

## **Abstract**

This study examines wage determination and discrimination in the National Hockey League (NHL) during the 2002-2003 and 2003-2004 seasons. The existence of discrimination in the NHL is based on a bilateral monopoly framework with differences in bargaining power between North American and European players.

Using ordinary least squares regressions, player skill data and nationality are used to explain salary levels. The initial results were designed to determine if wage differentials exist between Canadian, American and European players regardless of their playing location.

Additional player attributes and playing location variables were added to further investigate possible wage discrimination. After correcting for differences in skill sets, it was found that European forwards are paid more on average than Canadian forwards. When adding United States versus Canadian franchise location variables, the analysis indicated that European forwards playing in Canada or the United States earn more than Canadian forwards playing in Canada. It was also found that European defensemen playing in the United States earn more than Canadian defensemen playing in Canada. This study detected no wage differential between European and Canadian defensemen playing in Canada.