to any retroactive cuts, however, by 1965 Hamilton and Calgary, because of their financial situation changed, and a vote resulted in limiting Canadianized players to three per team.

for, J. Yaremko, Provincial Secretary and Minister of Citizenship, described it as undermining the principle of equality.¹⁵⁷ A government backbencher, the Honourable D. Macaluso (Hamilton-West), in the House of Commons reacted in a similar fashion:

In view of the discriminatory and base ruling of the Canadian Football League against naturalised Canadian citizens of United States origin and its obvious conflict with the Canadian Bill of Rights and the provisions of the Canadian Citizenship Act, can the minister tell us if his department contemplates any action against the C.F.L. or the commissioner of Canadian Football?¹⁵⁸

In view of these reactions commissioner Halter was instructed to obtain a legal opinion on the amendment to the League's player rosters. Professor Laskin, of the University of Toronto, in considering the legality of the ruling, indicated that it appeared to violate the Ontario Human Rights Code as the code prohibited restrictions of employment on the basis of nationality.¹⁵⁹ The League was forced to redefine the amendment, and in June of 1965 it did away with citizenship and substituted football training as the standard to be

¹⁵⁷Edmonton Journal, February 23, 1965, p. 7.

¹⁵⁸Debates, February 25, 1965, 11713-4.

¹⁵⁹Edmonton Journal, April 27, 1965, p. 9. Professor Laskin went on to question the entire quota system as a violation of the Ontario Human Rights Code, see Edmonton Journal, April 28, 1965, p. 44.

used to define an import.¹⁶⁰

The public outcry against the controversial rule, and the player reaction, which resulted in the formation of a players' association,¹⁶¹ were among the repercussions of these events which forced the operators of football into a closer alignment, and helped make the concept of one League more acceptable.

The desire to present a united front was accelerated by two more events which profoundly shook the established order. Firstly, in 1964, the eastern and western television rights for 1965-1966 were sold to a Montreal advertising agency, Bouchard, Champagne and Pelletier Ltd., for nearly

¹⁶⁰Players who had participated in football outside Canada prior to their 17th birthday were classed as imports -- with the exception of players who had been physically resident in Canada for 17 of their first 21 years. The formula was not, however, applied to players classed as non-imports or to those who acquired Canadian citizenship by July 30, 1965.

¹⁶¹As early as 1961 there were attempts to unionize players. In 1961 the Ottawa Rough Riders formed an association "to dicker with the club management on issues including payment for exhibition and Grey Cup games, accommodation, public appearances, and training camp conditions." Edmonton Journal, February 7, 1961, p. 7. A year later Duncan, a Calgary lawyer and ex-football player, announced an attempt to organize players across the country. The aim was to establish minimum salaries, give players a voice in policy matters pertaining to player-management relation, seek medical protection, and pay for exhibition games. Edmonton Journal, September 14, 1962, p. 10. The association, however, never eventuated as only five of the nine clubs responded. Edmonton Journal, November 6, 1962, p. 9. In 1965 the players responded almost unanimously in favour of an association, the citizenship ruling acting as a catalyst. The newly elected president, Gary Schnieder of the Ottawa Rough Riders, was one of the originators of the attempt to unionize back in 1961.

\$1,500,000.¹⁶² As the agency had no television outlets the two national networks applied pressure, in an effort to regain the rights, by refusing to carry football games except for exorbitant production costs and line charges. It was not until a month after the planned starting date that a 1965 game was televised for the viewing public, and this occurred only after the agency's rights had been taken over by the Canadian Television Network. The effectiveness of the hold-out by the Canadian Broadcasting Commission and the Canadian Television Network demonstrated the monopolistic position that they held over the televising of Canadian professional football.

The issue brought to public light an agreement between the private enterprise network (C.T.V.) and the Crown Corporation (C.B.C.) whereby both undertook that neither would acquire the rights to televise Canadian football on any basis that was unacceptable to the other.¹⁶³ Supposedly signed in 1962 the agreement provided that, regardless of which network owned the rights, the Canadian Broadcasting Commission would acquire the rights to telecast all Sunday games and the Canadian Television Network the remainder.

¹⁶²This represented the largest increase in television fees over a one year period. The eastern conference's rights, for example, were \$75,000 higher per year than the previous C.T.V. Network bid.

¹⁶³Brief To Task Force on Sport.

As football promoters looked longingly for increased television revenues to help defray inflating costs, this agreement, which effectively precluded competitive bidding, became a unifying factor.¹⁶⁴

Secondly, during this critical period in the history of professional football, Halter retired as commissioner, and his resignation initiated a chain of events which, for a period after, effected the credibility of the Canadian Football League. In June of 1966 Senator Keith Davey was appointed to succeed Halter as commissioner,¹⁶⁵ but fifty four days after taking office on January 1, 1967, he resigned.¹⁶⁶ The Senator had not even been a candidate for the position when Halter gave notice, but after discarding the names of the official applicants the executives of the League approached him to take the appointment.¹⁶⁷

Hired at a salary of \$25,000,¹⁶⁸ Davey and the

¹⁶⁴Although the present League By-Laws give the two conferences autonomy over their own television rights one of the first steps that the executives took, after the adoption of the new constitution and the hiring of Gaudaur as commissioner, was to hand to the commissioner the authority to negotiate with the television networks on their behalf.

¹⁶⁵Edmonton Journal, June 22, 1966.

¹⁶⁶Minutes of the C.F.L. Annual Meeting, February 23-24, 1967.

¹⁶⁷Edmonton Journal, February 10, 1967, p. 15.

¹⁶⁸He was to take on the task for about \$3,000 more than Halter, and still retain his Senatorial post.

owners began to clash philosophically while he was still commissioner-elect. On December 17, 1966, in an article in the Toronto Globe and Mail Magazine, the Senator expressed his opinions on how to improve Canadian Professional football.

Speaking out for the first time, Keith (the fan's commissioner) Davey says: Wrap up defensive football with the garbage, pay better officials more money, make the selfish haves help the have-nots -- give the game back to the fans.¹⁶⁹

Bassett, chairman of the Toronto Argonaut board of directors, reacted by stating that "we've got to straighten that young man out on a few things."¹⁷⁰ Berger, president of the Ottawa Rough Riders, was also openly critical of the opinions expressed by Davey:

I would have to say that generally speaking I wouldn't consider it the better part of wisdom to criticize your employer's record before starting the job.¹⁷¹

The eastern firms were particularly incensed by Davey's comments, which placed the blame for the delay in the acceptance of the COOL Report on them, and criticized the operations of two eastern clubs.

In gate equalization, Davey explained, the haves give to the have-nots. We are having trouble getting Toronto Argonauts to give it all away.¹⁷²

¹⁶⁹D. Beddoes, "Senator Davey Calls the Play," Toronto Globe and Mail Magazine, December 17, 1966, p. 9.

¹⁷⁰Edmonton Journal, December 19, 1966, p. 10.

¹⁷¹Ibid.

¹⁷²Beddoes, op. cit.

But the C.F.L. will remain balkanized until the eastern cities, with their bigger revenues, realize they must share equally.¹⁷³

The perennial poor showing of Montreal and Toronto is harmful. The national image of football relates to what happens in those two cities, and making them more respectable athletically is a major problem.¹⁷⁴

During the exchanges that followed Davey was busy setting up a new central League office in Toronto, a move which was first called for by the British Columbia Lions in 1963.¹⁷⁵

The final confrontation between the owners and the commissioner came at the League's annual meeting on February 23, 1967. After presenting the Commissioner's Report, Davey asked for a simple vote of confidence. The motion was moved, but no seconder was forthcoming, and the

¹⁷³Ibid.

¹⁷⁴Ibid., p. 19. Other criticisms of the commissioner included:

1. that he was against allowing a distillery to present major C.F.L. player awards.
2. that he thought it was imperative to get new ownership for the Montreal Alouettes and Toronto Argonauts.
3. that he failed to show up at fourteen meetings he had agreed to attend.
4. that he had not met with Commissioner Rozelle of the National Football League when it looked as if they were about to sign a player agreement with the Continental Football League which would have seriously affected the Canadian League's ability to obtain American players.

¹⁷⁵Edmonton Journal, February 13, 1963, p. 33. The move could not take place as long as Halter remained only a part-time commissioner as his law firm obligations kept him in Winnipeg. Davey successfully achieved a smooth transfer to the new Toronto office.

Senator resigned after reigning for a period of fifty four days.

Press reactions to the "Davey affair" were mixed, with many feeling that the Canadian Football League's image had suffered.

. . . [in spite] of guidelines insisting upon an all-powerfull commissioner, the C.F.L. obviously wants no such critter. The owners seem to abhor a czar who will give them static, even when they deserve it. What the owners really want is a puppet, who, if it comes down to revealing the truth about the C.F.L. or, telling a lie, will automatically tell a lie.¹⁷⁶

They'll remember Senator Keith Davey as the man who made the supposedly sound-thinking members of the C.F.L. executive look like a collection of school boys.¹⁷⁷

The Canadian Football League bosses knew they weren't getting a yes man when they hired Senator Keith Davey as commissioner. He didn't change. Why did they expect he would? . . . They only sold pro football in Canada further down the river.¹⁷⁸

Oh, well, Thursday's denouncement proved something which always I have suspected. Canadian football must be truly a great entertainment because it survives in spite of the men who run the game.¹⁷⁹

There were expressions of relief from the press when Davey resigned, but these, by comparison, were in the minority.

¹⁷⁶D. Beddoes, Toronto Globe and Mail, quoted in Edmonton Journal, February 24, 1967, p. 24.

¹⁷⁷D. Beck, Calgary Albertan, quoted in Ibid.

¹⁷⁸D. McConnel, Kingston Whig - Standard, quoted in Ibid.

¹⁷⁹J. Coleman, Syndicated article, Edmonton Journal, February 24, 1967, p. 25.

Somewhere men are laughing, and somewhere
 children shout
 But there is no job in the C.F.L. - the mighty
 Davey has struck out.¹⁸⁰

The release of the Commissioner's Report, plus the lack of press support, must have left the executives of the Canadian Football League with a feeling of uncertainty. In the Report Davey claimed that football had reached a plateau, and that there was a need to revitalize the game. This stagnancy, he claimed, was due to the antiquated approach to the operation on the part of the owners,¹⁸¹ and in an effort to regenerate the operation he listed a set of goals and priorities. Termed the "fan's bill of rights,"¹⁸² the list ranged from improving communications with the fans, standardization of conference operations, to officiating, recognizing the players' association and improving relationships with intercollegiate and high school football.

The football owners reacted to Davey's proposals negatively, as in a prepared press release they stated that there was "little in Davey's report that the senator hadn't trumpeted around the country previously or information that

¹⁸⁰L. Artiss, Regina Leader - Post, quoted in Edmonton Journal, February 24, 1967, p. 24.

¹⁸¹Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, February 23-24, 1967.

¹⁸²Ibid.

Leaf 72 omitted in page numbering.

had not been suggested by other league and club officials."¹⁸³
As true as this may have been the mere ordering of a list of goals, when coupled with the few that were achieved almost immediately under Davey, led to an upgrading of the operation of professional football. For example, the establishment of a full time, fully staffed League office, in Toronto, the emphasis on promoting offensive football, the use of more extensive statistics, and the recognition of the players' association were a few of the expressed goals that were achieved either during or soon after the Davey "fiasco."

Beneficial as these changes were, many may have never reached fruition if it were not for the events of late 1966 and early 1967, and these in turn only assume relative importance when viewed as unifying influences. The external pressures had welded the executive together, for the day following the resignation of Davey the COOL Report was accepted. The conferences agreed to enter into one autonomous League¹⁸⁴ in a merger which gave the west one vote

¹⁸³Edmonton Journal, February 24, 1967, p. 24.

¹⁸⁴Minutes of the C.F.L. Annual Meeting, February 23-24, 1967.

extra over the eastern firms.¹⁸⁵

During 1967, the League functioned in a state of comparative animation as it looked for a new commissioner,¹⁸⁶ rewrote the constitution, and examined more carefully the ramifications of the COOL Report, emerging in 1968 as a substantially cartelized League. It was to function as an unincorporated non-profit association with nine member firms, all of equal status. The supreme authority¹⁸⁷ was vested in the Executive Committee, a nine member board made up of a delegate from each club.¹⁸⁸ Meeting, normally three times a year,¹⁸⁹ the Executive Committee has come to rely heavily upon the commissioner's office and the General Manager's

¹⁸⁵In reality the change in the voting structure meant little as unanimity was required on financial matters such as gate equalization, franchise, property rights, club insignia, and on most other issues, including constitutional changes, a vote of eight out of nine was required.

The relinquishing of one vote by the eastern conferences had little practical effect, but the fact that they did demonstrated the changed attitude with which they entered the 1967 agreement as opposed to what it had been in 1956.

¹⁸⁶The League decided against appointing another commissioner hurriedly. A. McEachern, the new League president, agreed to carry out the functions of an interim commissioner during 1967.

¹⁸⁷Article VIII of the C.F.L. Constitution states that the government of the League is vested in the Executive Committee (See Appendix I.).

¹⁸⁸The delegates are usually the presidents of the western firms, and the major owners of the eastern clubs.

¹⁸⁹These meetings are usually held in February (annual meeting), June (semi-annual meeting), and in November (Grey Cup meeting).

Committee,¹⁹⁰ in all facets of its work.

The constitution set down the areas of authority of the various components of the Canadian Football League, and as it was an expression of the realization that cooperation was essential for survival, the concept of "League" became omnipotent. The autonomies of the Conferences and firms were severely restricted,¹⁹¹ as they became more or less the custodians of limited residual powers. This new alignment of parts prescribed a new emphasis in the decision making processes of Canadian Professional football. The League was no longer the recipient of powers granted ad hoc by the firms and conferences, but an autonomous entity with supreme authority. (See figure two).

Unified by external pressures, the cartelized League owes its continued existence to a sense of internal trust. No longer would a commissioner find it necessary to scold executives, and tell them to act like "responsible businessmen," a measure Halter took in 1963 at the Canadian Football League's Annual meeting.¹⁹² The internal conflicts which characterized the early Canadian Football League's

¹⁹⁰The general managers meet about five times a year. Concerned with the actual running of the individual firms, they frequently make recommendations to the executive.

¹⁹¹See Articles XII and XIV of the C.F.L. Constitution, Appendix I.

¹⁹²Edmonton Journal, February 18, 1963, p. 8.

ADMINISTRATIVE AUTHORITY OF THE CANADIAN FOOTBALL LEAGUE

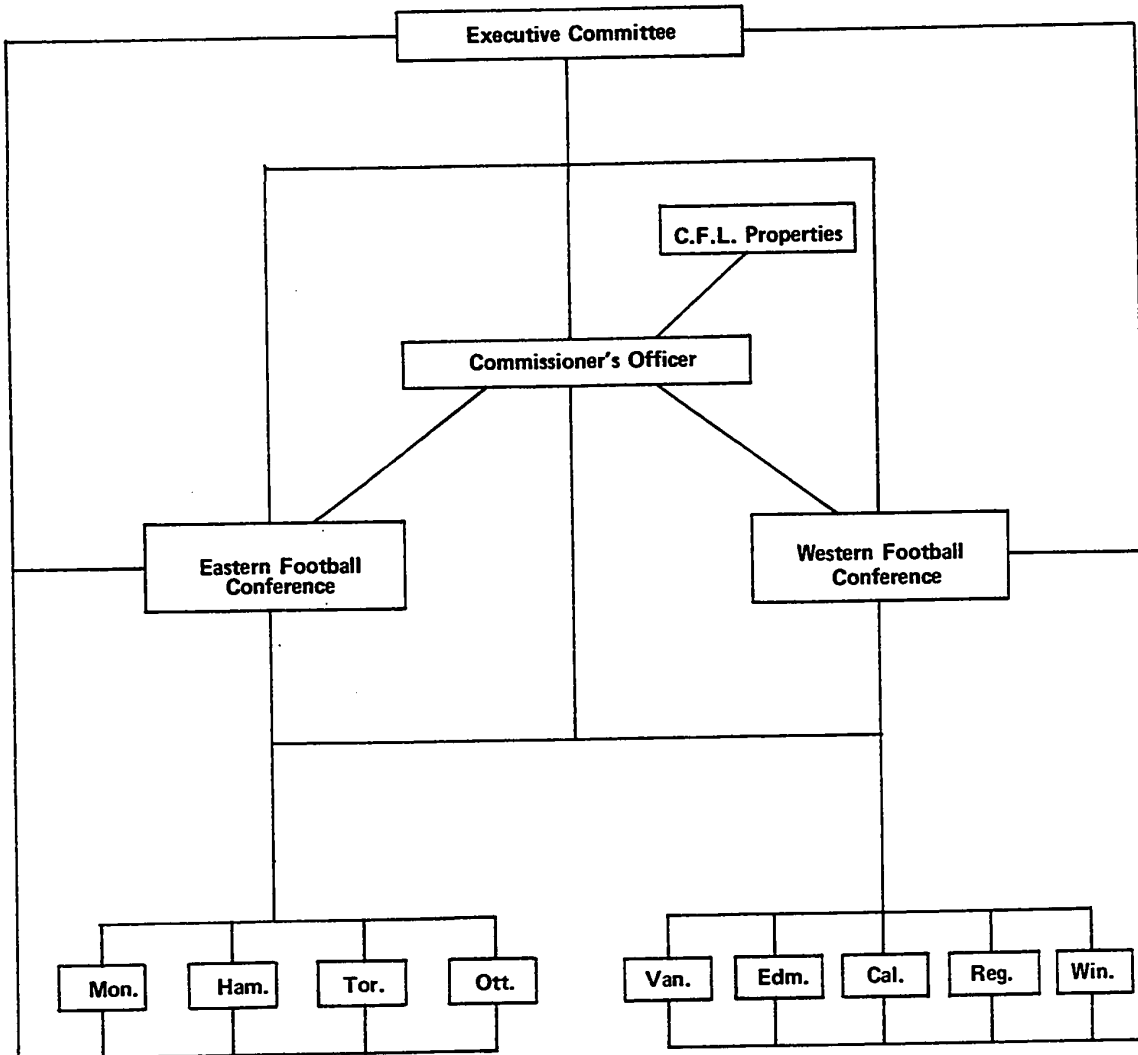


FIGURE 2

The model represents the effect of the establishment of an autonomous league in that the Executive Committee has now supreme authority. Prior to this the individual firms then the conferences held this power.

meetings has all but disappeared as the individuals and sectional groups matured in their relationships. The findings of the COOL Report which could not show any advantages to firms being privately or community owned may have helped in this maturation process as the firms could now readily accept each other as equals, with each equally concerned with the welfare of the League.

The stability of ownership patterns in the individual firms has also aided in affirming the alliance. Proposed changes in shareholders are carefully examined at the League level and only those viewed as compatible to it are accepted.¹⁹³ During 1969 when a private company, the Trembly Realty Company owned by D. Loeb and his immediate family, proposed to purchase all the outstanding shares of the Ottawa Roughriders, the members of the League executive expressed concern. Worried that they would lose control over these shares if resold by the private company, Loeb had to guarantee his fellow owners that this would not be the case before the deal was finalised.¹⁹⁴ Similarly, when S. Berger sought to take over the controlling interest of the Montreal

¹⁹³See Article III sections 10-16 of the C.F.L. Constitution, Appendix I.

¹⁹⁴Minutes of the C.F.L. Semi Annual Meeting, June 5, 1969.

club, he had first to seek the executive's approval.¹⁹⁵

The executive committee has further demonstrated its authority by being prepared to move into any facet of the operation in order to protect the best interests of professional football. In 1968 concern was expressed over the retransmission of Ottawa home games back into the Ottawa franchise area via cable television.¹⁹⁶ It was the League, not the conference, to whom the television rights belong,¹⁹⁷ that moved to settle the problem, and after spending considerable monies to stop the franchise encroachment it did not hesitate to demand that one of the Ottawa owners divest himself of his shares in the club following his public stand in favour of cable television.¹⁹⁸

¹⁹⁵Minutes of the C.F.L. Grey Cup Meeting, November 28, 1969. The transaction involved 1276 of the 1340 issued shares of the Allouette Football Club Inc. or approximately 95% of the share equity. Owned by Mr. Atwell, the requested transfer was agreed to unanimously. There had been expressions of concern with the Montreal ownership as the club had spent most of the decade in the cellar of the eastern division and even though viewed as one of the big three firms as far as market potential, it had withdrawn a total of \$115,482.82 from the gate equalization pool.

¹⁹⁶The conferences require that a 75 mile area be blacked out when a team is playing at home. The Community Antenna Television Systems acquired the signals of games played in Lansdowne Park, which were transmitted by stations located in Kingston and in Montreal, and without the authorization of either the Ottawa club, or the conference, or the network which had purchased the rights, retransmitted the signals back into the Ottawa area.

¹⁹⁷See Section II of the C.F.L. By-Laws, Appendix II.

¹⁹⁸Minutes of the C.F.L. Annual Meeting, February 13, 1969, The shareholder, G. Henderson, also owned part of the cable television company.

Coupled with the League's increase in authority the office of commissioner has assumed a greater importance. Being the chief administrative officer of the League the position consequently became more powerful when the firms voted on the creation of an autonomous League, and established a central office which was to operate on a full-time basis. The Davey affair demonstrated to the executive that this position had to be filled by a personality with whom they could work, and in J. Gaudaur they found such a person. After divesting himself of interests in the Hamilton Tiger Cats¹⁹⁹ Gaudaur brought nearly two decades of football experience to the position, first as a player and later as an owner-general manager. A firm believer in League autonomy Gaudaur's actions have steadily increased the dependence of the individual firms and conferences on the League.

Gaudaur, as the League's first full time, \$40,000²⁰⁰ per annum commissioner, has significantly consolidated the position, gradually bringing under his direct control schedules, television contract negotiations, the Grey Cup, statis-

¹⁹⁹Article XI, section 12 of the C.F.L. Constitution states that the commissioner shall have no financial interests, direct or indirect, in any professional football club. (See Appendix I). This section had been deleted so as to allow McEachern to hold the job of commissioner during 1967.

Gaudaur's holdings were estimated at 25 per cent of the stock of the club and were sold to Ralph Saxie Ltd. for approximately \$200.00.

²⁰⁰Minutes of the C.F.L. Annual Meeting, February 8, 1968. Gaudaur was hired at \$40,000 per year on a five year contract but since then his salary has increased.

tics, public relations, Canadian Football League properties, the registration of all contracts, assignments or other documents respecting the rights of members to the services of players, game officials, certain types of disputes, and disciplinary matters.²⁰¹ Many of these had been the responsibility of the commissioner, however Halter had not concerned himself with those areas outside of rules, game officials, and the contractual arrangements of the players. Davey, in his brief period, was made aware of the wide range of obligations and duties, but the manner in which he tried to assert his authority led to executive rejection. Gaudaur, on the other hand, has achieved all, and more, of what Davey had set down in his only annual report in 1967.

Having the confidence of the executive, of which he was a member, Gaudaur has brought professional management and promotion to football at the League level. The installation of a telex system, in 1968, linking all nine clubs to the League office demonstrated graphically the new, business approach. Halter had often complained about the tardiness of the firms in informing him of alterations in Negotiation Lists and playing rosters,²⁰² and the telex network not only

²⁰¹See Article XI of the C.F.L. Constitution, Appendix I.

²⁰²Memorandum from S. Halter to General Managers of the C.F.L. clubs, September 21, 1964.

remedied this, but also saved the League money.²⁰³

Functioning from a sound business base the League has grown stronger, but as expressed by the commissioner it should be cognizant of stagnation, and be prepared to subject itself to continuous re-examination.

Further the Clubs should not lose sight of the fact that taking a clear "inside" look at ourselves via the Urwick-Currie Report enabled us in recent years to judge that there was a need to approach our problems with a more united outlook than had been the case previously and from Canadian football's point of view, this judgment has proven correct. It would be a mistake in my opinion to now sit pat and await another crisis.²⁰⁴

The crisis, however, may not be of a financial nature as the cartelization process has brought the Canadian Football League into the realm of the Canadian Combines Legislation.

²⁰³Minutes of the C.F.L. Grey Cup Meeting, November 28, 1968. The telex bill for 6 months in 1968 was \$1,222.40, whereas the telegram bill for the same period in 1967 amounted to \$3,575.48.

²⁰⁴Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "The Economy," February 11, 1971.

PART III

THE APPLICATION OF BAIN'S INDUSTRIAL ORGANIZATIONAL MODEL TO THE BUSINESS OF PROFESSIONAL FOOTBALL

The creation of a business trust in the production and supply of professional football in Canada came about for a complexity of reasons, not the least important of which were those of economic necessity. While trying to create an economically viable unit the owners of the Canadian Football League have organised a business empire which virtually spans the breadth of Canada. In order to examine the workings of this sporting monolith Bain's Industrial Organisation Model was selected as it was developed to examine the market structure, conduct, and performance of an industry, and to provide guidelines for proposals in the area of competition policy.

MARKET STRUCTURE

The organisational properties of a market, which change slowly over time, Bain labelled as structural. Price theory indicates that Market Structure shapes the market conduct of firms, for example, the character and intensity of competition among firms in the same industry, and therefore influences market performance. Market structure refers to the organizational characteristics which determine the relations (a) of sellers in the market to each other, (b) of buyers in the market to each other, (c) of the sellers to the buyers, and (d) of sellers established in the market to potential new firms which might enter it.²⁰⁵ In order to identify the different types of market structures three basic concepts are used:

- I The degree of concentration;
- II The extent of product differentiation;
- III The condition of entry to the industry.

Needless to say, there exists other dimensions, for every market has a multitude of characteristics, and to some degree each is structurally unique.²⁰⁶ The literature, nevertheless, tends to support the notion that these three are the most salient aspects, as the use of a comprehensive list effectively forestalls the drawing of "meaningful generaliza-

²⁰⁵Bain, op. cit., p. 7.

²⁰⁶Ibid., p. 9.

tions about the influence of structure on behaviour."²⁰⁷

I. THE DEGREE OF CONCENTRATION

Concentration refers to the number and size distribution of sellers and buyers in the market,²⁰⁸ and as such it can be linked to conduct and performance as it significantly influences the character, intensity, and effectiveness of competition between sellers,²⁰⁹ through the strength of the mutually recognized interdependence among sellers. In any market a seller has two conflicting desires which lie at opposite ends of a continuum. On the one hand the seller would like to coordinate the adjustment of all prices and outputs to the point that maximum joint profits are realised, while on the other he is concerned with increasing his own share of the profits at the expense of rivals. Whether firms act separately or cooperate depends on the relative strength of the two motivations. This in turn depends on the degree of concentration in the individual industry since the higher

²⁰⁷Ibid.

²⁰⁸Ibid., p. 112.

²⁰⁹Ibid., p. 8.

the degree of seller concentration, the greater should be the tendency towards cooperate action.²¹⁰

In theory three basic categories of concentration, which refer primarily to the seller's side of the market, have been discerned -- pure competition, oligopoly, and monopoly.²¹¹ Pure or atomistic competition is characterized by a large number of sellers and buyers, with no product differentiation or market power. In such industries the seller has no control over the market selling price and theoretically will independently produce that output which will yield a maximum profit at that price.²¹² Agriculture is usually considered the closest real life approximation of a purely competitive market.²¹³

A market situation in which an oligopoly dominates is one where there exists a few large sellers. Rivalry is a characteristic but as each seller supplies enough of the total output to influence the market price each must consider the effects of his actions, not only on the buyers, but upon each other. As a result there is an interdependence, or non-independence, of the price and output policies of the

²¹⁰Ibid., p. 120.

²¹¹R. Low, Modern Economic Organisation, (Illinois: R.D. Irwin, Inc., 1970) p. 8; Bain, op. cit., pp. 27-29.

²¹²Bain, op. cit., p. 28.

²¹³Low, op. cit., p. 10.

firms.²¹⁴

Lastly, in monopoly a single seller has complete control of the market price at which he sells.²¹⁵ Because there is no competitive supply of goods in his market the monopolist may raise or lower the product's selling price and is in a position to choose the most profitable price relative to costs.

The three types of market structures run parallel and are related to the independent-joint profit maximizing continuum, with atomistic competition resulting in independent profit maximization and monopolistic structures aiming at joint profit maximization. Generally the goals of public economic policy, affecting business enterprise, are to keep a market functioning under conditions of "workable"²¹⁶ competition, a theoretical situation that falls towards the pure competitive end of the continuum. This emphasis on the concept of competition is related to the premise that competition and economic efficiency are closely related. For the Economic Council of Canada the objective of the "Combines Investigation Act should be the promotion of dynamic efficiency,

²¹⁴Bain, op. cit., p. 29.

²¹⁵Ibid., p. 28.

²¹⁶"Workable" refers to a degree and form of competition that is sufficient to induce good performance by various firms and industries, rather than imposing direct governmental regulations on the performance of business, Ibid., p. 498.

flexibility and good all-round performance in the Canadian economy."²¹⁷ To achieve this end competition is regarded as an important means.

At the other end of the continuum lies the monopolistic type of market structure in which competition ceases to be a part.

The results in a monopoly usually being correlated with inefficiency. As every day observation will confirm, lack of strong competition in a company's product market increases the risk of sloppiness, poor use of productive resources, and excessive production and distribution costs. An environment is created in which both waste and a comfortable, if not necessarily spectacular, profit margin can persist, undisturbed by clear and urgent signals from the market.²¹⁸

Concerned with maintaining the continuance of a free enterprise economy, actuated by the profit motive, and economic efficiency, competition policy has been directed at market situations in which competition is lacking.

The cartelization of the Canadian Football League, which has effectively restricted competition to the playing field while at the same time creating a monopolistic market in which the game is sold, has led to the possibility of conflict between the organization and business law. Until recently the fact that a professional sporting industry was viewed as a service industry served to protect professional football from prosecution, but the Economic Council, in their

²¹⁷Interim Report on Competition Policy, p. 5.

²¹⁸Ibid., p. 8.

Interim Report on Competition Policy, recommended the removal of this exemption, a step which the new Competition Bill has taken.

The degree of seller concentration is reflected in the number of sellers and the proportions of the whole market supplied by them. The categorizing of professional football into one of the types of seller concentration is difficult since the picture is confused, both by the historical development of the League and the nature of the product sold.

In the Canadian Football League there exists nine firms. However, the historical analysis clearly shows the amalgamation of firms into a League in an effort to gain some control over the market place. As the process of complete cartelization has still not been accomplished both the firms and conferences maintain certain areas of autonomy -- the end result being that the product is marketed by three sellers.

The three separate sellers can exist because of the peculiar nature of the product, "it comes divisible into parts, each of which can be and is sold separately, but it is also a joint and multiple yet indivisible product."²¹⁹ The privilege to enjoy the product (game) is firstly sold in the form of individual stadium seats where fans can enjoy live

²¹⁹W. Neale, "The Peculiar Economics of Professional Sports," The Quarterly Journal of Economics, vol. LXXVIII, February, 1964, p. 3.

action football. Secondly, it is sold for transmission by radio and television, and thirdly the nature of the game produces a hero figure and emblem that can also be marketed.

Table 2

An Estimated Income Breakdown of the Markets²²⁰

	GATE RECEIPTS	RADIO AND TELEVISION RECEIPTS	C.F.L. PROPERTIES
1969	\$5,831,786.00	\$1,029,500.00	--
1970	\$6,692,514.00	\$1,358,906.00	\$1,279,953.00

The selling of the game at the stadia level remains in the hands of the local firm, and is by far the most important source of revenue that professional football has, contributing two-thirds of the total income. Competition for the home gate is non-existent because of the geographic locations of the nine clubs. Located in nine major Canadian cities, each monopolizes a predetermined sphere of influence, which is protected by the League Constitution.

"Franchise Area," with respect to any member, means the city specified in Article 3.03 hereof in which said member club is located and for which it holds a franchise and plays its home games and includes the surrounding territory to the extent of one hundred and twenty-five (125) miles in every direction from the corporate limits of such city, except

²²⁰The 1969 figure for Radio and Television Receipts does not include Radio income.

as follows:

Whenever two (2) members are located and hold franchises for League cities within two hundred and fifty (250) miles of each other, measured from the exterior corporate limits of each city, then territorial rights of each member with respect to the territory between the two franchise holders shall only extend to and include an area of one-half of the distance between such cities.²²¹

Competition in the selling market is therefore not a factor. Cooperation, on the other hand is an important ingredient, as the production of a game necessitates cooperative action -- two firms must be scheduled to engage in competition in one of the home stadia before a salable product can be marketed. The economic realization of this has resulted in a revenue sharing procedure known as gate equalization.²²²

As the number of sellers is restricted in each area concentration is high and the operation in practice exhibits those characteristics that theory predicts. The high degree of seller concentration has resulted in cooperative action to establish a joint profit maximization of price and output. The following table represents the percentage of the total Canadian market attained by each seller in 1968, while monopolising its own sub market.

²²¹Article IV Section 1(c) of the C.F.L. Constitution (See Appendix I).

²²²See Article VII of the C.F.L. Constitution, Appendix I.

Table 3

Percentage Breakdown of League Attendance 1968²²³

<u>Club</u>	<u>% League Attendance</u>
Montreal	8.0
Ottawa	11.7
Toronto	14.3
Hamilton	11.9
Winnipeg	7.5
Saskatchewan	10.2
Calgary	11.4
Edmonton	10.2
British Columbia	14.8
	<hr/>
	100.0

Atomistic conditions characterise the buyer side of this market even though the stadium sizes place very real physical limits on the number of fans that can witness a game.

²²³Minutes of the C.F.L. Annual Meeting; The Commissioner's Report, February 13, 1969.

Table 4

Stadia Capacities as of 1968²²⁴

<u>Firm</u>	<u>Capacity of Stadium</u>
Montreal	28,000
Ottawa	27,472
Toronto	33,135
Hamilton	28,800
Winnipeg	22,500
Saskatchewan	21,500
Calgary	22,500
Edmonton	21,000
British Columbia	32,739

The local consumer is either a season ticket holder or a casual purchaser. The individual firm, because of the uncovered stadia and the unpredictable nature of the weather, prefers to attract as many season ticket buyers as possible.

The buyer-seller relationships in this market should, according to theory, be dominated by the seller. As the buyer concentration is low and the seller high what has been effectively created is a monopoly, and theoretically in a monopoly,

The single seller has complete control of the market price at which he sells (there is no competitive supply of goods in his market), and may raise it or

²²⁴Ibid.

lower it while effectively restricting or expanding the amount of product he sells.²²⁵

In professional football the single firm is subject to certain constraints in the determination of local seat prices. A minimum average price of \$4.20²²⁶ was set in 1968 by the League for the purpose of setting minimum standards in gate equalization, thus impinging upon the monopoly of the local firm. Also it is unable to restrict or expand the exposure or amount of the product at will. The schedule, which designates the number of games played by the firms, is drawn up by the commissioner's office. Restrained by tradition and the requirements of the constitution,²²⁷ extension or contraction of the League schedule is beyond the control of the individual firm. The stadia sizes impose physical limits on the exposure of the game.²²⁸ In summary, the market does not function as theory would predict -- the single seller does not have complete control over local prices or outputs. Nevertheless, the high concentration level of the industry enables the industry to exert a considerable degree of market power, "in that it influences the price, quantity, and the nature of the product in the market place."²²⁹

²²⁵Bain, op. cit., p. 28.

²²⁶G. Fulton, Personal Interview, April 6, 1971.

²²⁷See Article XIII of the C.F.L. Constitution, Appendix I.

²²⁸Exposure of the live action has been expanded by television but not to the local market which is "blacked out."

²²⁹W. Shaphard, Market Power and Economic Welfare, (New York: Random House, 1970) p. 3.

The selling of radio and television rights to games exhibits a slightly different pattern, but one which again tends to concentrate the industry. Radio rights in the east and west are marketed by the two conferences. Thus, two sellers negotiate with the various broadcasting companies, but as with the selling of stadium seats, each seller controls a geographically different market, monopolizing the market in which he sells.

On the buyer side there exists only a limited number of radio networks capable of competing for the purchase of the rights. The seller-buyer concentrations are therefore high and the market can best be described as monopolists selling to an oligopolistic buyer market.

The marketing of television rights is similar to that of radio as there are only two sellers, the conferences, and two buyers, the Canadian Broadcasting Commission and the Canadian Television Network. Belonging to the conferences, television rights were marketed separately until 1969. However since the formation of an autonomous league the conferences have requested the commissioner to negotiate on their behalf. The result is that television companies are now offered the rights to the entire League, subject to an east-west payment breakdown, in an effort to make them more attractive to potential buyers. Seller concentration borders on monopoly, but the industry's market power is reduced by the availability of the live television coverage of American professional and college football games.

As mentioned, there are only two buyers capable of carrying the product on a financially profitable scale. With national hookups the two networks can project the games coast to coast, and during the life of the League only once has an outside company been able to break this hold.²³⁰ The intrusion was short-lived as the company controlled no outlets and had to rely on either of the two national networks which refused to carry the football games except at excessive line and production costs. The monopolistic position of the networks effectively squeezed out the competitor.

In the selling of radio and television rights the buyer and seller concentration levels are high. Each exert market power to the extent that price and quantity are arrived at through negotiation.

The product of professional football in the radio and television markets is not bought for its own intrinsic worth. The buyer is concerned with using it to help sell other, completely unrelated, products. A similar situation results from the marketing of the third type of product that evolves from the playing field conflicts of the firms. Fan involvement has created a residual product -- the hero figure and the emotional allegiance to a club and club emblem.

²³⁰This occurred in 1965 when the Montreal firm of Bouchard, Champagne and Pelletier Ltd. were granted the rights.

Advertisers have come to realize the potential promotional power of these by-products in the selling of unrelated products in other markets, and they are willing to pay for the privilege of using them.

Prior to 1969 the firms randomly distributed these wares without fully developing or even realizing their worth. Gaudaur, as commissioner, has hired a marketing company to exploit these products and the markets in which they can be sold. Modelled on the National Football League Promotion Office the Canadian Football League Properties Ltd. is divided into three divisions -- program, promotional, and licencing. This establishment has concentrated the seller end of the market into one, effectively creating a monopoly.

With the centralization of seller the buyer concentration has steadily decreased. The creation of a monopoly has made the purchasing of rights far easier, and buyers can now more readily avail themselves of this form of promotional advertising which mainly takes the form of League and club product endorsements.

In the selling of programs another buyer market is present. Advertising space in the program is first sold to various manufacturers, and then the programs are produced by the Canadian Football League Properties office for marketing by the individual firms, usually to their home game fans. The monopoly, created by the establishment of the promotional office, exercises control over quantity, quality and prices of professional football's rights, and once again

demonstrates the market power which accrues to the Canadian Football League because of high concentration levels.

The firms of the Canadian Football League are involved in one other major market, but as a buyer rather than a seller. The production of a game necessitates the hiring of highly skilled performers. In searching for the raw materials for their product the owners have created a monopsony, or "buyer's monopoly," as there is no other competitive buyer in Canada. Use of this monopsony leverage has enabled the League to tacitly regulate player salaries and divide the consumer market among the member clubs. The mechanisms of this market could present to the Canadian Football League a major source of concern with the change of Canadian competition policy to include service industries.

In conclusion, in the various market places in which Canadian professional football operates the industry's concentration levels are extremely high, bordering on monopolistic. As high concentration in a market normally results in high market power,²³¹ the Canadian Football League, in playing the dominant role in the various markets functions as theory predicts.

²³¹Shepard, op. cit., p. 34.

II. PRODUCT DIFFERENTIATION

Another important element of market structure is the extent and significance of product differentiation. Product differentiation, is often defined in a negative sense -- the absence of product homogeneity.

When products are homogeneous, different units of a product are viewed by sellers and buyers alike as identical.²³²

In a more positive vein Bain defines it as

. . . the extent to which buyers differentiate, distinguish, or have specific preferences among the competing outputs of the various sellers established in an industry.²³³

Theoretically, the concept of product differentiation is dependent on the notion of an industry,²³⁴ where a group of outputs are close substitutes for each other. This substitutability of outputs normally results from

. . . the fact that they are all varieties of the same sort of good or service. . . with similarity in form or function and fulfilling the same sort of specific want or need of buyers.²³⁵

The ability to substitute products on the part of the buyers has led sellers to attempt the creation of an illusion of difference, for the greater the ability of a firm to differen-

²³²Low, op. cit., p. 123.

²³³Bain, op. cit., p. 223.

²³⁴Ibid., p. 224.

²³⁵Ibid.

tiate its products, or to differentiate the services provided, the more inelastic the demand curve will be; thus, the less incentive the firm will have to reduce its prices and the more incentive it will have to increase them. The degree of product differentiation therefore affects market power.

The object of product differentiation decisions is presumably to maximize profits, however unlike many other decisions once a firm has committed itself to a set of physical and subjective product attributes it cannot overnight reverse these commitments. The seller has several methods at his disposal whereby differentiation can be achieved, the most obvious including differences in location, quality, design, buyer ignorance and advertising. In professional football all of these factors, except perhaps for buyer ignorance, are functioning to create an individual image for all nine firms.

The different geographical locations has led to the development of buyers who ally themselves, both physically and emotionally, to the home team. In an effort to emphasize the differences between clubs, design of packaging, with the use of colours and emblems, plays an important part. Advertising, in the form of sports programs on television and radio, and sports columns in newspapers, reinforces the differences between the nine teams, while promoting the local favourite. The exposure thus obtained reduces buyer ignorance as the intricacies of the game and the abilities of the players are analyzed and explained by supposed experts.

Monopolizing the local area, each firm has a "captive" market from which to draw, but as the product can only be manufactured from a combination of two opposing teams, the normal business theory concerning product differentiation and its effect on pricing and output is difficult to apply. Technically the degree of substitutability of any two outputs should be measurable by the "cross-elasticity" of demand.²³⁶ Price has no effect on cross elasticity of demand as price changes made by one firm have no effect on the sales volumes of other Canadian Football League firms. On the other hand, quality of performance has a very real influence, and each firm is concerned, through its various player acquisition programs, to build a team of quality performers. Differentiation, through procurement of quality performers, at the firm level, occurs for the predictable reason of independent profit maximization. The ability of the firms to differentiate their inputs both from each other and from other levels of football has contributed to their monopoly power.

Uncertainty of outcome, another dimension of quality, and an important consideration prompting fans to purchase tickets, causes a reaction to an overemphasis on product differentiation at the League level. If the final win/loss results cannot be readily predicted prior to the playing of

²³⁶Cross-elasticity measures the responsiveness of the sales volume of one output to a small change in the price of the other. Ibid., p. 224.

a game then fan interest is more likely to be evoked. Where a team constantly loses or wins, thereby reducing the uncertainty of outcome, attendance will probably decline.

The simple correlation between playing competitiveness and gate receipts has its shortcomings as attendance is a function of a complexity of factors. The drop in total attendance from 141,365 in 1968 to 117,487 in 1969 suffered by the Edmonton firm, for example, was mainly a result of a loss of competitiveness and an increase in ticket prices.²³⁷ Nevertheless, studies on demand²³⁸ in professional sports suggest that the closeness of playing competition, as a variable, is the most important basis of economic success. Davenport,²³⁹ in a study of professional baseball, examined the effect of close competitions and found that the average club attendance, in the close race seasons, was about 165,000 greater, and this generated an average additional revenue of \$330,000.

The closeness of the over all league competition has, then, a favourable feed-back effect upon gate receipts as,
. . . the closer the standings, and within any range of standings the more frequently the

²³⁷Edmonton Journal, March 6, 1968, p. 36.

²³⁸p. Davenport, "Collusive Competition in Major League Baseball, Its Theory and Institutional Development." The American Economist, Vol. XIII, Fall 1969, No. 2. pp. 6-7.

²³⁹Ibid., p. 6.

standings change, the larger will be the gate receipts.²⁴⁰

Increases in the competitiveness of the firms in the Canadian Football League are, in the opinion of the League Commissioner, the major reason for increased attendance

. . . but the greatest achievement of the 1970 season in my opinion, for which the Clubs individually can take the credit is for providing an over-all product "in the field" which in my opinion was the best in the history of the League. Most important of course, was the greatly increased competitiveness of the two Conferences and secondly was the large number of high caliber players who entered the League for the first time.²⁴¹

Table 5

League Attendance Figures 1968-70²⁴²

	1968	1969	1970
Attendance	1,385,627	1,447,218	1,597,106
% capacity	77 %	80.4%	88.8%
Gross Revenue	\$5,339,038	\$5,429,590	\$6,247,994

The realization of a need to have a measure of homogeneity of playing strength across the teams has resulted in a set of by-laws aimed at equalizing quality. As theory predicts, concern for product differentiation by the indi-

²⁴⁰Neale, op. cit., p. 3.

²⁴¹Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "The Economy," February 11, 1971.

²⁴²Ibid.

vidual firms is activated by motives of independent project maximization, whereas at the League level every effort is made to guarantee that the raw material tends towards being undifferentiated so as to maximize the joint profits.

III. THE CONDITIONS OF ENTRY INTO THE INDUSTRY

Whereas the two previous dimensions of market structure influence the relationships among established sellers, condition of entry determines the competitive relationships between these sellers and potential sellers.²⁴³ In so doing it measures the height of barriers to entry of new competitors into an industry -- the disadvantages that new sellers face.²⁴⁴ The condition of entry, in theory, influences an industry's market conduct and performance by placing a long run limit on selling price which established firms may choose not to exceed in order to forestall entry.²⁴⁵ If, however the immediate barriers are high enough the firms "could establish a fully monopolistic selling price, that would maximize total profits

²⁴³Bain, op. cit., p. 251.

²⁴⁴Ibid.

²⁴⁵Ibid., p. 31.

for the industry and very substantially exceed minimal costs, without inducing new competitors into the industry."²⁴⁶

The Canadian Football League possess such market power since its membership is controlled by a licensing technique. The League, by its constitution, has the right to issue franchise certificates which are the conclusive evidence of membership. The franchise allows its holder to operate a professional football club in a designated franchise area.²⁴⁷

The constitution allows for the entry of new members into the League.

Any person, association, partnership, society, corporation or other entity of good repute organized for the purpose of operating a professional football club in Canada shall be eligible for membership.²⁴⁸

Because of the interdependence of the existing firms upon one another in the business of professional football any new application for membership is examined thoroughly. However except for the furnishing of the names and addresses of the prospective owners, an audited financial statement and a certified cheque for \$25,000, the constitution actually imposes few barriers to entry.²⁴⁹ On receipt of an applica-

²⁴⁶Ibid., p. 270.

²⁴⁷Article III, section 2 of the C.F.L. Constitution, Appendix I.

²⁴⁸Ibid., section 4.

²⁴⁹Ibid., section 5.

tion the commissioner is responsible for investigating and reporting upon it to the Executive Committee.²⁵⁰ The next step involves an examination of the individual owners who must be approved by the Executive Committee by not less than a 7/9 affirmative vote. The vote must include a positive vote from all of the members representing the Conference that the applicant will join if successful.²⁵¹

According to the Constitution the admission of a new firm to the Canadian Football League appears comparatively open, but in practice the process of enfranchisement is "blockaded," with the present firms in a position to accept or reject at will. Over the past decade there have been numerous applications for new franchises, all of which have been refused.

The League appears to have no firm policy concerning expansion, but it would seem logical to increase the eastern conference to five firms so as to give an overall balance to the league. Also the example of recent expansion successes in other professional sporting leagues has helped change the views of the more conservative Canadian League.

At the 1971 annual meeting, the Executive Committee was informed of three bids for franchises -- one from a London group, another from Halifax, and the third from a group in Windsor.²⁵² The Windsor group freely admitted that their

²⁵⁰Ibid., section 6.

²⁵¹Ibid., section 5.

²⁵²Minutes of the C.F.L. Annual Meeting, February 11, 1971.

bid had been inspired by a decision to move the Detroit Lions of the National Football League to Pontiac. Although operating from Windsor, the group proposed to use the new Riverfront Stadium across the border in Detroit. The commissioner expressed concern about this as it meant entering a National Football League franchise area, the results of which could be harmful to the League.²⁵³ Of the remaining two bids that from London received the most attention, even though the expressed feeling of the commissioner was to expand into the Maritimes, thereby making the League truly continental.²⁵⁴

The League, in assessing the possibilities of a potential member, must be extremely cognizant of the normal sources of barriers to entry aside from the licensing powers that it itself holds.

A. Product differentiation advantages of established over potential entrant firms.

B. Absolute cost advantages of established over potential entrant firms.

C. Advantages of established over potential entrant firms due to economies of large scale firms.²⁵⁵

A. Product Differentiation

A very real problem in setting up a new franchise

²⁵³Ibid.

²⁵⁴J. Gaudaur, Personal Interview, April 6, 1971.

²⁵⁵Bain, op. cit., p. 260.

is the product differentiation advantage that an established firm may enjoy over potential entrants. Allegiances to football teams are common throughout Canada, and since they are not simply restricted to the present franchise areas, a new firm has first to break down traditional ties.

Product differentiation of this nature also makes it difficult for any other professional football league to exist physically within the boundaries of Canada. In the mid sixties there existed a Toronto team which played in the Continental Football League. The firm, known as the Toronto Rifles, lost approximately \$100,000 in 1965,²⁵⁶ even though their win/loss record was far superior to the Canadian League team, the Toronto Argonauts, who continually outdrew them at the gate by about two to one. The Rifles had to rely almost entirely on gate receipts for revenues as the League was unable to sell television rights and the non acceptance of a competitive professional league at the gate by Torontonians resulted in the elimination of the team from the city. Other firms have met with similar fates in Montreal and Victoria.

B. Absolute Cost Advantages

The second main type of barrier to entry exists if the established firms hold an advantage as to their operation costs over potential entrants.²⁵⁷ In professional football

²⁵⁶Financial Post, October 23, 1965, p. 25.

²⁵⁷Bain, op. cit.

the presence of this type of barrier acts as a heavy deterrent, for production costs are extremely high. A new firm is faced with the expense of obtaining both player personnel and a plant.

In an industry where player talent is controlled by a monopsony to be competitive a new entrant has to purchase player contracts from existing firms. In Canadian football there are no figures available to estimate this cost because no new firm has been admitted into the League. The wording of the League's Disaster Plan does, nevertheless, give an estimate of the value that is placed on player contracts.

In the case of a disaster, and a player is drafted, the non-victim club receives \$32,000 per contract. Using this figure the cost of thirty two²⁵⁸ contracts for a new entrant amounts to \$940,000. This estimation only appears high until compared to the cost of player contracts to the owners of the Montreal Expos when they were granted a National Baseball League franchise -- approximately \$9,000,000.²⁵⁹ On top of this a firm would also have to contend with actual

²⁵⁸The By-Laws of the C.F.L. restrict clubs to a player roster of a maximum of thirty two. (Appendix 2 Section 8 subsection 3).

²⁵⁹Financial Post, September 26, 1970

salaries, which in 1970 amounted to an average of \$421,000²⁶⁰ per firm. The establishment of a new league would involve similar expenses for players on the part of the entrant firms.

The construction of a plant is supposedly beyond the normal finances of a new entrant as is the case with existing firms. A suitable stadium appears to be prerequisite to entry.²⁶¹ The prospective firms must approach the local governments to build them since the established firms are already using Canada's major stadia. This places the new firm at the mercy of the local population. The London bid for a franchise in 1971, for example, suffered a serious setback when the city of London voted against financing the construction of a suitable stadium.²⁶²

C. Advantages Due to Economies of Large Scale Firms

The absolute cost disadvantages that new entrants into possible competitive leagues face are not unrelated to the third major source of barriers -- the economies of large-scale firms. As the product requires the separate processes of two or more firms the establishment of a whole league must

²⁶⁰Minutes of the C.F.L. Annual Meeting, The Commissioner's Report "The Economy" February 11, 1971. The average player salary was \$13,175 in 1970 which was multiplied by thirty two, the maximum for the player roster.

²⁶¹Montreal Star, June 2, 1971, p. 26.

²⁶²Minutes of the C.F.L. Annual Meeting, February 11, 1971.

be undertaken simultaneously -- an enormous undertaking, but one which was achieved in the setting up of the American Football League in the United States. The creation of a fully fledged competitive league in Canada is highly unlikely as the population base could not support such an undertaking and the monies available to back such an industry especially from the sale of television concessions,²⁶³ are not available as compared with the situation in the United States.

The urbanization patterns of Canada also act as barriers to new entrants. In the sixteen most populated urban areas the Canadian Football League has firms in nine. Of the remainder, four are concentrated in southern Ontario, where there are already three League firms.

²⁶³L. Shecter, The Jocks, (Paperback Library Edition: 1970) pp. 80-2. Each club in the A.F.L. was paid a \$1,000,000 a year for five years by N.B.C. for their television rights. Shecter claims that N.B.C. were subsidizing the A.F.L. so that it could compete with the N.F.L. for playing talent.

Table 6

Population: Major Metropolitan Areas ²⁶⁴			
*MONTREAL	2,579,000	*CALGARY	389,000
*TORONTO	2,353,000	LONDON	228,000
*VANCOUVER	1,005,000	WINDSOR	226,000
*WINNIPEG	546,000	KITCHENER	210,000
*OTTAWA	536,000	HALIFAX	205,000
*HAMILTON	487,000	VICTORIA	187,000
*EDMONTON	450,000	MISSISSAUGA	149,000
QUEBEC	436,000	*REGINA	143,000

*Cities in which the C.F.L. firms are based.

Any new firm entering the Canadian Football League would have to look to the preferred locations of Halifax or Quebec. The establishment of a new league would have to contend with urbanization patterns, and if it attempted duplication in any of the major population markets, it would then have to contend with the barriers created by product differentiation and absolute cost advantages of the Canadian Football League.

The conditions of entry are, therefore, closely related to seller concentration and product differentiation within the industry. The relationships in this instance create very high barriers to entry, with entry into the

²⁶⁴The Canadian Pocket Encyclopedia, (Toronto: Quick Canadian Facts Ltd., 1971), p. 3. Population estimates as of June 1970.

existing league blockaded and the establishment of a competitive league effectively impeded.

MARKET CONDUCT

The market structure of an industry makes up the economic environment in which the firms engage in profit seeking activities,²⁶⁵ and its importance lies in the way it induces firms to behave.²⁶⁶ A firm's behaviour in changing prices, outputs, product characteristics, selling expenses, etc., is examined under the heading of market conduct. Conduct links structure to the quality of performance. As Bain puts it conduct

. . . ultimately, generates some sort of market performance, or set of end results, that may be measured in several dimensions.²⁶⁷

- I. Determination of selling prices and outputs by sellers.
- II. Determination of selling costs and products by sellers.
- III. Predatory and exclusive tactics of sellers.
- IV. The market conduct of firms acting as buyers.²⁶⁸

²⁶⁵Bain, op. cit., p. 302.

²⁶⁶Caves, op. cit., p. 37.

²⁶⁷Bain, op. cit.

²⁶⁸Ibid., p. 303.

I. DETERMINATION OF SELLING PRICES AND OUTPUTS BY SELLERS.

A matter of first importance for sellers is the determination of the selling price of the product and of the quantity of output that will be produced and offered for sale.²⁶⁹ The firm can either set the price and allow the market demand to determine the output at that price, or conversely set the output and allow the price to float. In the majority of instances sellers approach their price-output problems by calculating and announcing their product's selling price.²⁷⁰ In the various market places in which the Canadian Football League operates, although outputs are fixed and predetermined, selling prices are arrived at by partial use of both the above methods. After the determination of these factors conduct is concerned with examining the degree and type of interseller coordination, the aims that sellers pursue in deciding what outputs to produce and what prices to charge, and the methods of price calculation.²⁷¹

In the promotional-licensing area potential outputs have natural limits in that there are only nine teams and at any one time about three hundred players who can be exploited. At present this far exceeds demand, leaving

²⁶⁹Ibid., p. 304.

²⁷⁰Ibid., p. 305.

²⁷¹Ibid., p. 316.

the market to determine real output as well as price. The Canadian Football League Properties Ltd., which monopolizes these products, acts as a revenue developer for the Canadian Football League. Established in 1969, the agency, a subsidiary of Imagination Ltd. guaranteed the League a minimum income of \$50,000 for five years in return for the right to redistribute club and League symbols²⁷² to potential consumers.

Table 7

Actual Income from C.F.L. Properties Ltd. ²⁷³	
1969	56,725
1970	50,250

The granting of these concessions to a promotional firm was the outcome of a desire to better promote the League and its component firms. Used to decorate and advertize products ranging from sweat shirts to toys, exposure in turn promotes professional football.

²⁷²The official League crest was changed in 1969. The C.F.L. Properties Ltd. had recommended a new one because the old had four colours, and this made it difficult to use for marketing purposes. The present symbol has only two colours. Minutes of the C.F.L. Grey Cup Meeting, November 28, 1969.

²⁷³This figure does not include the income derived from the sale of game programs, which C.F.L. Properties Ltd. also have rights to, as the monies earned go directly to the nine clubs.

The promotional and licensing arm of the Canadian Football League must compete with substitutes -- other sporting identities and promotional techniques -- for the advertizing dollar, and this limits the market power of the seller while enabling the buyer a degree of control over the output and price of the League's product. Nevertheless the existence of a property's developer makes it easier for buyers to obtain these rights, while at the same time enabling the League a large measure of control over the type and the quality of product with which it is associated.

In the remaining markets the output of games by League firms is set well before a football season commences, with the League schedule and stadia sizes setting precise limits on consumption. Article XIII of the League Constitution,²⁷⁴ which is devoted to the schedule, sets down precise minimum requirements for the number of home games that a firm in the eastern or western conference will play. The number of interlocking games is fixed, whereas the conference games can be changed provided that it does not interfere with the number of interlocking games played.

Each member club in the Eastern Football Conference shall play not less than seven (7) home games during its regular conference schedule whereof two (2) of the member clubs shall play two (2) interlocking home games one year and three (3) interlocking home games the next year and the other two (2) member clubs shall do likewise in alternate

²⁷⁴See Appendix I.

years and each member club in the Western Football Conference shall be the visiting club in two (2) interlocking away games each year.

Each member club in the Western Football Conference shall play not less than eight (8) home games during its regular conference schedule whereof two (2) shall be interlocking home games and two (2) member clubs in the Eastern Football Conference shall be the visiting club in three (3) interlocking away games one year and two (2) interlocking away games the next year and the other two (2) member clubs in the Eastern Football Conference shall do likewise in alternate years.²⁷⁵

As a result of these regulations the total output of games for the regular season has been set at sixty eight, with each eastern team playing seven home games and each western team eight. Prior to the admission of British Columbia into the western conference in 1954 the total number of regular season games numbered sixty, and since 1954 the figure has remained at sixty eight. Even when the interlocking schedule was introduced in 1961 the over all number did not increase.

As well as the regular season games the firms engage in pre- and post-season schedules. The pre-season confrontations are used as practice sessions in order to test new strategies and player personnel. Traditionally these were very casual affairs with arrangements negotiated on an ad hoc basis,²⁷⁶ and occasionally an eastern firm arranged a

²⁷⁵Article XIII sections 1 and 2 of the C.F.L. Constitution.

²⁷⁶The COOL Report was very critical of the pre-season scheduling, which left the arrangements to the individual clubs.

contest with a club from south of the border. Since the establishment of an autonomous League the Constitution has set limits on such games which are now restricted to competition between League members and arranged by the commissioner.

In the determination of the pre-season schedule the Commissioner shall whenever possible apply the following priorities:

- (a) A Club electing to play one pre-season game at home in a year is entitled to play one pre-season game away that year;
- (b) A Club electing to play two or more pre-season games at home in a year is entitled to play two pre-season games away that year.²⁷⁷

Recognized as a means of gaining additional income the Constitution now requires that:

Each Home Club shall include in its season ticket package at least one pre-season game ticket per season ticket at a price not less than 80% of the regular single game price which game is called the "designated game" in Article 6.05.²⁷⁸

As of 1971 it has become the practice of all the firms to include two pre-season games in with the season ticket package, Edmonton being the last club to adhere to this practice.²⁷⁹ In 1971 the pre-season schedule consisted of eighteen games, each club electing to play two at home and two away.

The post-season or play-off games, a feature of all professional team sports schedules, were initiated to

²⁷⁷Article VI Section 2 of the C.F.L. Constitution.

²⁷⁸Ibid., section 3.

²⁷⁹Q. Moffat, Personal Interview, May 20, 1971.

determine the conference champion and Grey Cup representative. As such, the conferences were and still are responsible for establishing the method by which its champion is selected. The League constitution does, however, impose a limit on the number of games.

Conference playoff games; provided that no play off arrangement shall be adopted involving the participation of more than three (3) teams nor the playing of more than five (5) play-off games prior to determination of the Conference champion.²⁸⁰

At present the two conferences function with differing methods of obtaining their champion and Grey Cup representative -- the Grey Cup being the final League game in which the Canadian Champion is decided.

The difference in play-off systems has persisted since 1950 when the west adopted a semi-final between the second and third place finishers in the regular season, followed by a best out of three final series between the winner of the semi-final and the first place finisher. The east simply had a two game, total point final involving the first and second place finishers.

²⁸⁰ Article XII section 1(e) of the C.F.L. Constitution.

Table 8

C.F.L. Standings 1950²⁸¹

West			East				
	W	L	T		W	L	T
Winnipeg	10	4	0	Hamilton	7	5	0
Saskatchewan	7	7	0	Toronto	6	5	1
Edmonton	7	7	0	Montreal	6	6	0
Calgary	4	10	0	Ottawa	4	7	1

Playoffs

Semi Final	Edm. 24	-	Sask. 1	Finals	Ham. 13	-	Tor. 11
Finals	Win. 16	-	Edm. 17		Tor. 24	-	Ham. 6
	Edm. 12	-	Win. 22				
	Edm. 6	-	Win. 29				

Playoffs

GREY CUP Winnipeg 0 - Toronto 13

Since 1950 the two conferences have varied this procedure. From 1952-1964 the west adopted a total point, two game series for the semi-finals, but remained with the best of three for the finals, returning in 1965 to the original system adopted in 1950. The east tried several methods; however since 1956 it has remained constant even though there has been criticism levelled at the system by western representatives.²⁸² Second and third place finishers play off in a semi-final, and the winner plays the team which placed first

²⁸¹Currie, op. cit., p. 186.

²⁸²Minutes of a Meeting of the W.F.C., November 29, 1968. Some of the representatives were critical of the E.F.C. system and asked for pressure to be applied to the east to adopt a two out of three final in the play-offs. This was to remove the physical benefits that an eastern club might derive from playing one play-off game less prior to entering into the Grey Cup game.

Table 9

in the conference standings in a total point, two game series.

Eastern Conference Standings 1969²⁸³

	W	L	T
Ottawa	11	3	0
Toronto	10	4	0
Hamilton	8	5	1
Montreal	2	10	2

Play-offs

Semi Final	Tor. 15	-	Ham. 9
Finals	Ott. 14	-	Tor. 22
	Ott. 32	-	Tor. 3

GREY CUP Ottawa 29 - Saskatchewan 11

The scheduling of professional football, therefore, places very real limits on the output. The peculiar nature of the product requires a mechanism that will bring two competitive firms together at a set time and place. In order to achieve this the industry's conduct, as far as output allocations are concerned, can be best described in terms of operating under complete collusion. Conduct in the determination of output is then consistent with the industry's market structure as high or very high seller concentration seems to be accompanied by the recognition of interdependence and interdependent action.²⁸⁴

²⁸³Currie, op. cit., p. 192.

²⁸⁴Bain, op. cit., p. 330.

The continuum on which conduct falls ranges from complete collusion to complete independence, with the complete independence conduct pattern associated with the purely competitive market. Collusion, on the other hand, implies that firms collectively agree on output. The term perfect collusion implies a type of conduct that is evident when the following elements exist:

- (a) all sellers in the industry are included in the agreement;
- (b) the agreement is definite, and enforceable on all parties to it;
- (c) it covers both the price to be charged and the quantity of output to be produced by each agreeing seller, the output allocations being calculated so as to minimize the aggregate cost of producing the indicated industry output;
- (d) it also incorporates a formula for distributing the profits of the combined operations among the agreeing of parties, not necessarily in proportion to their assigned individual output and sales;
- (e) all parties rigorously adhere to the terms of the agreement.²⁸⁵

From the point of view of output the Canadian Football League fulfils these conditions, however an examination of pricing arrangements is necessary before an accurate representation of the degree and type of coordination can be identified.

In the selling of radio and television concessions all the conditions listed which must be present before col-

²⁸⁵Ibid., p. 307.

clusion is perfect are met on a conference basis. The League By-Laws give to the conferences the rights to radio and television, and the conference, on behalf of its member firms, negotiates sales and redistributes profits.

Radio and Television: Subject to Article V, paragraph 5.03 of the Constitution each Conference on behalf of its member Clubs shall have exclusive television and radio rights to its own Conference and play-off games. . . .²⁸⁶

An agreement, concluded in 1969, and now part of the League Constitution extends the collusion, in relationship to television, to the League level.

A more equal division of television revenues has been a recognized stumbling block between the conferences for a number of years,²⁸⁷ as the east refused to share the monies it received from television with the western firms. In 1968 a clause was included in the Constitution which solved this issue and projected the selling of television rights by the League at some future date.

Effective 1st January 1969, the annual amount of all Canadian television revenues, contracted for and received by the Conferences in excess of such revenues, contracted for and received by the Conferences for 1968, excepting revenues from closed circuit and cable T.V., within a member's Franchise Area, shall be paid to the League and the League shall pay three-quarters (3/4) of such

²⁸⁶Section II of the C.F.L. By-Laws.

²⁸⁷It was an issue that hindered the institution of the interlocking schedule and later threatened to disrupt it as the west sought a share of the more lucrative eastern television rights.

excess to the Western Football Conference and one-quarter (1/4) of such excess to the Eastern Football Conference. When the annual amount of such excess, added to the amount of Canadian television revenue contracted for and received by the Eastern Football Conference for 1968, the League thereafter shall have the right on behalf of the members, to sell or assign the Canadian television rights of the Eastern and/or Western Conferences and the revenue accruing to the League therefrom shall be divided equally among and distributed to the members, notwithstanding any subsequent reduction in such revenue.²⁸⁸

Table 10

	Income From the Sale of T.V. Rights ²⁸⁹			
	1968	1969	1970	1971
W.F.C.	\$310,000	\$310,000	\$310,000	\$330,000
E.F.C.	\$475,000	\$500,000	\$512,000	\$542,000

The monies payable under Article V.03 (a) are based on the 1968 television revenues and for the years 1969, 1970, and 1971 are as follows:

Table 11

	Television Redistribution ²⁹⁰		
	1969	1970	1971
W.F.C.	\$18,750	\$28,125	\$37,500
E.F.C.	\$ 6,250	\$ 9,375	\$12,500

²⁸⁸Article V Section 3 (a) of the C.F.L. Constitution.

²⁸⁹Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "Television," February 11, 1971.

²⁹⁰Ibid.

Theoretical perfect collusion between members of the League also exists with respect to the selling of radio and television rights for the Grey Cup Game.

Championship Game: The League shall have all of the exclusive rights, including but not limited to, television, radio, motion pictures, programme and ticket advertising to the Championship Game.²⁹¹

Contained in Article V of the Constitution is the means by which these television revenues are to be divided.

Television revenues from the sale of the right to telecast the Grey Cup Game, whether within or without Canada, shall be divided equally between the Conferences.²⁹²

In the market of stadia seats seller coordination is not quite as perfect. The actual individual seat prices are not determined by any cooperative action, however a League ruling does set a minimum average price of \$4.20. Coordination, therefore, does exist, and when the ruling came into effect clubs which were operating below the minimum average were forced to raise prices.

Edmonton Eskimos today announced changes in ticket price structure which will cost the average season ticket holder about \$10 more.

Eskimo President Bryan Ellis said the change was triggered by the need to have uniform prices throughout the Canadian Football League in order to make gate equalization plans workable.

The average Eskimo seat is now \$4.42 instead of

²⁹¹Article V Section 3 (c) of the C.F.L. Constitution.

²⁹²Section II Subsection 2 (a) of the C.F.L. By-Laws.

\$3.92.²⁹³

The effect on Edmonton's gate, although in part attributable to the lack of competitiveness that the team itself exhibited on the field, demonstrates clearly the rigorous manner in which the firms will adhere to the terms of a League agreement.

Table 12

Attendance Figures for the Edmonton Eskimos

1968	141,365
1969	117,486

The existence of this coordination in the setting of stadia seat prices was a result of the extension of a gate equalization scheme to the entire League. The scheme, which aims at distributing revenues more equitably throughout the League so that all clubs may prosper, requires that each club submits an audited statement showing its gross gate for each home game and for the season, and the club's net gate for each home game and for the season, detailing the deductions made from the gross gate to arrive at the net gate. These deductions include park rental and direct taxes.²⁹⁴

An audited statement showing the average total net gate for the League, and the amount by which each club's net

²⁹³Edmonton Journal, March 6, 1968, p. 36.

²⁹⁴Article VII Section 1 of the C.F.L. Constitution.

gate exceeded or fell below the average is then prepared.²⁹⁵

Table 13
C.F.L. Statement of Gate Equalization
For the Year Ended December 31, 1969²⁹⁶

Net Gate Receipts	1969	1968
Montreal	252,875	401,940
Ottawa	458,296	462,585
Toronto	668,009	608,261
Hamilton	480,923	486,115
Winnipeg	479,775	352,493
Saskatchewan	467,909	458,030
Calgary	529,568	520,753
Edmonton	450,250	491,245
B.C.	618,482	577,710
	<hr/>	<hr/>
	4,406,087	4,359,133
	<hr/>	<hr/>
League Average	489,565	584,348

The clubs whose net gate exceeded the average are then responsible to pay into the Equalization Pool one-third of their excess. A clause provides that no club shall pay more than \$75,000 in any one year and the Argonaut Football club is limited to a payment of not more than \$60,000.²⁹⁷ The clubs below the average then receive an amount equal to one-

²⁹⁵Ibid., Section 2.

²⁹⁶Minutes of the C.F.L. Grey Cup Meeting, November 28, 1969. (note the 1968 figures have been added incorrectly, it should be 4,359,132)

²⁹⁷Article VII Section 3 of the C.F.L. Constitution.

third of that which they were below.²⁹⁸

Table 14

Equalization Pool 1968 - 1969 ²⁹⁹			
	1969	1969	1968
	Contribution	Withdrawal	Contribution
			Withdrawal
Montreal		78,896	27,469
Ottawa		10,423	7,254
Toronto	59,481		41,304
Hamilton		2,881	589
Winnipeg		3,263	43,952
Saskatchewan		7,219	8,772
Calgary	13,334		12,135
Edmonton		13,105	2,299
B.C.	42,972		31,121
	<hr/>	<hr/>	<hr/>
	115,787	115,787	87,448
	<hr/>	<hr/>	<hr/>

Seller conduct in determining prices and output is then bordering on perfect collusion. The League Constitution and By-Laws establish relationships between the firms which cover the quantity of output and in most instances prices or the means of arriving at prices. There also exist formulae for distributing the profits of the combined operations -- gate equalization, Grey Cup revenues, television and radio revenues, and revenues derived from the operations of the Canadian Football League Properties Ltd.

²⁹⁸Ibid., Section 4.

²⁹⁹Minutes of the C.F.L. Grey Cup Meeting, November 28, 1969.

The identification of the degree and type of seller coordination provides only a partial description of any given pattern of market conduct, the aims pursued in deciding price and output, and the methods employed in price calculation being just as important in a description of this aspect of conduct. In considering the alternative aims that a seller may seek to obtain, five categories have been distinguished.

a. Joint Profit Maximization. The aim subscribed to in common by the sellers in the industry, is the coordinated adjustment of all prices and outputs to the point that will yield the largest aggregate of profit to all the firms combined.

b. Independent Profit Maximization. The aim of the individual seller is to adjust his price or output so as to maximize his own profits, without regard to the effects of his adjustment on the profits earned by his rivals or by the industry as a whole.

c. Mixed or Hybrid Profits. The aims involved here embody both joint profit maximization and independent profit maximization.

d. A "Maximin" of Profits. Roughly, its aim is to obtain the largest possible profit consistent with a minimized risk of loss.

e. A "Fair" Profit. Instead of trying to maximize anything, the firm or group of firms may aim simply to earn a "fair," "satisfactory," or "customary" rate of profit.³⁰⁰

The professional football industry, in being consistent with its structure and seller coordination, operates on the basic aim of joint profit maximization, for it realises that the failure of one team financially seriously affects

³⁰⁰Bain, op. cit., pp. 317-320.

the vitality of the entire League. Much of the legislation which has been recently adopted by the League is geared to achieve this basic aim, for without some form of economic socialism some clubs could not continue to field competitive teams. Conduct is then closely tied to the urbanization patterns of Canada, as the above is necessary to equalise the imbalance of the financial potential of the clubs which is created by the uneven distribution of population throughout Canada.

The methods employed in calculating price are not as readily determined. In business the three general methods employed are as follows:

- a. Marginal Pricing. By equating the marginal revenue derived from an additional unit of output to the marginal cost of that additional unit the firm can achieve its assumed overriding aim of profit-maximization.
- b. Full Cost or Cost Plus Pricing. There are a number of variants of this method of pricing with which a desired profit margin is added to estimated unit costs to calculate the product price.³⁰¹
- c. Some sellers in an industry may arrive at a price by imitating the price of competitors.³⁰²

Professional football does not really ascribe to any one of the above pricing methods by itself. Operating in several

³⁰¹E. Sponcki, "Public Accounting in Lethbridge: An Industry Study," Unpublished Manuscript, 1971 (unnumbered).

³⁰²Bain, op. cit., p. 321.

markets the industry generally follows a type of cost plus pricing but in some instances imitative pricing is present.

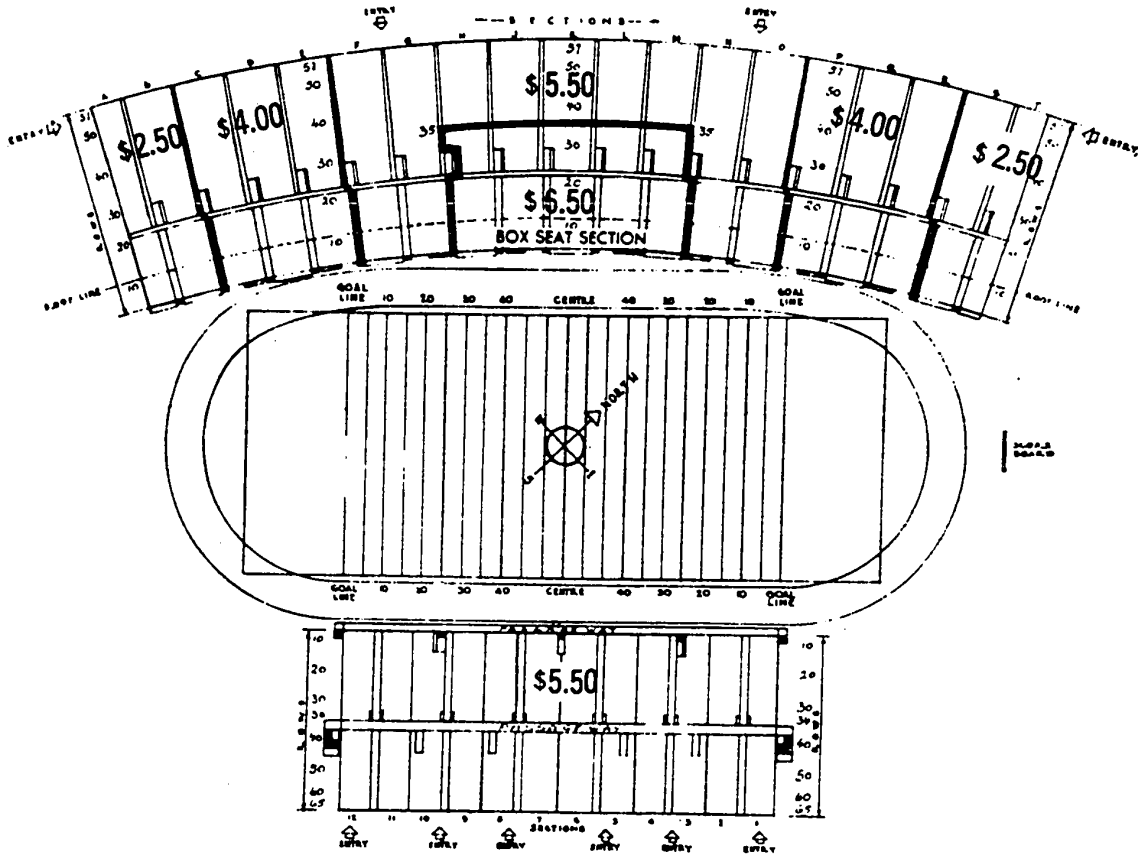
In the determination of seat prices of prime importance is the League regulation which sets a minimum average price of \$4.20 per seat. This has tended to make seat prices similar throughout the League. Toronto, for example, has priced seats at the C.N.E. stadium at \$2.50, \$4.00, \$5.50, and \$6.50, which compares to the \$3.00, \$4.00, and \$5.50 prices at Clarke Stadium, the home ground of the Edmonton Eskimos. Another factor to be considered is the view of the spectacle that can be achieved from the various vantage points in the stadium, the seats opposite the middle of the playing field being priced higher than those at the ends (See Figure 3).

As the selling of stadium seats is the firm's main source of revenue managers expect it to cover at least two-thirds of their total costs. (See Tables fifteen and sixteen for the Financial Statements of the Edmonton and Calgary Clubs) In order to calculate the total income from this source for budgeting an average total attendance figure is multiplied by the average seat price. As costs can be fairly accurately determined and are ever increasing the firm must rely basically on increasing gate revenues. In order to do this the firm can either increase prices "across the board" -- a step that Edmonton took in 1968 when it increased their \$5.25 seats to \$5.50, and the \$2.00 and \$2.75 seats to \$3.00 -- or it can rezone the stadium giving it a new price struc-

C.N.E. Stadium Seating Plan

COVERED STAND

Sections in Covered Stand Designated Alphabetically



NEW STAND

Sections in New Stand Designated Numerically

Figure 3

Table 15
The Financial Balance Sheets of the Edmonton Firms
1969 and 1970*

EDMONTON ³⁰³		
Receipts		
	1969	1970
Attendance:	117,486	144,174
Gate Receipts:	515,612	627,925
Less Park Rental:	<u>64,452</u>	<u>78,491</u>
Net:	451,160	549,434
Preseason Games, Promotions and Interest Income:	111,364	142,217
League Participation: Playoffs, Grey Cup, Gate Equalization, Television and Radio:	<u>120,116</u>	<u>125,072</u>
Total Income:	682,640	816,723
Expenses		
	1969	1970
Players and Coaches:	496,709	522,915
Recruiting: Travel in and out of Training Camp:	51,935	71,632
Away Games:	33,171	39,006
Home Games and Miscellaneous: Season Tickets, advertising and promotion, ushers, park security, equipment, medical and disaster insurance:	63,101	69,190
Staff Salaries:	33,968	36,433
General Adm. and Minor Football:	43,394	60,839
Facility and Leasehold: improvements, Amortization:	<u>8,539</u>	<u>8,680</u>
Total Expenses:	<u>730,817</u>	<u>808,695</u>
Net Income:	-\$48,177	+\$8,028

*Not included in the above figures are revenues that many of the firms, particularly in the west, rely upon to keep their teams operating "in the black." The \$100 a plate dinner is one such source of extra revenue which can be worth in excess of \$30,000 per annum.

³⁰³Edmonton Journal, January 28, 1971.

Table 16
The Financial Balance Sheet of the Calgary Firm
1969 and 1970

CALGARY³⁰⁴

Receipts		
	1969	1970
League Game Receipts:	624,251	657,631
Estimated Share of Playoff and Grey Cup Games:	97,605	135,197
Exhibition Games:	53,840	88,181
Grey Cup ticket proceeds:	12,447	16,079
Programme Sales and advertising:	30,347	27,949
Miscellaneous:	<u>14,520</u>	<u>14,044</u>
Total:	<u>833,010</u>	<u>939,081</u>
Expenses		
	1969	1970
Coaches and Players Remuneration, travelling and other expenses:	552,169	589,018
Park Rental for League games:	93,638	98,645
Ticket handling and home game expenses including entertainment:	31,106	37,104
Stadium Expenses including lights:	5,721	6,364
Scouting and Minor Football:	30,349	38,281
Medical expenses and Training Supplies:	8,797	9,078
Advertising:	17,970	21,409
Office Salaries, Supplies and other operating expenses:	82,043	90,593
Equipment and Repairs:	<u>5,513</u>	<u>33,338</u>
Total	<u>827,299</u>	<u>923,830</u>
Net Profit for the year:	5,711	15,251
Retained Earnings at beginning of year:	<u>323,984</u>	<u>329,695</u>
Retained Earnings at end of year:	<u>329,695</u>	<u>344,946</u>

³⁰⁴Calgary Herald, February 5, 1971, p. 25.

ture. Guided only by subjective evaluations of the market demand³⁰⁵ firms normally increase over-all seat revenues by using, simultaneously, both of the above techniques. In this instance the firms rely on the full cost pricing method which aims at maximizing the individual firms profits.

In the sale of rights prices are determined more by negotiation with the buyer than any other method. Normally tenders are submitted by the prospective buyers, but as the sellers know approximate costs and revenues that a buyer will have they normally end up negotiating for a "fair" price for their product. This was the case in 1969 when Gaudaur refused the first bids submitted by the two national television networks.

II. SELLER'S CONDUCT IN DETERMINING SELLING COSTS AND PRODUCTS

Apart from the decisions concerning the selling prices to be charged and the quantities of output to be offered a firm is required to make other decisions in adjusting to its seller markets, and this section deals with two related types of decisions which must also be frequently

³⁰⁵G. Moffat, Personal Interview, May 20, 1971.

made.³⁰⁶

a. The amounts to be spent on sales promotion, and the specific applications of these expenditures to various promotional devices.

b. The design and quality of the product to be offered, and the extent and frequency of variations of the product to be undertaken through time.³⁰⁷

Labelled sales-promotion policy and product policy, the above aim at increasing, or at least preventing a reduction of the demand for the output.

In the business of professional football, as with most other sporting industries, sales promotion has been left mainly to the major forms of the communications media -- newspapers, television, and radio. The media report the play, the outcomes, and the resulting league standings of the firms at no cost to the football clubs. In the case of newspapers these reports are a major cause of sales and therefore increase revenues both through direct sales and advertising.³⁰⁸ The same is true of radio and television, and in addition in some instances contracts between football owners and these media will include the rights to a certain amount of free advertising. In 1965 the western conference sold their radio rights to N.W. Ltd., Vancouver for \$185,000 for three years -- \$135,000 was paid for the actual concession, \$5,000 was

³⁰⁶Bain, op. cit., p. 348.

³⁰⁷Ibid., pp. 348-349.

³⁰⁸Keith, op. cit., p. 2.

set aside for a facts book, and each club received \$3,000 in radio credits per annum for three years.³⁰⁹ When Moffat Broadcasting received the rights for the 1971, 1972, and 1973 seasons their offer included an additional \$25,000 advertising credit based on \$5,000 per club.³¹⁰

Because of the nature of the product firms only seldom buy advertising. In recent years the notion of actively promoting football has become a concern. The COOL Report stressed the necessity of a vigorous marketing program to create a better image. Local surveys and studies of attendance figures indicated a lessening of interest in the game in eastern cities (except Hamilton), particularly if related to the population increase. For the period 1960 to 1965 attendance in the east was down 2.1 per cent, whereas in the west it was up 4.4 per cent, an increase which kept attendance in line with the population rise.

At the League level there developed an active sales-promotion campaign, and in 1968 Gaudaur, as commissioner, anticipated that the Canadian Football League office would expand its operations into the area of properties,³¹¹ a

³⁰⁹Minutes of the W.F.C., February 21, 1966.

³¹⁰Minutes of the W.F.C., November 25, 1970.

³¹¹Minutes of the C.F.L. Annual Meeting, February 13, 1969.

field which up until then the clubs had controlled. After discussions with the American Football League and the National Football League it became evident that the prime benefit to be gained from a property sale was of a promotional nature. By allowing quality publications, well-known brand name products, and top merchandise to use the League and club emblems and names sales promotional benefits would accrue to the League. It was for this reason that, in 1969, the Canadian Football League Properties Ltd. was established as the marketing arm of the League.

The sales promotional benefits that accrue from the workings of the Canadian Football League Properties Ltd., as with most of the promotional undertakings of the communication media, cost the League or individual firms little financially in relation to the sales revenue involved. For the years 1967, 1968, 1969, and 1970 the League, for example, paid out \$12,672 for the press relations of four Grey Cup games in which they grossed \$2,601,760.

The sales promotional policy is interwoven with the product policy of the industry as there is a belief that a quality product is the best method of increasing sales. Quality at the League level is associated with competitiveness.

In 1968 there was ample evidence to confirm our belief that competitive clubs within the Conference are a mandatory prerequisite to the realization of the greatest degree of fan interest and therefore attendance, available in each franchise

area.³¹²

In 1968 the League attained an average attendance percentage of 77.7 and the figures clearly show the effect of the un-competitive clubs.

Table 17

Conference Standings 1968³¹³

West	W	L	T	East	W	L	T
Saskatchewan	12	3	1	Ottawa	9	3	2
Calgary	10	6	0	Toronto	9	5	0
Edmonton	8	7	1	Hamilton	6	7	1
British Columbia	4	11	1	Montreal	3	9	2
Winnipeg	3	13	0				

Table 18

Attendance Percentage Per Club 1968³¹⁴

West	%	East	%
Saskatchewan	82.0	Ottawa	84.3
Calgary	87.9	Toronto	85.2
Edmonton	84.1	Hamilton	82.0
British Columbia	78.6	Montreal	56.7
Winnipeg	57.3		

In order to promote a quality product the League has established revenue sharing agreements, a complex set of regulations aimed at establishing equality of opportunities

³¹²Ibid.

³¹³Currie, op. cit., p. 191.

³¹⁴Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, February 13, 1969.

to obtain player personnel, and has adopted a policy of improving officiating. Through the installation of a philosophy of tolerance in officiating the League hopes to increase offensive performance on the field and thus improve the spectacle.³¹⁵ General rules of conduct, which apply to all associated with the industry, aim at creating a good public image, while fostering the notion that game outcomes are not predetermined.

At the individual firm level considerable effort and monies are expended on the building of a quality team. Interested in winning games, the firm attempts to make its input into the product the best possible. At this point there appears to be a conflict between the product policies of the League and of the individual firms, the League attempting to create homogeneity of input while each firm strives to build a superior team.

There is, here, a conflict between the aims of joint and individual profit maximization which arises in part from the fact that psychological profits are as important as money profits to many owners. This is particularly true of the western firms where the club directors give their time freely, wanting no other return than the prestige of being associated with the local professional football team.

Even so these aims, while seeming to be incompatible,

³¹⁵Ibid.

are not, as long as one team does not dominate for a long time span. A winning team, over a short period of a season or two, promotes gate receipts, and this helps the League through gate equalization. The reversal of form exhibited by the Montreal team over the period 1969 to 1970 demonstrates graphically the effect of coming from last place one year to winning the Grey Cup the next. In 1969 they withdrew \$78,897 from the Equalization Pool after finishing last, whereas in 1970 the figure was reduced to \$12,565.³¹⁶

The normal effect of the creation of a one-team dominance is that the other clubs step up their recruitment programs in an effort to be once again competitive,³¹⁷ which in turn improves the overall quality of the League. The demand for talent has had the effect of increasing player salaries -- the largest single expense -- and over the long term it could cause the demise of some of the clubs located in the less populated franchise areas. The League total

³¹⁶Montreal possibly would have contributed money to the Equalization Pool in 1970 except that their park rental totalled \$282,013, a figure that was nearly triple the rent that Ottawa or Hamilton paid and almost double that of Toronto.

³¹⁷The recruitment program of Toronto in 1971 was aimed at buying a winning team, two American quarter-backs alone being paid a total of \$130,000 per annum to come north. Drawing cards as these players may be if Toronto establishes a dynasty that the other clubs, cannot afford to break then in the long run their dominance could become self destructing as they cannot play football if there are no teams to compete against.

monies spent on salaries have increased from \$3,269,371 in 1968 to \$3,794,150 in 1970, an 18.2 per cent increase.

Product quality is, then, of major importance to the firms and League but it has to be balanced with the financial capabilities of the League. The introduction of the first American import was a result of this desire to improve quality and the eventual limiting of their numbers to fourteen per team an outcome of the financial burden that the hiring of these players created.

III. PREDATORY AND EXCLUSIONARY TACTICS OF SELLERS

This third dimension of conduct examines "the acts, practices, and policies of sellers that are aimed at (a) gaining advantage over, weakening, controlling, or eliminating competitors, or (b) discouraging or preventing the entry of new competitors in the market."³¹⁸ Generally such actions are expressions of rivalry and independence³¹⁹ and in a bill³²⁰

³¹⁸Bain, op. cit., p. 357.

³¹⁹Ibid.

³²⁰In June, 1971 the Liberal Government introduced to Parliament for first reading a new anti-combines law.

before Canadian parliament are referred to as restrictive and prohibited market practices "since they comprehend actions of one firm or group of firms that are directed against other firms or have the effect of disadvantaging others."³²¹

The aim of these tactics is the creation or protection of a favourable market share and profit margin which is achieved by "the creation and protection of a given degree and pattern of seller concentration in the industry, and/or of a given condition of entry that is favourable to the protection of the desired concentration pattern."³²²

The firms involved in the industry of supplying professional football in Canada monopolise that industry, and since cooperative action is necessary for production, practices aimed at weakening, controlling, or eliminating competitors would be self-destructive. Nevertheless there do exist agreements which aim at the creation and protection of favourable market shares. The defining of franchise areas divides up the Canadian market and each firm maintains exclusive rights to exploit their slice of the market.

Each member shall have the exclusive right within its Franchise Area to conduct professional football games played by teams of the League. No other member of the League shall be permitted to play games in the Franchise Area of a member, except games with the home club and except the Grey Cup Game, without prior consent of the home club. No

³²¹Bain, op. cit., p. 357.

³²²ibid., p. 358.

franchise shall be granted for operation within a Franchise Area which overlaps the Franchise Area of a member without the unanimous consent of the members.³²³

The establishment of this local monopoly makes many of the predatory and exclusionary tactics employed by other industries -- price discrimination, directed selling, promotional allowances, etc. -- totally unnecessary.

Although the firms of the League do not indulge in these tactics against each other there are agreements which are aimed at preventing the entry of new "competitors" into the market. Possessing the authority to grant franchise concessions the League successfully controls the present pattern of seller concentration and in the process engages in practices which could be labelled predatory and exclusionary -- the monopolisation of raw materials supplies through monoponistic agreements³²⁴ and the monopolisation of distributive outlets.³²⁵

Technically, if a new firm gained entry into the League it could not be termed a competitor in the business sense. To be a competitor a firm would have to belong to

³²³Article IV section 5 of the C.F.L. Constitution.

³²⁴See Section IV of Market Conduct.

³²⁵The League firms appear to have gained agreements covering the use of stadia with the respective local authorities which gives them exclusive rights to use them for professional football.

another league and to offset the likelihood of a totally new league emerging in Canada the present League does not have to engage in predatory or exclusionary tactics since its structural advantages would probably suffice.³²⁶

The encroachment into Canada by a firm from the American National Football League is a possibility and the establishment of National League franchise in one of the three major urban centres of Canada is viewed as a happening which would adversely effect the market share of the Canadian club in that area.³²⁷ In this instance reliance upon its present market structure would achieve little.³²⁸ To prevent such an occurrence the commissioner has attempted to arrive at a tacit agreement with his counterpart in the National Football League -- P. Rozelle. In August of 1970 Rozelle stated that expansion into Canada was not under contemplation but as yet no agreement exists prohibiting expansion. Militating against the establishment of a National Football

³²⁶See Market Structure particularly section III.

³²⁷Gaudaur believes that the invasion of an N.F.L. franchise into Canada would effectively kill the C.F.L. Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "C.F.L. - N.F.L. Relations," February 11, 1971.

³²⁸The N.F.L. firms operate from an entirely different population base and so present concentration levels would have little effect. The financial possibilities of an American franchise operating in Canada are far superior than those possessed by the present Canadian firms. Television revenues alone would exceed \$1,000,000, a figure which is more than many of the Canadian firms entire revenue capabilities. Exposure of the American game on television has also reduced much of the product differentiation advantage as many consider the American product superior.

League franchise in Canada is realisation that such a move could eliminate the Canadian League which could result in the exposure of American firms to the American antitrust legislation, while at the same time attracting an unfavourable reaction from the National Football League Players' Association for eliminating an alternative source of employment for United States players.³²⁹

The incidence of predatory and exclusionary practices is a minor factor in the operation of the Canadian Football League firms. A redeeming fact for the industry is that these practices are simply more or less automatic manifestations of the more basic structural conditions and not policies which are strategic to the maintenance of the existant market structure or performance.

IV. THE MARKET CONDUCT OF FIRMS ACTING AS BUYERS.

So far the emphasis has been placed upon the conduct of the sellers in the various markets, a result of the realization that sellers normally set prices and outputs,

³²⁹Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "C.F.L. - N.F.L. Relations," February 11, 1971.

design products and promote sales, etc.,³³⁰ whereas the buyers' roles are passive. In the atomistic market of selling stadium seats this, in fact, is the case for the buyer reacts individually to what is offered without being able to influence the price he pays. In some instances, however, the buyers can influence price and output and it is for this reason that the market conduct of buyers is important.

This situation arises whenever the buyers are few in number and individually purchase large enough fractions of the total market supply that they can play an active role in either influencing or dominating the determination of prices at which they buy by virtue of their ability to withhold individually significant amounts of purchases from the sellers.³³¹

This power normally accumulates in the hands of the buyers when they are few in number, and in nearly all instances they are not consumers, as such, but producers. In other words, the buyer is in business and purchases materials or equipment for use in production, or merchandise for resale.³³² In several of the markets in which the Canadian Football League is involved such situations are present.

³³⁰Bain, op. cit., p. 365.

³³¹Ibid., pp. 365-6.

³³²Ibid., p. 366.

In the endeavours of the football firms to obtain player personnel the market is composed of a concentrated group of buyers (the clubs) facing a large number of individual sellers (the players). In this type of market where the member firms of a concentrated processing industry purchase a raw material from an essentially atomistic supplying industry Bain predicts that patterns of tacit collusion or close interdependence in the buying policies of the principal buyers will be evident.³³³

Buyer control over the market of player personnel borders on perfect collusion as formal agreements divide the potential market between the nine firms. The desire to improve the product quality has resulted in explicit regulations, which now form part of League By-Laws, that clearly divide the potential talent market -- the United States of America and Canada.

The prospective Canadian player cannot choose the firm for which he will work as sections five and six of the By-Laws effectively pre-determine where he will perform. Section five establishes territorially the personnel rights of the nine clubs.

The territorial limits assigned to the member Clubs by their respective Conferences as of April 30th, 1968 are as follows:

a. Montreal - Province of Quebec, except that

³³³Ibid., p. 367.

area of the Province within a 50-mile radius of the City of Ottawa, which said area is included in the territorial rights of the Ottawa Football Club; and the following Counties of Ontario:

Elgin	Kent	Waterloo	Perth
Cochrane	Timiskaming		

b. Ottawa - That area in the Province of Quebec included within a 50-mile radius of the City of Ottawa, and the following Counties in the Province of Ontario:

Carleton	Lanark	Russell	Renfrew
Prescott	Glengarry	Stormont	Dundas
Granville	Leeds	Frontenac	Lennox
Hastings	Peterborough	Haliburton & Addington	
Durham	Victoria	Manitoulin	Northumberland
Essex	Muskoka	Parry Sound	Prince Edward
Lambton			

and the following Townships in the County of Ontario:

Uxbridge	Scott	Peach	Brock
Thoram	Mara	Rama	

c. Toronto - The following Counties in the Province of Ontario:

York	Peel	Grey	Bruce
Huron	Dufferin		

and the following Townships in the County of Simcoe:

Vespra	Tosorontio	Essa	Innisfil
Adjala	Tecumseh	West Gwillimbury	

and the following Townships in the County of Ontario:

Pickering	Whitby	E. Whitby
-----------	--------	-----------

and Trafalgar Township in the County of Halton.

d. Hamilton - The following Counties in the Province of Ontario:

Wentworth	Lincoln	Welland	Brant
Wellington	Oxford	Middlesex	Haldimand
Norfolk	Algoma	Nipissing	Sudbury

and the following Townships in the County of Halton:

Esquesing	Nelson	Nassagaweya
-----------	--------	-------------

and the following Townships in the County of Simcoe:

Tiny	Tay	Matchedash	Orillia
Medonte	Oro	Flos	Nottawasaga
Sunnidale			

e. Winnipeg - Province of Manitoba.

f. Saskatchewan - Province of Saskatchewan.

g. Calgary - Southern portion of the Province of

Alberta.

h. Edmonton - Northern portion of the Province of Alberta.

i. B. C. - Province of British Columbia.

The City of Red Deer, Alberta, shall be the dividing line for determining the southern and northern portions of the Province of Alberta, and junior players from the said city of Red Deer shall be open to both the Calgary and Edmonton Clubs.³³⁴

A person under the age of twenty two who is domiciled within a particular firm's territory cannot be contracted, negotiated with, or signed by any other club, except if he is attending a college or university whose players are subject to the College Draft.

A firm retains the exclusive right to contract such a player "until and throughout the entire year in which the player graduates or leaves school prior to graduation, and for the entire following calendar year."³³⁵ This protection of player personnel can be extended for a firm has the right to submit to the commissioner the names of six graduating juniors prior to July 10 of any year.³³⁶ The potential player, placed on this Graduating Junior List, remains the property of that club until September 15 when, if not signed

³³⁴Section 5 subsections A.2 and 3 of the C.F.L. By-Laws.

³³⁵Ibid., subsection B. 5.

³³⁶Ibid., subsection C. 2.

to a Standard Player's Contract, he can become a free agent.³³⁷

Under the present regulations junior players who leave Canada to attend American schools, colleges, and universities remain the property of the club which controls the territory in which they lived prior to moving to the United States. Many of the firms, concerned with the development of Canadian talent, have sponsored programs whereby "budding" juniors are sent to colleges south of the border, where the football experiences available are generally considered of a much higher standard.

At the 1971 semi-annual meeting of the League Executive the commissioner disclosed a new system to control such players so as to distribute American-trained Canadian talent more equally.³³⁸ The system calls for a universal draft of Canadian football players attending colleges and universities in the United States and Canada. Under the plan, each club will be permitted to protect two United States-trained players from its area, while the rest revert to a common pool. The proposed draft, to come into effect in 1972, is an extension of the present College Draft.

The annual College Draft, which takes place in conjunction with the annual Executive meeting, divides up the playing talents of those attending Canadian Universities.

³³⁷Ibid.

³³⁸Edmonton Journal, June 4, 1971, p. 54.

A list of players who have attended a college or university for at least three years and have participated in intercollegiate football is drawn up by the commissioner. The firms then in turn select players from this list. Priority of draft selection is determined by the order in which the teams finished in the Conference standings the previous year, "with the Club ending last in the Conference represented by the losing team in the Championship Game having first priority and the team winning the Championship Game having least priority."³³⁹

Any player who is not drafted becomes a free agent and a player selected but not signed remains the property of the drafting firm throughout that year and the next. A club which drafts a player who elects to play football with another league retains his "rights until and throughout the entire year in which he leaves such other league or leagues and the entire calendar year following."³⁴⁰

The use of Negotiation Lists effectively cancels out competition between the Canadian Football League firms for playing talent in the remainder of the market from which they draw. Once a player's name is placed on this list no other member club can approach him. Normally this list is used to tie up an American player while a club negotiates in an attempt to induce him north. The League office is

³³⁹Section 6 Subsection 2 of the C.F.L. By-Laws.

³⁴⁰Ibid., Subsection 10.

responsible to keep each member firm advised daily of changes.

These agreements which control the hiring of footballers effectively cuts out buyer competition within the Canadian Football League. Competition, however, does exist in the American market since other professional leagues also require players -- the National Football League being the Canadian League's major competitor.

Prior to the amalgamation of the American Football League and the National Football League the Canadian firms had difficulty in competing for prominent United States College players. Working from a vastly superior financial basis the two major American Leagues waged a "salary war"³⁴¹ with each other. As players could choose to work for either league the sellers used their superior bargaining position to negotiate unusually high salaries.

Since the amalgamation, certain firms in the Canadian League have been able to compete with the National League firms for outstanding American talent as the creation of a monopsony in the United States has greatly reduced player salaries. Toronto, in 1971, managed to sign several "big name" American players, enticing them from American firms with what could be considered astronomical salaries by Canadian standards. In 1970 the League average salary paid to

³⁴¹Edmonton Journal, March 14, 1968, p. 13.

import players was \$16,072,³⁴² whereas Toronto was reportedly willing to pay J. Theismann \$60,000 and G. Barton \$70,000 per annum.³⁴³

Competition, however, stops as soon as the contract is signed as there exists agreements between the leagues to honour each other's contracts. Once a player has been signed the leagues have agreed to discourage contacts between club representatives and the players of the opposite league. Termed "tampering," such actions are brought to the attention of suspected clubs by the respective commissioners.

In another case a Philadelphia Club representative admitted after the Montreal Club brought it to my attention and I brought it to the attention of the N.F.L. Commissioner, that he had contacted Sonny Wade and even though the representative said he was only following a procedure of contacting players previously drafted but not signed and that he did not know Wade was under contract to a C.F.L. Club, Commissioner Rozelle not only instructed the Philadelphia Club to desist from any further contact but it is my understanding that disciplinary action was taken against the Club as well, for having contacted this player because neither of the reasons given for doing so were considered valid or believable.³⁴⁴

Control of the market by the buyers does not end with the attainment of players, it continues throughout the

³⁴²Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, February 11, 1971.

³⁴³T. Alderman, "Joe Barton and Greg Theisman - Or is it the Other Way Round?" The Canadian Magazine, Aug. 21, 1971, p. 21.

³⁴⁴Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "C.F.L. - N.F.L. Relations," February 11, 1971.

entire life of the player in the Canadian Football League. This infinite control stems from the nature of the personal service contract that the player signs, the Canadian League's Standard Player Contract.

This contract gives the club exclusive rights to the player's services and an option clause effectively grants these rights ad infinitum. A player can play out his option at a reduced salary -- 90 per cent of the contracted amount -- and becomes a free agent, but until recently such a player found it difficult to find re-employment in Canadian football. On the odd occasion that they were rehired by another team that firm had to complete a trade agreement to compensate the original club.

In May of 1970 at the League Executive meeting it was suggested that this type of procedure be formalised so that if a player played out an option clause he could join another club subject to a cash or kind compensation to the original club as determined by the commissioner. Although this scheme had worked well in the National Football League Gaudaur thought that it might be illegal. Claiming that the time was inopportune, as the Department of Consumer and Corporate Affairs was active in restructuring Canadian Competition Policy, the Executive shelved the issue.³⁴⁵

³⁴⁵Minutes of the C.F.L. Grey Cup Meeting, November 26, 1970.

A reversal occurred a year later, for in 1971 it was announced that Gaudaur would act as arbitrator in deciding compensation to be paid out when a player plays out his option and moves to another Canadian team as a free agent.³⁴⁶

The Standard Player Contract gives the firm the right to internally dispose of the player's services in any manner it wishes.

It is mutually agreed that the Club shall have the right to sell, exchange, assign and transfer this contract and the player's services to any Club of the Conference or to any Club in a Conference affiliated the Canadian Football League, and the player agrees to accept such assignment and to report promptly to the assignee Club and faithfully to perform and carry out this contract with the assignee club as if it had been entered into by the player with the assignee club instead of with this Club, and the player agrees that the assignee Club shall pay to the Club any amount owing by the player at the time of such sale, exchange, assignment or transfer and shall be permitted to deduct such amount from salary due or to become due to the player.³⁴⁷

The player who refuses to abide by this regulation after signing a contract can be placed on the Suspension List, which effectively prevents him from playing football in Canada. And as American firms have agreed not to "tamper" with players under contract a suspended player is effectively prevented from the American League also.

³⁴⁶Montreal Star, June 5, 1971, p. 43.

³⁴⁷The Canadian Football League Standard Player Contract, paragraph 14 (See Appendix IV).

When building a team a club may find itself endowed with an abundance of talent in a particular speciality but lacking in another. A system of trading players within the League has been developed to help obtain a balance. The right to assign contracts to other clubs enables this trading procedure to operate, and in most instances a player is traded for another player or a future draft choice, with actual money seldomly entering into the arrangement.

A member Club shall not dispose of the services of a player by transfer or otherwise, except to another member Club, nor shall it voluntarily take any action by which the player becomes a free agent in law, until all other member Clubs have had the opportunity to claim the services of the player in accordance with the provisions of this Section.³⁴⁸

The sanctioned movement of players between clubs can also occur via the system known as waivers. Often adopted to determine interest in prospective trading material, a firm can place a player on waivers. The remaining clubs, in a pre-determined order, which is the same as for the College Draft, have the right to claim the services of such a player. Upon receipt of a claim the commissioner is responsible for notifying the player's original firm, which has the option of recalling the player from waivers and attempting a trade, or awarding his services to another club in return for a \$350 fee. If a player is waived through the League and not recalled he can become a free agent if released.

³⁴⁸Section 4, Subsection 1 of the C.F.L. By-Laws.

Buyer control over the services of a player by Territorial Rights, the College Draft, Negotiation Lists, the Standard Player Contract, waivers, trading procedures and Suspension Lists does not end with the retirement of a player. A Retired Player's List extends a club's rights to the services of a contracted player during his years of retirement. While on this list a player is ineligible to play, and a firm can transfer such a player to this list without requesting waivers.

As with many other phases of the operation the Canadian Football League has constructed a set of rules which govern an area of its operation so effectively that it monopolises the market in which it is dealing. The existence of this monopsonistic structure has helped in the development of a homogeneous product across the League, while reducing costs of the individual firms.

In the process of marketing the output of the Canadian Football League firms in the form of radio and television concessions a bilateral oligopoly³⁴⁹ has resulted. With a significant degree of concentration on both the buying and the selling sides of a market, Bain predicts that two active sets of price making policies will exist in opposition,³⁵⁰ with the usual conduct pattern being one of negotiation or

³⁴⁹A small number of large buyers opposes a small number of large sellers.

³⁵⁰Bain, op. cit., p. 368.

bargaining between buyers and sellers resulting in the determination of single general price applying to all transactions.³⁵¹ The purchasing of the radio and television rights for professional football in Canada exhibits the characteristics predicted by Bain in that the prices are determined by negotiations and the end results are general prices which cover all the transactions with respect to the different media.

For the selling of radio concessions very little information is available in the conduct of buyers. It is assumed, nevertheless, that in calculating the worth of these rights the buyers are aware of the effect of television on the availability of the advertising dollar, and aided by the fact that the broadcasting of games is not subjected to local blackouts, the buyers of rights will concentrate on a more local market to sell advertising, the means by which they can afford to hold football concessions. Catering to a local advertiser and audience has enabled this media to continue functioning in this market, and during the past fifteen years it has increased the payments to the western Conference by some 450 per cent.

³⁵¹Ibid.

Table 19

Yearly Income from W.F.C. Radio Rights		
	Income	Purchasing Company
1957	29,500	
1958	35,000	
1959	40,000	Group of Western Stations
1964	35,000	
1965	135,000	NW Ltd. Vancouver
1966		
1967		
1968	56,667	Moffat Broadcasting
1970	75,000	"
1971	135,000	"
1972	135,000	"
1973	135,000	"

Even though the figures are incomplete it is obvious that the buyers have been willing to increase the purchase price in most years. The present holder, Moffat Broadcasting Ltd., has recently signed a contract to pay \$135,000 per year for 1971, 1972, and 1973 with an additional \$25,000 in advertising credit based on a minimum of \$5,000 per club.³⁵²

For the east similar information is unavailable except to say that in 1970 the Toronto club received approximately \$60,000³⁵³ from radio monies, nearly as much as the entire western rights were worth in that year.

Rights to the Grey Cup game have been separated from the regular season and play-off games. Held by the League, the commissioner's office controls their sale.

³⁵²Minutes of a Meeting of the W.F.C., November 25, 1970.

³⁵³N. Wirkowski, Personal Interview, April 6, 1971.

Table 20

Yearly Income from Grey Cup Radio Rights

1965	\$18,000
1966	16,000
1967	14,750
1968	19,085
1969	20,500
1970	16,406

In comparison with the normal season rights the buyers of Grey Cup rights have been unwilling to pay on an ever-increasing scale, with the price fluctuating between \$14,750 in 1967 and \$20,500 in 1969. This is probably because television, unhindered by blackouts, dominates the market for this game with an estimated audience of 8,000,000 viewers. Television monies for the western conference in 1971 were only 2.4 times greater than radio. By comparison, the television networks are willing to pay in excess of 9 times the amount paid by radio for the Grey Cup.

Table 21

Yearly Income from Television Rights

	W.F.C.	E.F.C.	GREY CUP
1958	70,000		
1959	117,000	165,000	
1961	160,000		
1964	206,000		
1965	270,000		175,000
1966	250,000		178,250
1967	255,000		186,000
1968			193,000
1969	310,000	500,000	199,000
1970	310,000	512,000	205,000
1971	330,000	542,500	212,000

Information concerning the conduct of buyers for television rights is not as sparse and gives a good example of the types of conduct patterns that can result from a bilateral oligopoly when the buyer exercises a superior bargaining power. Constitutionally there exists two sellers -- the western and eastern football conferences -- but this is paralleled on the buyer's side of the market by a similarly high concentration -- the Canadian Broadcasting Commission and the Canadian Television Network.

Traditionally the sellers had acted more or less independently in their confrontations with the two Canadian Television networks, but in 1968 the commissioner was asked to handle sales. The buyers, on the other hand, have until recently acted jointly in the submission of bids. A tacit agreement between the Canadian Broadcasting Commission and the Canadian Television networks was uncovered in 1965 after a third party, Bouchard Champagne and Pelletier Ltd., had been granted the television rights.

With no television outlets Bouchard Champagne and Pelletier Ltd. planned to use the national networks but they refused to carry games except for exorbitant production costs and line charges. The collusion of the network effectively forced the return of the rights to C.T.V. and in the process it was discovered that since 1962 the two companies had been working under an agreement whereby both undertook not to acquire the rights to televise Canadian football on

any basis that was unacceptable to the other. The arrangement provided that regardless of which network owned the rights the Canadian Broadcasting Commission would acquire the rights to Saturday games and the Canadian Television Network all the non-Saturday games. This effectively precluded competitive bidding, and although it was supposed to terminate in 1967 informed sources said that it continued.³⁵⁴

In 1968 commissioner Gaudaur became responsible for negotiating for the 1969 contract on behalf of the sellers. After receiving and reviewing the tenders submitted he was convinced that the networks were still working together.

Both C.B.C. and C.T.V., submitted tenders and at a meeting of Conference and League personnel on Friday, November 29th, 1968, the tenders were opened. It was obvious from the tenders that in the areas of scheduling, blackouts and stadium lighting and the two year aspect, the two Networks had "pre-agreed" in their tender submission.³⁵⁵

Gaudaur took his concerns to the networks and advised them that their tenders were unacceptable. Negotiations ended in the submission of new bids. The television sharing agreement was regarded by the League as critical and in a submission to the Canadian Task Force of Sport it was decried as being an illegal restraint of trade and therefore an indictable offense under the Combines Investigation Act. The buyers claimed exemption on the technicality that the product of

³⁵⁴Report to Task force, p. 21.

³⁵⁵Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "Television," February 13, 1969.

Canadian football was not specifically covered by the act.

Nevertheless, by 1971, the commissioner, after reviewing the bids for television rights, felt that both networks were now competitive in their desire to be the primary rights holder.³⁵⁶ The main reason for this change in buyer relationships lies in a "Canadian content regulation" which requires a 55 per cent Canadian content by each network. This has increased the value placed on football rights, at the same time affecting the uncertainty of relationships between each company. The outcome has been that both Networks are more concerned with being the primary rights holder, a concern that the commissioner intends to foster in future relationships.

In any event, regardless of whether or not a game of collaboration is being directly or indirectly played by C.T.V. and the C.B.C., I will continue to do whatever would appear necessary to encourage or create competition between the networks.³⁵⁷

³⁵⁶Minutes of the C.F.L. Annual Meeting, Commissioner's Report, "Television," February 11, 1971.

³⁵⁷Ibid.

MARKET PERFORMANCE

The preceding discussions on market structure and conduct patterns are significant only to the extent that they are associated with market performance. Structure and conduct patterns can, in reality, only be evaluated in terms of the related performance patterns.³⁵⁸

Market performance encompasses the strategic end results of the market conduct of sellers and buyers. For sellers it is measured by the character of their adjustments to the effective demands and for their outputs; for buyers, by their adjustments to the supply conditions for the goods they purchase. It is the crucial indicator of how well the market activity of firms has contributed to the enhancement of general material welfare.³⁵⁹

Measurement of performance involves an evaluation of the extent to which a firm or industry contributes to fulfilling material-welfare goals. Scherer³⁶⁰ and Caves³⁶¹ believe that these goals are as follows:

- A. Production decisions should be efficient in regards to resources and consumer demands.
- B. Income distribution should be equitable in that producers do not obtain profits in excess of normal rates of return on their invested capital.
- C. Producers should be progressive, taking advan-

³⁵⁸Bain, op. cit., p. 372.

³⁵⁹Ibid.

³⁶⁰F. Scherer, Industrial Market Structure and Economic Performance, (Chicago: Rand, McNally and Co., 1970), pp. 3-4.

³⁶¹Caves, op. cit., pp. 96-97.

tage of improved technology and methods for increasing output per unit of input and making available superior products.

D. The industry should facilitate stable employment of resources, especially human resources. An industry should not indulge in the maintenance of employment levels which make full employment, through the use of macroeconomic policy, difficult to achieve.

A full appraisal of performance is difficult as these goals are not always completely consistent with one another,³⁶² and performance dimensions themselves are not stable across industries. Realising these problems Bain believes that there are certain facets which are relevant to industry studies.³⁶³

- I. Technical Efficiency.
- II. Allocative Efficiency.
- III. Size of Selling Costs.
- IV. Progressiveness in Production Techniques.
- V. Product Performance.

³⁶²Scherer, op. cit., p. 4.

³⁶³Bain, op. cit., pp. 374-75.

I. TECHNICAL EFFICIENCY.

The economy should be efficient, employing its scarce factors of production so that they yield the greatest possible real income. The efficiency dimension includes technical and allocative efficiency, and the amount of resources which an industry allots to advertising and sales promotion. For Bain the dominant aspect of performance is an industry's relative technical efficiency in producing and distributing goods.³⁶⁴

Technical efficiency encompasses an appraisal of how closely an industry approaches the goal of supplying whatever output it produces at the lowest attainable cost. Bain suggests that the technical efficiency of an industry is determined by:

- A. The extent to which the firms in an industry and their plants attain or closely approach optimal scales - or the proportion of industry output that is supplied by plants and firms of at least approximately optimal scale.
- B. The extent to which these firms and their plants attain or closely approach optimal degrees of vertical integration of successive processes or functions.
- C. The extent to which the firms attain or closely approach the most efficient rates of utilization of their plant facilities - in effect, the extent, if any, of "chronic" excess capacity in the industry.³⁶⁵

³⁶⁴Ibid., p. 376.

³⁶⁵Ibid., p. 374.

A. The Extent to which Firms of the Canadian Football League Obtain Optimal Scale.

This aspect of technical efficiency is concerned with investigating the extent to which the firm is big enough to obtain optimal efficiency, for regardless of the productive process or the resultant output there are economies to be gained by increasing the size of the productive facilities up to a certain point. For this reason optimal scales of firms are intrinsically tied to scale economies which permit relatively large producers to manufacture and market their products at lower average costs per unit than relatively smaller producers because factors can be manipulated into more efficient combinations.

The basic principle of scale economics in production is specialization or division of labour.³⁶⁶ In the production of a football game this is of prime importance since the game is one in which player specialization is a dominant factor. Each player, when on the field, performs specific tasks which can be pieced together to form a particular play pattern. A player's physical capacities quite often dictates the role that he will fulfil, for example, a 100 pound offensive guard would have difficulties blocking a 270 pound defensive line man. Combined with the various physical roles the complexity of the game requires skill

³⁶⁶Scherer, op. cit., p. 72.

specialization. The various phases of a play require special skills -- running, blocking, tackling, catching, throwing, kicking, etc. -- and a player who is left to concentrate in one area of specialization is more likely to achieve a higher standard of perfection than one who is required to fulfil various tasks. The number of players on the team roster is therefore important since a plant functioning at less than minimal optimal efficiency would have players performing various tasks and would produce a product of inferior quality.

The Canadian Football League has imposed a roster limit of thirty two players, which is well above the number required to take the field at any one time -- twelve. However, does a player roster of thirty two allow firms in the League to operate at at least the level of minimal optimal efficiency? What in fact is the minimum number of players that will allow for efficiency in a football team? Statistically the answer would be that for every task there should be specialist, but to cover the various functions over seventy eight players would be needed,³⁶⁷ a figure which is possibly far in excess of any minimum scale.

The firm's behaviour throughout the season in trying to function with the limited roster may help in ascertaining

³⁶⁷This number was calculated by adding up the number of members of the various speciality squads that operate within a team throughout the period of a game.

efficiency levels. Quite often during a season a firm finds that it is not functioning to expectations in certain areas because of injuries or the low quality of inputs (players). As a result it has to rebuild to cope with these weaknesses. The normal procedure is to bring in a player on a five day trial after which he is signed to a contract or released. To make room for such a player upon signing one of the rostered players has to be released.

Team weaknesses caused by injury often lead to the abuse of many of the By-Laws which govern the game -- waivers, Injured Player Lists, Suspension Lists -- as the clubs fear the release of proven performers who are suffering injuries. In August of 1971 the Edmonton firm, having suffered an injury to their offensive centre, who specialised in long snaps, attempted to overcome this problem by putting the injured player on waivers so that they could bring in a replacement for one game. After the game the player was reclaimed from waivers and his replacement placed on waivers. The club abused the waiver system rather than use the Injured Player List as its use requires that a player not participate for thirty days.³⁶⁸

The restriction to thirty two players obviously can and does place limitations on the firm's ability to field

³⁶⁸B. Gainer, Personal Interview, August 26, 1971. B. Gainer was the player called on to replace the injured centre.

a quality side during a season. The American National Football League firms, by comparison, function far more efficiently as they have to field one less player -- eleven -- while carrying forty two on their rosters. The firms are also permitted to operate "taxi-squads" -- reserve players who are not on the playing roster but are paid to train with the team moving on and off the roster when regular players are injured.³⁶⁹ It is very seldom that a National Football League club has to recruit further resources during the course of a season.

Referred to as the economies of massed reserves³⁷⁰ a firm which is anxious to maintain continuity of production must hold players in reserve against breakdown. Canadian Football League firms only hold those reserves which exist within the rostered number. As result the firms are often caught without replacements. Being confronted with this problem has resulted in some firms maintaining illegal taxi-squads, thereby abusing League regulations which they themselves helped establish.³⁷¹ During the 1970 season Calgary paid an unrostered American half-back \$400 per week to remain

³⁶⁹Each N.F.L. Team is permitted to carry seven players as a taxi-squad.

³⁷⁰Scherer, op. cit., p. 73.

³⁷¹Section 8 of the C.F.L. By-Laws.

in Calgary, and in 1971 Edmonton paid two unrostered players \$100 per week up to September of that year.³⁷²

The larger roster in the National Football League has also allowed for increased specialization. American players who move to the Canadian League are normally regarded as specialists by coaches, whereas Canadian players have usually to be able to perform a number of tasks. This requirement has an adverse effect in the quality of performance. Behaviour patterns which result from limiting the roster suggest then that the Canadian Football League is operating below the minimal optimal scale with regard to labour specialization.

Another dimension of efficiency of the scales of existing plants and firms Bain suggests may be determined by finding the actual unit costs of production and distribution. Empirically unit costs decline with increases in plant and firm size to a point where all opportunities for making further cost reductions through increased size are exhausted. However the establishment of a unit cost of production for football firms is confused by the fact that the inputs of two firms are required before a game can be produced, and since the individual firms have no control over the size

³⁷²M. Smith, Personal Interview, September 12, 1971. M. Smith was one of the players who taxied for the Edmonton club and in his opinion it is quite common for clubs to pay prospective players to remain in the local area during the playing season.

of output in relation to the seats and the number of games meaningful conclusions cannot be drawn with respect to changes in cost levels which might occur.

Nevertheless a comparison of the levels of unit costs may be significant in an evaluation of efficiency.

In order to approximate actual unit costs -- the unit being the cost of one seat at one game -- the 1970 financial statements of the Calgary³⁷³ and Edmonton³⁷⁴ clubs were selected. By dividing the number of home games into the total revenues, except those incurred prior to the first game the total cost per game can be estimated. The cost per unit of production can then be calculated by dividing the average home game attendance into the total cost per game. This method was selected as the other eight away games have to be basically financed by the income derived from home games. By the same reasoning the visiting club, which contributes half of the game input, has zero costs. The costs of producing the first game are extremely high as the club incurs certain expenses prior to the first game -- scouting and minor football; office salaries, supplies and other operating expenses, equipment, and repairs -- whereas the cost per unit for the remaining games should be the same for the expenses are incurred on a game basis and therefore

³⁷³Calgary Herald, February 5, 1971, p. 25.

³⁷⁴Edmonton Journal, January 28, 1971.

should not vary. Using this method the Edmonton Club by comparison had a higher initial cost in 1970 -- Edmonton \$16.2, Calgary \$12.68 -- but its unit cost for second and remaining games was lower than Calgary's -- Edmonton \$4.71, Calgary \$4.97.

Performance in this dimension is normally measured by comparing unit costs of production with a plant which is operating at a minimum attainable cost. In the instance of Calgary and Edmonton, it could be argued that Edmonton operated more efficiently, however in the industry of football this comparison is rendered ineffective by the problem of non-homogeneity of both inputs and outputs of the various firms in this area of performance.

B. Relative Efficiency of Existing Degrees of Vertical Integration

Theory for relating performance to vertical integration is unfortunately at an elementary stage³⁷⁵ but evidence suggests that "vertical integration of successive processes or functions in the single firm has been found to be more

³⁷⁵ Bain, op. cit., p. 380.

economical than the alternative of having the processes or functions carried out separately in independent firms."³⁷⁶ In the industry of professional football vertical integration of the factors of production and distribution are virtually non-existent.

The industry, while having definite controls on the sources of raw materials, has little input into the development of talent, relying upon other Leagues, colleges, universities, junior clubs, and high schools to produce players. Of the thirty two rostered players fourteen are imports whose development cost the Canadian firms nothing. Relying on the American "system" to produce and refine the talent the Canadian firms simply recruit the required players. The remaining eighteen players, classed as non-imports, must be drawn from the basically Canadian trained pool.³⁷⁷ There exist three distinct areas from which prospective professional players can be obtained -- The Canadian Amateur Football Association (C.A.F.A.), the Canadian colleges and universities, and the Canadian players attending American institutions.

Tradition ties the Canadian Football League to the Canadian Amateur Football Association, and since its split with the amateur body in 1958 the League has chosen to continue to donate the funds required to meet its annual expenses

³⁷⁶Ibid.

³⁷⁷A non-import is a player who has received all of his training in Canada prior to his seventeenth birthday.

as well as underwrite the cost of the Canadian Junior Championship. In 1970 the League granted \$52,752³⁷⁸ to the Canadian Amateur Football Association, the amount that the Association requested, of which \$31,000³⁷⁹ was redistributed to the provincial associations. In the redistribution the Alberta Amateur Football Association received \$6,000 of its total income of \$6,993.92 and in turn disbursed \$4,800 to the development of minor football.³⁸⁰ In 1970 a total of \$28,550 of the \$52,752 granted actually went to the development of minor football.³⁸¹ The individual firms occasionally include in their budget an expense in the area of minor football development.³⁸² It may have been that in past years certain monies were allocated to minor football but the 1970 budgets of the provincial amateur football associations are devoid of any such grants. However the Canadian Football League and firms do not look upon this money as a means by which they

³⁷⁸Minutes of the C.F.L. Annual Meeting, February 11, 1971.

³⁷⁹Minutes of the C.A.F.A. Annual Meeting, March 20-21, 1970.

³⁸⁰C.A.F.A. Annual Reports and Recommendations, 1971.

³⁸¹Ibid.

³⁸²The Edmonton club for example, in 1970 included a cost factor of minor football. The money so designated was used primarily to cover the salary and travelling expenses of a recruiting scout for Canadian Player talent.

could control this source of player talent.

Over the past decade there has been an apparent decline in the number of players recruited from the Canadian Amateur Football Association since an upgrading of inter-collegiate football has made these players more desirable. To control the players involved in Canadian intercollegiate football the league instituted a College Draft which gives the firms a source of reasonably developed talent at no expense.

A third source of Canadian talent includes those players who receive their collegiate training in the United States. The normal procedure is for a Canadian firm to encourage a promising junior or high school player to go to an American institution for his tertiary education, believing American football experience at this level far superior to Canadian. In 1966 some League clubs had thirty to forty boys in United States College football.³⁸³ As some firms offer financial assistance to these prospective players they are in a sense gaining limited control over the quality of raw materials, but the expense is minimal when compared to the total cost of the experience gained, the greater percentage of which is borne by the American institutions.

The firms by minimally involving themselves in the development of player personnel incur few expenses. By hold-

³⁸³Edmonton Journal, November 4, 1966.

ing at this level of involvement the short run costs are considerably lower than if the firms or League decided to integrate backwards and establish an efficient feeder system of clubs -- in other words invest in the Canadian football player base from secondary school through to and including junior, intercollegiate and senior football teams.

Long run costs may nevertheless be higher, for by not participating in the development of Canadian talent and by allowing an inferior player to develop the League firms have to invest heavily on importing more skillful American personnel. The economics of vertical integration of player development is a complex question but it is quite possible that although the present system, or lack of system, is efficient in terms of short run periods, it may, in fact, be inefficient over the long term.

To the extent that there is little backward integration of the factors involved in production the firms have similarly been disinclined towards the forward integration of distribution factors. The initial costs of stadia construction have caused the firms to reject the notion of owning their own. Once again in terms of short term, expenses are minimized by paying rent to the civic authorities who control the existing stadia. In so doing the firms lose about fifteen per cent of the gross gate in rent³⁸⁴ plus a gross revenue of

³⁸⁴Report to Task Force on Sport, p. 24.

approximately \$1 per ticket buyer in concession monies.³⁸⁵
In 1970 the League lost a gross revenue of \$2,534,305 by virtue of the fact that they did not own the present facilities in which they conducted their business. The net lost would have been far less. Possibly, if firms could build their own, larger and better technically constructed stadia, the extra gross revenue would exceed the figure estimated above.³⁸⁶
Once again possible long run economies are not realised as a result of a failure to integrate forward into product distribution.

C. The Extent of "Chronic" Excess Capacity

The remaining aspect of the technical efficiency dimension of performance is the extent to which the total productive capacity of the industry is used and its ability to meet demand fluctuations. The latter has little meaning

³⁸⁵N. Wirkowski, Personal Interview, April 5, 1971. It was estimated that E. Lieberman, holder of the concession rights for the C.N.E., grosses \$1 per head from Toronto home games.

³⁸⁶For a further discussion of this point see "Product Progressiveness."

for the firms of the Canadian Football League as they have no direct control over the productive capacity of the industry. Regardless of demand the number of products is set by the League schedule, as is the saleable unit by the size of the stadia. The steady increase in the percentage of the total capacity from 77 per cent in 1968 to 88.8 per cent in 1970³⁸⁷ would suggest an increasing interest in the game and that on many occasions firms could have sold more seats than were available indicates that the industry does not operate at a level of chronic excess in regards to the total productive capacity of the firms.

In conclusion an assessment of the overall technical efficiency as part of performance is made difficult by insufficient data, problems of assessing and comparing minimum optimal scales of a product which is not necessarily homogeneous, and the existence of factors of production which lie outside the control of the firm. Nevertheless it would appear that the industry operates efficiently in terms of minimum optimal costs and productive capacity but inefficiently with respect to employment levels and long term costs where they relate to possible areas of vertical integration.

³⁸⁷During the years 1968-1970 the stadia capacity also rose from 227, 636 to 244,710, an increase of 7,074.

II. Allocative Efficiency

Another efficiency dimension of performance deals with "the size of its output as judged by the relationship of its long run selling prices to its long run marginal cost of production."³⁸⁸ Allocative efficiency can be directly related to the market power of an industry as it is concerned with examining rates of profit.

Because long-run marginal costs are usually not directly measurable, and also because the long-run average cost of production is typically about the same as the long-run marginal cost, the allocative efficiency of an industry is in practice best judged by the relationship of its long-run selling price to its long run average cost of production. And the most convenient available indicator (if properly interpreted) of this price-average cost relation is the long-run average rate of profit that firms in the industry earn on owner's investments.³⁸⁹

Societal concern with this dimension of performance is based on the fear that monopolistic restrictions of outputs are motivated by desires to elevate seller prices and profits, excess profits being equated with excess market power. In economic analysis profits refer simply to the residual excess which the firm receives from the total sales revenue from its products over the total costs (including a normal rate of return on invested capital) incurred. In the industry of professional football invested capital is relatively

³⁸⁸Bain, op. cit., p. 336.

³⁸⁹Ibid., p. 375.

unimportant and this makes the study of rates of profits of excess profits or equity unrealistic. Therefore profit rates will be calculated on the basis of revenue, not equity. Let R be the aggregate sales revenue of the year, and C the aggregate costs of earning the revenue.

$$R - C = \text{excess profits.}$$

An accurate appraisal of profits at the firm level is impossible as the financial statements for firms are incomplete and inaccurate sources of information. The teams of the west, being "community owned," publish financial statements yearly in local papers in an effort to maintain a high level of public acceptance. As a result the actual press releases on these firms must be viewed with a great deal of skepticism because many do not include some sources of revenue,³⁹⁰ or underestimate their value, while at the same time overestimating cost factors.³⁹¹ For the eastern firms there is no published financial data available because they are private

³⁹⁰The western firms normally collect an annual income from shareholders, for example the Edmonton Eskimos \$10 per shareholder, as well as sponsor \$100 a plate dinners, which in Edmonton, Calgary, and Regina net between \$30,000 and \$35,000 per year. These income sources are seldom included on financial statements.

³⁹¹For several years the Edmonton Eskimos have not paid the city the full amount of the stadium rental agreement as an understanding between the city council and firm, reached in the mid sixties, allows the Edmonton firm to pay 12½ per cent of the gross gate only after the club has accumulated a working capital of \$62,000. Nevertheless, financial statements still include the 12½ per cent as a cost, even though usually only part paid.

companies and as such are not required to release this type of information.

Nevertheless it is possible to arrive at an approximation of profits for the firms as the income from the three major markets is known as are certain of the cost factors. The other revenue and cost factors will have to be held stable across the League and by this means a reasonably accurate calculation of revenues can be ascertained.

The revenues from net gates are available in the minutes of the Canadian Football League and Western Football Conference meetings as are television, western conference radio, and Grey Cup Game receipts. Program and promotion revenues were estimated at \$900,000 for the League, and to this monies earned through \$100 a plate dinners and shareholders payments, added.³⁹² The income from pre-season games was calculated by multiplying the gate receipts from the one designated pre-season game by the number of pre-season games, and then adding or subtracting the amount paid in or withdrawn.

The calculation of costs, because of information gaps, cannot be considered as accurate as that for revenues. Rent and entertainment taxes have been excluded, as the net

³⁹²The addition of these revenues may tend to make this category high for eastern teams, as shareholders, yearly payments and \$100 a plate dinners are not a normal part of their operation. They however will generally receive a higher income from promotions and programs.

gate calculations for revenues dispenses with the necessity to include them among costs. The player salary costs were derived by multiplying the average salary of \$13,175 by the number on the roster, thirty two. Salaries for coaches, as was the expenditure on travel, were estimated by averaging the costs from the financial statements of Calgary and Edmonton. Home game expenses, administration and incidental costs were arrived at by averaging the costs of the Edmonton and Calgary clubs and using this as a base for operating a 22,500 capacity plan. The 1970 financial statement of the Canadian Football League was used to ascertain the cost to the firms of operating a central office.

Excess Profits of the C.F.L. Firms³⁹³

Montreal

Revenue

Net Gate	521,471
Gate Equalization	12,565
Television	121,093.75
Radio	60,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Pre-Season Games	<u>68,077</u>
Total	992,460.19

³⁹³See Appendix V for a complete breakdown

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessment	29,000
Travel	45,000
Home Game Administration, and Miscellaneous Costs	<u>307,325.45</u>
Total	912,925.45

$$\frac{R - C}{R} = 8.01 \% \text{ excess profit.}$$

Ottawa

Revenue	995,124.73
Costs	907,130.7

8.84 % excess profit.

Toronto

Revenue	1,303,586.7
Costs	969,278.72

25.64 % excess profit.

Hamilton

Revenue	1,000,348.73
Costs	914,682.64

8.56 % excess profit.

Winnipeg

Revenue	883,055.98
Costs	847,639.29

4.01 % excess profit.

Saskatchewan

Revenue	870,066.98
Costs	838,334.63

3.65 % excess profit.

Calgary

Revenue	966,845.54
Costs	842,949.4

12.81 % excess profit.

Edmonton

Revenue	951,497.44
Costs	852,436.5

10.41 % excess profit.

British Columbia

Revenue	1,103,394.98
Costs	956,902

13.27 % excess profit.

The profits rates so calculated range from 3.65 per cent to 25.64 per cent. In ascertaining the extent to which these rates indicate efficiency or inefficiency in the industry it must be remembered that while individual revenue may be accurate, costs were held as more or less fixed. This may have had the effect of deflating real costs thereby making the calculated excess profit rate rightly higher than the firms actual excess profit rate.

The notion of "normal profits" as an indicator of allocative efficiency lies at the basis of this analysis. Although it is difficult in a complex capital market to determine what is a normal rate of return the range five to six per cent would seem appropriate.³⁹⁴ Using this range, and realising the problems involved with the calculated profit

³⁹⁴Caves, op. cit., p. 106.

of the firms it would appear that most function at acceptable levels of efficiency.

Bain uses rates of excess profits as indirect indicators of the extent to which prices exceed cost levels, however, by not including the amount which represents a normal rate of return on invested capital the foregoing calculation of excess profit on sales reflects directly the gap between prices and costs. By so doing it indicates the extent to which resources are misallocated. Several firms have excessive rates of return -- Toronto and Vancouver. This can be related directly to the incidence of a large stadium serving a large urban mass thus enabling the accommodation of more potential buyers. The high returns of the smaller centres of Edmonton and Calgary were a function of near capacity utilization of existing stadia facilities. As costs are comparable across the League the larger urban centres, Toronto and Vancouver, tend to maintain excessive rates of return whereas small centres are more susceptible to fluctuations as profit rates are mainly a function of gate receipts, the other sources of income being comparatively stable across the League.

Allocative efficiency, in conclusion, demonstrates the link between structure and performance and can be considered as a measure of the firms and industry's market power. The factors of market structure give to the Canadian Football League a monopolistic position in the market place and if distribution facilities, stadia, are adequate monopolistic

rates of return may be realised.

III. Size of Selling Costs

Selling costs as a dimension of market performance refer to the costs incurred for sales promotions.³⁹⁵

In order to stimulate the sales promotion of a product a firm has two general approaches available.³⁹⁶

A. Informational. This technique involves informing potential customers of the availability, characteristics, and prices of the product. According to Bain a small amount of selling activity and cost devoted to informational purposes are functionally justified as "it is necessary and useful to inform potential buyers of the availability of goods, of their specifications and qualities, and of their prices."³⁹⁷

B. Persuasive. The firm's promotional campaign aims at inducing or persuading potential customers to buy. Unlike informational promotions the selling costs incurred

³⁹⁵Bain, op. cit., p. 412.

³⁹⁶Ibid.

³⁹⁷Ibid., p. 413.

as a result of activity designed to persuade cannot be justified from the standpoint of the aggregate economic welfare for it diverts resources which could be devoted to the production and distribution of a larger volume of useful goods and services.³⁹⁸

The general avenues available through which informational and/or persuasive promotions can be achieved are advertising, the hiring of sales promotion personnel, and the use of increments in the distributive service that are sales promotion orientated.³⁹⁹ The football industry devotes most of its expenditures in this dimension to advertising the product. Even though a few firms have started to move in the direction of hiring promotional personnel outlays have been minimized by using volunteer help, as in the west, or combining the task of promotions with actual ticket sales. Individual firms also indulge in supplying home game fans with increments in the distributive service by offering prizes to lucky number holders. However, this too, places no real financial burden upon the firm as prizes are normally donated by program advertisers.

In the promotion of professional football via advertising selling costs have also remained minimal for the nature of the product has provided countless male-orientated

³⁹⁸Ibid., p. 414.

³⁹⁹Ibid., p. 413.

advertisers with a common denominator for communicating with a large and important portion of the public.⁴⁰⁰ As a result the communications media are prepared to invest substantial sums of money in the presenting and recapping of football games so that they in turn can reap returns from advertisers who are concerned with promoting merchandise which ranges from cars to soft drinks. This free exposure of football advertises the game and has a favourable feed back effect upon gate receipts.⁴⁰¹ The value of this free publicity is incalculable for the League as a whole, however professional football executives still feel that there is a need to invest some money in sales promotion. Since the COOL Report there has been a growing awareness of the necessity of this phase of the operation, an awareness that found expression in the setting up of the Canadian Football League Properties Ltd. Nevertheless, as yet no firm has a sales promotion department, even though the duties of certain personnel include tasks which lie within the realm of advertising.⁴⁰²

The office of the League does not normally incur expenses in the area of sales promotion. In fact the role

⁴⁰⁰F. Reysen, "Sell it With Sports the Universal Language," Media/Scope, No. 13, Nov. 1969, p. 46.

⁴⁰¹This exposure in relation to television and radio is in fact a source of revenue for football. See Neale, op. cit., p. 3.

⁴⁰²At the League level Gaudaur, as commissioner, is responsible, while the firms usually include promotions under the job of the ticket-sales manager.

of the Canadian Football League Properties Ltd. is to promote professional football by allowing other industries the use of League rights. Instead of paying for advertising the League receives a revenue. The promotion of the Grey Cup game is perhaps the only occasion when this office actually spends money on advertising. During the 1969 and 1970 Grey Cup Games the League spent \$3,947 and \$6,863 respectively on promotions. This money was not used directly for advertising but for promoting better press relations.

These figures by themselves are meaningless as a measure of performance, but there exists two methods by which a more accurate interpretation of the relative place and true importance of advertising costs can be arrived at.⁴⁰³

a. Sales promotion expenditures as a percentage of total sales.

b. Sales promotion expenditures as a percentage of all costs of production, distribution, and sales promotion. Although both methods will be presented the method of sales promotion as a percentage of total sales will form the basis of the estimation of industry's performance.

⁴⁰³Bain, op. cit., p. 413.

Table 23

Measurement of Selling Costs of the
1969 and 1970 Grey Cup Games⁴⁰⁴

	1969	1970
Income	678,621	721,552
Production Costs (administration entertainment, field officials, footballs, Grey Cup miniatures and penants, direct tax, player bonuses, stadium ticket costs)	87,298	90,530
Distribution Costs (Team travel)	17,516	20,831
Selling Costs (Press relations and sundry)	3,947	6,763

Method A.

$$1969 \frac{\text{Selling Costs}}{\text{Total Sales}} = \frac{3,947}{678,621} = 0.58 \%$$

$$1970 \frac{\text{Selling Costs}}{\text{Total Sales}} = \frac{6,863}{721,552} = 0.95 \%$$

Method B.

$$1969 \frac{\text{Selling Costs}}{\text{Total Costs}} = \frac{3,947}{108,761} = 3.65 \%$$

$$1970 \frac{\text{Selling Costs}}{\text{Total Costs}} = \frac{6,863}{118,224} = 5.8 \%$$

At the conference level total expenditures in this dimension are difficult to determine, but as with the Grey Cup Game the cost breakdown of western conference play off games may suffice as an indicator of the magnitude of selling

⁴⁰⁴Minutes of the C.F.L. Annual Meeting, Commissioner's Report, "Statement of Income - 1970 Grey Cup Game," February 11, 1971.

costs.

Table 24

Measurement of Selling Costs of the W.F.C.
 Play off Games 1966⁴⁰⁵

Income	188,963.50
Production Costs (Stadium Rental, amusement tax, lights, heating benches, police protection, Gatemmen and ushers, public address system, half time entertainment, audit, Footballs, pre and post game meals, ticket printing, ticket selling, training allowance, player allowance)	153,999.12
Distribution Costs (Travelling expenses)	11,106.55
Selling Costs (Pre-game advertising)	1,439.63

Method A.

$$\frac{\text{Selling Costs}}{\text{Total Sales}} = \frac{1,439.63}{188,963.50} = 0.75\%$$

Method B.

$$\frac{\text{Selling Costs}}{\text{Total Costs}} = \frac{1,439.63}{166,545.50} = 0.86\%$$

Calculation of selling costs for the individual firms is limited by the fact that financial statements for the eastern clubs are unavailable, and in many instances in the financial statements of the western firms the actual selling costs are buried in broad expenditure categories. The

⁴⁰⁵W.F.C., Statement of Gate Receipts and Expenses, Playoff Games for the Year Ended January 31, 1967.

Edmonton Eskimos, for example, group season tickets, advertising and promotions, ushers, park security, equipment, medical and disaster insurance under "Miscellaneous," and give a total for the whole.⁴⁰⁶ The financial statement of the Calgary Stampeders does present an expenditure for advertising and so for the purpose of evaluating the level of the selling costs of the individual firms the Calgary firm will be used.

Table 25
Measurement of Selling Costs for
the Calgary Stampeders, 1969 and 1970⁴⁰⁷

	1969	1970
Income	833,010	939,081
* Production and Distribution Costs	809,329	902,421
Selling Costs (Advertising)	17,970	21,409

* The Statement does not allow for a breakdown of Production and Distribution Costs as travelling is included with players and coaches salaries.

Method A.

$$\begin{array}{l}
 1969 \quad \frac{\text{Selling Costs}}{\text{Total Sales}} = \frac{17,970}{833,010} = 2.15 \% \\
 1970 \quad \frac{\text{Selling Costs}}{\text{Total Sales}} = \frac{21,409}{939,081} = 2.27 \%
 \end{array}$$

⁴⁰⁶Edmonton Journal, January 28, 1971.

⁴⁰⁷Calgary Herald, February 25, 1971, p. 25.

Method B.

1969	$\frac{\text{Selling Costs}}{\text{Total Costs}}$	=	$\frac{17,970}{827,299}$	=	2.17 %
1970	$\frac{\text{Selling Costs}}{\text{Total Costs}}$	=	$\frac{21,409}{923,830}$	=	2.31 %

The expenditure of 2.27 per cent of total revenue on selling costs appears in line with similar expenditures of those of one other western club. It was reported that in 1970 the Edmonton Eskimos spent approximately \$20,000 on advertising and promotions.⁴⁰⁸ Viewed as a percentage of total sales -- \$895,214 -- the firm spent 2.23 per cent of its sales in selling costs.

In order to determine the nature of promotional efforts Bain has tentatively drawn conclusions concerning the costs of advertising and performance levels. Of importance to the present study is the evidence which suggests that advertising costs which exceed 5 per cent of total sales are largely wasteful as such efforts are normally persuasive rather than informationally orientated. Selling costs as a function of total sales revenue at the League, conference, and firm levels must therefore be viewed as operating within the bounds of good performance for in comparative terms the expenditures by the industry in this dimension of performance

⁴⁰⁸Q. Moffat, Personal Interivew, May 20, 1971.

are not excessive.

IV. Progressiveness in Production Techniques

Production techniques in any industry of the economy are continually or intermittently improving and as a consequence there are increases in productivity and the quality of consumption.⁴⁰⁹ The development and introduction of improved techniques generally involves the invention or discovery of techniques, and then the actual application of the innovation to commercial use.⁴¹⁰ The concern with this dimension of an industry's market performance is whether or not it is adequately "progressive in developing and applying new techniques, and thus contributing to the increased productivity of the economy."⁴¹¹

A criterion for evaluating the "progressiveness" of an industry is to establish the degree to which "it has exploited the available opportunities for invention and

⁴⁰⁹Bain, op. cit., p. 419.

⁴¹⁰Ibid.

⁴¹¹Ibid.

innovation."⁴¹² However difficulties have been encountered in attempting to arrive at conclusions using this as the measurement -- "what might have been" against "what happened" -- as it was realised that such a procedure is not only complex but perhaps meaningless. Bain, nevertheless establishes a standard of adequate performance that is at least potentially subject to empirical application.⁴¹³

. . . an ideal rate of innovation through time in an industry is one that promptly exploits every available technological change that would reduce the costs of producing the goods or services in question (the costs of innovation being taken into account).⁴¹⁴

Using this framework it may be possible to draw some tentative conclusions concerning the performance of professional football in this dimension.

The actual production of a game of football is a comparatively simple task involving mainly the logistics of bringing two opposing teams together at a set time and place. The industry in a sense has kept pace with advance technology which helps in the production as modern methods of transportation, lighting and equipment, are employed. The adoption of a telex communication system, soon after the establishment of the League office in Toronto is perhaps one

⁴¹²Ibid.

⁴¹³Ibid., p. 420.

⁴¹⁴Ibid., pp. 420-1.

of the better indications of the "progressiveness" of the industry.

Nevertheless there exists production techniques which could increase productivity and the quality of consumption of professional football, but it would be unfair to criticise the industry because these improvements are concerned with the reconstitution of the plant itself -- the presentation of football games in covered stadia, the use of artificial turf, and the reorganisation of stadia seats so that the majority of consumers can enjoy a "good" view of the spectacle. As the construction and maintenance of the physical plant is beyond the financial capabilities of the individual firms they are at present forced to rely upon local governments to supply stadia. Since these stadia are usually multi-purpose, their facilities do not necessarily correspond with those conditions which would be most advantageous for football.

The problems which confront the League as a result of this become obvious with an examination of a comparison between the various stadia seating capacities and their seats which are situated between the goal lines -- the seats most in demand by spectators.

Table 26.

Percentage of Seats Between Goal Lines⁴¹⁵

	Capacity	Goal Line Seats	Percentage
Montreal	33,214	17,920	54.0
Ottawa	27,472	17,821	64.3
Toronto	33,135	22,343	67.4
Hamilton	28,800	14,941	51.9
Winnipeg	22,553	16,181	71.7
Saskatchewan	21,686	15,972	73.6
Calgary	22,116	19,772	89.4
Edmonton	23,000	19,800	86.1
British Columbia	32,734	18,473	56.4

The stadia which were built primarily for football have "good" seating, with over 70 per cent of their seats between the goal lines. The League firms are well aware of this problem and have tried on various occasions to attempt to persuade owners to help finance needed changes. Hamilton is one firm that has succeeded in recent years to win local support to have their stadium significantly rebuilt. The proposed changes will take its capacity to 36,000 while at the same time significantly increasing the seats between the goal lines.

Artificial surfacing materials, such as astro-turf and tartan-turf, which greatly reduce the possibilities of poor performance levels caused by inclement weather are available, but as with the seating problem the use of these materials is beyond the present finances of many of the firms.

⁴¹⁵G. Fulton, Personal Interview, April 6, 1971.

Local support in Vancouver and Hamilton has resulted in the use of synthetic playing surfaces but the rest of the League lags behind these two firms in this regard.⁴¹⁶

Perhaps the most important innovation that could significantly enhance productivity and quality involves the use of covered stadia in which the product could be presented in a controlled environment, free from adverse weather and playing field conditions. As with the two previous plant design changes the firms are reliant on outside financial support, which up until the present time has not been forthcoming, even though firms have been very active in promoting the construction of such stadia within their franchise areas.

As a result of their production techniques professional football appears limited in what it by itself can achieve. The firms of the Canadian Football League have been reluctant to develop their own plants and rely heavily upon public support to maintain and upgrade the existing facilities. The industry appears progressive in that it is aware of facility shortcomings in that it actively campaigns for improvements. This course of action is in line with the industry's short term outlook and in this sense the industry

⁴¹⁶The city of Toronto is at present being cajoled into putting an artificial playing field into the C.N.E. stadium as the League has threatened to never grant that city another Grey Cup game until the natural surface is replaced.

is not progressive.

V. Product Performance

Closely related to progressiveness is the concept of product performance of an industry which is concerned with

. . . how well the firms engage in design, determine the quality of, vary, differentiate and progressively improve their product -- all relative to that performance in these several regards which would achieve the best attainable balance between buyer satisfaction and the cost of production.⁴¹⁷

The League is extremely concerned with product performance,⁴¹⁸ and for the League commissioner the best measure available of the product performance of the industry is the average offensive record of the games played in a particular year. Increased product performance is then equated with the previous seasons figures to demonstrate improvement. To promote offensive football rules have been changed and referees instructed to be more liberal in their interpretation of them.⁴¹⁹

⁴¹⁷Bain, op. cit., p. 421.

⁴¹⁸Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, February 13, 1969; Ibid., February 11, 1971.

⁴¹⁹Minutes of the C.F.L. Annual Meeting; Commissioner's Report, February 13, 1969.

Table 27

Offensive Performance 1967-1968⁴²⁰

Category	A.F.L. 1968	N.F.L. 1968	C.F.L. 1967	C.F.L. 1968
Points scored per game (2 teams):	44.3	41.0	36.0	38.4
Plays from scrimmage per game:	-----	-----	125.9	136.4
First downs per game:	32.1	31.7	28.4	33.5
Rushing yards per game:	251.2	253.5	249.4	265.5
Average rush:	4.0	4.0	4.9	4.9
Passes thrown per game:	57.7	53.5	47.6	50.2
Passes completed per game:	27.4	27.6	25.5	26.5
Passing yardage per game:	355.7	337.2	399.9	403.4
Percentage completed:	.474	.516	.534	.528
Average per pass:	6.2	6.3	8.4	8.0
Interceptions per game:	3.2	2.9	2.9	2.3
Interception returns per game:	-----	-----	38.0	46.4
Punts per game:	11.1	9.4	18.1	18.9
Punting yards per game:	465.6	375.9	751.7	809.1
Average punt:	41.9	40.0	41.6	42.8
Punts Returned per game:	5.6	4.3	15.9	16.5
Yards returned:	48.0	30.1	90.0	102.8
Average punt return:	8.6	7.0	5.6	6.2
Average return per punt:	4.3	3.2	5.0	5.4
Kickoffs returned:	7.7	7.9	6.3	6.1
Yards returned:	166.7	167.9	136.1	139.5
Average Kickoff return:	21.6	21.3	21.9	22.8
Penalties per game:	9.5	10.3	12.3	11.0
Yards Penalized per game:	98.0	105.0	84.0	81.3
Fumbles per game:	3.6	3.4	2.8	2.6
Fumbles lost per game:	1.9	2.0	2.1	1.9

Comparisons with the American League's figures are used to give a general measure of quality.

The degree of competitiveness, as measured by the closeness of conference standings and individual games played

⁴²⁰Ibid.

is an important consideration in product performance. Conduct-performance links in the area of buyer divisions of the player market aim at maintaining a high degree of competitiveness. Emphasis on quality extends into other facets of the industry, for example, the quality of the League and club programs offered for sale have greatly improved and there is emphasis on being associated with "quality" products where Canadian Football League property rights are involved.

Although a difficult concept to measure the League appears to be acutely concerned with this dimension of performance. This concern is demonstrated by the links that exist between structure - conduct, conduct-performance, especially in the area of player acquisition.⁴²¹ Predisposed to be engaged in high caliber football the industry's market structure and behaviour is aimed at this end.

In summary, in terms of the relevant facets of market performance the industry presents a mixed picture. Certain dimensions, as developed by Bain, appear to have little significance to the football industry as product processes involved give to it a unique character. Technical efficiency, as calculated by comparing unit costs, has little meaning except in terms of showing that the industry does not suffer from chronic excess, but the notion of the economies of massed reserves clearly demonstrates a weakness in the industry.

⁴²¹See Market Conduction, Sections II. and IV.

The efficiencies of vertical integration are non-existent in the industry as it finds it extremely difficult to act on other than a short term basis.

The approximation excess profits clearly demonstrates the market power that the industry can achieve. The larger urban areas tend towards gaining excess profits on a long term basis, whereas the clubs which exist in smaller urban centres have to contend with fluctuations of return rates.

In the area of selling costs the firms operate very efficiently as free advertising necessitates only minimum expenditures on advertising and promotions. If the published financial statements of the western clubs are viewed as part of advertising then the question, "to what extent are they guilty of misleading advertising," must be examined.

The short term approach of the League hinders the adoption of progressive techniques, while in the facet of product performance the industry continually strives to upgrade related quality dimensions.

Market performance is in reality the appraisal of how much the economic end results of an industry's market structure and behaviour deviate from the best possible contribution it could make to achieving the goals of efficiency, employment, progressiveness, and equitable distribution of income. Using Bain's model it could be concluded that in areas of efficiency and progressiveness the League has adequate to good performance if related to the short term

period. By holding the player roster to thirty two the League introduces an imperfection into the labour market and judging by the industry's allocative efficiency the time could be opportune to re-examine this regulation. An enlargement of team rosters would improve efficiency and therefore performance.

With regard to income distribution, acceptable performance by several of the firms, when compared to allocative efficiency findings, is not evident. The dimensions of market structure and conduct combine to give these firms monopolistic rates of return suggesting a misallocation of resources and prices.

PART IV
CANADIAN COMPETITION POLICY AND THE INDUSTRY OF
PROFESSIONAL FOOTBALL

Market performance, as defined in the previous section, is the appraisal of how much the economic results of an industry's market structure and behaviour deviate from the best possible contribution it could make toward achieving the economic goals of efficiency, full employment of resources, progressiveness, and equitable distribution of real output. Such goals are enumerated in the Competition Act, which is currently under consideration in the House of Commons.

A dynamic and efficient market economy satisfies individual needs, provides employment, spurs research and development and provides the revenues through which government may create and maintain social programs designed to ensure equality of opportunity for all Canadians.⁴²²

Competition policy, as an expression of the public interest in the market system, reflects this interest by attempting to keep the market as efficient as possible.

Competition policy thus seeks to provide a system of checks and balances by employing the machinery of the public interest -- Parliament and the Courts to establish ground rules and procedures that enable the market to function smoothly to the maximum advantage of the maximum number of people. . . . The role of competition policy is to define the public interest and attempt to secure that interest by creating rules which are subject to independent adjudication and appeal.⁴²³

⁴²²Bill c-256, The Competition Act, Explanatory Notes, p. 7 (hereafter referred to as Explanatory Notes).

⁴²³Ibid., pp. 7-8.

Prior to the introduction of a new competition bill in June, 1971, anti-combines legislation was not so much concerned with the most efficient use of Canada's resources as it was with control of certain types of anti-competitive market conduct. In accordance with this, competition became an end in itself as the Combines Investigation Act made it a criminal offense to engage in any of the following:

- (a) combination which prevent or lessen unduly competition in the production, purchase, sale, storage, rental, transportation a supply of commodities or in the price of insurance;
- (b) mergers or monopolies that may operate at the detriment of the public; and
- (c) unfair trade practices including price discrimination, predatory pricing, disproportionate promotional allowances, misrepresentation of the regular price and resale price maintenance.⁴²⁴

For the business of professional football the Combines Investigation Act was of little importance because a clause which exempted service industries also granted immunity to sports.

During the 1960's, changes in the economy brought about the realization that the existing competition law was no longer entirely appropriate to meet modern needs.⁴²⁵ The Economic Council of Canada, in 1966, was commissioned to

⁴²⁴J. W. Younger, "A Fresh Look at the Combines Investigation Act," The Business Quarterly, Spring, 1969, p. 75.

⁴²⁵Explanatory Notes, p. 16.

examine this question. In its report entitled Interim Report on Competition Policy, it stated that efficiency should be the objective of competition policy, and that competition was only a means by which efficiency could be achieved. By recommending that efficiency be the over-riding objective of competition policy the commission in effect stated that no individual venture, corporate or otherwise, had an inherent right to stay in business. This report has become the foundation upon which the present bill is structured.⁴²⁶

While the new legislation is basically an extension of previous policy, major changes are proposed which could, if applied, "adversely" affect the present structure-conduct-performance relationships within the Canadian Football League. It is proposed that in this section the changes of policy will be examined in relationship to the professional football industry.

BILL C-256 AND CANADIAN PROFESSIONAL FOOTBALL

Perhaps for the Canadian Football League the major change in competition policy will be the inclusion of service

⁴²⁶Ibid., p. 19.

industries, within the ambit of the legislation.

A major new ingredient of the proposed Competition Act is the extension of competition policy to service industries. With the exception of certain aspects of the insurance industry, the present Combines Investigation Act applies only to those industries that actually produce, transport, store, distribute, or sell physical articles, whether it is a ton of iron ore or a toothbrush.⁴²⁷

This will remove the carte blanche exemption that football enjoyed under the present act. The Economic Council had recommended the bringing of services "immediately and clearly within the scope of the Act,"⁴²⁸ and mentioned specifically professional sports as they, along with other services, were not under any type of social control.⁴²⁹

The new bill lists ten restrictive practices between two or more parties, which are to be considered directly by the courts as criminal offences:

- (a) price fixing,
- (b) bid rigging,
- (c) allocation of markets,
- (d) limiting of production and supply,
- (e) limiting facilities for production and distribution,
- (f) lessening or limiting quality, grades or kind of products,

⁴²⁷Ibid., p. 21.

⁴²⁸Interim Report on Competition Policy, p. 148.

⁴²⁹Ibid.

- (g) limiting channels of distribution,
- (h) preventing market entry or expansion,
- (i) causing withdrawal from a market, and
- (j) boycotting buyers or sellers.⁴³⁰

The Canadian Football League and its firms engage in at least three of these restrictive practices -- price fixing, the allocation of markets, and the limiting of production or supply -- which are, per se, illegal. In other words the courts are only required to determine if an offense has occurred for the government to obtain a conviction.⁴³¹

Price fixing in the context of the new bill refers to the conspiring to fix a minimum or maximum price for a commodity or service.⁴³² The League by setting a minimum average seat price of \$4.20 in effect indulges in price fixing. The second prohibited practices in which the League and its firms participate concerns the allocation of sections of the market in an attempt to reduce competition. The franchising procedures divides the Canadian market, and establishes local monopolies for the nine firms while the College Draft, Ter-

⁴³⁰Bill c-256 Section 16(1).

⁴³¹G. Reschenhaler, "A New Competition Act: Moving to an Effective Competition Policy" in Industrial Organization in Canada, Selected Readings, edited by S. McFadyen, G. Reschenhaler, and E. Shaffer (University of Alberta Press: second edition, 1971-72) p. 299.

⁴³²Bill c-256, Section 16(1)(a).

ritorial Right, and Negotiation Lists, allocate player talents and create monopolies. Lastly, the existence of a schedule has the effect of limiting production, whereas the supply of the commodity is adversely affected by the creation of artificial television blackout areas.⁴³³

Most of the foregoing practices are also prohibited by the present Restrictive Trades Practices Act. However it, as with the existing law and proposed legislation, has no effect on professional football because general exemptions apparently provide immunity. An exemption provides that "where production, marketing or other agreements are beneficial in terms of greater efficiency, better resource allocation, economies of scale, or other economic benefits,"⁴³⁴ such franchising can be registered with a competitive Practices Tribunal.

A franchise agreement is a business carried on by a group of independent businesses using a common trade name or symbol to achieve economies in operation or management. Special provision is made to

⁴³³The televising of a football game is restricted by the imposition of blackout areas. The primary zone covers an area of approximately 75 miles in radius from the urban centers in which the nine firms are located (in Saskatchewan the entire province is blacked out when the Roughriders are playing at home. When a team plays at home the television stations are not permitted to transmit this or any other League game into the blackout area. Fear of losing revenue in the form of gate receipts, has resulted in such a practice.

⁴³⁴Explanatory Notes, p. 54.

exempt these arrangements from the prohibitions in Section 16. As soon as they are filed with the Tribunal they remain exempt unless challenged by the Commissioner.⁴³⁵

The commissioner, who will replace the present Director of the Combines Investigation Branch, can initiate an investigation, however it is highly unlikely that this exemption would be removed as the franchise does not significantly restrict competition. A problem may arise because the firms are not independent.

Using the logic of Neale⁴³⁶ it could be possible to argue that another proposed exemption could be applied if the franchising coverage were denied. Neale argues that because a team cannot produce any of the products alone and as it must cooperate with other teams it is not the individual club but the league which is the firm as understood in economic theory.⁴³⁷ If the Canadian Football League is viewed, as Neale proposed, as a multiplant firm, then it could gain immunity from the exemption which allows for agreements between officers of a parent company and its subsidiaries.⁴³⁸

Neale's argument, as it relates to the Canadian

⁴³⁵Ibid., p. 85.

⁴³⁶Neale, op. cit., pp. 1-4.

⁴³⁷Ibid., pp. 4-5.

⁴³⁸Bill c-256 Section 16(3)(a).

Football League, is not appropriate in that the economic definition of firm which he chooses to accept -- "a decision-making unit where major objective is profit"⁴³⁹ -- cannot be used to describe the League. The League itself is not concerned with profit,⁴⁴⁰ and as the individual clubs still control the major sources of revenue and costs, decision making in relationship to profits remains in their hands; the firm is the individual club.

Nevertheless, because of the very nature of the product the industry can rely on the exemption which will permit joint ventures to operate where it is economically impractical for a single firm to proceed alone.⁴⁴¹ The very nature of the product makes it impossible for one firm to proceed by itself.

Although exempted from section 16 the Canadian Football League has to contend with at least three other sections of the new bill. Section 17, on wilful monopolisation, makes it an offense for anyone, either alone or in concert with others, to take actions designed to create or maintain a monopoly position.⁴⁴²

⁴³⁹Neale, op. cit., p. 3.

⁴⁴⁰See Article II Section 2.02 of the C.F.L. Constitution.

⁴⁴¹Reschenthaler, op cit. p. 299.

⁴⁴²Explanatory Notes, p. 81.

No person and no affiliated companies, partnerships or sole proprietorships shall,

(a) for the purpose of completely or substantially controlling a market, willfully engage in behaviour that is intended.

(i) to eliminate a competitor,

(ii) to prevent the entry of a person into a market, or the expansion within a market of the business of a person who carries on his business or profession in the market, or

iii) to deter or prevent any other person from engaging in competition behaviour; or

(b) Willfully engage in behaviour that is intended to place him, either alone or together with one or more other persons, in a monopoly position within the meaning of section 41.⁴⁴³

A monopoly position, as defined in the act under section 41, refers to a state when:

(a) a person is in a monopoly position when he, or

(b) two or more persons are in a monopoly position when they, acting in concert or apparently in concert, either

(c) completely or substantially controls or control, in a market, a class of business in which he is or they are engaged, or

(d) accounts or account for all or substantially all of a commodity or service that is supplied for or in a market,

whether or not such position results in whole or part from ownership of or the right to use any patent, trade mark, copyright or industrial design.⁴⁴⁴

Concentration patterns of the Canadian Football League clearly demonstrate that the firms as well as the League operate from a monopolistic position. Substantial barriers to entry

⁴⁴³Bill c-256, Section 17.

⁴⁴⁴Ibid., section 41.

into the industry exist. Therefore it contravenes section 17 in that actions, as described in "The Conditions of Entry into the Industry," and "The Market Conduct of Firms Acting as Buyers," sections above in effect prevent market entry and expansion while monopolising the channels of resources. Nevertheless it is impossible to bring about a completely competitive situation in regard to many areas because of intrinsic features of the industry.

There are to be no exemptions for firms functioning in the Canadian market and as Reschenthaler points out "the offense is so generally and vaguely worded that it might be possible to prosecute almost any dominant firm for any action which adversely affects a competitor."⁴⁴⁵ The present act, in the parallel section (number 33), has similar defects which have resulted in this section not finding wide application.⁴⁴⁶ If the present bill passes without change, section 17 may suffer a similar fate, and this may serve to protect the continuance of the above practices by the Canadian Football League. Furthermore, while the courts may impose fines and issue orders of prohibition there is no provision for remedial steps.⁴⁴⁷ Even if the League were to be prosecuted and found guilty under this section the present structure-

⁴⁴⁵Reschenthaler, op. cit., p. 300.

⁴⁴⁶Explanatory Notes, p. 85.

⁴⁴⁷Reschenthaler, op. cit., p. 300.

conduct-performance patterns of the League could not be directly changed.

The next section of the bill⁴⁴⁸ deals with price maintenance, and it proposes therein to make it an offense to attempt to maintain or increase the price at which goods are sold by others.

No person engaged in the business of producing or supplying a commodity within or without Canada or who has, within or without Canada, the exclusive rights and privileges conferred by a patent, trade mark, copyright or industrial design shall, either directly or indirectly,

(a) by any means whatever, whether taken within or without Canada, attempt to influence upward, or to discourage the reduction of, the price at which any other person engaged in business in Canada sells or offers for sale or advertises for sale a commodity within Canada; or

(b) refuses to supply a commodity to any other person engaged in business in Canada because of the low price at which the other person

(i) has previously sold or offered for sale or advertise a commodity within Canada, or

(ii) proposes to sell or offer for sale or advertise a commodity within Canada.⁴⁴⁹

Underlying this is the notion that price maintenance strikes directly at the normal mechanisms of a competitive market.⁴⁵⁰

The average minimum seat price, as set by the League for the purposes of gate equalization, is a direct violation of sec-

⁴⁴⁸Section 18.

⁴⁴⁹Bill c-256, Section 18.

⁴⁵⁰Explanatory Notes, p. 86.

tion 18 in that the seller must sell at or above this set price of \$4.20 regardless of the market conditions. Firms such as Edmonton, have used this League directive to justify increases in seat prices, a procedure which is directly opposed to the functions of the normal pricing mechanisms of a competitive market. This type of action has resulted in the selling of seats at prices which return monopolistic profits by the firms that supply the larger markets of Vancouver and Toronto.

Section 19 is perhaps the most significant part of the new bill as far as the Canadian Football League is concerned, in that it pertains directly to professional sport.

- (1) No person shall conspire, combine, agree or arrange with any other person
- (a) to limit unduly the opportunities for any other person to participate, as a player or competitor, in professional or amateur sport or to impose unreasonable terms or conditions on those persons who so participate, or
- (b) to limit unduly the opportunity for any other person to negotiate with and, if agreement is reached, to play for the team or club of his choice in professional or amateur sport.⁴⁵¹

This section could undermine the entire market allocation procedure in which the League firms are at present engaged with regards to the acquisition and transferability of player talent.⁴⁵² The inclusion of this section resulted

⁴⁵¹Bill c-256, Section 19.

⁴⁵²See section on "the Market Conduct of Buyers" for a discussion of the firms actions and player acquisition.

from a specific recommendation of the Economic Council to include professional sports.⁴⁵³

The intent of this provision is to protect the rights of the individual to freedom of contract as the drafters of the legislation realise that,

At the professional level the so-called draft system deprives the player of the right to negotiate with the team of his choice. Moreover, drafted players are often presented with the option of signing a highly restrictive contract or of not playing at all.⁴⁵⁴

A qualifying paragraph in the bill denies this concern since the section is almost made completely innocuous,

In determining whether or not an agreement or arrangement violates subsection (1), any court before which such a violation is alleged shall have regard to

(a) whether the sport in relation to which the violation is alleged is organized in an international basis, and if so, whether any limitations, terms or conditions alleged are, for that reason, reasonable in Canada, and

(b) the desirability of maintaining a reasonable balance among the teams or clubs participating in the sport.⁴⁵⁵

Thus for some inexplicable reason the Government has adopted the position of the Economic Council but then proceeded to present two loopholes which make it virtually certain that

⁴⁵³Explanatory Notes, p. 92; See also Interim Report on Competition Policy, p. 148.

⁴⁵⁴Ibid., p. 91.

⁴⁵⁵Ibid.

no sports will be subjected to the law. It would be a reasonably simple procedure to justify the actions of the Canadian Football League, in relationship to its handling of player personnel, in terms of the desire to maintain "a reasonable balance among the teams." This type of argument could then be extended to protect the industry from litigations resulting from the other more general sections. By means of these exemptions football, along with the other professional sports, will continue to function without any real social controls, and in fact the existing organisation of the industry is actually condoned by the new bill.

PART V

RECOMMENDATIONS AND CONCLUSIONS CONCERNING THOSE FACETS OF THE INDUSTRY WHICH CONFLICT WITH COMPETITION POLICY

Professional football has become a dominant part of Canadian life as it now represents the largest spectator sports industry on Canadian soil. The sporting component of the industry should not be allowed to obscure the fact that it is a big business, with its economic impact extending far beyond the players, owners, and fans directly involved in the exhibitions, to the commercial life of the cities in which the teams play.

The rise of this industry, as with similar industries in the United States, has raised the question as to whether its peculiar practices meet with the legislation that the Canadian society has developed to control the business sector, competition policy being the main legislative expression. This policy aims at promoting efficiency of economic activity primarily by means of the maintenance of a competitive system which allows for the demands of the market to determine the price and quality of goods and services and the division of the consumer dollar among the factors of production.

Football, however presents special circumstances which make the carte blanche application of this policy difficult. The individual firms are the basic economic units which sell a service to the public, but as the demands

of production require cooperative action rather than competition in the economic sphere, the full application of the competition policy would destroy the League. Assuming that the existence of the industry contributes positively to the Canadian culture⁴⁵⁶ it is not unreasonable to find that the drafters of the legislation have seen fit to exempt professional sports. Nevertheless, this should not detract from the necessity of carefully examining certain practices as they in themselves may be unreasonable regardless of the exemption.

The basic "housekeeping" arrangements, such as scheduling and uniform playing rules are deviations from the purely competitive model which are necessitated by the nature of the industry. Sports teams generally have found it far more profitable to compete within a league structure for a league championship because there is generated an interest, not only by the action of a particular game, but also by the changing positions of clubs on the league standing as they vie for the league championship.

So that the contest is made fairer the teams play under nearly equivalent conditions as far as the schedules and rules are concerned. These arrangements are essential as

⁴⁵⁶This assumption is one which has continually come under criticism, especially in the United States. It merits a thorough analysis, for if it is incorrect then the full force of the Competition Act should be brought to bear.

they make possible a product -- a football game, an item which unlimited competition could not produce. Also they gave rise to few of the undesirable results of exploitation or misallocations usually associated with restraints or competition, and for this reason they should remain free from legislative controls.

Limits on the team roster could also be viewed with the above-mentioned basic arrangements, except for the fact that the limit of thirty two players appears inefficient, the number being too small for a club to function during a normal season. The misallocation of human resources that results from this restraint does not seriously affect the Canadian economy,⁴⁵⁷ however it does affect the functioning of the League itself. The time may have arisen for professional football to reassess this limitation to see if they can afford to increase the roster size because related League regulations are frequently abused by the member firms.

The League, a non-profit association made up of nine firms, provides the framework within which the individual clubs provide their product. As an organisation which makes possible a product that no single unit could produce, the League is comparable to a joint venture. As a result, entry

⁴⁵⁷To bring the team to a level of efficiency may only affect some ninety persons of the total Canadian workforce. An increase in the roster size from thirty two to forty two per team would possibly solve the efficiency problem.

into the League can only be gained if certain requirements are met and a high percentage of the member clubs vote to admit the applicant. Under normal circumstances the courts would require that an industry be open equally to all reasonably qualified entrants so that the market rather than the self-interests of those already in the business, determines the number of firms in an industry.

Despite this, absolutely free entry into the League should not be required as there exist relationships of the joint venture which justify controls on entry. A new firm has to be included in the schedule and share in revenues accruing to the League as a whole. As the present teams control players a new firm must be given a reasonable amount of access to the established player pool so it can compete on an equal or near equal footing from its inception. An uncompetitive entrant would be a drain on the financial resources of the other firms. Obviously, the existing clubs cannot be required to transfer players to a prospective entrant at his request, so existing firms can legitimately defend some control over the frequency of expansion and the beneficiaries of transfers.⁴⁵⁸

The existence of this control over entry should nevertheless be examined for it would seem that the accusations laid by McCleave in the House of Commons against the

⁴⁵⁸"The Super Bowl and the Sherman Act: Professional Team Sports and the Antitrust Laws," Harvard Law Review, vol. 18., Dec 1967, p. 427.

National Hockey League may have some grounds.⁴⁵⁹

McCleave claimed that there existed a built-in bias against expansion in the National Hockey League, a bias which was accentuated by the fear that existing firms would receive a smaller percentage of television and other revenues, and suffer from a division of publicity and interest. It may be that similar complaints could be laid at the feet of the Canadian Football League. Self interest should not be allowed to dominate and the League should be required to base its decisions on expansion on how fast the League can grow without seriously injuring football as a whole.

The League exercises a rigid control over the industry's labour market by means of the Standard Player Contract, College Draft, Territorial Rights, Negotiation Lists and Suspension Lists. The option clause in the Standard Player Contract requires the player to negotiate only with the team that he had signed with the year previous, while the remaining techniques except for the Suspension List, predetermine the various teams' rights in regard to new players. These devices reduce competition in the labour market by allocating players to the various teams and by so doing presents an aspect of monopolistic power which is often abused by the firms.

As there is only one professional football league

⁴⁵⁹See McCleave's comments in Debates, March 15, 1968, 7688, as quoted in the "Introduction."

in Canada the above means that a player must come to terms with the firm that holds his "rights" or not play professional football in Canada. This has an adverse effect on the ability of players, especially Canadian, to bargain for increases in salaries. The industry's control over Canadian talent is almost complete and in many instances the player's salary is unilaterally determined by management. The imported player is free from such direct controls and so he can negotiate for a more equitable contract in terms of remunerations and length. As a result Americans receive higher salaries.

Table 28
Average Player Salaries 1968-1970⁴⁶⁰

	1968	1969	1970
Average Import	13,942	14,765	16,072
Average Non-Import (Canadian)	9,337	9,748	10,920

The Canadian player, in effect, has become a second class citizen in his own game. There are many instances of imports receiving salaries far in excess of their abilities when compared to Canadians of similar capabilities. The comparison of monies received by D. Trull and R. Jackson demonstrates this problem. In 1969, at the peak of his illustrious career, Ottawa's Canadian Quarterback, R. Jackson, received

⁴⁶⁰Minutes of the C.F.L. Annual Meeting, The Commissioner's Report, "The Economy," February 11, 1971.

\$30,000 per season, whereas in 1970 Edmonton was willing to pay the American D. Trull, \$28,000 to come north, only to release him the following season.

Restraints on player mobility are defended as necessary to preserve the balance among the League's teams, an argument that the drafters of the new legislation have obviously accepted. As has been shown, fan interest, and therefore profits, are greatest when all teams are competitive in terms of their abilities on the field. It is feared that the removal of restraints would result in the wealthiest clubs buying up the best available talent. The imbalances created would then ultimately force the poorer teams out of existence, while causing a general decline in the interest in the sport. Abuses in the system are evident and therefore there is a need to achieve a more equitable balance between the rights of the player and the dictates of the game as seen by management.

The injustices that players suffer have been aired in Canadian courts on few occasions during the history of the League. The option clause was challenged in 1961 when B. Faloney, the Hamilton quarterback, was involved in the Etcheverry-Faloney trade between Hamilton and Montreal. When Etcheverry signed to play for the St. Louis Cardinals, Faloney applied to the Supreme Court of Ontario to decide whether he was the property of the Tiger-Cats or the Alouettes.⁴⁶¹

⁴⁶¹Edmonton Journal, February 1, 1961, p. 31.

Counsel for Faloney, in the course of the court proceeding, challenged the option clause declaring it to be

. . . void because it is against public policy in that it is "tyrannous and oppressive by nature" and has implications of servility.

He said it is "more appropriate to chattels than human beings" in permitting players to be disposed of as "a marketable commodity."⁴⁶²

Mr. Justice J. M. King refused to rule on this point on a legal technicality stating that Faloney "would have to launch a full-dress court suit rather than a simple motion,"⁴⁶³ for the court to be able to reach a decision. The option clause has never since been challenged in court, but it is hoped that the days are past when management viewed its function in the manner expressed by the following memorandum.

The exercising of an option indicates that the player is our property and we intend dealing with him in the current year. Generally speaking, he will be signed to a contract, however since we cannot sign him at less than 90% of his last year's contract, we may decide to place him on waivers or trade him prior to signing the contract. In any event, if the player does not fit into our plans he may be cut and we would not be liable for his contract. In other words, options are exercised so that we may deal with the player as our property.⁴⁶⁴

In 1962 another of the industry's player control devices came under public scrutiny -- the now defunct Inter-

⁴⁶²Edmonton Journal, March 7, 1961, p. 6.

⁴⁶³Ibid.

⁴⁶⁴Memorandum from an Executive Meeting of a C.F.L. Club, April 3, 1964.

mediate Protected List.⁴⁶⁵ A. Ackland claimed that the Winnipeg club had prevented him from making a living by placing him on their Intermediate Protected List. Ackland had attended three Winnipeg training camps and played a total of nine games but each year he finished the season with the intermediate Emwood Colts club. Ackland launched a suit after the Bombers had refused his release following an expression of interest by the Edmonton Eskimos.⁴⁶⁶

Ackland received his release long before the courts ever became involved and this action by the Winnipeg firm prevented a confrontation between the Canadian Football League and the courts. J. Cross, of the Edmonton Journal, claimed that "by standing up on his own two feet and refusing to buckle under to the powers that be he may have made things a little easier for other young Canadian players seeking football employment."⁴⁶⁷

Although released from the Winnipeg club Ackland found that unofficial sanctions were just as effective as official when he first tried to gain employment elsewhere in the industry. Unable to gain a tryout with Saskatchewan Ackland became convinced that he had been "black listed,"⁴⁶⁸

⁴⁶⁵Each of the firms was allowed to protect twelve intermediate players for a period of up to two years.

⁴⁶⁶Edmonton Journal, July 9, 1963, p. 7.

⁴⁶⁷Ibid.

⁴⁶⁸Edmonton Journal, April 25, 1963, p. 6.

a tacit arrangement which is used to exclude "troublemakers" from the industry. The publicity that this accusation drew caused the League to reconsider the Intermediate Protected List and denounce the existence of a "blacklist."

The blacklist probably never extended beyond the realm of the general managers whereas the Suspension Lists, which can be used to achieve the end results of a blacklist, are formal and controlled by the commissioner. These lists have also acquired the sanction of the courts.

In June of 1967 J. Kapp, the British Columbia quarterback, launched a Supreme Court action asking for \$17,501 damages against the British Columbia firm, for the removal of a suspension and an injunction to force the club to retract its request to have the commissioner place his name on the Suspension List.⁴⁶⁹ The Court decision is interesting in that it not only upheld the Suspension List, but also condoned the workings of the option clause and brought to light the rigorous manner in which the American Football League honoured the Canadian industry's contracts.

Kapp, who was in his "option year" after playing out a three year contract with the Lions, signed to play the following year with the Houston Oilers of the American Football League. On March 3, 1967, the president of the British

⁴⁶⁹Edmonton Journal, June 21, 1967, p. 47.

Columbia firm⁴⁷⁰ was informed of this contract by the president of the American Football League, and a month later Kapp's contract with the Oilers was invalidated by the American League president.

On April 12, 1967, Milt Woodward, president of the American Football League, wrote to the plaintiff Joseph R. Kapp in these words:

Please be advised that the contract and accompanying documents which were executed between you and the Houston Oilers, Inc., for the 1968 season, had been disapproved by me as President of the American Football League, said contract is terminated in accordance with the terms thereof.⁴⁷¹

Kapp was later suspended by the club, the action which precipitated the court proceedings.

The lawyers for the club contended that Kapp's suspension was justified because he had signed a contract with the Oilers prior to the termination of the option clause of his British Columbia contract. The court found in favour of the Lions recognizing the validity of the contract.

Where a professional football player who has been suspended by his employer for alleged breach of contract seeks an order directing the lifting of the suspension it cannot be said there is a probability that he is entitled to much relief at trial and the interim order should therefore be refused. To grant such an order would be to do obligingly what the Courts will not do directly, that is, specifically enforce a contract of personal service. The lifting of the suspension would restore the player to his former position as an employee and

⁴⁷⁰The president was A. McEachern who was also president of the C.F.L. and interim commissioner.

⁴⁷¹Kapp et al. v. B.C. Lions Football Club, Dominion Law Reports (2d), vol. 64, p. 431.

it would be quite impossible for the Court to supervise or control the performance of his duties as such, much less the quality of that performance.⁴⁷²

Judicially, as well as legislatively, players have received little respite from the controls exercised by the industry over their employment. They are beginning to become incensed at the restrictions placed upon them by management. With the organisation of a players' union in 1965 they have gradually achieved limited fringe benefits -- the playing of an All Star Game, the proceeds of which go to a retirement fund; increases in salaries for playoff and Grey Cup games, and minimum pay to cover training camp expenses, to name a few. With its acceptance, both by management and players, their power may increase to the point where players may be able to correct some of the inequities that exist in this market.

Although professional football has peculiar idiosyncrasies which make it impossible to recognize an individual's right to complete freedom of contract the existing regulations need to be made less restrictive. The courts, not the players, should be required to rectify this situation and examine each restraint to see if it genuinely promotes the ends asserted to justify it.

There appear to be several alternatives which are less restrictive of the player's rights. The Standard

⁴⁷²Ibid., p. 426.

Player Contract might be made less burdensome by removing the "forced trade" provision for a player who has served for a short period in the League. The option clause could be abolished from the contract letting the player negotiate separately on this clause. The player might sign a one year contract and then sign a reserve agreement for a longer period for a separate sum.⁴⁷³ This could circumvent the dilemma of giving untried players a long term contract or risking losing them to other clubs. For proven players longer contracts, without option clauses, do not appear detrimental. With fewer formal barriers to player movement, informal factors, such as habit and status in the community, may tend to limit movement to manageable proportions.⁴⁷⁴

Territorial Rights, as with the Intermediate Lists of the early 1960's, no longer serve as an important source of player talent and as such do not directly contribute to equalizing player talent across the industry. The firms could still encourage the movement of potential players to American colleges as the College Draft now covers most of the players developed in this fashion.

The College Draft is also suspect as very few players make professional teams directly from intercollegiate football, even from among the high draft choices. The inclusion

⁴⁷³"The Super Bowl and the Sherman Act: Professional Team Sports and the Antitrust Laws," op. cit., p. 424.

⁴⁷⁴Ibid.

of American trained Canadians may increase this limited intake from the Draft, however the trading away of future draft choices to fulfil present needs seriously undermines the notion that this method of player control helps balance the League.

In summary, the industry of professional football conflicts with many of the expressed directives of Competition Policy as its market structure-conduct-performance relationships place the industry in a position of monopoly market power. The underlying philosophy of efficiency nevertheless justifies most of this power and the resultant practices, but controls on player personnel represent a significant problem area. Arguments of efficiency must be modified by the need to uphold the individual rights of freedom of choice and contract.

In application the model has demonstrated its suitability for the studying of the industry of professional sports in the context of competition policy. The industry study methodology enabled the researcher to select relevant information and integrate it into a meaningful form. This has resulted in a level of understanding pertaining to the workings of the Canadian Football League and its relationship to Canadian competition policy which could not otherwise have been obtained without a theoretically based construct.

BIBLIOGRAPHY

BOOKS AND PERIODICALS

- American League Baseball Club of Chicago v. Chase, 149, New York, Supplement 6.
- Anderson, H.F. "The Sherman Act and Professional Sports Associations' Use of Eligibility Rules," Nebraska Law Review, Vol. 47, Jan. 1968, pp. 82-90.
- Atchinson, W.K. "The Modern Trend in Anti-Trust and Professional Sports," Albany Law Review, Vol. 22, 1958, pp. 272-286.
- Bain, J.S. Industrial Organization, 2nd edit., New York: John Wiley & Sons, Inc., 1968.
- "Baseball Players and the Antitrust Laws," Columbia Law Review, Vol. 53, 1953, pp. 242-258.
- "Battle: Sports v. Antitrust Bloodhounds," Business Week, Oct. 20, 1951, pp. 20-21.
- Beddoes, D. "Senator Davey Calls the Play," Globe and Mail Magazine, Saturday Dec. 17, 1966, pp. 9-10, 19.
- Beford, F. "Hot Pitchmen in the Selling Game," Sports Illustrated, November 17, 1969, pp. 110-20.
- Bill c-256, 19-20 Elizabeth II, 1970-71, An Act to promote Competition, to provide for the general regulation of trade and commerce, to promote honest and fair dealing, to establish a Competitive Practices Tribunal and the Office of Commissioner, to repeal the Combines Investigation Act and to make consequential amendments to the Bank Act.
- Bill c-256, 19-20 Elizabeth II, 1970-71, The Competition Act, Explanatory Notes.
- Bladen, V.W. "A Note on the Reports of Public Investigations into Combines in Canada, 1888-1932," Contributions to Canadian Economics, Vol. V, 1932, pp. 61-76.
- _____, "Monopoly and Competition in Canada," E.A. Chamberlin (ed.) Monopoly and Competition and Their Regulation, London, MacMillan, 1954, pp. 3-20.
- _____, "The Combines Investigation Commission and Post-War Reconstruction," The Canadian Journal of Economics and Political Science, Vol. 10, 1944, pp. 343-354.
- Bosch, P.J. "Enforcement Problems of Personal Service Contracts in Professional Athletics," Tulsa Law Journal Vol. 6, No. 1, 1969, pp. 40-60.

- Brennan, J.T. "Injunctions Against Professional Athletes Breaching Their Contracts," Brooklyn Law Review, Vol. 34, Feb. 1967, pp. 61-71.
- Canada, House of Commons, Debates, Ottawa.
- _____, "Report of the Committee to Study Combines Legislation and Interim Report on Resale Price Maintenance," Ottawa: Queens Printer, 1952.
- Caves, R. American Industry: Structure, Conduct, Performance, 2nd edit., New Jersey: Prentice Hall, Inc., 1967.
- Cheshire, G.C. and Fifoot, C.H.S. The Law of Contract, 8th edit., London: Butterworth & Co. Ltd., 1960.
- Clarke, D. and Gottfried, B. Dictionary of Business and Finance, New York: Thomas Y. Crowell Co., 1957.
- Clarry, J.H.C. "Management under the Combines Act," Canadian Chartered Accountant, Vol. 86, 1965.
- Coleman, J. "The High Cost of Passes and Punts," Saturday Night, September 12, Vol. 74, 1959, pp. 47-48.
- _____, "The Grey Cup: Corn or Cornucopia," Saturday Night, November 21, Vol. 74, 1959, pp. 11-13.
- "Combines Convictions," Canadian Labour, Vol. 7, 1962, pp. 8-11.
- Congressional Quarterly Almanac, Congressional Quarterly Inc., Washington, D.C.
- Cosentino, F. A History of Canadian Football 1909-1968, Published M. A. Thesis, University of Alberta 1969.
- Crysler, A.C. "What does the Law say about Combines, Mergers and Monopolies?" Canadian Business, Vol. 37, 1964, pp. 110-118.
- Currie, G. 100 Years of Canadian Football, Winnipeg: Greywood Pub. Ltd., 1968.
- "Developments in Federal Antitrust Legislation," Antitrust Law Journal, Vol. 39, 1968, pp. 207-209.
- Eckler, J. "Baseball-Sport or Commerce," University of Chicago Law Review, Vol. 17, 1949-50, pp. 56-78.

- Economic Council of Canada, Interim Report on Competition Policy, The Queen's Printer, Ottawa, Canada, 1969.
- "Effect of Gardella on the Treble Damage Suit," Illinois Law Review, Vol. 44, 1949-50, pp. 493-506.
- Federal Baseball Club of Baltimore, Inc. v. National League of Professional Baseball Club et. al., 259, U.S. 200.
- Flood v Kuhn, et. al., Brief of Plaintiff - Appellant, Docket No. 35424.
- Forget, A., "Legal Aspects of Free Competition in Canadian Business," The Canadian Chartered Accountant, Vol. 76-77, 1960, pp. 535-541.
- Fulton, E.D. "The Chandlers of Norwich Case," Canadian Labour, Vol. 7, 1962, p. 11.
- _____, "The New Amendments to the Combines Investigation Act," Industrial Canada, Vol. 61, 1960-1, pp. 35-38.
- Gardella v. Chandler, 172, Fed. Rep. 2nd S. 402.
- Gonzalez, A.F. "Advertiser Seen as Sure Winner Via Sponsorship of Major Sports Events," Advertising Age, October 27, 1969, pp. 3, 109-111.
- Gromley, C. "Baseball and the Anti-Trust Laws," Nebraska Law Review, Vol. 34, 1955, pp. 597-612.
- Halligan, F.T. "Organized Baseball and the Law," Notre Dame Lawyer, Vol. 19, 1943-4, pp. 262-72.
- Hansard, H. "Combines Laws as They Should Be," Industrial Canada, Vol. 67, 1966, pp. 223-228.
- Henry, D.H.W. "Canada's Combine Law," Canadian Labour, Vol. 7, 1962, pp. 5-7.
- _____, "Combines Laws as They Are," Industrial Canada, Vol. 67, 1966, pp. 213-220.
- _____, "The Combines Act - Background to the Unfair Trade Practices Provision," Industrial Canada, Vol. 61, 1960-1, pp. 39-42.
- Hoffman, R.B. "Is the N.L.R.B. Going to Play the Ball Game?" Labour Law Journal, Vol. 20, April, 1969, pp. 239-246.

- Industrial Organisation in Canada: Selected Readings, 2nd edit, edited by S.M. McFadyen, G.B. Reschenthaler and E. Shaffer, Edmonton: University of Alberta Press, 1971-1972.
- Jacobson, C. "The Supreme Court of Baseball," Case and Comment, Vol. 23, 1917, pp. 665-667.
- Janssen Van Raay, J.L. The Legal Position of the Professional Football Player, Leyden: A.W. Sythoff, 1967.
- Johnson, A.F. "Baseball, Professional Sports and the Antitrust Acts," Antitrust Bulletin, Vol. 2, Sept.-Dec., 1957, pp. 678-701.
- Johnson, W. "Adventures of Superspy! Part III," Sports Illustrated, January 12, 1970, pp. 44-52.
- _____, "After TV Accepted the Call Sunday Was Never the Same - Part II," Sports Illustrated, January 5, 1970, pp. 22-9.
- _____, "Towering Babble and (Sob) Heidi - Part IV," Sports Illustrated, January 19, 1970, pp. 24-31.
- _____, "TV Made it All a New Game - Part I," Sports Illustrated, December 22, 1969, pp. 86-102.
- Jones, J.C.H. "The Economics of the National Hockey League," Canadian Journal of Economics, Vol. 2, 1969, pp. 1-20.
- Kane, M. "I.B.C.: Guilty as Charged," Sports Illustrated, March 18th, 1957.
- _____, "James D. Morris Must Get Out!" Sports Illustrated, July 1st, 1957.
- Kapp et. al. v. B.C. Lions Football Club, 64 D.L.R. (2d) 426.
- Keith, M. "Developments in the Application of Antitrust Laws to Professional Team Sports," Hastings Law Journal, Vol. 10, N' 1958, pp. 119-138.
- Krasnov, E.G. and Levy, H.M. "Unionization and Professional Sports," The Georgetown Law Journal, Vol. 51, 1963, pp. 749-782.
- Larson, H.M. Guide to Business History, Massachusetts: J.S. Canner and Co. Inc., 1964.
- Lawson, D.J. "American Base Ball and Athletic Exhibition Co. v. Harper," Central Law Journal, Vol. 54, 1902, 449-454.

- Low, R.E. Modern Economic Organization, Illinois: Richard D. Irwin, Inc., 1970.
- Luschen, G. "Cooperation, Association and Contest," paper at the AAAS meeting, Dec. 28, 1968, Dallas, Texas.
- Martin, A. Restrictive Trade Practices and Monopolies, London: Routledge and Kegan Paul, 1957.
- Martin's Annual Criminal Law Code, Canada, Toronto: Law Book Company.
- McGregor, F.A. "Preventing Monopoly - Canadian Techniques," E.A. Chamberlin (ed.), Monopoly and Competition and Their Regulation, London: MacMillan, 1954, pp. 359-382.
- McKenney, S.S. "Baseball - An Exception to the Antitrust Laws," University of Pittsburgh Law Review, Vol. 18, 1956, pp. 131-148.
- "Monopsony in Manpower," Yale Law Journal, Vol. 62, 1953, pp. 576-639.
- National League of Professional Baseball Clubs et al. v. Federal Baseball Club of Baltimore, Inc., 269 Fed. Rep. 681.
- Neale, W.C. "The Peculiar Economics of Professional Team Sports," The Quarterly Journal of Economics, Vol. LXXVIII, Feb. 1964, No. 1, pp. 1-14.
- Neville, J.W. "Baseball and the Antitrust Laws," Fordham Law Review, Vol 16, 1947, pp. 208-30.
- O'Brien, A. "Football as the Fans Want it," Weekend Magazine, November 16, 1968, pp. 14-15.
- _____, "Football Financing," Canadian Business, November, Volume 21, 1943, pp. 28-9, 84, 86.
- O'Dea, J.F. "Professional Sports and the Anti-Trust Laws," The Hastings Law Journal, Vol. 9, Nov. 1957, pp. 18-35.
- "Organised Baseball and the Law," The Yale Law Journal, Vol. 46, 1937, pp. 1386-90.
- Osborne, P.G. and Grandage, S.T. The Concise Commercial Dictionary, London: Sweet and Maxwell, 1966.

- Pierce, S.R. Jr. "Organized Professional Team Sports and the Antitrust Laws," Cornell Law Quarterly, Vol. 43, Summer, 1958, pp. 566-616.
- "Professional Sports," Antitrust Law Journal, Vol. 33, 1966, pp. 69-75.
- "Professional Sports in Canada," The Canadian Bank of Commerce, Commercial Letter, No. 3, March 15, 1960.
- Proudfoot, D. "Winning is Our Most Important Product," Canadian Magazine, August 31, 1968, pp. 12-15.
- Radovich v. National Football League et al., 352, U.S. 445.
- Reich, B. "The Entertainment Industry and the Federal Antitrust Laws," Southern California Law Review, Vol. XX, Dec. 1946, No. 1, pp. 1-36.
- "Report of the Select Committee appointed to investigate and report upon alleged combinations in manufacturers, trade and insurance in Canada," Journal of the House of Commons, 1888, pp. 750.
- Report of the Task Force in Sports for Canadians, The Queen's Printer, Ottawa, Canada, 1969.
- Reysen, F. "The Cluttered World of Sports and Media," Media/Scope, December, No. 13, 1969, pp. 42-7.
- _____, "Sell It With Sports The Universal Language," Media/Scope, November, No. 13, 1969, pp. 46-50, 68, 74.
- _____, "Sports Publication - The Rush Is On," Media/Scope, January, No. 14, 1970, pp. 42-4, 48.
- Robinson, C.W. "Professional Sports and the Antitrust Laws," Southwestern Social Science Quarterly, Vol. 38, Sept. 1957, pp. 133-141.
- Rosenbluth, G. and Thorburn, H.G. "Canadian Anti-Combines Administration, 1952-1960," Canadian Journal of Economics and Political Science, Vol. 27, 1961, pp. 498-508.
- Rottenberg, S. "The Baseball Players' Labour Market," Journal of Political History, Vol 64, 1956, pp. 242-258.
- Scheffer, J. "Historical Policy of the United States Towards Monopoly," North Dakota Law Review, Vol 43, 1966, p. 17.

- Scheffler, M.D. "Injunctions in Professional Athletes' Contracts - An Overused Remedy," Connecticut Bar Journal, Vol. 43, 1969, pp. 538-555.
- Scherer, F.M. Industrial Market Structure and Economic Performance, Chicago: Rand McNally and Company, 1970.
- Schefter, J.E. "Historical Policy of the United States Towards Monopoly," North Dakota Law Review, Vol. 43, Fall 1966, pp. 17-52.
- Seligman, D. "The Higher Economics of Baseball," Fortune, Vol. 55, 1957, pp. 135, 229-30.
- Seymour, H. "Ball, Bat and Bar," Cleveland Marshall Law Review, Vol. 6, 1957, pp. 534-544.
- Shepherd, W.G. Market Power and Economic Welfare, New York: Random House, 1970.
- Shulman, D.S. and Bernard, M.B. "Collective Bargaining in Professional Athletics - The N.F.L. Money Bowl," Chicago Bar Record, Vol. 50, Jan. 1969, pp. 173-81.
- Skeoch, L.A. "The Case for Changes in the Combines Laws," Industrial Canada, Vol. 67, 1966, pp. 220-223.
- _____, "The Combines Investigation Act: Its Intent and Application," The Canadian Journal of Economics and Political Science, Vol. 22, 1956, pp. 17-37.
- Stanley, J.R. "Federal Antitrust Laws - Monopolies - Professional Football," Dickinson Law Review, Vol. 62, Oct. 1957, pp. 96-101.
- State of Wisconsin v. Milwaukee Braves, Inc., et al., 144, North West Reporter, 1.
- Stephen, J. A History of the Criminal Law of England, Vol. III, New York: Burt Franklin, 1883.
- Supple, B.E. "The Uses of Business History," Business History, Vol. 4, 1962, pp. 81-90.
- "The Super Bowl and the Sherman Act: Professional Team Sports and the Antitrust Laws," Harvard Law Review, Vol. 81, 1967, pp. 418-434.
- The Washington Professional Basketball Co. v. The National Basketball Association, 147, Fed. Sup. 154.

- Thorburn, H.G. "Pressure Groups in Canadian Politics: Recent Revisions of the Anti-Combines Legislation," The Canadian Journal of Economics and Political Science, Vol. 30, 1964, pp. 157-174.
- Thorpe, J.A. "Constitutional Law - Pre-emption - Baseball's Immunity from State Antitrust Law," Wayne Law Review, Vol. 13, 1967, pp. 417-425.
- Toolson v. New York Yankees, Inc., et al.*, 346, U.S. 356.
- Topkis, J.H. "Monopoly in Professional Sports," The Yale Law Journal, Vol. 58, 1949, pp. 691-712.
- United States Congress Senate Committee on the Judiciary "Professional Sports Act of 1965; Report to Accompany S. 950," Calendar No. 446, Washington, Government Print off, 1965.
- United States v. International Boxing Club of New York, Inc., et al.*, 348, U.S., 236.
- United States v. National Football League et. al.*, 116, Fed. Sup., 319.
- Usher, A.P. "Round Table Conferences the Rise of Monopoly in the United States," American Economic Review, Vol. 23, 1933, pp. 1-11.
- Ward, J.M. "Is the Baseball Player a Chattel?" Lippincotts Magazine, Vol. 40, pp. 310-319.
- "What's Ahead for Pro Football," Canadian Business, November, Vol. 31, 1958, pp. 26-32, 37.
- Wilson, G.W. "Anti-Combines and Injury to the Public," The Canadian Journal of Economics and Political Science, Vol. 23, 1957, pp. 121-127.
- Wilson, L. "Football Fever: the Great Canadian Con Game," Macleans Magazine, October 1970, p. 13.
- Younger, J.W. "A Fresh Look at the Combines Investigation Act," The Business Quarterly, Spring 1969, pp. 75-84.

NEWSPAPERS AND NEWSPAPER MAGAZINES

The Calgary Herald, February 5, 1971.

The Canadian Magazine, 1966-1969.

The Edmonton Journal, 1954-1971.

The Financial Post, 1955-1971.

The Toronto Globe and Mail, April 29, 1950; January 17, 1958.

The Weekend Magazine, 1966-1969.

CONSTITUTIONS, BY-LAWS, ARTICLES OF ASSOCIATION AND MINUTES

Articles of Association of the Edmonton Eskimo Football Club, 1961.

Articles of Association of the Edmonton Eskimo Football Club, 1964.

Minutes of the C.A.F.A. Meetings, 1969-1971.

Minutes of the C.F.L. Meetings, 1964-1971.

Minutes of the W.F.C. Meetings, 1956-1960, 1964-1971.

The By-Laws of the C.F.L.

The Constitution of the C.F.L.

The Constitution of the W.F.C.

INTERVIEWS AND UNPUBLISHED MATERIALS

- A Brief Submitted to the Economic Council of Canada on
Copyright by J. Gaudaur as Commissioner for the Canadian
Football League, September 1969.
- A Brief Submitted to the Task Force on Sport for Canadians
by J. Gaudaur as Commissioner for the Canadian Football
League, October 1968.
- Dallin, R.F. "Research Paper" Submitted to: The Edmonton
Football Club, April 14, 1971.
- Fulton, G. Personal Interview, April 6, 1971, (Secretary-
Treasurer of the C.F.L.)
- Gainer, B. Personal Interview, August 26, 1971, (C.F.L.
Player).
- Gaudaur, J. Personal Interview, April 6, 1971, (Commissioner
of the C.F.L.).
- Liske, P.A. "A Survey Among Season Ticket Holders in the
Canadian Football League," Unpublished Master of Business
Administration Thesis, Department of Marketing, The
Pennsylvania State University, 1968.
- Moffat, Q. Personal Interview, May 20, 1971, (Office Manager
of the Edmonton Eskimo Football Club).
- Singer, H. Personal Interview, May 25, 1971, (Ex-director of
the Edmonton Eskimo Football Club and radio personality).
- Smith, M. Personal Interview, September 12, 1971, (College
Player, drafted number five in 1971).
- Sponchi, E. "Public Accounting in Lethbridge: An Industry
Study," Unpublished manuscript, 1971.
- Watkins, G.G. "Canadian Anti-Combines Legislation."
- Watkins, G.G. "The Antitrust Laws and Professional Team
Sports," a paper presented at the 1st Canadian Symposium
on the History of Sports and Games, May 14, 1970.
- Welland, T. Personal Interview, April 4, 1971, (Nephew of
one of the owners of the Hamilton Football Club).

APPENDIX I
THE CONSTITUTION OF THE
CANADIAN FOOTBALL LEAGUE

INDEX TO CONSTITUTION

Article	Page
I Name	1.01
II Objects	2.01
III Membership	3.01
- application for new membership	3.01
- withdrawal from membership	3.02
- termination of membership	3.03
- revocation of membership	3.04
IV Franchise Areas	4.01
V Finance	5.01
VI Pre-season Games	6.01
VII Gate Equalization	7.01
VIII The Executive Committee	8.01
IX Meetings	9.01
X Officers	10.01
XI The Commissioner	11.01
XII The Conferences	12.01
XIII The Schedule	13.01
XIV Club Autonomy	14.01

CONSTITUTION

ARTICLE I — Name

1.01 The League shall be an unincorporated non-profit association called the "Canadian Football League."

1.01

ARTICLE II — Objects

2.01 The objects for which the League is organized are:

- (a) To promote the common interests of the members of the League; and
- (b) To promote the interests of professional football in Canada;

2.02 The League shall not be operated for profit.

ARTICLE III — Membership

3.01 Membership in the League shall be limited to the members of the League enumerated in Article 3.03 and such new members as may thereafter be duly admitted, each member being the owner of a professional football club in Canada.

3.02 A franchise certificate shall be issued by the League to each member and shall be conclusive evidence of the membership of its owner in the League and shall remain the property of its owner until forfeited or transferred as herein provided. The franchise certificate shall state that its owner holds a franchise from the League to operate a professional football club in a designated franchise area.

3.03 A franchise certificate, dated January 1, 1968, shall be issued to each of the following members:

Argonaut Football Club Limited.....	Toronto, Ont.
B.C. Lions Football Club.....	Vancouver, B.C.
Edmonton Eskimo Football Club.....	Edmonton, Alta.
Hamilton Tiger-Cat Football Club Ltd.....	Hamilton, Ont.
Montreal Alouette Football Club Inc.....	Montreal, Que.
Ottawa Football Club Limited.....	Ottawa, Ont.
Saskatchewan Roughrider Football Club.....	Regina, Sask.
Stampeders Football Club Ltd.....	Calgary, Alta.
Winnipeg Football Club.....	Winnipeg, Man.

for their respective areas. Upon the adoption of this Constitution each present member shall furnish to the League the information mentioned in Article 3.05 (a) (3), (4), (5) and (6).

3.04 Any person, association, partnership, society, corporation or other entity of good repute organized for the purpose of operating a professional football club in Canada shall be eligible for membership.

3.05 (a) Each applicant for a new membership shall make a written application to the Commissioner. Such application shall describe the type of organization and shall designate the city in which the franchise of the applicant shall be located; such application shall further describe and contain the following information:

- (1) The names and addresses of all persons who do or shall own any interest or stock in the applicant, together with a statement that such persons will not own or hold such interest or stock for the benefit of any undisclosed person or organization.
- (2) An audited balance sheet of such company as of the date of organization and a pro forma statement as of the time it shall commence actual operation. An audited financial statement or other assurance of

3.01

financial responsibility satisfactory to the Commissioner shall be required from the applicant and from anyone owning an interest in any applicant, including stockholders and partners.

- (3) If applicant is a corporation, a certified copy of the Articles of Incorporation and By-Laws or Memorandum and Articles of Association shall accompany such applicant provided, however, if the organization of such corporation has not been commenced or completed a detailed statement summarizing the proposed plan of operation and the capital structure thereof shall be furnished.
- (4) If applicant is partnership, unincorporated association or other entity, a certified copy of the partnership or organization agreement shall accompany such application.
- (5) The names and addresses of all officers and directors.
- (6) All applications shall contain a representation that upon acceptance, the applicant will subscribe to and agree to be bound by the Constitution, By-Laws, Rules and Regulations of the League and any amendments or modifications thereof and that the same shall not be open to review in any Court.

(b) Each application for a new membership shall be accompanied by a certified cheque for Twenty-Five Thousand (\$25,000) Dollars. Upon approval of any application for membership, an additional fee to be determined by the Executive Committee shall be paid to the League. If any application for admission is rejected, the League shall repay to the applicant the sum of Twenty-Five Thousand (\$25,000) Dollars paid by the applicant at the time of such application, less all expenses reasonably incurred in connection with the consideration and investigation of such application.

(c) Upon receipt of any application for a new membership in the League, the Commissioner shall conduct such investigation thereof as he deems appropriate. Following the completion of such investigation, the Commissioner shall submit the application to the Executive Committee together with his recommendation thereon, and such information thereon that the Commissioner deems pertinent. Each proposed owner or holder of any interest in a membership, including stockholders in any corporation, must be individually approved by the Executive Committee; approval of the new membership and of all persons owning any interest therein shall be effective if approved by the affirmative vote of not less than seven-ninths (7/9) of the members voting thereon, including all of the voting members of the Conference to which the applicant will belong.

3.06 Any member of the League may withdraw from membership either:

- (a) By selling, assigning, or transferring its membership upon the terms and conditions set out in this Constitution; or

3.02

- (b) By delivering to the Commissioner a written notice of its intention to withdraw from membership stating the date upon which the withdrawal is to be effective provided that such effective date shall not be within three (3) years of the date of delivery of such notice nor between February 1 and December 31 of such year, except with the unanimous consent of all members. Upon the effective date the withdrawal shall be completed by the withdrawing member surrendering its franchise certificate, making full payment of any and all dues, assessments or other debts owing to the League, its Conference and any other member, and assigning to the League, or its nominee, all player contracts and the lease of its playing field if and to the extent the lease is assignable.
- (c) Any member withdrawing or purporting to withdraw from membership other than as provided in this Section 3.06, whether as a result of termination of its membership pursuant to Section 3.07 or otherwise, shall pay to the League the sum of one million (\$1,000,000) dollars.

3.07 Membership in the League shall be automatically terminated whenever:

- (a) A member, or any partner therein, makes an assignment for the benefit of his or its creditors or files a voluntary petition in bankruptcy, or whenever a receiver or trustee in bankruptcy is appointed for the assets of the member or of any person holding an interest in a partnership member;
- (b) A member disbands its team in any year between January 1st and the date in that year when its team is eliminated from further competition in league or conference play;
- (c) A member disbands its business organization or ceases to carry on its business;
- (d) A member's franchise is revoked.

3.08 (a) In the event that a member shall be conducting its affairs in a manner harmful to the League, any other member, or the Commissioner on his own initiative, may give written notice with full particulars of the matters of complaint to all members and the Commissioner.

(b) Upon such notice being given the Commissioner shall place the matter on the agenda for the first League meeting to be held more than thirty (30) days after the date such notice was given.

(c) Upon receipt of such notice, the Commissioner shall either investigate all matters of complaint himself or appoint a committee of four (4) members of the Executive Committee to so investigate. The representative on the Executive Committee of the member complained against shall not be appointed to such committee. If the complaint was initiated by the Commis-

sioner he shall appoint such committee rather than conduct the investigation himself.

(d) The report of the investigation shall be considered at the same League meeting as the complaint.

(e) Any four (4) members may, not less than thirty (30) nor more than sixty (60) days after the adjournment of the League meeting at which the complaint and report of the investigation thereof were considered, give Notice of Motion in writing to all members that the franchise of the member complained against be revoked or that the member be required to dispose of or transfer such of its assets as the Notice of Motion may designate and surrender its franchise to the League and, at the same time, require the President, pursuant to Article 9.03, to convene a meeting of the League to consider and dispose of the Notice of Motion.

(f) A motion pursuant to Article 3.08 (e) shall be effective only if adopted by the affirmative vote of not less than eight-ninths (8/9) of the members voting and only if the provisions of this Article 3.08 have been complied with.

3.09 (a) Upon the revocation of a member's franchise or upon any other termination of membership, the following shall occur:

- (1) The lease of its playing field or interest of the member therein, if and to the extent that the lease or interest is assignable, shall, upon demand of the Executive Committee be assigned to the League or its nominee, provided, however, that the assignment of said lease to the League shall first be approved by the affirmative vote or written consent of not less than seven-ninths (7/9) of the members voting; said lease shall thereafter be handled or disposed of in such manner as the remaining League members, by the affirmative vote of not less than seven-ninths (7/9) of the members voting, shall decide.
- (2) Title to all players' contracts of the terminated member and title to all players of such terminated member and any interest or right to such players and contracts shall, if demanded by the Executive Committee, be assigned to the League or its nominee, provided that such assignments are first approved by the affirmative vote of not less than seven-ninths (7/9) of the members voting; said players and contracts so acquired shall thereafter be handled and disposed of within the League in such manner as the remaining member clubs by the affirmative vote of not less than seven-ninths (7/9) of the members voting shall decide.
- (3) All interest of the terminated member in and to any funds or property of the League, or any right or interest therein, shall cease.

(b) Whenever a member is required by the League to dispose of or

3.04

transfer any of its assets or any shareholder, partner or holder of any interest in a member club is required by the club to sell or dispose of his stock or an interest in a membership in the League by reason of suspension or other involuntary termination, such sale or disposition must be completed within one hundred twenty (120) days after such action has been ordered. If such assets, stock or interest are not sold or disposed of within one hundred and twenty (120) days then the price and other terms of the sale or disposition shall be fixed by mutual agreement between the person affected and the Commissioner; if such cannot be accomplished by mutual agreement, then the price and other terms shall be fixed by arbitration with one arbitrator to be selected by the Commissioner and the other by the affected holder of the stock or interest. If within five (5) days the two arbitrators cannot agree on the price and terms, then the two arbitrators shall select a third arbitrator and the decision of the majority of the arbitrators shall be binding on all parties.

If any person required to name an arbitrator fails to do so, or if the two arbitrators cannot agree on a third arbitrator, then such arbitrator in either case shall be named by the Commissioner.

3.10 Ownership of a membership, or an interest therein which in the opinion of the Commissioner constitutes or affects control of such membership, may not, directly or indirectly, be sold, assigned or otherwise transferred or dealt with, in whole or in part, except in accordance with and subject to the following procedure:

- (a) Application for approval of a sale, transfer or assignment of a membership or of any interest therein, must be made in writing to the Commissioner. Upon receipt of such application the Commissioner may require from applicant and applicant shall furnish such information as the Commissioner may require including:
 - (1) The names and addresses of each of the buyers, transferees or assignees thereof.
 - (2) The price to be paid for such sale, transfer or assignment, and the terms of payment, including a description of the security for any unpaid balance, if any.
 - (3) A banking reference for each buyer, transferee, or assignee.
 - (4) If the buyer, transferee or assignee is a corporation, a certified copy of the Articles of Incorporation and By-Laws or Memorandum and Articles of Association thereof, together with the names and addresses of the directors and officers thereof, the names and addresses of the shareholders therein and the prices paid or to be paid and the time of payment for said shares, a copy of any proposed voting trust agreement and of any voting trust certificates or other arrangements if any affecting control of the membership.

- (b) Upon receipt thereof, the Commissioner shall conduct such investigation as he deems appropriate. Upon the completion thereof, the Commissioner may approve the proposed transfer or may submit it to the Executive Committee together with his recommendation thereon, and all information in respect thereto that the Commissioner deems pertinent. All sales, transfers or assignments shall only become effective if approved by the affirmative vote of not less than seven-ninths (7/9) of the members voting thereon, including all of the members of the Conference to which the subject member belongs.
- (c) If any person owning or holding a membership, or an interest therein, by stock ownership or otherwise, dies, such membership or interest therein may be transferred to a member of the "immediate family" of the deceased without requiring the consent or approval of the members of the League or the Commissioner thereof; similarly, if any person owning or holding a membership or an interest therein, by stock ownership, or otherwise, seeks to transfer such membership or an interest therein, by gift, such membership or the interest therein may be transferred to the donee if the donee is a member of the "immediate family" of the donor; in such event, consent to or approval of the members of the League or the Commissioner shall not be required to complete such transfer. The "immediate family", for the purpose of this paragraph shall mean the wife, child, mother, father, brothers and sisters, or any other lineal descendant of the deceased or donor. In all other cases involving death or transfers by gift, any person succeeding to a membership or an interest therein, whether by gift, will, intestacy, or otherwise, must be first investigated by the Commissioner in such manner as the Commissioner deems appropriate. Upon the completion thereof, the Commissioner shall submit such succession or transfer to the membership for approval and shall accompany the same with his recommendation thereon; such succession or transfer shall not be effective unless first approved by the affirmative vote of not less than seven-ninths (7/9) of the members including all members of the Conference to which the subject member belongs.

3.11 Ownership of a part interest in a membership, which part interest does not constitute or affect control of such membership, may be sold, assigned or otherwise transferred or dealt with upon notification to the Commissioner provided the buyer, assignee or transferee is already a holder of a part interest in the membership and will not acquire control of the membership through such purchase, assignment or transfer.

3.12 The owner of a non-voting interest or part interest in a membership may sell, transfer or assign or deal with such non-voting interest or part interest in a membership to a person who is not already an owner of an interest in the membership upon notification to the Commissioner.

3.13 Ownership of a voting interest or a part interest in a membership, which interest or part interest does not constitute control of such membership, may be sold, assigned or otherwise transferred or dealt with to a purchaser, assignee or transferee who is not already, directly or indirectly, the owner of a voting interest or a part interest in the membership only upon application to the Commissioner, who shall follow the procedure outlined in paragraph (b) of Section 3.10, and who may, in his discretion, require the applicant to submit the information required under paragraph (a) of the said Section 3.10.

3.14 A new member acquiring its membership by transfer from another member shall succeed to the interest of the transferor in and to the funds, property, rights, and interests of the League and shall not be obligated to make the capital contribution required under Section 3.05 (b) hereof.

3.15 Each member club, and each and all of the owners, officers, stockholders, directors or partners therein, as well as any other person owning any interest in such member club, assumes and agrees to be bound by the following obligations of membership in the League:

- (a) They, and each of them, shall be bound by and will observe all decisions of the Commissioner in all matters within his jurisdiction.
- (b) They, and each of them, shall be bound by and will observe all decisions, rulings and action of the Executive Committee in every matter within its jurisdiction.
- (c) They, and each of them, waive any and all claims or demands, whether for damages or otherwise, which they, or any of them, might now or hereafter possess against the Commissioner individually or in his official capacity, as well as against the League or any employee thereof, and against any member club or any officer, director, owner, stockholder, or partner thereof, or the holder of any interest therein, in connection with or by reason of any decision, ruling or action of the Commissioner or the Executive Committee, in reference to any matter within their respective jurisdictions.
- (d) They, and each of them, shall include in every contract between any member club and its employees, including coaches and players, a clause wherein the parties to such contract agree to be bound by the Constitution and By-Laws of the League.
- (e) That after becoming a member of the League, the primary purpose of the corporation, partnership or other entity shall at all times be and remain the operation of a professional football team as a member club of the League, and such primary purpose shall not be changed.
- (f) That copies of all proposed amendments to their Articles of Incorporation and By-Laws or Memorandum and Articles of Association shall

be submitted in advance of adoption to the Commissioner and certified copies thereof, after adoption, shall be filed with the Commissioner.

- (g) They, and each of them, agree to be bound by all of the terms and provisions of the Constitution and By-Laws of the League as now or hereafter in effect.

3.16 Notwithstanding the foregoing, the Executive Committee may impose such further and other conditions and requirements, not inconsistent herewith, as it may deem proper as conditions of admission to membership or to an interest in a membership.

ARTICLE IV — Franchise Areas and the Conferences

4.01 For the purposes of this Constitution:

- (a) "Home Club" means the member at whose stadium a game is played.
- (b) "Visiting Club" means a member whose team is playing a game at the stadium of another member.
- (c) "Franchise Area", with respect to any member, means the city specified in Article 3.03 hereof in which said member club is located and for which it holds a franchise and plays its home games and includes the surrounding territory to the extent of one hundred and twenty-five (125) miles in every direction from the corporate limits of such city, except as follows:

Whenever two (2) members are located and hold franchises for League cities within two hundred and fifty (250) miles of each other, measured from the exterior corporate limits of each city, then territorial rights of each member with respect to the territory between the two franchise holders shall only extend to and include an area of one-half of the distance between such cities.

4.02 The League shall have exclusive control of the conduct of football games by member clubs including the playing rules subject to the rights hereinafter granted to members.

4.03 The members shall play their home regular league and playoff games within their respective franchise areas provided that, subject to section 4.05, such games may be played outside their respective franchise area with the prior written consent of the Commissioner. Preseason games may, subject always to sections 4.05 and 6.02, be played outside the franchise areas of the participating clubs but any such game proposed to be played outside Canada shall require the prior written consent of the Commissioner.

4.04 No member shall have the right to transfer its club or franchise outside of its Franchise Areas except with the prior approval of the Executive Committee. Such transfer shall only be effective if approved by the affirmative vote of not less than seven-ninths (7/9) of the members voting.

4.05 Each member shall have the exclusive right within its Franchise Area to conduct professional football games played by teams of the League. No other member of the League shall be permitted to play games in the Franchise Area of a member, except games with the home club and except the Grey Cup Game, without the prior consent of the home club. No franchise shall be granted for operation within a Franchise Area which overlaps the Franchise Area of a member without the unanimous consent of the members.

4.06 The League shall be divided into two (2) Conferences: said Conferences shall be known as the Eastern Football Conference and the Western

Football Conference, respectively. The members in each Conference are as follows:

WESTERN FOOTBALL CONFERENCE	EASTERN FOOTBALL CONFERENCE
1. B.C. Lions Football Club	1. Argonaut Football Club Limited
2. Edmonton Eskimo Football Club	2. Hamilton Tiger-Cat Football Club Ltd.
3. Saskatchewan Roughrider Football Club	3. Montreal Alouette Football Club Inc.
4. Stampeders Football Club Ltd.	4. Ottawa Football Club Limited
5. Winnipeg Football Club	

The Conference to which each member club is assigned and in which its teams shall engage, and the composition of each Conference shall not be changed, extended, or modified, without the approval of the members of the League. Such approval, for purposes of this Section, shall require the affirmative vote of not less than seven-ninths (7/9) of the members voting.

4.07 Any matters not expressly assigned to the League shall be within the exclusive jurisdiction of the Conferences or the members, as the case may be.

4.08 The territory of the Eastern Football Conference shall include the Provinces of Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and Quebec and the Province of Ontario other than the Counties of Kenora, Rainy River and Thunder Bay. The territory of the Western Football Conference shall include the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, the Counties of Kenora, Rainy River and Thunder Bay in the Province of Ontario and the Yukon and North West Territories.

ARTICLE V — Finance

5.01 Whenever monies are required to meet the expenses of the League within the budget approved by the Executive Committee, the Commissioner shall request and each member shall forthwith contribute equally its share of the required monies.

5.02 Whenever the League is in possession of monies in excess of its reasonable short-term requirements, the same shall be distributed equally to the members unless they be funds which are, pursuant to any provision hereof, required to be divided equally between the Conferences.

5.03 (a) Effective 1st January 1969, the annual amount of all Canadian television revenues, contracted for and received by the Conferences in excess of such revenues, contracted for and received by the Conferences for 1968, excepting revenues from closed circuit and cable T.V., within a member's Franchise Area, shall be paid to the League and the League shall pay three-quarters ($\frac{3}{4}$) of such excess to the Western Football Conference and one-quarter ($\frac{1}{4}$) of such excess to the Eastern Football Conference. When the annual amount of such excess, added to the amount of Canadian television revenue contracted for and received by the Western Football Conference for 1968 reaches the level of the amount of Canadian television revenue contracted for and received by the Eastern Football Conference for 1968, the League thereafter shall have the right on behalf of the members, to sell or assign the Canadian television rights of the Eastern and/or Western Conferences and the revenue accruing to the League therefrom shall be divided equally among and distributed to the members, notwithstanding any subsequent reduction in such revenue.

(b) Television revenues from the sale of the right to telecast League games and Conference play-off games outside Canada shall be divided equally among the members.

(c) Television revenues from the sale of the right to telecast the Grey Cup Game, whether within or without Canada, shall be divided equally between the Conferences.

5.04 Effective January 1, 1969:

(a) Simultaneous or live transmission of the picture and/or sound television signal of a game by a transmitter located within 75 miles of the City limits of the City in which a game is being played, shall not be permitted unless with the unanimous consent of the member Clubs. If such permission is granted, the home Club shall be obliged to pay to the visiting Club, one-quarter ($\frac{1}{4}$) of the cash or kind revenue received by the home Club attributable to each game so transmitted.

(b) Exhibition of the picture and sound television signal of a game within 75 miles of the City limits of the City in which the game is being played

by means of closed circuit, now commonly known as subscription or cable T.V., shall be permitted in which case the home club shall pay the visiting club one-quarter ($\frac{1}{4}$) of the cash or kind revenue received by the home club attributable to each game so exhibited.

(c) Exhibition of the picture and sound television signal of a game within 75 miles of the City limits of the City in which such game is being played by means of closed circuit, commonly known as theatre or pay T.V., where the viewer of such signal is required to purchase a ticket or otherwise pay to view each such exhibition, shall be permitted, but the home Club shall be obliged to pay to the visiting Club one-quarter ($\frac{1}{4}$) of the cash or kind revenue received by the home Club attributable to each game so exhibited.

(d) Exhibition, on the same day, of the live picture or sound television signal of a game by any means within seventy-five (75) miles of the city limits of the City in which another game has been or is to be played that day shall not be permitted except with the unanimous consent of all the members of the Conference in whose territory such other game has been or is to be played.

(e) Exhibition of a recorded or delayed picture or sound television signal of a game by any means within seventy-five miles of the city limits of a City in which the game has been played shall not be permitted within 48 hours of the playing of the game, except with the unanimous consent of the Conference in whose territory such game has been played.

5.05 The net revenues from the Grey Cup Game including, without limitation, revenues from the sale of television and other rights to the Grey Cup Game, shall be divided equally between the Conferences.

5.06 Any two (2) of the signing officers of the League shall be authorized to draw cheques and to transact any necessary business with the League's banker. The President, Vice-President, Commissioner, Treasurer and any other persons from time to time appointed by the Executive Committee shall be the signing officers of the League.

5.07 Each member shall annually file with the Commissioner, prior to March 1, a surety bond in form satisfactory to the Commissioner in favour of the League in the sum of Ten Thousand (\$10,000) Dollars or deposit with the Commissioner Bearer Bonds of the Government of Canada of a market value of Ten Thousand (\$10,000) Dollars to ensure payment of any fine or fines levied by the Commissioner or the Executive Committee.

ARTICLE VI — Pre-Season Games

6.01 The Executive Committee shall cause a schedule of pre-season games to be prepared under the direction of the Commissioner. The Commissioner may establish a date by which such schedule shall be settled and is empowered to determine all matters not settled on that date and to finally determine the schedule of pre-season games.

6.02 In the determination of the pre-season schedule the Commissioner shall whenever possible apply the following priorities:

- (a) A Club electing to play one pre-season game at home in a year is entitled to play one pre-season game away that year;
- (b) A Club electing to play two or more pre-season games at home in a year is entitled to play two pre-season games away that year.

6.03 Each Home Club shall include in its season ticket package at least one pre-season game ticket per season ticket at a price not less than 80% of the regular single game price which game is called the "designated game" in Article 6.05.

6.04 Each Visiting Club shall be paid \$14,000.00 by the Home Club for each pre-season game provided that a Club electing to play more than two pre-season games at home in a year may make its own financial arrangements with the visiting club for such extra game or games.

6.05 With respect to the designated game, which shall be the last home pre-season game of the schedule approved by the Commissioner, the Home Club shall pay the League the amount by which 40% of its net gate exceeds \$14,000.00. The "net gate" is the amount received by the Home Club from ticket sales less park rental and direct taxes in respect of such ticket sales actually paid. Amounts received by the League hereunder shall be distributed equally among the members.

ARTICLE VII — Gate Equalization

7.01 Each member shall, within twenty-one (21) days of playing its last regularly scheduled game, file with the Commissioner a statement, certified by the member's auditor, showing the Club's gross gate for each home game and for the season and the Club's net gate (as defined in Article 6.05) for each home game and, in total, for the season and detailing the deductions made from gross gate to arrive at net gate.

7.02 Forthwith upon receipt of all the statements required to be filed with him under Article 7.01 the Commissioner shall cause to be prepared and certified by the League's auditor a statement compiling all of the said statements filed by the Clubs and the average total net gate for the League during said season and the amount by which each Club's net gate exceeded or fell below such average and the amount which each Club is required to pay in or entitled to draw out of the Equalization Pool for the year, and shall forthwith distribute copies of such statement to the members.

7.03 Within ten (10) days of the date of distribution of the said statement, each club whose net gate exceeded the average shall pay into the Equalization Pool one-third ($\frac{1}{3}$) of such excess provided that no club shall be required to pay in more than seventy-five thousand (\$75,000) dollars in any one year and Argonaut Football Club Limited shall not be required to pay in more than sixty-thousand (\$60,000) dollars in any one year.

7.04 As soon as all payments to the Equalization Pool are received, the League shall pay each club whose net gate fell below such average, out of the Equalization Pool, its pro rata portion of such pool determined by a numerator equal to the amount of that club's deficiency and a denominator equal to the total deficiency of all clubs whose net gate fell below such average.

ARTICLE VIII — The Executive Committee

8.01 Except as otherwise expressly provided in the Constitution or By-Laws the government of the League is vested in the Executive Committee.

8.02 The Executive Committee shall be composed of one (1) representative from each member club. Each representative shall be appointed by the member club by written notice to the Commissioner. Each club may name two alternate representatives in the same manner who will be permitted to attend executive meetings but who will not be permitted to speak without authorization from the Chair; said alternates shall have the same authority as the regular appointee in the absence of such appointee. Each appointee and alternate on the Executive Committee shall serve until his appointment is revoked in writing by the appointing member club.

8.03 At all meetings of the Executive Committee each member of the Committee shall have one (1) vote. Each member of the Executive Committee shall have full power to bind the member club he represents by his vote.

8.04 Each Executive Committee member and alternate must be either the owner or holder of an interest in, or a director or officer of, the member club he represents.

8.05 In case any vacancy occurs in the Executive Committee it shall be filled by the member club affected by the vacancy.

8.06 The Executive Committee is empowered, at any duly constituted meeting, to:

- (a) impose fines, not to exceed ten thousand (\$10,000) dollars, on disciplinary matters referred to it by the Commissioner;
- (b) amend the Constitution and By-Laws as herein provided;
- (c) borrow in the name of the League from any bank or trust company such sum or sums of money as it may from time to time deem necessary or appropriate and to authorize the signing officers to make and deliver in the name of the League a promissory note or notes evidencing any such loan and to pledge as security therefor any stocks, bonds or other securities owned by the League.
- (d) if any officer of the League shall be convicted of a crime or be physically or mentally incapacitated from performing his duties or shall fail or refuse to abide by the Constitution and By-Laws of the League, and the Executive Committee finds that such action by such officer is detrimental to the best interests of the League, or in the event such officer of the League fails or is unwilling to perform his duties, then the Executive Committee may, after notice and hearing, suspend or remove said officer and terminate any contract between such officer and the League.

8.01

- (e) fill any vacancy occurring between Annual Meetings for any cause whatsoever in any office or committee (other than the Executive Committee) of the League.
- (f) fix the salaries or other payments to be made to officers of the League and define and modify their duties.
- (g) appoint Committees of the League and assign to such Committees, with power to delegate, such of its powers and functions as it may by resolution determine.

8.07 The Executive Committee shall have the power and duty, which may be delegated pursuant to Article 8.06(g), to investigate and resolve any matter referred to it in writing by the Commissioner or any member club.

8.08 All action by the Executive Committee shall be by resolution passed by the affirmative vote of the specific number of members hereby required for a particular action provided that any resolution unanimously agreed to by telegram or letter shall have the same effect as if duly passed at a properly constituted meeting by the proper majority required to pass such resolution.

8.09 The Executive Committee may from time to time adopt, amend and repeal such By-Laws, not inconsistent with the Constitution, as it may deem necessary or expedient and the By-Laws of the League in effect upon the adoption of this Constitution shall continue in full force and effect as if adopted hereunder.

ARTICLE IX — Meetings

- 9.01 A meeting of the Executive Committee shall constitute a meeting of the League.
- 9.02 The Executive Committee shall meet on the second Thursday in February in each year, at a time and place to be chosen by the President, which meeting is designated the Annual Meeting.
- 9.03 The President, or in his absence or incapacity, the Vice-President, may convene a meeting of the Executive Committee at any time and shall convene such meeting on the written request of the Commissioner or of four (4) or more members of the Executive Committee.
- 9.04 Notices calling all meetings shall be sent by the Secretary to all members of the Executive Committee, the President, Vice-President, Commissioner, Treasurer, and to the President of each member Club. Such notices shall also specify the time and place of the meeting and shall be despatched by mail at least twenty days prior to the date fixed for the meeting. An agenda shall be forwarded to the same persons not later than ten (10) days prior to the date fixed for the meeting.
- 9.05 The Annual Meeting shall:
- (a) Receive the reports of the President, the Commissioner, the Treasurer, the Auditor and the Committees;
 - (b) Elect the President and the Vice-President for the ensuing year.
 - (c) Appoint an Auditor, a Secretary and a Treasurer;
 - (d) Appoint Committees;
 - (e) Conduct such other business as may be placed on its agenda by the President, the Commissioner, the Treasurer or any member club.
- 9.06 At all meetings of the League, the following shall be the order of business:
- (a) Minutes of preceding meeting
 - (b) Unfinished business
 - (c) Applications for membership
 - (d) Reports
 - (e) Communications
 - (f) New business
 - (g) Elections
 - (h) Appointments
 - (i) Adjournment.
- 9.07 A quorum for any League meeting shall be at least eight (8) members of the Executive Committee. If within one-half (½) hour of the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned

to the next day at the same time and place and the Secretary shall, by telegram, so notify the absent members of the Executive Committee and the President of each member club represented by an absent member and if, within one-half ($\frac{1}{2}$) hour of the time appointed for the adjourned meeting a quorum is not otherwise present, the members present shall constitute a quorum.

9.08 The Constitution and By-Laws except as herein provided may be amended at any League meeting provided that notice of the proposed amendments have been sent to the Secretary at least fifteen (15) days prior to the date fixed for the meeting. The Secretary shall include copies of such notices with the agenda distributed pursuant to Article 9.04.

9.09 (a) Articles III, IV, V, VI, VII and XIV shall be amended only by a resolution passed by the affirmative vote of all members of the Executive Committee at a meeting duly called for the purpose of considering such amendment(s) the notice calling such meeting having stated the intention that an amendment to such Article(s) be proposed and acted upon.

(b) All other amendments to the Constitution shall be effected only by a resolution passed by the affirmative vote of not less than seven-ninths ($\frac{7}{9}$) of all members of the Executive Committee voting at a meeting duly called for the purpose of considering such amendment(s) provided that if such resolution passes by the said seven-ninths ($\frac{7}{9}$) majority but the opposing votes are cast by delegates representing members in each of the two Conferences, the amendment(s) shall stand defeated.

(c) No matter of financial import which is designed to result in the payment of moneys by one or more members to one or more other members or by one Conference to the other, whether directly or indirectly, and whether absolutely or in the event of any occurrence or non-occurrence, certain or contingent, shall be of any force and effect unless comprised in the Constitution, nor shall any change in any such arrangement be effected except by amendment to the Constitution, provided that nothing herein is intended to effect matters of financial import involving League revenues from outside sources which are subject to distribution pursuant to Article 5.02 nor to outside expenditures of League funds derived pursuant to Article 5.01 or by deduction from funds subject to distribution under Article 5.02.

(d) Unless otherwise herein expressly provided, all matters arising for decision by the Executive Committee shall be decided by the affirmative vote of not less than two-thirds ($\frac{2}{3}$) of the members voting at a duly constituted meeting.

9.10 The Chairman of a meeting of the Executive Committee shall only have a vote in his capacity as representative of a member club and shall have no casting vote.

9.11 This constitution may be suspended by a unanimous vote of the Executive Committee.

9.02

ARTICLE X — Officers and Their Duties

10.01 The Executive Committee shall elect from its own members a President and a Vice-President of the League.

10.02 The office, powers and duties of the Commissioner are as set forth in Article XI.

10.03 The President shall be elected for a term of one (1) year and shall preside at all meetings of the Executive Committee.

10.04 In the event of the death, resignation or removal from office of the Commissioner, the President shall succeed to the office of Commissioner provided that while he is Commissioner the provisions of Articles 11.03 and 11.12 shall not apply and he shall exercise his powers under Article XI under the direction of a Committee consisting of the President, Vice-President and one nominee of each Conference.

10.05 The Vice-President shall be elected for a term of one (1) year and shall have the powers and perform the duties of the President in the event of the President's inability to act. In the event of the death, resignation or removal from office of the President, the Vice-President shall succeed to the office of President.

10.06 On the recommendation of the Commissioner, the Executive Committee shall appoint a Secretary and a Treasurer of the League. The offices of Secretary and Treasurer may be held by the same person, and in either case be accountable to the Commissioner in the performance of his duties.

10.07 The Secretary shall:

- (a) be appointed for a term of not less than one (1) nor more than three (3) years;
- (b) keep records of meetings of the League and its committees;
- (c) attend all League and committee meetings when required but have no vote;
- (d) perform such other duties as may be assigned to him by the Commissioner;
- (e) have no financial interest, direct or indirect, in any professional football club.

10.08 The Treasurer shall:

- (a) be appointed for a term of not less than one (1) nor more than three (3) years;

- (b) be the custodian of all moneys belonging to the League and shall deposit them in the name and to the credit of the League;
- (c) present to the League at each Annual Meeting an audited statement of all income and expenses and a balance sheet showing the financial condition of the League, and shall, whenever else required by the Executive Committee, present to it an account of all financial transactions of the League;
- (d) present to the League at each Grey Cup Meeting a budget for the ensuing year which shall first have been approved by the Commissioner;
- (e) pay all accounts of the League after approval by the Commissioner;
- (f) perform such other duties as may be assigned to him by the Commissioner;
- (g) have no financial interest, direct or indirect, in any professional football club.

10.09 It shall be a condition of the Treasurer's election and continued tenure of office that, at the League's expense, he obtain and keep in force, a fidelity bond in form acceptable to the President, in favour of the League in the sum of One Hundred Thousand (\$100,000) Dollars.

ARTICLE XI — The Commissioner

11.01 The Executive Committee shall, by the affirmative vote of not less than eight-ninths (8/9) of the members voting select and employ a person of unquestioned integrity to serve as Commissioner of the League for a term of not less than one nor more than ten years and shall determine the term and compensation of his employment.

11.02 The Commissioner shall discharge all duties imposed on him by this Constitution and the By-Laws, or as may be required by the Executive Committee from time to time. He shall formulate, for presentation to the Executive Committee, policies and plans for the benefit of football in general, and the League in particular, upon his own initiative or under direction of the Executive Committee.

11.03 The Commissioner shall attend all League Meetings and be an ex officio member of all League Committees but shall have no vote.

11.04 The Commissioner shall be responsible for the registration of all contracts, assignments or other documents respecting the right of members to the services of players. He shall have charge of the operation, general supervision and direction of the League's negotiation and draft lists, waiver procedures and all other roster matters.

11.05 The Commissioner shall hear and finally decide any dispute between member Clubs over the contracts or other claims for the service of players. He may hear and finally decide:

- (a) Any dispute between a member Club and one or more of its players when referred to him by both parties; and
- (b) Any other dispute between member Clubs which may be referred to him by one or more of the disputing parties.

11.06 The Commissioner shall be responsible for the selection, employment, training, assignment, supervision and discipline of all game officials, including statisticians, timekeepers, and park announcers, both on and off the field, and for the discipline and deportment of players, coaches, employees, officials and team executives in the conduct of all games, whether on the field, in the dressing rooms or in any public place where their conduct, in his opinion, brings the League or the game of football in disrepute.

11.07 For the maintenance of discipline, the Commissioner shall have the power to fine or suspend, or fine and suspend any players, coaches, employee, officials or team executives, and shall have power to impose a fine not exceeding the sum of Two Thousand (\$2,000) Dollars which said power of fine he shall also have over member Clubs for breach of any requirement of the Constitution, By-Laws, regulations or any proper orders, or for failure to

11.01

have a delegate attend any duly called Executive Committee meeting. In the case of a suspension the person suspended may within 10 days request in writing a hearing which shall be held within 7 days of such request. After such hearing the Commissioner may vary the term of suspension as he deems proper.

11.08 If the Commissioner, after notice and hearing, determines that a person employed by or connected with the League or a member Club has bet money or any other thing of value on the outcome or score of any game or games played in the League, including intra squad or exhibition games, or has had knowledge of or has received an offer, directly or indirectly, to control, fix or bet money or any other thing of value on the outcome or the score of any such game or games and has failed to report the same promptly in writing to the Commissioner, the Commissioner may impose any or all of the following penalties:

- (a) suspend such person for a specific or indefinite period or for life;
- (b) cancel such person's contract with the League or any member Club;
- (c) order the sale by such person of his stock or other interest in any member Club and pending such sale appoint a trustee to exercise such person's rights in respect thereof;
- (d) impose a fine not exceeding the sum of Five Thousand (\$5,000) Dollars.

11.09 The Commissioner shall have the authority to remit any fine imposed by him, or to suspend any sentence imposed by him.

11.10 The Commissioner shall have the power and authority to issue orders, regulations and memoranda in connection with all or any matters for which he is responsible, or in connection with all or any duties with which he is charged, the provisions of which said orders, regulations and memoranda shall be binding on all Clubs, their players, coaches, employees, officers and executives, unless altered or terminated by the next meeting of the Executive Committee.

11.11 If he determines that any action requiring discipline requires a penalty greater than the maximum that he is permitted to impose, the Commissioner may refer the matter to the Executive Committee.

11.12 The Commissioner shall have no financial interest, direct or indirect, in any professional football club.

11.13 The Commissioner shall at the annual meeting establish a date before which the General Manager's Committee shall have settled the next succeeding year's schedule. He is empowered to determine all matters relating to the schedule which are not resolved at that date and to finally decide the schedule.

11.02

11.14 (Repealed 28 May 70)

11.15 The Grey Cup Game shall be played under the supervision, control and direction of the Commissioner. He shall decide all questions arising in connection with the Game which are not specifically provided for in the Constitution, By-Laws or the playing rules.

11.16 The Commissioner may, on behalf of the League, incur any expense which in his sole discretion is necessary to conduct the ordinary business of the League within the budget voted by the Executive Committee, including the leasing of office space and the employment of staff and professional services. He shall not however incur any extraordinary or capital expenditures without the specific prior approval of the Executive Committee.

11.17 The Commissioner shall be responsible for the marketing of all rights vested in the League by the Clubs or Conferences from time to time.

ARTICLE XII — The Conferences

12.01 The Conferences are autonomous in and solely responsible for the following matters:

- (a) adoption and amendment of their own constitutions and by-laws;
- (b) marketing of all rights not vested in the League or the member Clubs, provided that no right shall be granted by either Conference or its member Clubs or any of them to distribute, expose, broadcast, sell or offer for sale any of its rights in the territory of the other Conference without the consent of the other Conference;
- (c) game films for games played in the Franchise Areas of their members;
- (d) Conference playoff games; provided that no playoff arrangement shall be adopted involving the participation of more than three (3) teams nor the playing of more than five (5) playoff games prior to determination of the Conference champion;
- (e) the distribution and expenditures of Conference revenues and the assessment of its members for Conference expenses;
- (f) administration of trophies and awards donated to and accepted by the Conferences provided however that no Club or Conference shall hereafter accept any trophy or award without the approval of the League;
- (g) grants to minor football.

12.02 The Conferences may govern any other matters of common interest and concern to its members to the extent that the same are not governed by subsisting provisions of the League Constitution or By-Laws or by orders, regulations or memoranda issued by the Commissioner.

12.03 A Conference and its members shall not adopt any measure, formally or otherwise, which purports, directly or indirectly, to obligate its members to act or vote en bloc in respect of any matter whatsoever.

12.04 Copies of the constitution and by-laws of each Conference shall be filed with the Commissioner and kept available by him for inspection by any member of the Executive Committee.

ARTICLE XIII — The Schedule

13.01 Each member club in the Eastern Football Conference shall play not less than seven (7) home games during its regular conference schedule whereof two (2) of the member clubs shall play two (2) interlocking home games one year and three (3) interlocking home games the next year and the other two (2) member clubs shall do likewise in alternate years and each member club in the Western Football Conference shall be the visiting club in two (2) interlocking away games each year.

13.02 Each member club in the Western Football Conference shall play not less than eight (8) home games during its regular conference schedule whereof two (2) shall be interlocking home games and two (2) member clubs in the Eastern Football Conference shall be the visiting club in three (3) interlocking away games one year and two (2) interlocking away games the next year and the other two (2) member clubs in the Eastern Football Conference shall do likewise in alternate years.

13.03 The number of home games played by each member club in a Conference during its regular conference schedule may be changed by that Conference provided such change does not alter the number of interlocking home or away games to be played by the members of that Conference.

13.04 Any change in the number of home games to be played by each member club in a Conference during its regular conference schedule which involves a change in the number of interlocking home or away games to be played by the members of that Conference, shall be effected only by the affirmative vote of not less than seven-ninths (7/9) of the members voting thereon.

ARTICLE XIV — Club Autonomy

14.01 Subject only to the provisions of this Constitution and the By-Laws each member shall be and remain autonomous.

14.02 Each member shall retain its own property rights excepting only to extent that this Constitution and the By-Laws expressly declare the same to be the property of the League or the member, by its voluntary act, expressly assigns the same to the League or its Conference.

APPENDIX II
THE BY-LAWS OF THE
CANADIAN FOOTBALL LEAGUE

INDEX TO BY-LAWS

Section	Page
1. Competition Rules	21.01
2. Game Protests	22.01
3. Negotiation Lists	23.01
4. Waivers	24.01
- Priority (Paragraph 5)	24.02
- Recall (Paragraph 7)	24.02
- Acceptance of Contract (Paragraph 9)	24.02
- Non-Exercise of Option (Paragraph 13)	24.02
- Responsibility for Payment (Paragraph 14)	24.03
5. Territorial Rights	25.01
- Junior Players	25.02
- Graduating Junior List	25.03
- Senior Players	25.03
6. College Draft	26.01
7. Rules Committee	27.01
- Agenda	27.02
8. Registration of Contracts	28.01
- Mandatory Clauses (Paragraph 1a)	28.01
- Players in Training Camp (Paragraph 2b)	28.01
- Roster Quota (Paragraph 3)	28.01
- Players on Waivers (Paragraph 4)	28.01
- Free Agent (Paragraph 5)	28.02
- Commissioner's Suspension List (Paragraph 7)	28.02
- Designated Import (Paragraph 9)	28.02
- Non-Import Players (Paragraph 11)	28.03
- Practice Sessions (Paragraph 16)	28.03
- Five Day Trial (Paragraph 16d)	28.03
- Player Leaving Camp (Paragraph 17)	28.04
- Trades Between Clubs (Paragraph 20)	28.04
- Injured Players List (Paragraph 21)	28.04
- Retired Players List (Paragraph 22)	28.05
9. General Prohibitions	29.01
10. Committees	30.01
11. Radio, Television and Motion Picture Rights	31.01
12. General Managers Committee	32.01
	20.01

BY-LAWS**SECTION 1****Competition Rules**

1. The schedule for all pre-season and regularly scheduled League games shall be adopted by the Executive Committee on or before the date named by the Commissioner under the provisions of Articles 6.01 and 11.13 of the Constitution.
2. The team of a member Club shall be required to be within fifty (50) miles of the game site by or before midnight of the day immediately preceding the day in which such team is scheduled to participate in a regularly scheduled playoff or championship game against the team of another member Club.
3. In any regularly scheduled game, a Club must be at least one point ahead at the end of the regular time to win the game.
4. In any game, the Club winning the game shall count two points in its own Conference, and in the event of a tie score at the end of the fourth quarter of the game, each Club shall score one point in its own Conference.
5. In any game, the visiting Club shall wear its white jerseys and the home Club shall wear its dark jerseys. This arrangement may be reversed by agreement between the Clubs.
6. In any game, the visiting Club shall be entitled to six seats in a preferred location at no cost to the visiting Club, and any additional requirements are to be a matter of private arrangement and on advance notice.
7. In the event of the score being tied at the end of the Championship Game and any Conference playoff game, which the respective Conference had determined as one in which a winner must be declared, the following procedure will be followed:
 - (a) An overtime period consisting of two ten-minute "halves" will be played with the ball being kicked off at the commencement of each half, with the team which had the choice at the beginning of the regular game, retaining such choice and the other team having such choice to commence the second half.
 - (b) If the score remains tied at the end of the first overtime period a second similar twenty-minute overtime period will be played and thereafter in similar overtime periods until one team is declared a winner.

8. The League Championship shall be determined annually in a single game to be played on the last Saturday in November, or such other date as the Executive Committee may decide, at the venue to be selected by the Executive Committee, between the playoff winners of the Eastern Football Conference and the Western Football Conference.
9. (a) If prior to any game the best information available indicates the probability of extremely unfavourable playing conditions, including but not limited to those which would be created by inclement weather of any kind, force majeure or power failure, a game may be postponed to the following day if such postponement is authorized:
 - (i) For a regular League and playoff game by the Commissioner or his designate and both competing Clubs.
 - (ii) For the Grey Cup Championship Game by the Commissioner or his designate.
- (b) If a member Club, having scheduled its team's transportation to the game site in a manner which would enable its conformation to the requirements of paragraph (2) of this section and the team is precluded for reasons beyond its control from arriving at the game site in reasonable time to play the game, it may be postponed to the following day with the sole authorization of the Commissioner or his designate. If a member Club having failed to schedule its team's transportation to the game site in a manner which would enable its conformation to the requirements of Paragraph 2 and the teams fail to arrive at the game site in a reasonable time, the Commissioner may award the game to the home Club.
- (c) If a regular League, playoff or Championship game has commenced and extremely unfavourable playing conditions occur as contemplated in Paragraph 9 (a) of this Section, the Commissioner or his designate may declare the game suspended and if, in the sole judgment of the Commissioner or his designate, such conditions will preclude the resumption of the game in a reasonable time on the same day the following procedure will be applied:
 - (i) If the game is suspended any time during the first three quarters it shall be continued on the following day and possession and location of the ball, yardage and downs to be gained, time to be played and score will remain the same as they existed when the game was suspended.
 - (ii) If the game is suspended in the fourth quarter, two ten-minute halves will be played the following day with only the score remaining the same as it existed when the game was suspended.
 - (iii) Having regard to the score and remaining time if it is agreed

by the Commissioner or his designate and both competing Clubs in the case of a regular League and playoff game, and recommended solely by the Commissioner or his designate in the case of the Championship Game, any game which is suspended in the fourth quarter may be declared ended.

10. A member Club participating in the Championship Game may claim the following expenses which, upon verification of claim by the Commissioner, shall be payable out of the gross revenues of the Game.
 - (a) The amount of one hundred and fifty dollars (\$150.00) per day as a fixed amount for each day, commencing with the day after the Club has been declared one of the Grey Cup competing Clubs, and continuing up to and including the day of the Game to cover all expenses, including the cost of local transportation of all Club personnel at the Game site except those expenses specifically referred to in (b) and (c).
 - (b) The return transportation cost, including the cost of transporting all necessary baggage and equipment for forty-two persons from the normal home site of the Club to the site of the Game. When air travel is used the allowable cost will be the actual cost incurred, up to an amount which would be equivalent to the current regular "economy" rate of Air Canada or Canadian Pacific Airlines.
 - (c) A flat allowance of twenty-five dollars (\$25.00) per day for a maximum of forty-two persons to cover hotel accommodation and meals, for each day the participating Club resides in and operates from the Game site up to and including the day of the Game, for a maximum of eight days, except that in the case where the Game site is the normal home of one of the teams, such team may claim a maximum of three days.
11. The costs incurred in respect of practice facilities for the competing Clubs in the Championship Game shall be payable out of the gross revenues of the Game.

SECTION 2

Game Protests

1. A protest against the result of a game may be made only on the grounds of the ineligibility of an opposing player, or upon an error in the interpretation or application of the playing rule which error could reasonably have affected the result of the game but no protest shall be based on an error in judgment of any official.
2. A protest must be made to the Commissioner in writing, outlining the grounds of protest, signed by the protesting Club's president or secretary, within seventy-two hours of the advertised time of the match protested, and must be accompanied by a deposit of \$250.00 which sum shall be forfeited to the League should the Commissioner disallow the protest.
3. The Commissioner, on receipt of a protest, shall immediately notify the opposing Club of the protest and of the grounds therefor.
4. The Commissioner shall make such investigation of the matters concerned in the protest as shall be necessary and shall rule on the protest promptly; the Commissioner, in so ruling, shall have the option of disclaiming the protest, awarding the game to either of the Clubs involved, or ordering the game replayed in whole or in part, or recommending that disciplinary action be taken by the Executive Committee under the provision of 8.06 (a) of the Constitution. Each Club shall be advised of the decision by the Commissioner in writing.
5.
 - (a) If the Commissioner's ruling is to award the game to a specific Club or if he orders such replaying of the game, either Club involved shall have the right to appeal such ruling to the Executive Committee of the League, provided it furnishes the Commissioner with notice in writing of its intention to do so, within seventy-two hours of receipt of such ruling, and forwards with such notice a deposit of \$1,000.00 which sum shall be forfeited to the League should the Executive Committee disallow the protest.
 - (b) On receipt of such notice and deposit within the aforesaid time limit, the Commissioner shall immediately convene a meeting of the Executive Committee to deal with the protest appeal and its decision shall be final.
 - (c) If the Commissioner recommends that disciplinary action be taken by the Executive Committee, he shall submit to it all information obtained from his investigation of the matter and request that said Committee at its next regular meeting or earlier if requested by either of the Clubs involved, consider his recommendation.
6. In the event of a protest or an appeal being allowed, the cash deposit with the protest or appeal shall be returned to the Club depositing same.

SECTION 3

Negotiation List

1. A member Club shall be entitled to exclusive negotiation rights to a player whose name is shown on its Negotiation List maintained by the Commissioner. The number of players permitted on such a list shall be determined from time to time by the Executive Committee.
2. A member Club is expressly forbidden to negotiate, directly or indirectly, with a player whose name is on the Negotiation List of another member Club.
3. A member Club may apply to place a player's name on its Negotiation List by notification to the Commissioner by telegram, letter or telephone advising the full name of the player and the name of the Club for which he is presently playing or has most recently played.
4. Where two or more member Clubs make application to place the same player's name on their negotiation lists priority of application shall prevail, and the governing factors in determining such priority shall be in the case of a telegram the time of dispatch as shown on its face, in the case of a mailed letter the time of mailing as indicated on the envelope, and in the case of a telephone message, the actual time as mutually noted during the conversation.
5. A member Club, when requesting the removal of a player's name from its Negotiation List, shall advise the Commissioner whether such player has been signed or is unsigned.
6. If the member Club advises that a player has been signed the contract shall be forwarded to the Commissioner within seven days or such longer period as the Commissioner may allow.
7. The Commissioner shall advise each member Club by daily memorandum of changes in the Negotiation List and shall, periodically, submit to each member Club revised copies of the complete Negotiation Lists of all member Clubs.
8. All Negotiation List information, including the names thereon, obtained by a member Club concerning another member Club, shall be considered strictly confidential and made available only to authorized personnel of the Club, who are expressly forbidden from disclosing such information to any unauthorized persons.
9. When the name of a player has been removed from the Negotiation List of a member Club as unsigned and two or more member Clubs request that the player's name be placed on its Negotiation List at any time on the day the member Clubs receive the Commissioner's notification of

such removal, the request shall be determined and awarded by the Commissioner on the basis of the waiver priority, as set out in paragraph 5 of Section 4 of the By-Laws. The Commissioner shall withhold such final determination until he is satisfied that all member Clubs have received the notification that the player's name has been so removed.

10. Notwithstanding the provisions of paragraph 9 hereof a member Club shall be permitted to transfer its rights to a player whose name appears on its Negotiation List to another member Club pursuant to an agreement between the Clubs and upon advice to the Commissioner.
11. A member Club may not place on its Negotiation List the name of a player who is in any manner the property of another member Club, including but not limited to a Player who:
 - (a) is on another member Club's roster, Injured Players List, Retired Players List, or League Suspension List or,
 - (b) has been declared by another member Club on a five day trial, pursuant to paragraph 15 of Section 8, or
 - (c) is eligible for selection in the College Draft pursuant to Section 6, or
 - (d) is protected under the provisions of Section 5, or
 - (e) has been signed for the following year to a contract filed with the Commissioner.
12. A member Club shall not be permitted to place on its Negotiation List until midnight of December 18th, the name of a player who has during the current season been removed from another Club's playing roster and shall not, directly or indirectly, negotiate with or sign a player so removed in the period from midnight following the Championship Game until after midnight of December 18th, provided however, that the Club from whose roster the player's name was last removed, may place the name of the said player on its Negotiation List after midnight of December 15th, and during the period between midnight of the Championship Game and midnight of December 15th, such Club shall be permitted to negotiate with and/or sign said player. When two or more member Clubs claim negotiation rights to a player not claimed by his previous Club prior to midnight December 18, the waiver priority, as described in paragraph 9, shall apply throughout December 19.
13. Notwithstanding the provisions of paragraph 11 of this section a member Club may claim the playing rights to a player whose rights are currently considered to be held by another Club, by submitting a written claim to the Commissioner stating the basis for such claim, and the Commissioner shall conduct such investigation as he deems necessary and shall rule promptly and advise both Clubs in writing of his

ruling. The Club submitting the claim may request that during the period of investigation, the name of the player in question, subject to the limits of paragraph 1 above, be placed on its Negotiation List, and if so placed no Club shall, directly or indirectly, negotiate with or sign the player until authorized to do so by the effect of the Commissioner's ruling.

14. Notwithstanding paragraph 12 a member Club may, subsequent to June 1, increase its Negotiation List by placing thereon the name of a player whose contract with that Club had expired on that date and who has since signed a contract to play with another club in another league.

SECTION 4

Waivers

1. A member Club shall not dispose of the services of a player by transfer or otherwise, except to another member Club, nor shall it voluntarily take any action by which the player becomes a free agent in law, until all other member Clubs have had the opportunity to claim the services of the player in accordance with the provisions of this Section.
2. A member Club desiring to obtain waivers on a player shall so notify the Commissioner and such notification shall, between midnight following the Championship Game and midnight June 15th, be by letter or telegram and thereafter by telegram only.
3. The Commissioner shall forthwith notify all member Clubs and shall designate a deadline by which a member Club may enter a claim on the player, such deadline to be not less than 48 hours nor more than 72 hours after the dispatch of the notification, except that when on this basis, the deadline would occur between 12 noon Saturday and 12 noon the following Monday, the deadline will be established as 12 noon on said Monday.
4. A member Club desiring to claim the player shall so notify the Commissioner by telegram or telephone before the designated deadline. In determining the time of receipt of such message the Commissioner shall be guided by the time of origin as noted on the face of the telegram or the actual time as mutually noted during the telephone conversation.
5. (a) To predetermine the basis upon which a player shall be awarded when more than one member Club claims the same player on waivers an order of Club priority shall be in effect at midnight following the Championship Game and remain in effect until midnight September 15th of the year following, which will be the reverse order of the final standing in each Conference after their respective playoffs, with the last place Club of the Conference represented by the losing team in said Championship Game having first priority and the last place Club of the other Conference having second priority, etc.
(b) The priority in effect from midnight September 15th to midnight October 15th will be the reverse order of standings of all member Clubs as of midnight September 15th on the basis of percentage of games won and lost. In the event that on such a basis two or more teams are tied, the team with the highest number of points, after deducting the "points against" from the "points for" of the two tied teams, shall be judged to have the lower priority.

- (c) The priority in effect from midnight October 15th to midnight following the Championship Game will be the reverse order of the standings of all member Clubs as of midnight October 15th, determined as in sub-paragraph (b).
6. The Commissioner, upon receipt of a claim for a player by another member Club, shall forthwith by telegram or telephone notify the member Club which had requested the waivers.
 7. Within 24 hours of the deadline the member Club originally requesting the waivers shall have the right to notify the Commissioner by telegram that it has recalled the player, and the Commissioner shall so notify the claiming member Club by telegram and the other member Clubs by letter. The right to recall a player from waivers may be exercised only once a year with regard to that player by that member Club.
 8. A member Club having been awarded a player on waivers by the Commissioner shall pay to the member Club disposing of the player the sum of \$350.00 within seven days of the date of the Commissioner's notification of the successful claim.
 9. A member Club having claimed and been awarded a player on waivers shall be required to accept assignment of the player's Contract from the Club which placed him on waivers, and subject to paragraph 14 shall assume all rights and obligations of such Contract unfulfilled as of the date of its notification of claim to the Commissioner.
 10. A member Club, having been awarded a player on waivers by the Commissioner at a time when, according to the provisions of Section 8 paragraph 3, there is already a maximum number on its roster, shall within 24 hours advise the Commissioner the name of a player to be deleted therefrom.
 11. A member Club shall be permitted to dispose of a player to a Club in another League only upon confirmation by the Commissioner that he has received no claims from other member Clubs for that player.
 12. When no claims have been made for a player who has been put on waivers by a member Club and the player is still on that Club's roster when it participates in a scheduled or playoff game, he shall not be transferred or otherwise disposed of, except to another member Club, until he has again been put on waivers.
 13. A member Club, having decided not to exercise its option to renew the contract of a player on its roster, shall be required to request waivers on that player at least thirty days prior to the date of expiration of the contract, and in the event of a successful claim by another member Club

24.02

shall forward to that Club a transfer of the player's contract within seven days of the date of the Commissioner's notification of such successful claim.

14. A member Club placing a player on waivers anytime during the season subsequent to its first scheduled Conference game shall be required to pay the player the equivalent of one game pay as provided in his contract with the said Club unless he has been placed on waivers at least 48 hours prior to the commencement of the Club's next game and so notified by the Club.
15. A member Club may request waivers, subject to the right of recall if applicable, on a player on the Injured Players List provided that such waiver period expires not earlier than the day preceding the required restoration of the player to the active roster. In the event that such a player would otherwise return to the roster on a Sunday or Monday, said waiver period may expire on the preceding Friday.
16. Where, pursuant to paragraph 7 of this section, a member Club has the right to recall a player claimed on waivers by another member Club and the time limit for such recall expires between 12 noon Saturday and 12 noon Monday such time limit shall be extended until noon Monday.

SECTION 5

Territorial Rights

A. Territorial Limits

1. The territory of the Eastern Football Conference shall include the Provinces of Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and Quebec, and the Province of Ontario other than the Counties of Kenora, Rainy River and Thunder Bay. The territory of the Western Conference shall include the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, the Counties of Kenora, Rainy River and Thunder Bay in the Province of Ontario, and the Yukon and North West Territories.

2. The territorial limits assigned to the member Clubs by their respective Conferences as of April 30th, 1968 are as follows:
 - (a) Montreal—Province of Quebec, except that area of the Province within a 50-mile radius of the City of Ottawa, which said area is included in the territorial rights of the Ottawa Football Club; and the following Counties in Ontario:

Elgin	Kent	Waterloo	Perth
Cochrane	Timiskaming		

 - (b) Ottawa—That area in the Province of Quebec included within a 50-mile radius of the City of Ottawa, and the following Counties in the Province of Ontario:

Carleton	Lanark	Russell	Renfrew
Prescott	Glengarry	Stormont	Dundas
Granville	Leeds	Frontenac	Lennox &
Hastings	Peterborough	Haliburton	Addington
Durham	Victoria	Manitoulin	Northumberland
Essex	Muskoka	Parry Sound	Prince Edward
Lambton			

 and the following Townships in the County of Ontario:

Uxbridge	Scott	Reach	Brock
Thoram	Mara	Rama	

 - (c) Toronto—The following Counties in the Province of Ontario:

York	Peel	Grey	Bruce
Huron	Dufferin		

 and the following Townships in the County of Simcoe:

Vespra	Tosorontio	Essa	Innisfil
Adjala	Tecumseh	West Gwillimbury	

 and the following Townships in the County of Ontario:

Pickering	Whitby	E. Whitby	
-----------	--------	-----------	--

 and Trafalgar Township in the County of Halton

- (d) Hamilton—The following Counties in the Province of Ontario:
 Wentworth Lincoln Welland Brant
 Wellington Oxford Middlesex Haldimand
 Norfolk Algoma Nipissing Sudbury
 and the following Townships in the County of Halton:
 Esquesing Nelson Nassagaweya
 and the following Townships in the County of Simcoe:
 Tiny Tay Matchedash Orillia
 Medonte Oro Flos Nottawasaga
 Sunnidale
- (e) Winnipeg—Province of Manitoba
 (f) Saskatchewan—Province of Saskatchewan
 (g) Calgary—Southern portion of the Province of Alberta
 (h) Edmonton—Northern portion of the Province of Alberta
 (i) B.C.—Province of British Columbia

3. The City of Red Deer, Alberta, shall be the dividing line for determining the southern and northern portions of the Province of Alberta, and junior players from the said City of Red Deer shall be open to both the Calgary and Edmonton Clubs.

B. Junior Players

1. For the purposes of the By-Laws a person shall be considered to be of junior age, and is referred to herein as a junior player in any year prior to the year in which he attains the age of twenty-two years.
2. A junior player who is domiciled or is deemed by the Commissioner to be domiciled within a member Club's territorial limits shall not be, either directly or indirectly, contacted, negotiated with or signed by any other member Club.
3. A junior player shall be permitted to participate in the practice sessions of the member Club within whose territorial limits he is domiciled, or is deemed to be domiciled by the Commissioner, without being signed to a Standard Player's Contract.
4. Subject to Sub-section C a member Club's rights to a junior player expires at midnight July 10 in the year such player attains the age of twenty-two years.
5. Without restricting the generality of the foregoing where a junior player leaves a member Club's territorial limits to attend a school, high school, college or university, except a college or university whose players are subject to the College Draft provisions of Section 6, the member

25.02

Club shall retain the Canadian Football League playing rights to the player until and throughout the entire year in which the player graduates or leaves school prior to graduation, and for the entire following calendar year, and no other member Club shall, either directly or indirectly, contact, negotiate with, or sign such player during this period.

C. Graduating Junior List

1. A member Club may, by midnight July 10th, submit to the Commissioner the names of six graduating junior players, previously protected under Sub-section B, for inclusion on a Graduating Junior List, and the Commissioner shall notify all member Clubs of the names submitted.
2. A player so declared by a member Club shall be permitted to participate in the practice sessions of that member Club without being signed to a Standard Player's Contract, until midnight September 15th, at which time the protection under this sub-section expires, and such player shall not, either directly or indirectly, be approached, contacted or negotiated with by any other Club during this period.
3. Any such player not signed to a Standard Player's Contract by September 16th will become a free agent.
4. Should a graduating junior, prior to midnight July 10th in the case of the player referred to in paragraph 1 above, or midnight September 15th in the case of paragraph 2 above, leave a member Club's territorial limits to attend a school, high school, college or university, except a college or university whose players are subject to the College Draft provisions of Section 6, the member Club shall retain the Canadian Football League playing rights to the player until and throughout the entire year in which the player graduates or leaves school prior to graduation, and for the entire following calendar year, and no other member Club shall, either directly or indirectly, contact, negotiate with, or sign such player during this period.

D. Senior Players (Repealed 11 July 70)

SECTION 6

College Draft

1. A College Draft selection meeting shall be held annually in conjunction with the Annual Meeting of the League, at a time and place to be determined by the Commissioner.
2. All member Clubs shall participate in the Draft and the priority of selection in each round shall be the same order as that provided for waivers in Section 4, paragraph 5 (a), with the Club ending last in the Conference represented by the losing team in the Championship Game having first priority and the team winning the Championship Game having the least priority.
3. A player shall be eligible for selection in the College Draft if:
 - (a) he had registered in an undergraduate course at a college or university in Canada which grants a degree or diploma following a course of at least three years, and
 - (b) he, or the class in which he originally registered, is scheduled to graduate in the current draft year, and
 - (c) he had participated as a player in a football game as a member of the football team representing his school in intercollegiate competition at any time during his college career, and
 - (d) he has been declared eligible for the Draft by the Commissioner, at least 21 days prior to the Draft date, on the basis of information supplied to the Commissioner by the player's college or university or by a member Club. A member Club submitting a player's name for inclusion on the eligible list must at that time supply documentary evidence to establish that the player is in fact eligible.
4. Notwithstanding paragraph 3 a player shall not be eligible for the Draft if:
 - (a) prior to registration at his current college or university, he had received a degree or diploma following a course of at least three years from a college or university in Canada or in the United States, or
 - (b) he has been declared eligible for the Draft in a previous year.
5. A player declared eligible for the Draft, pursuant to paragraph 3 (d), and not selected by a member Club during the draft meeting shall be considered a free agent as of the conclusion of the draft meeting.
6. In the event that subsequent to the draft meeting a player was found to have been eligible for the Draft, but through oversight or otherwise was

not listed among the eligible players, he shall be declared on a supplementary draft list issued by the Commissioner and made available to the member Clubs in the following manner:

- (a) The Commissioner shall advise all member Clubs that the player was in fact eligible for selection at the most recent draft meeting.
 - (b) The Club having first choice in the original draft shall have the right to select the first player from the supplementary list.
 - (c) The Club having second choice in the original draft shall have the right to select the second player, and so on until the supplementary draft is concluded.
 - (d) A player declared eligible for a supplementary draft and not selected by a member Club shall be considered a free agent as of the conclusion of the supplementary draft.
7. The rights of a member Club to a player properly selected in the College Draft shall take precedence over the claims of another member Club to that same player by virtue of the provisions of Section 3 (negotiation list), Section 5 (territorial rights) or Section 8 (registration of contracts).
 8. A player enrolled in an undergraduate course at a college or university who is eligible for selection at the current or subsequent College Draft is not eligible to play for a member Club or to be added to the negotiation list or otherwise claimed as the property of a member Club until the conclusion of the draft meeting at which he was eligible for selection.
 9. A member Club selecting a player in the College Draft and not signing him to a contract, shall retain the Canadian Football League playing rights to the player throughout the entire year in which he was drafted and for the entire calendar year following. Where, however, the player continues to attend college or university the Club shall retain such rights until the year in which the player permanently leaves college or university, and for the entire calendar year following.
 10. If the player described in paragraph 10 signs or plays with a football club in a league other than the Canadian Football League the original selecting Club shall retain the Canadian Football League playing rights until and throughout the entire year in which he leaves such other league or leagues and the entire calendar year following.
 11. The provisions of this section shall not apply to a player eligible for a college draft prior to the 1970 College Draft. Such player will be subject to the By-laws in effect at the time he was so eligible.

SECTION 7

Rules Committee

1. The Rules Committee shall consist of eight members appointed annually by the Executive Committee as follows:
 - (a) three members recommended by the Eastern Conference.
 - (b) three members recommended by the Western Conference.
 - (c) two members who shall be the Commissioner's supervisors of officials for the Eastern and Western Conferences.

In the event of the resignation or inability to serve of any member, the Executive Committee shall appoint a replacement on the recommendation of the respective Conference, if such replacement is required under the provisions of 1 (a) or 1 (b) of this section and on the recommendation of the Commissioner if under the provision of 1 (c).

2. A quorum shall consist of all eight members.
3. The Commissioner shall be the Chairman of the Committee but shall have no vote.
4. The Secretary of the Rules Committee shall be appointed by the Executive Committee. He shall attend all meetings, take minutes, and distribute same to the Rules Committee members. He shall have no vote.
5. The Rules Committee shall annually recommend to the Executive Committee the playing rules of the League, and shall meet sufficiently in advance of the Annual Meeting to permit preparation of its recommendations for alterations or revisions of existing rules and /or the adoption of new rules, if any, for the consideration of the said Executive Committee which may approve or reject the recommendations in whole or in part.
6. The said report of the Rules Committee shall not be debatable at the Annual Meeting of the League.
7. At all meetings of the Committee, each of the eight members shall have one vote. A majority vote shall decide all questions or matters arising for decision. In the event of a tie vote, the rule under consideration shall remain as it previously existed, unchanged.
8. Upon election to membership on the Committee, a member shall be free to vote in accordance with his personal conviction resulting from a discussion by the Committee of the questions or matters under consideration.

9. The agenda for the meeting of the Rules Committee shall be determined as follows:
- (a) On or before October 15th, the Commissioner as Chairman, shall ask each member Club for its recommendations on rule clarifications, changes or innovations.
 - (b) Such recommendations, if any, shall be forwarded by the Clubs to the Commissioner on or before November 15th.
 - (c) All recommendations so received shall be distributed as soon as possible to the Clubs by the Commissioner with a request that the Clubs consider and forward to him any comments on the recommendations.

SECTION 8

Registration of Contracts and Eligibility of Players

1. (a) The Standard Player's Contract shall be used by all member Clubs and the following paragraphs thereof are obligatory and must be included in their entirety and there shall not be any additional clause or agreement between the parties which shall in any manner alter the terms of paragraphs: 2, 4, 7, 8, 9, 10, 12, 13, 14, 15, 17, 20, 21, 23, 24, and that portion of paragraph 3 commencing with the words "For the player's services . . ." and ending with ". . . last such playoff games", in the ninth line.
- (b) Any variation or addition to any of the other paragraphs of the Contract shall be included on the front or back of the Contract and be signed or initialled by both parties.
- (c) In the event that any such variation necessitates an additional document or that there is an addendum covering provisions not included in the Contract, reference to such provisions or addendum shall be made in the body of the Contract and such document or addendum shall be attached to the Contract and shall clearly state that it forms part of and is to be read in conjunction with said Contract.
2. (a) A player shall not be eligible to play for a member Club in a scheduled, playoff or Championship Game until a copy of his signed contract has been filed with the Commissioner or has been mailed to the Commissioner in an envelope which bears the Post Office time stamp showing same to have been mailed prior to the starting time of such game.
- (b) A player in the training camp of a member Club prior to the opening of the season must be signed to a Contract registered with the Commissioner, subject to the exceptions provided in Section 5 B (3), 5 C (2) and 5 D (4).
3. The Commissioner shall maintain in his office a player roster for each member Club. Prior to the opening of the regular schedule each Club shall, by a date determined by the Executive Committee, reduce its player roster to a maximum of 32 players, of which not more than 14 shall be imports.
4. A member Club on being awarded a player on waivers by the Commissioner or when submitting a Contract to the Commissioner at a time when, according to the provisions of paragraph 3 of this section, there is already a maximum number of players on its roster, shall within 24 hours advise the Commissioner of the name of a player to be deleted from its roster.

5. A player whose name is deleted from a member Club's roster other than by transfer to another member Club or the Injured Players List or the Retired Players List or the League Suspension List shall become a free agent.
6. The Commissioner shall advise each member Club by daily memorandum of changes in player rosters and shall, periodically, submit to each member Club revised copies of the complete player rosters of all member Clubs.
7. (a) A member Club may request that a player's name be placed on the League Suspension List and shall submit to the Commissioner a full report of the circumstances and reasons for its request, and the Commissioner, after a review of the evidence, may comply with or refuse such request.
(b) A player whose name is included on the League Suspension List shall be removed from his Club's active roster and shall not be eligible to play for any member Club unless the suspension is terminated by the Commissioner and unless such suspended player is first restored to the roster of the Club on which he was last registered.
(c) A member Club may suspend a player in accordance with the provisions of its contract with the player but such player shall remain on its roster unless approved by the Commissioner, under paragraph 7 (a) hereof, for inclusion on the League Suspension List.
8. The Commissioner may, for any reason he deems valid, refuse registration of a contract submitted to him by a member Club.
9. A member Club shall be permitted to dress for a scheduled or playoff game or Championship Game a maximum of 32 players, of whom not more than 14 may be imports. When 14 import players are so dressed a Club shall, prior to the game
 - (a) designate one import player as a substitute who shall be permitted to replace another import player during the game on the understanding that the player he replaces may not re-enter that game, or
 - (b) designate two import players as quarterbacks who shall be permitted to alternate at any time during the game at the quarterback position exclusively. For the purpose of this paragraph the duties of the quarterback position may include punting, place kicking, or holding the ball on convert or field goal attempts. Such a designated quarterback may not enter the game at another position, except under the provisions of paragraph (a) above.

10. The following players shall be classified as import players:
 - (a) A player who has received training in football outside of Canada by having participated as a player in a football game outside of Canada prior to his seventeenth birthday.
 - (b) A player who has received training in football outside of Canada by having participated in a football game as a player outside of Canada after his seventeenth birthday, but who has received no football training in Canada prior to his seventeenth birthday.
11. The following players shall be classified as non-import players:
 - (a) A player other than one referred to in paragraph 10.
 - (b) A player who has received the training in football outside of Canada as described in paragraph 10, but who was classified as a non-import prior to July 31st, 1965.
 - (c) A player who has received the training in football outside of Canada as described in paragraph 10, but who, prior to July 31st, 1965, had qualified as a non-import under the By-Laws in effect prior to February 1st, 1965.
 - (d) A player who has qualified as a non-import under the provisions of paragraph 10 (b) (IV) of Section 8 of the By-Laws as revised and amended to June 15th, 1967.
 - (e) A player who was physically resident in Canada for an aggregate period of seventeen years prior to his attaining the age of twenty-one years.
12. A player shall be classified as an import unless and until the member Club submits evidence to the satisfaction of the Commissioner that such player is a non-import.
13. A member Club may sign a player for the following year if such player is on its roster at the time of said signing, but should the player be subsequently deleted from the Club's roster during the current season, his contract for the following year will have no force or effect.
14. A member Club shall be permitted to sign an import player to a contract for the following year who is not on its roster at the time of said signing. However, such player shall be ineligible to participate in a game until the following year.
15. A member Club may, subsequent to its first scheduled game, permit a player not on its current roster to participate in its practice sessions for a period of not more than five consecutive days not including,
 - (a) the day preceding a game,

- (b) the day of a game, or
- (c) the day following a game,

provided that the Commissioner is notified as of the first day of such trial period, in which case the Club shall retain exclusive rights to the player until the conclusion of said trial period.

16. A player shall not be permitted to participate, directly or indirectly, in any of the member Club's practice sessions unless he is:
 - (a) on the member Club's current roster, or
 - (b) on the member Club's Injured Players List, or
 - (c) entitled to participate under the provisions of Section 5, or
 - (d) on a five day trial as described in paragraph 15.

17. (a) A player on a member Club's roster who fails to report when required to a practice session during that Club's pre-season training period shall, within 48 hours, be transferred to the League Suspension List or Retired Players List or offered on waivers by the Club, and, in the case of the latter, if not claimed within the time specified, shall be deleted from the roster.
- (b) A player on a member Club's roster who, upon reporting to the Club, is determined by the Club's medical committee, pursuant to paragraph 6 of the Standard Player's Contract, to be unfit to participate in the Club's football activities shall:
 - (i) upon application to the Commissioner by the Club be transferred to the League Suspension List until he is deemed by the said medical committee to be fit to participate, or
 - (ii) be offered on waivers by the Club and if not claimed within the time specified deleted from the roster, or
 - (iii) upon application to the Commissioner by the Club be retained on the roster during the pre-season period and exempted from the requirements of sub-paragraph (a) if such application is accompanied by a certification from the Club Doctor that the player is unfit to participate in the Club's practice sessions. If at the roster declaration date such player continues in the opinion of the Club Doctor to be unfit to participate in a game the Club may, by conforming to all requirements of paragraph 21 (a) and (b) of this section, transfer the player to the Injured Players List.
- (c) A player, while continuing to attend a member Club's training session during the pre-season period, may be placed on waivers and, if not claimed in accordance with Section 4 paragraph 3 hereof,

may, if requested by the Club, continue to attend said Club's training sessions in which case he must be retained on its roster.

18. A member Club permitting a player to attend a practice session other than a player described in paragraph 16 hereof, shall be liable for a fine of not less than \$500.00 or, at the discretion of the Commissioner, up to \$1000.00 for each such practice session attended by such player.
19. A player obtained by a member Club from the roster of another member Club after midnight October 15th, by transfer, trade, purchase or waivers, shall not be eligible to play for such member Club until the following year. However, a player who by the provisions of these By-Laws, is a free agent as of October 15th is eligible to play for a member Club after October 15th, regardless of whether or not he has previously to October 15th been on the roster of another member Club during the current year.
20. A member Club, assigning a player to, or receiving a player from another member Club in return for cash, another player, or other consideration shall notify the Commissioner within seven days of the date of such transaction, specifying any and all conditions of the trade.
21. (a) A player who has been injured may be registered by a member Club on the Injured Players List upon application to the Commissioner accompanied by a certification by the Club Doctor that in his professional opinion such player by reason of the specified injury, is physically unfit to participate in a game. Such player shall be removed from Club's roster for a period of 30 days.
(b) At the conclusion of such 30-day period the player's name shall be removed from the Injured Players List and restored to the roster unless the Commissioner receives a further certification by the Club Doctor that in his professional opinion such player is still physically unfit to participate in a game, in which case the player shall remain on the Injured Players List for a further period of 15 days, such procedure to continue at intervals of 15 days until the player is restored to the roster.
22. The Commissioner shall maintain a Retired Players List and a Club, through notifying the Commissioner, may transfer a player on its roster directly to such list without asking waivers, and while the player is on such List he shall be ineligible to play. A player transferred to the Retired Players List after midnight July 15 shall not be eligible to play for any member Club during the remainder of that year.

SECTION 9**General Prohibitions**

1. Coaches, managers, trainers, players, officers, executives and all other persons connected, directly or indirectly, with a member Club are prohibited from:
 - (a) entering an official's dressing room;
 - (b) wagering on any game played or to be played by a member Club;
 - (c) fraternizing or consorting with known gamblers;
 - (d) directly or indirectly through an agent or by public or private statement or inference, contacting or negotiating with any non-playing personnel connected with another member Club or any player who is under contract to, on the negotiation, suspension or retired list of, or otherwise the property of another member Club, for the purpose of engaging such non-playing personnel or player in activities relating to football without permission in writing having first been obtained from the Club with which such personnel or player is associated or contracted. The penalty for any violation of this paragraph 1 (d) of Section 9 shall be interpreted under the provisions of Article 11.07 of the Constitution, and shall provide that the fine shall be assessed at the maximum sum of two thousand dollars (\$2,000.00).
2. A member Club shall not, either directly or indirectly, pay the fine for a player, coach, employee, official or team executive against whom one has been assessed.

SECTION 10**Committees**

1. All committees appointed by the Executive Committee pursuant to Article VIII paragraph (g) of the Constitution may, at the request of either the Eastern or Western Conference, consist of an equal number of members from each Conference.
2. A committee shall select a Chairman from its members.
3. At a meeting of any such committee, except the Rules Committee, a member shall have one vote, including the Chairman, but the Chairman shall have no casting vote.
4. Subject to the provisions of Article IX paragraph 9.09 of the Constitution, a majority vote shall decide all questions or matters arising for decision, and in the event of a tie, the question or matter under discussion shall be referred back to the League Executive Committee for decision, save in the Rules Committee, where in the event of a tie vote, the rule under consideration shall remain as it was prior to the vote being taken.
5. Minutes of each Committee shall be expeditiously circulated to member Clubs, the League's President, Vice-President, and Commissioner as well as to Committee members.

SECTION 11

Conference and League Rights

(1) *Conference:*

- (a) *Radio and Television:* Subject to Article V, paragraph 5.03 of the Constitution each Conference on behalf of its member Clubs shall have the exclusive television and radio rights to its own Conference and playoff games and shall further have the exclusive rights to the exhibition by any means, of the television and radio signals within its territory as defined in Article IV paragraph 4.08 of the Constitution, of any games played by any member Clubs of the League, except that each Conference shall permit the exhibition of either such signals within its territory of:
- (i) any interlocking Conference games played in the other Conference territory.
 - (ii) any playoff games played in the other Conference territory.
 - (iii) any Conference game played in the other Conference territory for which permission is first granted in writing by the Conference in whose territory such signal is proposed to be shown.
- (b) *Motion Pictures:* Each Conference shall have the exclusive motion picture rights to its own Conference and playoff games, and further shall have the exclusive rights to the exhibition by any means of motion pictures within its territory, any games played by any member Clubs of the League.
- (c) *Other:* Subject to the League Constitution, the Conferences shall retain all other rights except those that may be assigned by them to the League from time to time.

(2) *League:*

- (a) *Championship Game:* The League shall have all of the exclusive rights, including but not limited to, television, radio, motion pictures, programme and ticket advertising to the Championship Game.
- (b) *Other:* The League shall have television and radio rights to all Conference regular League and playoff games and the Championship Game exhibited on television and/or broadcast on radio outside of Canada.

SECTION 12

General Managers Committee

1. The General Managers Committee shall be appointed annually by the Executive Committee and shall consist of a representative of each member Club.
2. A chairman of the Committee shall be appointed by the Committee from its members annually, and such appointment may be alternated annually between the General Managers of the Eastern and Western Conferences at the request of either Conference.
3. The General Managers Committee shall have authority to bind the League only on such matters which have been referred to it for action by the Executive Committee.
4. On all other matters, whether referred to it or not, the General Managers Committee shall make recommendations to the League's Executive Committee.
5. Subject to the provisions of Article IX paragraph 9.09 of the Constitution, a majority of 7/9ths shall be required on any matter which has been referred to it by the Executive Committee for final decision and failing such a majority, the matter shall be referred back to the Executive Committee.
6. The Committee shall meet at the call of its Chairman, or whenever requested by the League President.
7. Minutes of each meeting shall be taken by the League Secretary and failing his attendance, by one of the Committee members selected by the meeting.

APPENDIX III
A SUMMARIZATION OF THE "COOL" REPORT

SUMMARIZATION "COOL" REPORTSECTION I

Introduction: Merely outlines the general purpose of the study and the terms of reference. It forecasts the conclusions ultimately arrived at, stressing most emphatically the necessity of immediately establishing one league with an all powerful Commissioner - assisted by a Secretary Treasurer and adequate staff - located in suitable offices, preferably in Toronto.

SECTION II MARKETING AND PUBLIC INTEREST AS EVIDENCED:

- (a) By attendance at the gate
- (b) By the T.V. ratings.

It is pointed out that no professional "market survey" pertaining to football has ever been made. However, unnamed local surveys and studies of attendance figures by COOL indicate lessening interest in the game in Eastern Cities (Except Hamilton) particularly if related to population increase. In 1960-1965 East down 2.1 in attendance. In Western Canada attendance was up 4.4 over same period, keeping pace in most instances with population increase.

SECTION III

Outlines the historical trends of interest in the game and more recent attendance figures - again indicating increasing Western support and declining Eastern (Hamilton excepted). Generally, however the historical record of growth has been excellent.

This Section is critical of the overall government and management of the game. It suggests too much sectional and local autonomy too much self-interest in the thinking of all clubs, lack of cooperation and exchange of information and ideas.

It is suggested that there is too much management by Committee and that the League operation is pretty much from the bottom that is, at local level, rather than from a strong central organization at the top.

Comment -- Inasmuch as no such central organization exists, this situation seems somewhat obvious, however the point of jealously guarded local autonomy has been the real problem.

SECTION IV EXTERNAL INFLUENCES

Discusses effects of Television on the game and warns about the possible effect on attendance of Color TV in 1966.

Comment -- Re question the fears expressed regarding the advent of Color Television - costs to public will be prohibitive for some time.

This section again stresses the necessity of a vigorous marketing program, a vastly extended public relations job, a better 'image' originating at the proposed Commissioner or Central League office level.

Stresses the necessity of constantly improving the game to make it more wide open and more attractive to the fans. Suggests any rule changes that might make the game more exciting - also better half time entertainment.

COMMENT -- In this, as in subsequent sections, the necessity of catering to the fan by providing better, more exciting football, adequate and handy parking, better concessions both in quality and service, good half time shows, more comfortable seating. New ideas to interest the youth of the land and our new citizens.

This section further accents centralization of control and marketing and cites - NFL, AFL, NHL and Baseball as examples.

SECTION V Objectives to be established or marks to shoot at.

In the pre-ample, this section reviews the wrangling between EFC and WFC the past few years over division of TV revenues and interlocking game receipts.

It then proceeds to set up some prime objectives which are as follows:

1.
 - a) Efficient management, initiative, marketing research development and co-ordination at the new top league level, that is by and through the proposed Commissioner's office.
 - b) Efficient management at Club level, again stressing marketing in all its phases - public relations, etc.
2. Strongly advises that policies be established and short and long term plans be formulated at both league and club levels to ascertain the needs and desires of the fans and make every effort to meet them insofar as the economy will permit.

All efforts to lead towards:

- a) Increasing overall revenues.
- b) Improve the product i.e. better or improved players more exciting games (see comment)
Rule changes if necessary.
- c) Improved seating, improved parking, improved concessions, better accommodation for Press,

T.V. and Radio.

- d) Distribute revenues more equitably so that all clubs may prosper.

COMMENT: So far in the COOL report, in fact, throughout, there seems to be considerable overlapping and repetition however, this may be by design driving home the importance of early action on the "One League" concept carrying with it an early start of effective marketing procedures.

SECTION VI Organizational Deficiencies - suggested corrections

This section points up organizational weaknesses in the present CFL setup --

The league presidency is honorary basically. The Commissioner is in a part-time capacity and has very limited authority.

Affairs of the league requiring promotion or negotiation such as T.V., scheduling, Grey Cup are handled by Committees or appointees.

Each conference runs their own play-offs and handles distribution of all revenues.

Without a central CFL office, there is no clearing house for promotional ideas, statistical data of all types, including comparative operating costs. Same applies as to public relations, press, radio, T.V., WFC has a PR man but it accomplishes little. Current example of COOL complaint is cited below: Pre-season schedule is handled by individual clubs, with some slight service to the General Managers' Committee.

Regular schedules are drawn by the CFL General Managers.

Play-offs are arranged and governed by the individual conferences.

Grey Cup game is handled by the Secretary of the CRU under the supervision of the Commissioner and the Secretary.

Suggested remedy: 1) One League 2) Commissioner full time and all authority - a Secretary-treasurer and office staff. 3) A Board of Governors.

APPENDIX IV
THE CANADIAN FOOTBALL LEAGUE'S
STANDARD PLAYERS CONTRACT

CANADIAN FOOTBALL LEAGUE STANDARD PLAYER CONTRACT

BETWEEN

..... a member of the Western Football Conference
Eastern Football Conference
(hereinafter referred to as the "Conference"), and of the Canadian Football League,
hereinafter called the "Club."

—AND—

..... of the city / town of.....
In the province / state of..... hereinafter called the "Player"

In consideration of the mutual and respective covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The term of this contract shall be from the date of execution hereof until the 1st day of June following the close of the football season commencing in 197..... subject however to rights of prior termination as specified herein.
2. The player agrees that during the term of this contract he will play football and will engage in activities related to football only for the Club and will play for the Club in all its Conference's scheduled and play-off games, and Canadian Football League play-off games and any exhibition games for which the Club may arrange; and the Club, subject to the provisions hereof, agrees during such period to employ the player as a skilled football player. The player agrees during the term of this contract to report promptly for the Club's training sessions and at the Club's directions to participate in all practice sessions.
3. For the player's services as a skilled football player during the term of this contract, and for his agreement not to play football, or engage in activities relating to football, for any other person, firm, Club or corporation during the term of this contract and for the option hereinafter set forth giving the Club the right to renew this contract and for the other undertakings of the player herein, the Club promises to pay the player the sum of \$..... to be payable as follows: 75% of said salary in weekly installments commencing with the first and ending with the last regularly scheduled Conference game played by the Club during such season, and the balance of 25% of said sum at the end of the last scheduled Conference game, unless the Club shall, after its last scheduled Conference game have any Conference or Canadian Football League play off games to engage in, in which event the remaining 25% shall be paid at the end of the last such play off games.

4. The Club shall be entitled to deduct from each and every payment made under any of the provisions of this agreement, any amount required for the player's income taxes and any other deductions required or authorized by law.
- 4A. The Player shall participate in the Canadian Football League Pension Plan and the Club is authorized, from time to time, to deduct and remit to the Trustee such sums of money as may be required for the Player's contribution to the Plan.
5. The Club agrees to pay the proper and necessary travelling and reasonable board and lodging expenses whenever the player is travelling in the services of the Club for games in other than the Club's home city, but when not so travelling, the player shall pay his own expenses.
6. Prior to the start of each football season, the player shall attend before the Club's medical committee for a complete physical and medical examination, and, if, in the opinion of the said medical committee, the player is not completely fit to participate in football activities, this agreement and everything herein contained, at the Club's option, shall be void and of no force and effect.
7. The player agrees to comply with all the rules and regulations now, or which may hereafter be, adopted during the duration of this contract, by the Canadian Football League and/or the Conference and/or the Club.
8. The player agrees that should he at any time or times, or in any manner, fail to comply with the covenants or agreements on his part herein contained, or any of them, or should the player at any time be intemperate, immoral, careless or indifferent, or conduct himself in such manner, whether on or off the field, as in the opinion of the Club, endangers or prejudices the interests of the Club, or fails to attain when requested, first class physical condition, or fails to maintain first class physical condition throughout the football season, then the Club shall have the right to discipline, fine, suspend for any period or indefinitely, or cancel the contract in such manner as the Club shall deem fit and proper, and in case of a fine being imposed by the Club, the player agrees to pay such fine or the Club may withhold an equivalent amount from any salary due or to become due in payment thereof.
9. The player agrees to promptly pay any fine levied on him by the Conference or any of its properly authorized officers or its or the Canadian Football League's Commissioner, and failing such prompt payment the Club is authorized to pay same and deduct such amount from any salary due or to become due to the player.
10. The player represents that he is and will continue to be highly skilled in all types of football team play to play football of the calibre required by the Conference and by the Club, and agrees to perform his services hereunder to the complete satisfaction of the Club and its Head Coach. If, in the opinion of the Head Coach, the player fails at any time during the term of this contract to demonstrate sufficient skill and capacity to play football of the calibre required by the Conference or by the Club, or if, in the opinion of the Head Coach, the player's work or conduct in the performance of this contract is unsatisfactory, or, where there exists a limit to the number permitted of a certain class of player, and in the opinion of the Head Coach, the player, being within that class, should not be included amongst the permitted number, the Club shall have the right to terminate this contract upon notice to the player. It is agreed by both parties that the Club's Head Coach shall be the sole judge as to the competency and satisfaction of the player and his services.
11. Upon termination of this contract during the football season, the player shall only be entitled to receive and the Club shall only be required to pay to the player as compensation for services theretofore rendered hereunder, such portion of the total compensation for the regular season as provided in paragraph 3 hereof, as the number of the regular scheduled Conference games already played bears to the total number of Conference games scheduled for the Club for that season, and upon such termination the Club shall pay to the player the balance of such compensation as then remains owing to the player.
12. The player promises and agrees that during the term of this contract he will not play football or engage in activities related to football in Canada or in the United States of America for any other person, firm, Club or corporation except with the prior written consent of the Club, and that he will not, during the term of this contract engage in any game or exhibition of football, basketball, hockey, wrestling, boxing, or any other sport which endangers his ability to perform his services hereunder without the prior written consent of the Club.
13. The player hereby represents that he has special, exceptional and unique knowledge, skill and ability as a football player, the loss of which cannot be estimated with any certainty and cannot be fairly or adequately compensated by damages, and therefore agrees that the Club shall have the right, in addition to any other rights which the Club may possess, to enjoin him by appropriate injunction proceedings against playing football or engaging in activities relating to football in Canada or the United States of America, for any person, firm, Club or corporation, and against any other breach of this contract.
14. It is mutually agreed that the Club shall have the right to sell, exchange, assign and transfer this contract and the player's services to any Club of the Conference or to any Club in a Conference affiliated with the Canadian Football League, and the player agrees to accept such assignment and to report promptly to the assignee Club and faithfully to perform and carry out the contract with the assignee Club as if it had been entered into by the player with the assignee Club instead of with the Club, and the player agrees that the assignee Club shall pay to the Club any amount owing by the player at the time of such sale, exchange, assignment or transfer and shall be permitted to deduct such amount from salary due or to become due to the player.

15. On or before the date of expiration of this contract the Club may, upon notice in writing to the player acknowledge to renew the contract for a further term until the 31st day of June following said expiration, on the same terms as are provided by this contract, except that (1) the Club may fix the rate of compensation to be paid by the Club to the player during said period of renewal, which compensation shall not be less than ninety per cent (90%) of the amount set forth in paragraph 3 hereof, and (2) after such renewal this contract shall not include a further option to renew the contract; the phrase "Rate of Compensation" as above used shall not be understood to include bonus payments or payments of any nature whatsoever other than the precise sum set forth in paragraph 3 hereof.

16. It is mutually understood and agreed that if the operation of the Conference is suspended, this contract shall immediately be terminated and the remuneration to be paid to the player shall be on the basis as provided by paragraph 11 herein.

17. The player acknowledges the right and power of the Club and/or of the Conference and/or of the Commissioner or the Canadian Football League's Commissioner to fine, suspend for any period or indefinitely, and/or cancel the contract of any player who accepts a bribe or who agrees to throw or fix a game, or who, having knowledge of the same, fails to report an offered bribe or an attempt to throw or fix a game, or who bets on a game, or who is guilty of any conduct detrimental to the welfare of the Conference, or the Canadian Football League, or of professional football; and the player hereby releases the said Conference and its or the Canadian Football League's Commissioner and the Club, and every officer, director and member of the Conference, the Canadian Football League and the said Club, jointly, and severally whatsoever he may have arising out of or in connection with the decision of the Conference or its or the Canadian Football League's Commissioner or the Club in any of the aforesaid cases.

18. The player agrees that he will not make any appearances on any program, including radio and/or television, or at any function, nor will he write articles pertaining to football or assist in the coaching of any football team other than the Club without the written consent of the Club first obtained.

19. The parties agree that the Club shall have the exclusive right to permit any person, firm or corporation to display, for publicity or commercial purposes, pictures of the player without the player receiving remuneration therefor, and the player shall not allow either gratuitously or for remuneration, any pictures of the player to be used for any publicity purposes without the consent in writing of the Club first had and obtained.

20. If the player is injured as a result of playing football for the Club, the Club will pay the player's reasonable hospitalization until discharge from the hospital, and his medical expenses and doctor's bills, provided that the hospital and doctor are selected by the Club, and provided further that the Club's obligation to pay such expenses shall terminate at a period not more than eight weeks after the injury, and the player releases the Club from any and every additional obligation, liability, claim or demand whatsoever in connection therewith.

21. It is further agreed that if the player is injured in the performance of his duties hereunder during or subsequent to the Club's first scheduled Conference game, and the injury or injuries are such as to render him, in the sole judgment of the Club's physician, unfit to play skilled football during the football season or any part thereof, the Club shall pay to the player, so long as in the sole opinion of the Club's physician the player continues to be unable to resume his duties hereunder, 100% of the salary in which the player would be entitled to pursuant to paragraph 3 hereof, if he had played in the scheduled Conference games, it being understood and agreed that this obligation shall not extend beyond the current playing season and does not include bonuses for playoff games. If, after examination by the Club's physician, the player in said physician's opinion is able to resume his duties hereunder, the player may, if he disagrees with such opinion, so notify the Club in writing within 30 hours of the examination and may within 30 hours of such notification submit at his own expense to an examination by a physician of his choice. If the opinion of the physician selected by the player with respect to the player's physical ability to render the services required by this contract is contrary to that of the Club physician, the dispute shall be submitted to a disinterested physician to be selected by the Club's physician and the player's physician or, if they are unable to agree, by the Commissioner and the opinion of such disinterested physician shall be conclusive and binding upon the player and the Club. The expense of obtaining the opinion of such disinterested physician shall be borne by the Club if his opinion agrees with that of the player's physician and by the player if such opinion agrees with that of the Club's physician.

22. The player represents to the Club that he is not under contract or option to play football for any other Club in Canada or the United States of America during the term of this contract, and that he has no contractual obligations which would prevent him from entering into the within contract.

23. Should the player become a member of the Armed Forces of either Canada or the United States of America or retire from football prior to the expiration of this contract, or any option contained herein, and subsequently be released from the Armed Forces or return to professional football, then and in either event the time elapsed between the player's induction into the Armed Forces and his discharge therefrom, or between his retiring from professional football and his return thereto, shall be considered as tolled, and the term of this contract shall be considered as extended for a period beginning with the player's release from the Armed Forces or his return to professional football, as the case may be, and ending after a period of time equal to the portion of the term of this contract which was unexpired at the time the player entered the Armed Forces or retired from professional football; and the option contained herein shall be considered as continuously in effect from the date of this contract until the end of such extended term.

24. This agreement contains the entire agreement between the parties and there are no oral or written inducements, promises or agreements except as contained herein.

25. This agreement has been made under and shall be governed by the laws of the Province of

IN WITNESS WHEREOF the player has hereunto set his hand and seal and the Club has caused this contract to be executed by its duly authorized officer or officers this day of A.D. 197

SIGNED, SEALED and DELIVERED Club
in the presence of: By
..... Player
..... Witness to Player's Signature
..... Player's Address

PLAYER'S COPY

**CANADIAN FOOTBALL LEAGUE
STANDARD PLAYER CONTRACT**

BETWEEN

.....**LIMOSTON SKIING FOOTBALL CLUB**..... a member of the **Western Football Conference**
(hereinafter referred to as the "Conference"), and of the Canadian Football League,
hereinafter called the "Club."

-AND-

.....**EDICE CAHREN**..... of the city/town of **EDMONTON**
in the province/territory of **ALBERTA**..... hereinafter called the "Player"

In consideration of the mutual and respective covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The term of this contract shall be from the date of execution hereof until the 1st day of June following the close of the football season commencing in 197... subject however to rights of prior termination as specified herein.
2. The player agrees that during the term of this contract he will play football and will engage in activities related to football only for the Club and will play for the Club in all its Conference's scheduled and play-off games, and Canadian Football League play-off games and any exhibition games for which the Club may arrange; and the Club, subject to the provisions hereof, agrees during such period to employ the player as a skilled football player. The player agrees during the term of this contract to report promptly for the Club's training sessions and at the Club's directions to participate in all practice sessions.
3. For the player's services as a skilled football player during the term of this contract, and for his agreement not to play football, or engage in activities relating to football, for any other person, firm, Club or corporation during the term of this contract and for the option hereinafter set forth giving the Club the right to renew this contract and for the other undertakings of the player herein, the Club promises to pay the player the sum of \$....., to be payable as follows: 75% of said salary in weekly instalments commencing with the first and ending with the last regularly scheduled Conference game played by the Club during such season, and the balance of 25% of said sum at the end of the last scheduled Conference game, unless the Club shall, after its last scheduled Conference game have any Conference or Canadian Football League play-off games to engage in, in which event the remaining 25% shall be paid at the end of the last such play-off game.

3A. If the Player is only on the roster for one game he is to be paid the sum of \$700.00 in lieu of the normal proportionate value of the contract.

3B. The Player is to receive the additional sum of \$700.00 if he is a member of the regular offensive or defensive unit in eight or more games of the regular season schedule.

4. The Club shall be entitled to deduct from each and every payment made under any of the provisions of this agreement, any amount required for the player's income taxes and any other deductions required or authorized by law.

4A. The Player shall participate in the Canadian Football League Pension Plan and the Club is authorized, from time to time, to deduct and remit to the Trustee such sums of money as may be required for the Player's contribution to the Plan.

5. The Club agrees to pay the proper and necessary travelling and reasonable board and lodging expenses whenever the player is travelling in the services of the Club for games in other than the Club's home city, but when not so travelling, the player shall pay his own expenses.

6. Prior to the start of each football season, the player shall attend before the Club's medical committee for a complete physical and medical examination, and, if, in the opinion of the said medical committee, the player is not completely fit to participate in football activities, this agreement and everything herein contained, at the Club's option, shall be void and of no force and effect.

7. The player agrees to comply with all the rules and regulations now, or which may hereafter be, adopted during the duration of this contract, by the Canadian Football League and/or the Conference and/or the Club.

8. The player agrees that should he at any time or times, or in any manner, fail to comply with the covenants or agreements on his part herein contained, or any of them, or should the player at any time be intemperate, immoral, careless or indifferent, or conduct himself in such manner, whether on or off the field, as in the opinion of the Club, endangers or prejudices the interests of the Club, or fails to attain, when requested, first class physical condition, or fails to maintain first class physical condition throughout the football season, then the Club shall have the right to discipline, fine, suspend for any period or indefinitely, or cancel the contract in such manner as the Club shall deem fit and proper, and in case of a fine being imposed by the Club, the player agrees to pay such fine or the Club may withhold an equivalent amount from any salary due or to become due in payment hereof.

9. The player agrees to promptly pay any fine levied on him by the Conference or any of its properly authorized officers or its or the Canadian Football League's Commissioner, and failing such prompt payment the Club is authorized to pay same and deduct such amount from any salary due or to become due to the player.

10. The player represents that he is and will continue to be highly skilled in all types of football team play to play football of the calibre required by the Conference and by the Club, and agrees to perform his services hereunder to the complete satisfaction of the Club and its Head Coach. If, in the opinion of the Head Coach, the player fails at any time during the term of this contract to demonstrate sufficient skill and capacity to play football of the calibre required by the Conference or by the Club, or if, in the opinion of the Head Coach, the player's work or conduct in the performance of this contract is unsatisfactory, or where there exists a limit to the number permitted of a certain class of player, and in the opinion of the Head Coach, the player, being within that class, should not be included amongst the permitted number, the Club shall have the right to terminate this contract upon notice to the player. It is agreed by both parties that the Club's Head Coach shall be the sole judge as to the competency and satisfaction of the player and his services.

11. Upon termination of this contract during the football season, the player shall only be entitled to receive and the Club shall only be required to pay to the player as compensation for services theretofore rendered hereunder, such portion of the total compensation for the regular season as provided in paragraph 3 hereof, as the number of the regular scheduled Conference games already played bears to the total number of Conference games scheduled for the Club for that season, and upon such termination the Club shall pay to the player the balance of such compensation as then remains owing to the player.

12. The player promises and agrees that during the term of this contract he will not play football or engage in activities related to football in Canada or in the United States of America for any other person, firm, Club or corporation except with the prior written consent of the Club, and that he will not, during the term of this contract engage in any game or exhibition of baseball, basketball, hockey, wrestling, boxing, or any other sport which endangers his ability to perform his services hereunder without the prior written consent of the Club.

13. The player hereby represents that he has special, exceptional and unique knowledge, skill and ability as a football player, the loss of which cannot be estimated with any certainty and cannot be fairly or adequately compensated by damages, and therefore agrees that the Club shall have the right, in addition to any other rights which the Club may possess, to enjoin him by appropriate injunction proceedings against playing football or engaging in activities relating to football in Canada or the United States of America, for any person, firm, Club or corporation, and against any other breach of this contract.

14. It is mutually agreed that the Club shall have the right to sell, exchange, assign and transfer this contract and the player's services to any Club of the Conference or to any Club in a Conference affiliated with the Canadian Football League, and the player agrees to accept such assignment and to report promptly to the assignee Club and faithfully to perform and carry out the contract with the assignee Club as if it had been entered into by the player with the assignee Club instead of with this Club, and the player agrees that the assignee Club shall pay to the Club any amount owing by the player at the time of such sale, exchange, assignment or transfer and shall be permitted to deduct such amount from salary due or to become due to the player.

15. On or before the date of expiration of this contract the Club may, upon notice in writing to the player addressed to 3170 44th Street, Edmonton, Alberta, renew this contract for a further term until the 1st day of June following said expiration, on the same terms as are provided by this contract, except that (1) the Club may fix the rate of compensation to be paid by the Club to the player during said period of renewal, which compensation shall not be less than ninety per cent (90%) of the amount set forth in paragraph 3 hereof, and (2) after such renewal this contract shall not include a further option to renew the contract; the phrase "Rate of Compensation" as above used shall not be understood to include bonus payments or payments of any nature whatsoever other than the precise sum set forth in paragraph 3 hereof.

16. It is mutually understood and agreed that if the operation of the Conference is suspended, this contract shall immediately be terminated and the remuneration to be paid to the player shall be on the basis as provided by paragraph 11 herein.

17. The player acknowledges the right and power of the Club and/or of the Conference and/or of the Conference's or the Canadian Football League's Commissioner to fine, suspend for any period or indefinitely, and/or cancel the contract of any player who accepts a bribe or who agrees to throw or fix a game, or who, having knowledge of the same, fails to report an offered bribe or an attempt to throw or fix a game, or who bets on a game, or who is guilty of any conduct detrimental to the welfare of the Conference, or the Canadian Football League, or of professional football; and the player hereby releases the said Conference and its or the Canadian Football League's Commissioner and the Club, and every officer, director and member of the Conference, the Canadian Football League and the said Club, jointly, and severally whatsoever he may have acting out of or in connection with the decision of the Conference or its or the Canadian Football League's Commissioner or the Club in any of the aforesaid cases.

18. The player agrees that he will not make any appearances on any program, including radio and/or television, or at any function, nor will he write articles pertaining to football or assist in the coaching of any football team other than the Club without the written consent of the Club first obtained.

19. The parties agree that the Club shall have the exclusive right to permit any person, firm or corporation to display, for publicity or commercial purposes, pictures of the player without the player receiving remuneration therefor, and the player shall not allow either gratuitously or for remuneration, any pictures of the player to be used for any publicity purposes without the consent in writing of the Club first had and obtained.

20. If the player is injured as a result of playing football for the Club, the Club will pay the player's reasonable hospitalization until discharge from the hospital, and his medical expenses and doctor's bills, provided that the hospital and doctor are selected by the Club, and provided further that the Club's obligation to pay such expenses shall terminate at a period not more than eight weeks after the injury, and the player releases the Club from any and every additional obligation, liability, claim or demand whatsoever in connection therewith.

21. It is further agreed that if the player is injured in the performance of his duties hereunder during or subsequent to the Club's first scheduled Conference game, and the injury or injuries are such as to render him, in the sole judgment of the Club's physician, unfit to play skilled football during the football season or any part thereof, the Club shall pay to the player, so long as in the sole opinion of the Club's physician the player continues to be unable to resume his duties hereunder, 100% of the salary to which the player would be entitled to pursuant to paragraph 3 hereof, if he had played in the scheduled Conference games; it being understood and agreed that this obligation shall not extend beyond the current playing season and does not include bonuses for playoff games. If, after examination by the Club's physician, the player in said physician's opinion is able to resume his duties hereunder, the player may, if he disagrees with such opinion, so notify the Club in writing within 36 hours of the examination and may within 36 hours of such notification submit at his own expense to an examination by a physician of his choice. If the opinion of the physician selected by the player with respect to the player's physical ability to render the services required by this contract is contrary to that of the Club physician, the dispute shall be submitted to a disinterested physician to be selected by the Club's physician and the player's physician or, if they are unable to agree, by the Commissioner and the opinion of such disinterested physician shall be conclusive and binding upon the player and the Club. The expense of obtaining the opinion of such disinterested physician shall be borne by the Club if his opinion agrees with that of the player's physician and by the player if such opinion agrees with that of the Club's physician.

22. The player represents to the Club that he is not under contract or option to play football for any other Club in Canada or the United States of America during the term of this contract, and that he has no contractual obligations which would prevent him from entering into the within contract.

23. Should the player become a member of the Armed Forces of either Canada or the United States of America or retire from football prior to the expiration of this contract, or any option contained herein, and subsequently be released from the Armed Forces or return to professional football, then and in either event the time elapsed between the player's induction into the Armed Forces and his discharge therefrom, or between his retiring from professional football and his return thereto, shall be considered as tacked, and the term of this contract shall be considered as extended for a period beginning with the player's release from the Armed Forces or his return to professional football, as the case may be, and ending after a period of time equal to the portion of the term of this contract which was unexpired at the time the player entered the Armed Forces or retired from professional football; and the option contained herein shall be considered as continuously in effect from the date of this contract until the end of such extended term.

24. This agreement contains the entire agreement between the parties and there are no oral or written inducements, promises or agreements except as contained herein.

25. This agreement has been made under and shall be governed by the laws of the Province of ALBERTA.

26. In addition to the salary set forth in the Player's contract under Clause Three (3) of this contract, the Club agrees to pay the player the following with respect to play-off games:

- PLUS Four Hundred Dollars (\$400.00) for each game played in the WFC Semi-Final.
- PLUS Three Hundred Dollars (\$300.00) for each game played in the WFC Final.
- PLUS One Thousand Dollars (\$1,000.00) for the Club player in the Dominion Final (Grey Cup Game).
- PLUS Five Hundred Dollars (\$500.00) for the Club player in the Dominion Final, Grey Cup Game.

27. The Player agrees to make such appearances at public or private gatherings or on radio or television programs, in the interests of the promotion of football, as the Club may request from time to time.

IN WITNESS WHEREOF the player has hereunto set his hand and seal and the Club has caused this contract to be executed by its duly authorized officer or officers this 13 day of June, A.D. 1971.

SIGNED, SEALED and DELIVERED
 in the presence of: _____
 By: _____ Club
 _____ Player
 _____ Witness to Player's Signature
 _____ Player's Address

PLAYER'S COPY

APPENDIX V
AN ESTIMATION OF THE EXCESS PROFITS
OF THE CANADIAN LEAGUE FIRMS

Montreal

Revenue

Net Gate	521,471
Gate Equalization	12,565
Television	121,093.75
Radio	60,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Preseason Games	68,077
	<hr/>
Total	992,460.19

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessment	29,000
Travel	45,000
Home Game, Administration and Miscellaneous Costs	307,325.45
	<hr/>
Total	912,925.45

$$\frac{R - C}{R} = 8.01 \% \text{ excess profit.}$$

Ottawa

Revenue

Net Gate	500,663
Gate Equalization	19,501
Television	121,093.75
Radio	60,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Preseason Games	84,613.54
	<hr/>
Total	995,124.73

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessment	29,000
Travel	45,000
Home Game, Administration, and Miscellaneous Costs	301,530.7
	<hr/>
Total	907,130.7

$$\frac{R - C}{R} = 8.84 \% \text{ excess profit.}$$

Toronto

Revenue	1.	2.*
Net Gate	739,166	908,520.9
Gate Equalization	-60,000	
Television	121,093.75	
Radio	60,000	
Grey Cup	67,036.44	
Promotions and Programs	142,217	
Preseason Games	234,073.54	
	<hr/>	
Total	1,303,586.7	1,472,941.6

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessment	29,000
Travel	45,000
Home Game, Administration and Miscellaneous Costs	363,678.72
	<hr/>
Total	969,278.72

1. $\frac{R - C}{R} = 25.64\%$ excess profit.

2.* $\frac{R - C}{R} = 34.19\%$ excess profit.

* Toronto has a ceiling of \$60,000 for gate equalization and so in method 1 the normal calculation of the net gate from gate equalization was employed where as in method 2 the net gate was derived from the preseason game net gate. For Toronto method 2 perhaps presents a more accurate picture of the excessive profits.

Hamilton

Revenues

Net Gate	514,409
Gate Equalization	14,919
Television	121,093.75
Radio	60,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Preseason Games	80,673.54
	<hr/>
Total	1,000,348.73

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessment	29,000
Travel	45,000
Home Game, Administration, and Miscellaneous Costs	309,082.24
	<hr/>
Total	914,682.24

$$\frac{R - C}{R} = 8.56 \% \text{ excess profit.}$$

Winnipeg

Revenues

Net Gate	466,973
Gate Equalization	30,731
Television	67,625
Radio	27,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Preseason Games	81,473.54
	<hr/>
Total	883,055.98

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessment	29,000
Travel	45,000
Home Game, Administration, and Miscellaneous Costs	242,039.29
	<hr/>
Total	847,639.29

$$\frac{R - C}{R} = 4.01 \% \text{ excess profits.}$$

Saskatchewan

Revenues

Net Gate	467,582
Gate Equalization	30,528
Television	67,625
Radio	27,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Preseason Games	68,078.54
	<hr/>
Total	870,066.98

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessments	29,000
Travel	45,000
Home Game, Administration, and Miscellaneous Costs	232,734.63
	<hr/>
Total	838,334.63

$$\frac{R - C}{R} = 3.64 \% \text{ excess profits.}$$

Calgary

Revenues

Net Gate	558,893
Gate Equalization	9,000
Television	67,625
Radio	27,000
Grey Cup Game	67,036
Promotions and Programs	142,217
Preseason Games	103,983.54
	<hr/>
Total	966,845.54

Costs

Players	421,600
Coaches	100,000
C.F.L. Assessments	29,000
Travel	45,000
Home Game, Administration, and Miscellaneous Costs	237,349.4
	<hr/>
Total	842,949.4

$$\frac{R - C}{R} = 12.81 \% \text{ excess profit.}$$

Edmonton

Revenues

Net Gate	551,480
Gate Equalization	2,562
Television	67,625
Radio	27,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Preseason Games	93,577
	<hr/>
Total	951,497.44

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessments	29,000
Travel	45,000
Home Game, Administration, and Miscellaneous Costs	246,836.5
	<hr/>
Total	852,436.5

$$\frac{R - C}{R} = 10.41 \% \text{ excess profits.}$$

British Columbia

Revenues

Net Gate	711,857
Gate Equalization	-50,897
Television	67,625
Radio	27,000
Grey Cup Game	67,036.44
Promotions and Programs	142,217
Preseason Games	138,556.54
	<hr/>
Total	1,103,394.98

Costs

Players	421,600
Coaches	110,000
C.F.L. Assessments	29,000
Travel	45,000
Home Game, Administration, and Miscellaneous Costs	351,302
	<hr/>
Total	956,902

$$\frac{R - C}{R} = 13.27 \% \text{ excess profits.}$$

APPENDIX VI
CANADIAN FOOTBALL LEAGUE SCHEDULES
1970 and 1971

1970 PRE-SEASON

July	Thurs	2	All-Star Game at Ottawa	8:00 P.M.
	Mon	6	Edmonton at B.C.	8:00 P.M.
	Tue	7	Winnipeg at Montreal	8:00 P.M.
	Wed	8	Ottawa at Toronto	8:15 P.M.
	Wed	8	Edmonton at Calgary	8:30 P.M.
	Thurs	9	Winnipeg at Hamilton	8:00 P.M.
	Fri	10	B.C. at Saskatchewan	8:00 P.M.
	Mon	13	Calgary at Ottawa	8:00 P.M.
	Mon	13	Saskatchewan at Winnipeg	8:00 P.M.
	Tue	14	Toronto at Edmonton	8:00 P.M.
	Wed	15	Calgary at Montreal	8:00 P.M.
	Thurs	16	Toronto at B.C.	8:00 P.M.
	Fri	17	Hamilton at Saskatchewan	8:00 P.M.
	Mon	20	Montreal at Ottawa	8:00 P.M.
	Mon	20	Hamilton at Calgary	8:00 P.M.
	Tue	21	B.C. at Winnipeg	8:00 P.M.
	Wed	22	Saskatchewan at Edmonton	8:00 P.M.
	Thurs	23	Ottawa at Hamilton	8:00 P.M.
	Fri	24	Montreal at Toronto	8:15 P.M.

REGULAR SEASON

July	Tuesday	28	Saskatchewan at B.C.	8:00 P.M.
	Wednesday	29	Hamilton at Ottawa	8:00 P.M.
	Wednesday	29	Winnipeg at Calgary	8:00 P.M.
	Friday	31	Edmonton at Saskatchewan	8:00 P.M.
August	Tuesday	4	Toronto at Montreal	8:00 P.M.
	Tuesday	4	B.C. at Winnipeg	8:00 P.M.
	Wednesday	5	Calgary at Edmonton	8:00 P.M.
	Saturday	8	Saskatchewan at Hamilton	8:00 P.M.
	Monday	10	B.C. at Calgary	8:00 P.M.
	Tuesday	11	Saskatchewan at Ottawa	8:00 P.M.
	Wednesday	12	Montreal at Winnipeg	8:00 P.M.
	Thursday	13	Hamilton at Toronto	8:00 P.M.
	Thursday	13	B.C. at Edmonton	8:00 P.M.
	Monday	17	Calgary at Saskatchewan	8:00 P.M.
	Tuesday	18	Edmonton at Montreal	8:00 P.M.
	Thursday	20	Edmonton at Toronto	8:00 P.M.
	Thursday	20	Calgary at B.C.	8:00 P.M.
	Saturday	22	Winnipeg at Hamilton	8:00 P.M.
	Tuesday	25	Ottawa at Edmonton	8:00 P.M.
	Wednesday	26	Toronto at Winnipeg	8:00 P.M.
	Wednesday	26	Saskatchewan at Calgary	8:00 P.M.
	Thursday	27	Ottawa at B.C.	8:00 P.M.
	Sunday	30	Toronto at Saskatchewan	2:00 P.M.
September	Tuesday	1	B.C. at Edmonton	8:00 P.M.
	Wednesday	2	Montreal at Ottawa	8:00 P.M.
	Wednesday	2	Calgary at Winnipeg	8:00 P.M.
	Monday	7	Montreal at Hamilton	2:00 P.M.

	Monday	7	Toronto at Ottawa	8:00 p.m.
	Monday	7	Edmonton at Calgary	2:30 p.m.
	Monday	7	Winnipeg at Saskatchewan	2:00 p.m.
	Saturday	12	Hamilton at Montreal	8:00 p.m.
	Saturday	12	Saskatchewan at Edmonton	8:00 p.m.
	Sunday	13	Ottawa at Toronto	2:00 p.m.
	Sunday	13	Winnipeg at B.C.	2:00 p.m.
	Wednesday	16	Calgary at Hamilton	8:00 p.m.
	Friday	18	B.C. at Saskatchewan	8:00 p.m.
	Saturday	19	Calgary at Ottawa	2:00 p.m.
	Sunday	20	Montreal at Toronto	2:00 p.m.
	Sunday	20	Edmonton at Winnipeg	2:30 p.m.
	Wednesday	23	Hamilton at B.C.	8:00 p.m.
	Saturday	26	Hamilton at Edmonton	8:00 p.m.
	Sunday	27	Toronto at Calgary	2:00 p.m.
	Sunday	27	Ottawa at Montreal	2:00 p.m.
	Sunday	27	Saskatchewan at Winnipeg	2:30 p.m.
October	Saturday	3	Winnipeg at Ottawa	2:00 p.m.
	Saturday	3	Edmonton at B.C.	8:00 p.m.
	Sunday	4	Montreal at Saskatchewan	2:30 p.m.
	Sunday	4	Toronto at Hamilton	2:00 p.m.
	Wednesday	7	Montreal at Calgary	8:00 p.m.
	Saturday	10	B.C. at Toronto	2:00 p.m.
	Sunday	11	Winnipeg at Saskatchewan	2:00 p.m.
	Monday	12	Ottawa at Hamilton	2:00 p.m.
	Monday	12	Calgary at Edmonton	2:00 p.m.
	Wednesday	14	B.C. at Montreal	8:00 p.m.
	Saturday	17	Hamilton at Ottawa	2:00 p.m.
	Saturday	17	Edmonton at Winnipeg	8:00 p.m.
	Sunday	18	Montreal at Toronto	2:00 p.m.
	Sunday	18	Saskatchewan at Calgary	2:00 p.m.
	Wednesday	21	Winnipeg at B.C.	8:00 p.m.
	Saturday	24	Ottawa at Montreal	2:00 p.m.
	Saturday	24	Winnipeg at Edmonton	8:00 p.m.
	Sunday	25	Toronto at Hamilton	2:00 p.m.
	Sunday	25	B.C. at Calgary	2:00 p.m.
	Wednesday	28	Edmonton at Saskatchewan	8:00 p.m.
	Saturday	31	Ottawa at Toronto	2:00 p.m.
November	Sunday	1	Hamilton at Montreal	2:00 p.m.
	Sunday	1	Calgary at Winnipeg	2:30 p.m.
	Sunday	1	Saskatchewan at B.C.	2:00 p.m.

PLAYOFF SCHEDULE

<u>GAME</u>	<u>DAY</u>	<u>DATE</u>	<u>LOCAL START TIME</u>
East Semi-Final	Saturday	November 7	2:00
West Semi-Final	Sunday	November 8	2:00
First West Final	Saturday	November 14	2:00
First East Final	Sunday	November 15	2:00

<u>GAME</u>	<u>DAY</u>	<u>DATE</u>	<u>LOCAL START TIME</u>
Second West Final	Wednesday	November 18	8:00
Second East Final	Saturday	November 21	2:00
Third West Final (if necessary)	Sunday	November 22	2:00
Grey Cup Game	Saturday	November 28	1:00

1971 PRE-SEASON

June	Tue	29	All-Stars	at	Montreal	8:00 EDT
July	Mon	5	Winnipeg	at	Ottawa	8:00 EDT
	Mon	5	Edmonton	at	B.C.	8:00 PDT
	Wed	7	Winnipeg	at	Hamilton	8:00 EDT
	Wed	7	Saskatchewan	at	Calgary	8:00 MST
	Thur	8	Montreal	at	Toronto	8:15 EDT
	Fri	9	Ottawa	at	Edmonton	8:00 MST
	Mon	12	Calgary	at	Montreal	8:00 EDT
	Mon	12	Ottawa	at	B.C.	8:00 PDT
	Mon	12	Toronto	at	Winnipeg	8:00 CDT
	Mon	12	Hamilton	at	Saskatchewan	8:00 CST
	Fri	16	B.C.	at	Toronto	8:15 EDT
	Fri	16	Calgary	at	Edmonton	8:00 MST
	Mon	19	Hamilton	at	Montreal	8:00 EDT
	Mon	19	B.C.	at	Ottawa	8:00 EDT
Mon	19	Edmonton	at	Saskatchewan	8:00 CST	
Wed	21	Saskatchewan	at	Winnipeg	8:00 CDT	
Thur	22	Toronto	at	Hamilton	8:00 EDT	
Thur	22	Montreal	at	Calgary	8:00 MST	

REGULAR SEASON

July	Tue	27	Edmonton	at	Ottawa	8:00 EDT
	Tue	27	Saskatchewan	at	B.C.	8:00 PDT
	Wed	28	Winnipeg	at	Toronto	8:00 EDT
	Thur	29	Edmonton	at	Hamilton	8:00 EDT
	Fri	30	Calgary	at	Saskatchewan	8:00 CST
August	Mon	2	Ottawa	at	Winnipeg	8:00 CDT
	Tue	3	Saskatchewan	at	Montreal	8:00 EDT
	Wed	4	Ottawa	at	Calgary	8:00 MST
	Wed	4	B.C.	at	Edmonton	8:00 MST
	Fri	6	Saskatchewan	at	Toronto	8:00 EDT
	Mon	9	B.C.	at	Winnipeg	8:00 CDT

Wed	11	Hamilton	at	Ottawa	8:00 EDT
Wed	11	Calgary	at	Edmonton	8:00 MST
Thur	12	Toronto	at	Montreal	8:00 EDT
Fri	13	Winnipeg	at	Saskatchewan	8:00 CST
Mon	16	Winnipeg	at	Calgary	8:00 MST
Wed	18	Edmonton	at	B.C.	8:00 PDT
Thur	19	Ottawa	at	Toronto	8:00 EDT
Thur	19	Saskatchewan	at	Winnipeg	8:00 CDT
Tues	24	B.C.	at	Calgary	8:00 MST
Wed	25	Montreal	at	Hamilton	8:00 EDT
Wed	25	Winnipeg	at	Edmonton	8:00 MST
Fri	27	Ottawa	at	Saskatchewan	8:00 CST
Sun	29	Toronto	at	B.C.	* PDT
Tues	31	Hamilton	at	Montreal	8:00 EDT

* Starting time to be later announced

September	Wed	1	Calgary	at	Winnipeg	8:00 CDT
	Wed	1	Toronto	at	Edmonton	8:00 MST
	Mon	6	Montreal	at	Ottawa	8:00 EDT
	Mon	6	Toronto	at	Hamilton	2:00 EDT
	Mon	6	B.C.	at	Saskatchewan	2:00 CST
	Mon	6	Edmonton	at	Calgary	2:30 MST
	Sat	11	Ottawa	at	Montreal	8:00 EDT
	Sat	11	Edmonton	at	Winnipeg	8:00 CDT
	Sun	12	Hamilton	at	Toronto	2:00 EDT
	Sun	12	Calgary	at	B.C.	2:00 PDT
	Wed	15	Winnipeg	at	Calgary	8:00 MST
	Sat	18	Montreal	at	Hamilton	8:00 EDT
	Sat	18	Saskatchewan	at	Edmonton	8:00 MST
	Sun	19	Toronto	at	Ottawa	2:00 EDT
	Sun	19	B.C.	at	Winnipeg	2:30 CDT
	Wed	22	Calgary	at	Montreal	8:00 EDT
	Sat	25	Calgary	at	Toronto	8:00 EDT
	Sat	25	Winnipeg	at	B.C.	8:00 PDT
	Sun	26	Ottawa	at	Hamilton	2:00 EDT
	Sun	26	Edmonton	at	Saskatchewan	2:00 CST
Wed	29	Montreal	at	Edmonton	8:00 MST	
October	Sat	2	Saskatchewan	at	Winnipeg	8:00 CDT
	Sat	2	Montreal	at	B.C.	8:00 PDT
	Sun	3	Toronto	at	Ottawa	2:00 EDT
	Sun	3	Hamilton	at	Calgary	2:00 MST
	Wed	6	Hamilton	at	Saskatchewan	8:00 CST
	Sat	9	B.C.	at	Ottawa	2:00 EDT
	Sun	10	Toronto	at	Montreal	2:00 EDT
	Sun	10	Winnipeg	at	Edmonton	2:00 MST
	Mon	11	B.C.	at	Hamilton	2:00 EDT
	Mon	11	Saskatchewan	at	Calgary	2:00 MST
Sat	16	Edmonton	at	B.C.	8:00 PDT	
Sun	17	Montreal	at	Toronto	2:00 EDT	

Sun	17	Calgary	at	Saskatchewan	2:00	CST
Sun	17	Hamilton	at	Winnipeg	2:30	CDT
Sat	23	Ottawa	at	Hamilton	2:00	EDT
Sat	23	Edmonton	at	Calgary	2:00	MST
Sun	24	Winnipeg	at	Montreal	2:00	EDT
Sun	24	B.C.	at	Saskatchewan	2:00	CST
Sat	30	Montreal	at	Ottawa	2:00	EDT
Sat	30	Calgary	at	B.C.	8:00	PDT
Sun	31	Hamilton	at	Toronto	2:00	EST
Sun	31	Saskatchewan	at	Edmonton	2:00	MST

PLAY-OFF SCHEDULE

November	Sat	6	WEST SEMI-FINAL	2:00
	Sun	7	EAST SEMI-FINAL	2:00
	Sat	13	FIRST WEST FINAL	2:00
	Sun	14	FIRST EAST FINAL	2:00
	Wed	17	SECOND WEST FINAL	8:00
	Sat	20	SECOND EAST FINAL	2:00
	Sun	21	THIRD WEST FINAL	2:00
	Sun	28	GREY CUP AT VANCOUVER	1:00