

## Syllabus

Economics 212 – Economics of Sports

Spring 2008

Tuesday/Thursday, 12:30 – 2PM

Instructor: Peter von Allmen

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Office Hours: M/W: 9:30 – 11:00.

Thursday 9:30 – 10:30

Others by appointment

**Introduction and goals:** The purpose of this course is to study the sports industry from an economic perspective. We will analyze the economics of industrial organization, public finance, and labor markets. As such, it is applied economics course that uses the sports industry as a vehicle to explain and understand economic concepts as much as it is a course about the economics of particular phenomena in that industry. It is NOT a course in why your favorite team can never seem to win big games, or the merits of the Bruins versus the Rangers. The prerequisite for this course is EC152, though you will find it very helpful if you have also had a course in statistics. Specifically, at the end of the course, you should understand:

- How professional leagues came to exist.
- The purpose of a league.
- How teams and leagues maximize profits.
- The implications of Monopoly power in a sports league.
- Why cities demand teams, and how teams are able to exploit this demand to increase profits.
- How economists view the employer/employee relationship from a supply and demand standpoint.
- How unions and monopoly power affect bargaining in professional sports.
- The basic history of discrimination in professional baseball, and its effect on leagues in all four major sports.
- How economics impacts intercollegiate sports.

### **Our primary text is:**

*The Economics of Sports, third edition* Addison Wesley, 2008

By Michael Leeds and Peter von Allmen

### **Grades:**

Your grade in this class will be determined on the basis of your performance on four quizzes, a final exam, and three writing assignments which are described in the document titled “Economics of sports writing assignments for Spring 2008”. Class participation

and attendance (that is, your overall contribution to the classroom environment) is expected and will be used to determine borderline cases for final grades.

**I strongly endorse and enforce the College’s academic honesty policy as described in the College Handbook. Make sure you have read it and understand the policy and the implications for failure to abide by it. Any plagiarism or cheating of any kind will result in failure for the semester, no exceptions.**

Graded instruments are weighted as follows:

4 Quizzes 12% each	48%
3 writing assignments (10% each)	30%
<u>Final Exam</u>	<u>22%</u>
Total	100%

**Schedule** (to be adjusted as needed)

<u>Date</u>	<u>Topic</u>	<u>Readings</u>
1/15	Introduction, class business	1
1/17	<i>Baseball Top 1st</i> /Begin review of Supply and Demand	Ch. 2
1/22	Complete review including material in Appendix to Ch.2	Ch. 2, App.
1/24	<i>Bottom of the 1<sup>st</sup></i> /Why do leagues exist?	
1/29	Sports and Profit Maximization, Capital appreciation	Ch. 3
1/31	<b>Quiz #1</b>	
2/5	Monopoly and antitrust	Ch. 4
2/7	Competitive Balance: how to compute it, do we want it?	Ch. 5
2/12	Competitive Balance: can we change it?	Ch. 5
2/14	<b>Quiz #2</b>	
2/19	Public Finance and Sports – Stadiums	Ch. 6
2/21	Public Finance continued/ <b>Essay #1 due</b>	Ch. 6
2/26	Stadium Economics – why cities will pay	Ch. 7

2/28	Stadium Economics/the English Soccer leagues	Ch.7
3/4	<b>Spring Break</b>	
3/6	<b>Spring Break</b>	
3/11	<b>Quiz #3</b>	
3/13	Labor Economics and Sports	Ch. 8
3/18	Monopsony power: empirical evidence	TBA
3/20	<i>Baseball Bottom of the 3<sup>rd</sup></i> /Individual Sports <b>Essay #2 due</b>	Ch. 8
3/25	Introduction to Unions and Collective Bargaining	Ch. 9
3/27	Unions	Ch. 9
4/1	<i>Baseball Bottom of the 6<sup>th</sup></i> /Discrimination	Ch. 10
4/3	Discrimination continued: focus on the NBA&NFL <b>Essay #3 due</b>	Ch. 10
4/8	Guest lecture Title IX	
4/10	<b>Quiz #4</b>	
4/15	Amateurism: the Olympics	Ch. 11
4/17	<i>Hoop Dreams</i> /Compensating College athletes	Ch. 11
4/22	The NCAA as a Cartel: The BCS fiasco	Ch. 11
4/24	Review/Catch Up	-----

**Final Exams are April 28 May 3. The final for this course could be any one of those days. Be sure that you do not make any travel or other commitments during that time. Also - Travel immediately before or after breaks is not excused.**