



## SPORTS ECONOMICS

Spring 2014

Monday and Wednesday

11:00 pm - 12:15 pm

Office Hours: Mon. and Wed. 3.30 pm-4.30 pm

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### Description, Scope, and Objectives

This undergraduate elective course applies microeconomic theory and econometric analysis to professional and amateur sports. Included is the analysis of sport product markets, labor markets, the organization of sports institutions, and the design of sports competitions. Appropriate examination of sports economics requires coverage of advanced fields of specialization within economics. These include industrial organization, labor economics, and public finance.

### Textbook

The recommended textbook is *The Economics of Sports* (4<sup>th</sup> or 5<sup>th</sup> edition) by Michael Leeds and Peter von Allmen.

### Course assessment

The course assessment is as follows:

Group research paper and presentation	25%
Class participation	10%
Midterm	30%
Final	35%

## **Ethical Guidelines: Student Code of Conduct**

All students are expected to follow the **Stern Code of Conduct**  
(<http://www.stern.nyu.edu/uc/codeofconduct>)

A student's responsibilities include, but are not limited to, the following:

1. A duty to acknowledge the work and efforts of others when submitting work as one's own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
2. A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations.

### Classroom Norms

1. Laptops, cell phones, Smartphones and other electronic devices are a disturbance to both students and professors. All electronic devices must be turned off prior to the start of each class meeting.

## **Course schedule and readings**

### **Monday, January 27 – Introduction to Sports Economics**

L& VA, (4<sup>th</sup> edition), Chapter 1, pp. 3-11

### **Wednesday, January 29 – The Economic Role of a Sports League**

L& VA (4<sup>th</sup> edition), Chapter 3, pp. 63-75

### **Monday, February 3 – The Firm as a Profit Maximizer**

L& VA (4<sup>th</sup> edition), Chapter 3, pp. 75-90

### **Wednesday, February 5 – The Soccer Business Model**

L& VA, (4<sup>th</sup> edition), Chapter 3, pp. 97-102

### **Monday, February 10 – Competitive Balance: Measurement**

L& VA (4<sup>th</sup> edition), Chapter 5, pp. 145-162

### **Wednesday, February 12 – Competitive Balance: Solutions**

L& VA (4<sup>th</sup> edition), Chapter 5, pp. 162-170, 286-290

### **Monday, February 17 – no class (Presidents' Day)**

### **Wednesday, February 19 - Public Finance of Sports: Market for Teams**

L& VA (4<sup>th</sup> edition), Chapter 6, pp. 175-188

### **Monday, February 24 - Public Finance of Sports: Olympics and World Cup**

L& VA (4<sup>th</sup> edition), Chapter 6, pp. 188-191

**Wednesday, February 26 – Public Finance of Sports: Stadia and Arenas**

L& VA (4<sup>th</sup> edition), Chapter 6, pp. 191-202

**Monday, March 3 – Costs and Benefits of a Sports Franchise**

L& VA (4<sup>th</sup> edition), Chapter 7, pp. 207-225

**Wednesday, March 5 - Measuring Marginal Revenue Products of Sports Stars**

L& VA (4<sup>th</sup> edition), Chapter 8, pp. 243-255

**Monday, March 10 – Midterm Review Lecture**

**Wednesday, March 12 – Midterm**

**No class on Monday, March 17 and Wednesday, March 19 (Spring Break)**

**Monday, March 24 - Tournaments**

L& VA (4<sup>th</sup> edition), Chapter 8, pp. 255-266

**Wednesday, March 26 – Moneyball**

L& VA (4<sup>th</sup> edition), Chapter 5, pp. 167-168

**Monday, March 31 – Salary Arbitration**

L& VA (4<sup>th</sup> edition), Chapter 9, pp. 284-286

**Wednesday, April 2 – Unions in Professional Sports**

L& VA (4<sup>th</sup> edition), Chapter 9, pp. 292-306

### **Monday, April 7 - Discrimination**

L& VA (4<sup>th</sup> edition), Chapter 9, pp. 311-336

### **Wednesday, April 9 - College Athletics**

L& VA (4<sup>th</sup> edition), Chapter 11, pp. 352-363, L& VA, Chapter 11, pp. 363-380

### **Monday, April 14 – Principal-Agent Problem in Team Sports**

Krautmann, Anthony C. and Thomas Donley (2009), 'Shirking in Major League Baseball: Revisited,' *Journal of Sports Economics*, 10 (3):292-304.

Bradbury, John C. and Douglas Drinen (2006), 'The Designated Hitter, Moral Hazard, and Hit Batters. New Evidence from Game-Level Data,' *Journal of Sports Economics*, 7 (3): 319-329.

### **Wednesday, April 16 – Game Theory in Sports**

Walker, Mark and John Wooders (2001), 'Minimax Play at Wimbledon,' *American Economic Review*, 91 (5): 1521-1538

Palacios-Huerta, Ignacio (2003), 'Professionals Play Minimax,' *Review of Economic Studies*, 70: 395-415.

### **Monday, April 21 – Corruption in Sports**

Duggan, Mark and Steven D. Levitt (2002), 'Winning isn't Everything: Corruption in Sumo Wrestling,' *American Economic Review*, 92 (5): 1594-1605

### **Wednesday, April 23 – Comparative Advantage of Nations in Sports**

Anirudh Krishna, Eric Haglund (2008), 'Why do some countries win more Olympic medals? Lessons for social mobility and poverty reduction,' *Economic and political weekly*, July 12.

**Monday, April 28 – Motor Racing**

Berkowitz, Jason P., Craig A. Depken II, and Dennis P. Wilson (2011), 'When Going in Circles is Going Backward: Outcome Uncertainty in NASCAR,' *Journal of Sports Economics*, 12 (3): 253-283.

**Wednesday, April 30 – Cricket**

Borooah, Vani Kant and John Mangan (2012), 'Mistaking Style for Substance: Investor Exuberance in the 2008 Indian Premier League Auction,' *Journal of Sports Economics*, 13 (3): 266-287.

**Monday, May 5 - Group presentations of research paper**

**Wednesday, May 7 – Group presentations of research paper**

**Monday, May 12 – Group presentations of research paper**

**Final Exam: Monday, May 19, 10 am to 11.50 am in our usual classroom**