

The College of William & Mary  
Department of Economics  
Spring 2019

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**Course:** ECON 150 - Sports & Economics

**Instructor:** Martin (Marty) B. Schmidt

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**Office Hours:** 12:00-13:30pm TTH and by appointment.

**Course Description:** As the title of the course indicates, this is a seminar course whose topic is the intersection of Sports and Economics. As a Freshman Seminar course, the course is designed to give students a chance to explore an academic area of interest through intensive reading, writing and discussion. Accordingly, most classes will be filled by discussion of the assigned reading. You will also have frequent opportunity to write. The topic for the course is to examine sports, or what many believe about sports, under the economist's microscope.

**Course Objectives:** There are two primary objectives for the course. The first is to improve your writing skills. The course is designed to cultivate your talents as writers, one who can effectively communicate ideas through writing. The second is to increase your understanding of economics. Economics is a discipline whose focus is on decision making. Most (All?) of life requires choices to be made. Economics provides a framework within which the choices can be made.

**Course Topics:** Sports Economics crosses over a number of distinct areas of Economics. We will, for example, cover topics which fall into:

1. Industrial Organization
2. Labor Economics
3. Public Finance
4. Amateurism

**Textbook:** Lunsford, Andrea A. The Everyday Writer, 6th Ed., Bedford/St Martins 2016.

**Class material:** The class material (reading assignments, homework, ...) will be placed on the course's blackboard site. All readings, homework, and most of the material for this class will be handled through this means.

**Prerequisites:** None

**Grade Policy:** Your grade in the course will be determined by your performance on the following assignments:

Class Attendance/Participation .....	20 points
Topic Response Papers (3; 1-2 pages) .....	30 points
Term Paper/Presentation (6-8 pages) .....	20 points

**Class Participation:** You will be graded on the level of participation you provide during the course. The size of the class is small and so it will not be difficult to track how much each of you adds to the discussion. Around midterm, I will provide you with an intermediate score for class participation. This will give you an idea of where you stand and allow you to make changes if necessary.

Obviously make-up participation will not be accepted.

**Response Papers:** During the term you will be required to write several response papers. The style of these short papers will not always be the same. Some will require that you write an OpEd on the weekly subject while others may require that you write a letter to your congressman. These are intended for you to work on your writing.

**Term Paper:** Finally, you will be required to write to a more formal and lengthier piece on a topic of dealing with Collegiate Athletics and the University. Topics will be chosen near the middle of the semester.

**Writing Resource Center:** The Writing Resources Center, located on the first floor of Swem Library, is a free service provided to W&M students. Trained consultants offer individual assistance with writing, presentation, and other communication assignments across disciplines and at any stage, from generating ideas to polishing a final product. To make an appointment, visit the WRC webpage [www.wm.edu/wrc](http://www.wm.edu/wrc).

### Important Dates:

Add Deadline .....	January 28 <sup>th</sup>
Spring Break .....	March 2 <sup>nd</sup> – 10 <sup>th</sup>
Drop Deadline .....	March 15 <sup>th</sup>
Individual Presentations .....	April 18 <sup>th</sup> – 25 <sup>th</sup>

### Tentative Outline:

- Thursday 1/17 - **Introduction**
- Tuesday 1/22 - **Comparative Advantage** ... Scahill, Edward M. 1990. "Did Babe Ruth Have a Comparative Advantage as a Pitcher?" The Journal of Economic Education, Vol. 21 (4), pp. 402-10.
- Thursday 1/24 - **Game Theory** ... Merz, Thomas E. 1996. "Willie Mays: Meet John Nash." The Journal of Economic Education, Vol. 27 (1), pp. 45-48.
- Tuesday 1/29 - **Incentives** ... Bradbury, John C. and Douglas J. Drinen. 2007. "Crime And Punishment in Major League Baseball: The Case of the Designated Hitter and Hit Batters." Economic Inquiry, Vol. 45 (1), pp. 131-44.
- Thursday 1/31 - **Incentives** ... Maloney, Michael T. and Robert E. McCormick. 2000. "The Response of Workers to Wages in Tournaments: Evidence from Foot Races." Journal of Sports Economics, Vol. 1(2), pp.99-123.
- Tuesday 2/5 - **Incentives** ... Wolfers, Justin. 2006. "Point Shaving: Corruption in NCAA Basketball." AEA Papers and Proceedings, Vol. 96 (2), pp. 279-83.
- Thursday 2/7 - **Industrial Structure** ... 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.

### Handout - Response Paper #1

- Tuesday 2/12 - **Anomalies** ... Thaler, Richard H. 1998. "The Winner's Curse." Journal of Economic Perspectives, Vol. 2(1), pp. 191-202.
- Thursday 2/14 - **Scalping** ... Courty, Pascal. 2003. "Some Economics of Ticket Resale," Journal of Economic Perspectives, Vol. 17(2), pp. 85-97.

### Due: Response Paper # 1

- Tuesday 2/19 - **Coase Theorem** ... Rottenberg, Simon. 1956. "The Baseball Players' Market." Journal of Political Economy, Vol. 64 (3), pp. 242-58.

### Handout - Term Project

- Thursday 2/21 - **Library Session**
- Tuesday 2/26 - **Marginal Revenue Product** ...Scully, Gerald W. 1974. "Pay and Performance in Major League Baseball." The American Economic Review, Vol. 64 (6), pp. 915-30.
- Thursday 2/28 - **Competitive Balance** ... Bowman, R. Alan, James Lambrinos and Thomas Ashman. 2012. "Competitive Balance in the Eyes of the Sports Fan: Prospective Measures Using Point Spreads in the NFL and NBA." Journal of Sports Economics, 14(5), pp. 498-520.
- Tuesday 3/5 - **Spring Break**
- Thursday 3/7 - **Spring Break**
- Tuesday 3/12 - **Competitive Balance** ... 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.
- Thursday 3/14 - **Competitive Balance** ... Schmidt, Martin B. and David J. Berri. 2003. "On The Evolution of Competitive Balance: The Impact of an Increasing Global Search," Vol. 41 (4), pp. 692-704.
- Tuesday 3/19 - **Demand**...Burger, John D. and Stephen J. K. Walters. 2003. "Market Size, Pay, and Performance: A General Model and Application to Major League Baseball," Journal of Sports Economics, Vol. 4 (2), pp. 108-25.

### **Handout - Response Paper #2**

- Thursday 3/21 - **Labor Issues**... Schmidt, Martin B. and David J. Berri. 2004. "The Impact of Labor Strikes on Consumer Demand: An Application to Professional Sports," The American Economic Review, Vol. 91 (4), pp. 344-57.
- Tuesday 3/26 - **Discrimination** ...Kahn, Lawrence M. 1991. "Discrimination in Professional Sports: A Survey of the Literature," Industrial and Labor Relations Review, Vol. 44 (3), pp. 395-418.

### **Due: Response Paper # 2**

- Thursday 3/28 - **Performance** ... Camerer, Colin M. 1989. "Does the Basketball Market Believe in the 'Hot Hand,'" The American Economic Review, Vol. 79 (5), pp. 1257-1261.
- Tuesday 4/2 - **Economic Impact Studies** ... Nationals Park
- Thursday 4/4 - **Economic Impact Studies** ... Baade, Robin A. "Stadiums, Professional Sports and Economic Development: Assessing the Reality," Heartland policy study, No. 62. ISSN 0889-8014

### **Handout - Response Paper #3**

- Tuesday 4/9 - **Valuation of Sports Franchises** ... Alexander, Donald L and William Kern. 2004. "The Economic Determinants of Professional Sports Franchise Values," Journal of Sports Economics Vol. 5(1) pp. 51-66.
- Thursday 4/11 - **Home Court** ... Boudreaux, Christopher J, Shane D Sanders & Bhavneet Walia. 2017. "A Natural Experiment to Determine the Crowd Effect Upon Home Court Advantage." Journal of Sports Economics, Vol. 18 (7), pp. 737-749.

### **Due - Response Paper #3**

- Tuesday 4/16 - **Luck vs. Skill** ... Levitt, Steven D. and Thomas J. Miles. 2014. "The Role of Skill Versus Luck in Poker: Evidence from the World Series of Poker," Journal of Sports Economics, Vol. 15(1), pp. 31-44.
- Thursday 4/18 - **Individual Presentations**
- Tuesday 4/23 - **Individual Presentations**
- Thursday 4/25 - **Individual Presentations**