



## SPORTS ECONOMICS

Spring 2018

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 sports 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* (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%

## **Course Website**

I will maintain a website for the course using NYU Classes. The website will include announcements and downloadable files with the class lectures.

## **Classroom Norms**

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.

## **Class participation**

Class participation will be evaluated on the basis of contributions to class discussions. In the evaluation, quality is more important than quantity. In addition, the evaluation of class participation could be affected adversely by lack of attendance or creating negative classroom externalities (see Classroom Norms above).

## **Ethical Guidelines**

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.

## **Students with Disabilities**

Students whose class performance may be affected due to a disability should notify me immediately so that arrangements can be made in consultation with the Henry and Lucy Moses Center for Students with Disabilities <http://www.nyu.edu/csd/> to accommodate their needs.

## **Course schedule and readings**

### **Monday, January 22 - Introduction to Sports Economics**

L& VA, (5<sup>th</sup> edition), Chapter 1, pp. 3-4

### **Wednesday, January 24 - The Economic Role of a Sports League**

L& VA (5<sup>th</sup> edition), Chapter 3, pp. 90-98

### **Monday, January 29 - The Sports Club as a Profit Maximizer**

L& VA (5<sup>th</sup> edition), Chapter 3, pp. 63-86

### **Wednesday, January 31 - The Soccer Business Model**

L& VA, (5<sup>th</sup> edition), Chapter 3, pp. 102-109

### **Monday, February 5 – Competitive Balance: Measurement**

L& VA (5<sup>th</sup> edition), Chapter 5, pp. 151-166

### **Wednesday, February 7 - Competitive Balance: Solutions**

L& VA (5<sup>th</sup> edition), Chapter 5, pp. 167-174

### **Monday, February 12 - Public Finance of Sports: Who Benefits and How, I?**

L& VA (5<sup>th</sup> edition), Chapter 6, pp. 175-199

### **Wednesday, February 14 - Public Finance of Sports: Who Benefits and How, II?**

L& VA (5<sup>th</sup> edition), Chapter 6, pp. 199-217

### **Monday, February 19 – No class (Presidents' Day)**

**Wednesday, February 21 - Public Finance of Sports: Who Pays and Why, I?**

L& VA (5<sup>th</sup> edition), Chapter 7, pp. 219 - 234

**Monday, February 26 - Public Finance of Sports, Who Pays and Why, II?**

L& VA (5<sup>th</sup> edition), Chapter 7, pp. 235 - 248

**Wednesday, February 28 - Measuring Marginal Revenue Products of Sports Stars**

L& VA (5<sup>th</sup> edition), Chapter 8, pp. 251 - 264

**Monday, March 5 - Midterm Review Lecture**

**Wednesday, March 7 - Midterm Exam**

**No class on Monday, March 12 and Wednesday, March 14 (Spring Break)**

**Monday, March 19 - Tournaments**

L& VA (5<sup>th</sup> edition), Chapter 8, pp. 265 - 280

**Wednesday, March 21 - Moneyball**

L& VA (5<sup>th</sup> edition), Chapter 5, pp. 174 - 176

**Monday, March 26 - Labor Market Imperfections, I**

L& VA (5<sup>th</sup> edition), Chapter 9, pp. 289 - 301

**Wednesday, March 28 - Labor Market Imperfections, II**

L& VA (5<sup>th</sup> edition), Chapter 9, pp. 302 - 322

### **Monday, April 2 - Guest Speaker (John D'Angelo)**

John D'Angelo is Senior Manager, Salary and Contract Administration at Major League Baseball

### **Wednesday, April 4 - Discrimination**

L& VA (5<sup>th</sup> edition), Chapter 10, pp. 323 - 349

### **Monday, April 9 - 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 11 - Class Debate: Should we pay student-athletes?**

L& VA (5<sup>th</sup> edition), Chapter 11, pp. 363-397, 136-142

### **Monday, April 16 - Guest Speaker (Tom Spock)**

Tom Spock is Partner of Scalar Media and Former CFO of the NFL.

### **Wednesday, April 18 - 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 23 - Motor Racing**

Juddle, C, Booth, R. and R. Brooks (2013), 'Second Place is First of the Losers: An Analysis of Competitive Balance in Formula One,' *Journal of Sports Economics*, 14 (4): 411-439.

**Wednesday, April 25 - 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, April 30 - Group presentations of research paper**

**Wednesday, May 2 - Group presentations of research paper**

**Monday, May 7 - Group presentations of research paper**

**Final Exam: Monday, May 14, 10:00 am to 11:50 am in our usual classroom**