

ECON 3700-1
Sport Economics
Spring 2012
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Lecture: Tuesday-Thursday, 2-3:20 pm, OSH 111

Textbook: Leeds, Michael & Von Allmen, Peter, *The Economics of Sports: 4th edition*.

Office Hours: Tuesday-Thursday, 10-11:30 am, Cubicle 7, OSH 3rd floor.

Prerequisite: ECON 2010. Fulfills Quantitative Reasoning (Statistics/Logic).

Goals: Like every aspect of modern world, sports are also internal to markets. Hence a variety of economic methods can be applied to sports to understand the economics of them. The class begins with a market analysis of the professional sports industry, including cost accounting, marketing strategies and profitability in the design of sporting venues. Regional analysis is used to understand the economic effect of building a new stadium. Econometric methods are used to relate sports performance statistics to athlete salaries and team profits. Professional teams have a natural tendency to become monopolies. The history of antitrust law has guaranteed market power for professional teams, but competition, other sports and other entertainment options limits that power. The wages and work of athletes are studied from the viewpoint of labor economics. Racial and gender discrimination is discussed as a historically important aspect of the professional athletic labor market. The economics of player's unions, league monopolies and contract negotiation is analyzed in terms of the theory of games. In many cases the analysis is extended to a discussion of reforms that are fairer and more efficient.

Policies:

- Attendance is not mandatory, but recommended for efficient learning and class participation.
- There will be no extra credit.
- Your overall grade (20%+40%+40%) will be curved and your letter grade is determined according to that curve.
- If you are unable to attend one of the exams (mid-terms or final) because of another schedule, you have to let me know at least 1 week in advance and you have to make sure you have a good excuse. Otherwise, you won't be able to take a make-up exam. Be ware that make-up exams are usually more difficult compared to regular exams, so try to make it to regular ones.
- A student who doesn't attend 2 midterm exams and/or the final exam automatically gets EU (unofficial withdraw) as his/her letter grade.
- This class is based on student participation. Any comment or question is most welcome as long as it is within the limits of class content and public respect.

Coursework: Assignments (20% total)
2 Midterms (20% each)
Final (40%)

Outline:

Part 1 (10,12,17 Jan.) (Chapters 1-2)

- Introduction
- Review of Economic Concepts (Supply-Demand, Utility Maximization, Market Structures: Perfect Competition vs. Monopoly, Regression Analysis)
- Assignment #1

Part 2 (19,24,26,31 Jan., 2,7,9 Feb.) (Chapters 3-4-5)

- Profit maximization of the sports firm
- Perfectly competitive market equilibrium
- Sport monopolies and anti-trust
- Assignment #2

Mid-term Exam #1 (14 Feb.)

Part 3 (16,21,23,28 Feb.) (Chapters 6-7)

- Sport teams and markets: A public finance perspective
- Public finance of sport franchising: Economics of stadium building

Part 4 (1,6,8,20,22 March) (Chapter 8-9)

- The labor market in sports: Players unions vs. monopsony of professional leagues.
- Assignment #3

Mid-term Exam #2 (27 March)

Part 4 cont'd. (29 March, 3,5 April) (Chapter 10)

- Market discrimination in sports

Part 5 (10,12,17,19 April) (Chapter 11)

- Amateur sports
- The economics of college sports
- Assignment #4

Review (24 April)

Final Exam (May 1, 1-3 pm)

The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, 581-5020 (V/TDD). CDS will work with you and the instructor to make arrangements for accommodations. All information in this course can be made available in alternative format with prior notification to the Center for Disability Services. www.hr.utah.edu/oeo/ada/guide/faculty/

All students are expected to maintain professional behavior in the classroom setting, according to the Student Code, spelled out in the Student Handbook. Students have specific rights in the classroom as detailed in Article III of the Code. The Code also specifies proscribed conduct (Article XI) that involves cheating on tests, plagiarism, and/or collusion, as well as fraud, theft, etc. Students should read the Code carefully and know they are responsible for the content. According to Faculty Rules and Regulations, it is the faculty responsibility to enforce responsible classroom behaviors, beginning with verbal warnings and progressing to dismissal from class and a failing grade. Students have the right to appeal such action to the Student Behavior Committee.