

The College of William & Mary
Department of Economics
Fall 2021

Course: ECON 318-01 - The Economics of Sports

Course Specifics:

- Office: Tyler Hall 261
- Phone: 757-221-2376
- email: schmidtm@wm.edu
- Office Hours: 1220-1350 TTH or by appointment

Prerequisites:

- ECON 101 or equivalent

Required Texts:

- Blair, Roger D. 2012. Sports Economics, Cambridge University Press,
- Késenne, Stephan. 2015. The Economic Theory of Professional Team Sports: An Analytical Treatment, 2nd Edition, Edward Elgar Publishing, ISBN: 978 1 78347 529 2.

Handouts and Lecture Notes:

I will post, on blackboard, my lecture notes/slides. These slides will give you a solid framework for the lectures but are by no means a perfect substitute for them.

Course Objectives:

Economics is typically a dry subject, the basic nature of which is shrouded in mystery from the perspective of the average undergraduate. The purpose of this class is to attack the subject of economics on both these fronts. By studying the economics of sports, it is hoped that the student can approach economics in the context of a subject the student already finds interesting. Furthermore, the study of the economics of sports allows the student to see how various tools and theories can actually be applied to solving problems the student may see presented frequently in the mainstream news. In the end this class is not only designed to be interesting, but also a rigorous introduction to the application of economic theory.

Course Grading:

- Three Exams.....25% each
- Three Multiple Choice Questions..... 5% each
- In Class Polls.....10% total

Grading Policy:

A	93 - 100%	C	73 - 76.99%
A-	90 - 92.99%	C-	70 - 72.99%
B+	87 - 89.99%	D+	67 - 69.99%
B	83 - 86.99%	D	63 - 66.99%
B-	80 - 82.99%	D-	60 - 62.99%
C+	77 - 79.99%	F	less than 60%

Note #1: If you disagree with my grading on a particular item, I will happily consider your point. However, please give me only written requests and your reasons for consideration on grading corrections. I will promptly consider all such requests and respond back to you after careful consideration of the matter.

Note #2: The third exam will be during the class's dedicated final exam time (December 17th, 900). However, as the exam will count the same as the other two exams and will be of similar length, the final exam period will be limited to an hour and a half, i.e., from **900-1030**.

Course Calendar:

- 1. The Peculiarities of Team Sports** (September 7th & 9th)
 - Blair, Chapter 2 (pp. 16-26); Chapter 3
 - Késenne, Chapter 1 and Chapter 2 (pp. 9-10, 12-19)
 - Cain, Louis P. and David D. Haddock. 2005. "Similar Economic Histories, Different Industrial Structures: Transatlantic Contrasts in the Evolution of Professional Sports Leagues," *The Journal of Economic History*, Vol. 65 (4), pp. 1116-1147.
 - Szymanski, Stefan. (2013). *Economics of League Design*. In L. Kahane & S. Shmanski (Eds.), *The Oxford Handbook of Sports Economics: The Economics of Sports Volume 1*. Oxford University Press.
- 2. Competitive Balance and Outcome Uncertainty** (September 13th, 15th & 20th)
 - Blair, Chapter 4 (pp. 65-70, skim pp. 70-81), Chapter 22 (pp. 442-448)
 - Késenne, Chapter 2 (pp. 11-12)
 - Késenne, Chapter 2 Appendix (pp. 44-47)
 - Schmidt, Martin B. and David J. Berri. 2001. "Competitive Balance and Attendance: The Case of Major League Baseball," *Journal of Sports Economics*, Vol. 2 (2), pp. 145-67.
 - Bradbury, J. C. 2019. "Determinants of Revenues in Sports Leagues: An Empirical Assessment." *Economic Inquiry*, 57(1), 121-40.
- 3. What Drives Competitive Balance** (September 22nd)
 - Schmidt, Martin B. and David J. Berri. 2003. "On the Evolution of Competitive Balance: The Impact of an Increasing Global Search," *Economic Inquiry*, Vol. 41 (4), pp. 692-704.

4. **The Choice** (September 27th)
 - Blair, Chapter 24
 - Morgan, Ashton and John C. Whitehead. 2018. "Willingness to Pay for Soccer Player Development in the United States," *Journal of Sports Economics*, Vol. 19 (2), pp. 279-296.

Exam #1 (October 5th)

5. **Pricing Decisions** (September 29th & October 7th)
 - Blair, Chapter 5
 - Késenne, Chapter 2 (pp. 19-27)
 - Jahn K. Hakes & Chad Turner & Kyle Hutmaker, 2011. "I Don't Care If I Never Get Back? Time, Travel Costs, and the Estimation of Baseball Season-Ticket Demand," *International Journal of Sport Finance*, Vol. 6, 119-137.
6. **Sports and the Media** (October 12th & 14th)
 - Blair, Chapters 6 and 7
 - Késenne, Chapter 2 (pp. 27-42)
 - Szymanski, Stefan. "Sports and Broadcasting" *Playbooks and Checkbooks*. 2009. 125-154.
7. **Sports and Antitrust** (October 26th & 28th)
 - Blair, Chapter 9
 - Andrew Zimbalist, 2009. "The BCS, Antitrust and Public Policy," *The Antitrust Bulletin*, Vol. 54, 823-855.
8. **Collective Bargaining** (November 2nd & 4th)
 - Blair, Chapter 17 and 22
 - Schmidt, Martin B. and David J. Berri. 2001. "The Impact of Labor Strikes on Consumer Demand: An Application to Professional Sports," *American Economic Review*, 94 (1), 2004: 344-57.

Exam #2 (November 11th)

9. **The Player's Labor Market?** (November 9th & 16th)
 - Blair, Chapters 19 and 21
 - Jahn K. Hakes and Raymond D. Sauer, 2006. "An Economic Evaluation of the Moneyball Hypothesis," *Journal of Economic Perspectives*, Vol. 20, pp. 173-185.
 - Lane, E., Nagel, J., & Netz, J. S. (2014). Alternative Approaches to Measuring MRP: Are All Men's College Basketball Players Exploited? *Journal of Sports Economics*, 15, 237–262.
10. **Revenue Sharing, Salary Caps and Luxury Taxes** (November 18th & 23rd)
 - Blair, Chapter 4 (pp. 70-81)
 - Stefan Késenne (2000). "The Impact of Salary Caps in Professional Team Sports," *Scottish Journal of Political Economy*, Vol. 47, 422-430.
11. **Sports and the Public Purse** (November 30th & December 2nd)
 - Blair, Chapters 14, 15, and 16
 - Victor A. Matheson, (2008). *Mega-Events: The Effect of the World's Biggest Sporting Events on Local, Regional, and National Economies. The Business of Sports, Volume 1* (pp. 81–99). Westport, CT: Praeger Perspectives.

- Andrew Zimbalist. "A Miami Fish Story," New York Times, October 18, 1998.

12. **Cheating and Misconduct** (December 7th & 9th)

- Blair, Chapter 8 (pp. 159-164) and Chapters 10, 11, 12, 13
- Haugen, K. K. (2004). The Performance-Enhancing Drug Game. Journal of Sports Economics, 5, 67–75.

Exam #3 (December 17th, 900-1030)

Submitted Multiple Choice Questions:

For each of the subject sections (**The Peculiarities of Team Sports, ..., Cheating and Misconduct**) you will write up 10 multiple choice questions. So, for each of the three parts of the course there will be 40 Multiple Choice Questions. These must follow the format of the template – Multiple Choice Questions Template – on Blackboard. I will then upload each student's questions to blackboard as a practice test before each of the three exams. While I do not expect every question to be of exam quality, I will take off points for students who systematically turn in questions that lack effort.

In Class Polls:

Essentially there will be two types of questions asked:

1. **Graded questions** are multiple choice questions where there is only one correct answer.
2. **Polling questions** are true/false questions that do not have correct answers, i.e., "Should the NCAA be treated as a non-profit organization?"

Possible scores on any given "graded question" include:

- 100% (you answered the question correctly)
- 50% (you answered the question incorrectly)
- 0% (you did not answer the question)

Possible scores on any given "polling question" include:

- 100% (you answered the question)
- 0% (you did not answer the question)

I understand that you may not be able to participate in some polls because you missed class, forgot your polling device, and/or had technical difficulty. **Missed polls cannot be made-up.** This holds regardless of your excuse (e.g., university/athletics commitment, job interview, sickness, technical malfunction, etc.).

However, only your highest 85% polls will be allocated toward your "In-Class Polls" grade. I expect to do at least 100 polls during class this semester. In the event that we do 100 polls, for example, your poll grade will only be based on your highest 85 polls, i.e., you can miss 15 polls without incurring a penalty.

Registration instructions for Poll Everywhere can be found at

<https://www.wm.edu/offices/it/services/responsecollection/studentresponsesystem/index.php>

If you do not register properly, then your polls will not be counted. Please verify that you have registered correctly.¹ The class site - [PollEv.com/martinbschmidt](https://www.wm.edu/offices/it/services/responsecollection/studentresponsesystem/index.php)

Note: These questions are to be done in class, you will receive a zero on this portion of your final grade if you are found to be answering questions from a distant location without clearing this with me first.

¹ See <https://www.wm.edu/offices/it/services/responsecollection/studentresponsesystem/index.php> for more information.