

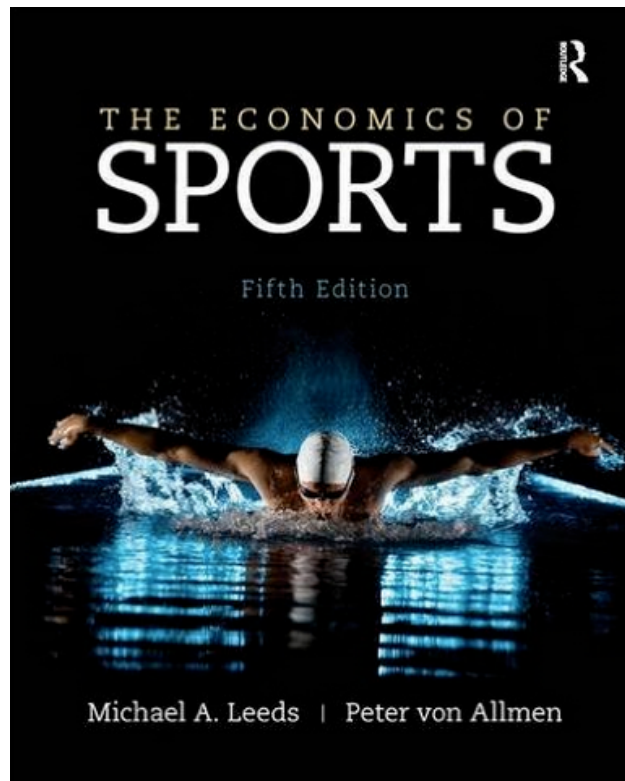
Economics of Sports 3123
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This course will be a survey of the theory and literature of professional and big-time collegiate sports business. We will discuss issues such as ticket pricing, the building of a new arena or stadium, and owners v. union labor issues. All of the topics will be discussed within the context of economic analysis.

This is an economics course; it is not a sports course. If you have expectations that include extended discussions about how the Utah Jazz are doing, then perhaps you should reconsider. Principles Of Microeconomics is a prerequisite for this class. The objective is to demonstrate economic principles using examples from sports.

A second objective is to develop student skill in statistical analysis, again with examples from sports. The course begins with a review of economic principles and basic statistical analysis. The course includes extensive statistical analysis, and basic computer skills are presumed. The Excel spreadsheet program will be used in the lecture videos and for homework assignments. If you are using a Windows version of Excel, then you have all the tools that are needed (although you may need to add them into your program). However, if you are using a Mac version, then some important statistical tools have been removed. In that case I suggest that you switch to the Windows 2016 version that is available in the College of Social and Behavioral Sciences Virtual Lab. Follow the [CSBS Virtual Lab installation instructions](#), then [launch the Lab](#).

The required textbook is **The Economics of Sports** by Michael Leeds and Peter von Allmen, third edition, Addison and Wesley.



Grades are based on written assignments, midterm and the final exams according to the following weights:

- discussion boards 10%
- homework assignments 15%
- quizzes 30%
- final exam 45%

I will compute final grades by three methods; your grade will be the highest of the three:

- The traditional standard: with 100-93%=A, 92-90%=A-, 87-89%=B+, 83-86%=B, 80-82%=B-, and so on to 59-0%=E,
- The curve: with an overall average grade of B (GPA=3.0),
- The ace-the-final rule: you get an "A" for the course if you score an "A" on the final exam regardless of your point total.

The homework assignments are crucial to the course and will be reviewed in class. Late assignments lose points; copies and exact duplicates are unacceptable. You can submit your assignments online. If you seriously attempt all assignments, your chance of doing well on the exams is much improved. Both the midterms and the final are a combination of multiple choice questions and longer problems; both are closed book. The final is comprehensive in coverage. The exam must be taken at the scheduled time. Incompletes are not generally given for nonmedical reasons.

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 (CDS), 162 Olpin Union Building, 801-581-5020 (V/TDD). CDS will work with you and me 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.

Topic Outline and Schedule

1. Introduction
 - economic theory and sports
 - regression analysis and sports statistics

 - Leeds and von Allmen, chapters 1 and 2
 - **Statistics Using Computer Spreadsheets**, U of U video
 - **Inferential Statistics and Multiple Regression**, U of U video

2. Industrial Organization of Sports
 - revenues and costs
 - monopoly
 - importance of leagues
 - price discrimination
 - antitrust policy in sports
 - game theory applications: TV contracts, recruiting, doping
 - competitive balance

 - Leeds and von Allmen, chapters 3-5
 - Andrew Zimbalist, "A Miami Fish Story: Far from losing \$30 million in '97, the Marlins made a hefty profit. So why did their owner destroy the team?" **New York Times**, October 18, 1998
 - Michael Schermer, "The Doping Dilemma: game theory helps to explain the pervasive abuse of drugs in cycling, baseball and other sports," **Scientific American**, April 2008

3. Sports and Public Finance
 - public subsidies for sports franchises
 - all-or-nothing demand
 - the winner's curse and Olympic bids
 - the costs and benefits of a franchise
 - evaluating ripple effects
 - demand for new stadiums
 - stadium financing: taxes, bonds or user charges

 - Leeds and von Allmen, chapters 6 and 7
 - Raymond Keating, "It's Time to Get Government Out of the Sports Business," **USA Today**, March, 2000
 - Dennis Coates and Brad Humphreys, "Do Economists Reach a Conclusion on Subsidies for Sports Franchises, Stadiums, and Mega-Events?" **Econ Journal Watch 5**: 294-315.

4. Sports Labor Markets
 - labor supply and demand
 - monopsony and the reserve clause
 - human capital theory
 - staying in college versus the early draft
 - tournaments and superstars
 - collective bargaining
 - discrimination theory

 - Leeds and von Allmen, chapters 8-10

- E.M. Swift, "The \$40 Million Man," **Sports Illustrated**," June 10, 1996
- Gerald Scully, "Pay and Performance in Major League Baseball," **American Economic Review** **64**, 1974: 915-930
- William Gildea, "Integrating the Redskins: George Preston Marshall vs. the U.S. Government," **Washington Post**, June 5, 2002
- NBA and NBA Player Association, **Collective Bargaining Agreement**

5. Amateur Athletes

- "not-for-profit" sports
- athletic departments as profit maximizers
- NCAA as a cartel
- pay for college athletes
- Title IX
- Leeds and von Allmen, chapter 11
- University of Utah Academic Senate, **Annual Report Athletics Advisory Council**
- **National College Players Association Mission Statement**, <http://www.ncpanow.org>

6. Conclusion