

Moravian College
Department of Economics and Business
ECON 312: Economics of Sports
Spring 2012 (T R 8:55-10:05)

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Office Hours: M W 2:00-4:00, and by appointment

Prerequisite: ECON 225

Text: Michael Leeds and Peter von Allmen, *The Economics of Sports*, fourth edition, Addison Wesley, 2011. Please bring it to class every day!

Objectives: The purpose of this course is to study the sports industry (mainly football, baseball, basketball and hockey) from an economic perspective. We will apply the economics of industrial organization, public finance, and labor markets to study the sports industry, but we will also focus on economic phenomena in that industry. It is not a course about sports strategy or how to choose your favorite team. We will rely on both ECON 225 and ECON 156. At the end of the course, you should understand:

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

Requirements:

Homework is due every time we finish a chapter or read an article. Doing homework is the best way to learn the material—and some homework problems are on the exams! Every typed and completed homework counts for 0.5% of your grade, up to 6%; it is not graded. I post answers to all HW on BB, and I review selected HW problems in class.

- On every HW, write the names of all people that assisted you or whom you helped.
- Turn in all HW before class time on the day it is due. I do not accept late HW.

Three **reading** assignments: Find a medium length economic **article** in a newspaper or magazine (from 2011/12) and print or Xerox it. If an article is too short or too simple, you will not earn full credit. All major publications, such as *The Economist*, *The Wall Street Journal*, *The New York Times*, or even *Sports Illustrated*, are good sources. Do

not use blog entries as they do not constitute full articles. An article is due in class the Tuesday after each exam (Article 3 on 4-12-12) and must be related to the material that was covered on the exam. The late penalty is 10% per day. Each article is worth 1% of your grade. For another 1.5% of your grade, explain the article using what we have learned. Specific instructions along with an example will be posted on Blackboard.

You will write two medium-length **papers**, about 8 pages each. In the theoretical paper, you will apply a theory we have covered to a topic we have not. Think of it as a longer version of the reading assignment. An outline is due after Exam 1. In the empirical paper, you will review the existing literature about an empirical relationship, such as salary determination in hockey. Then you will collect data and estimate and analyze a new version of this relationship. An outline is due after Exam 2.

There are three **exams** during the semester. Each exam has short and long questions that require either calculations or verbal responses. (I provide all necessary formulas on a handout.) I also offer an optional final exam to replace your lowest exam grade. There are **no make-up exams**. If you miss one of the three exams, you must take the final exam. You are not allowed to use **phones** or **leave** the room during an exam. Doing so results in zero points on the exam.

Tentative exam **dates**: Exam 1: February 14 (Tuesday)
 Exam 2: March 20 (Tuesday)
 Exam 3: April 24 (Tuesday)
 Final Exam: May 1, 1:30 pm (Tuesday)

You must **keep** all materials (assignments and exams) that I have checked until you receive your final grade.

Expectations: For every hour of class time, you are expected to study an additional two hours. You must read the book, do the homework regularly, and study the homework assignments before each exam. I encourage you to see me during office hours, both alone and in groups. To ease your HW and exam preparation, I post lectures and assignments on *Blackboard*. Please check the site before each class!

Grading: Articles..... 7.5%
 Homework.....6.0%
 Papers.....20.0%
 Exams 1 & 2.....46.5%
 Exam 3.....20.0%

Grading Scale:	100+ A+	93 - 100: A	90 - 92.99: A-
	87 - 89.99: B+	83 - 86.99: B	80 - 82.99: B-
	77 - 79.99: C+	73 - 76.99: C	70 - 72.99: C-
67 - 69.99: D+	63 - 66.99: D	60 - 62.99: D-	00 - 59.99: F

I **curve** the exams unless half the class earns As and Bs.

Attendance Policy:

I urge you to come to class regularly! Attendance does not enter your grade directly, but it matters indirectly. You will get a better sense of what is important. Listening to lectures and reading the text reinforce one another. Moreover, attendance allows you to participate and to learn from your classmates.

Academic Honesty Policy:

I encourage you to study in groups and to discuss all homework, but you must write your own answers **and** the names of all students in the study group on your homework. If you copy from the web or other students, or if you let another student copy from you, you will receive **zero** for the whole HW assignment or exam. Note that the punishment is the same for both parties. In case of HW, I offer this advice: If a student asks you for a copy of your HW, do not give it to him/her. Be nice and agree to offer verbal help.

Beware of **plagiarism**! If you are:

- Lifting phrases (**three** words or more) from a printed medium or the web, use quotations marks and cite the source properly. For example, sports economics is an “expanding field of study that offers insights on such broad topics as labor-management relations and racial disparities in pay and hiring.” http://www.usatoday.com/money/2006-07-27-sports-econ-usat_x.htm
- Lifting words from the **textbook** (including definitions), use quotation marks and provide the page number. You do not need a full citation in this case.
- Providing **figures**, cite a source. For example: Labor productivity in Africa is growing at 2.7% annually (*The Economist*, 12-01-2011, p. 82).
- Changing **a few words** in the original and reporting it as your own work, stop! You are plagiarizing.

If you do not follow the above rules, you will get **zero** for the HW or assignment.

Special Accommodation:

Students who wish to request accommodations in this class for a disability should contact Mr. Joe Kempfer, Assistant Director of Learning Services for Disability Support, 1307 Main Street (extension 1510). Accommodations cannot be provided until authorization is received from the office of Learning Services.

Schedule:

Week of:	Topics	Text
Jan. 16	Review	Chapters 1 & 2
Jan. 23	Sports Franchises as Profit-Maximizing Firms	Chapter 3

Jan. 30	Monopoly and Antitrust	Chapter 4
Feb. 6	Monopoly and Antitrust Review	Chapter 4 Chapters 1-4
Feb. 13	Exam 1 (2-14-12) Competitive Balance	Chapters 1-4 Chapter 5
Feb. 20	Public Finance of Sports: The Market for Teams Article 1 and Outline for Paper 1 (2-21-12)	Chapter 6
Feb. 27	Costs and Benefits of a Franchise to a City	Chapter 7
March 5	Spring Break	
March 12	Costs and Benefits of a Franchise to a City Review	Chapter 7 Chapters 5-7
March 19	Exam 2 (3-20-12) Labor Markets in Professional Sports	Chapters 5-7 Chapter 8
March 26	Labor Markets Imperfections Article 2 and Outline for Paper 2 (3-27-12)	Chapter 9
April 2	Discrimination	Chapter 10
April 9	Amateurism and College Sports Article 3 (4-12-12)	Chapter 11
April 16	George Dohrmann: "Pay for Play" Review	<i>Sports Illustrated</i> , 11/2/11 Chapters 8-11
April 23	Exam 3 (4-24-12) Review	Chapters 8-11 Chapters 4, 7, 9, and 11
May 1	Final Exam (1:30 pm)	Chapters 4, 7, 9, and 11

You are responsible for following all rules stated on this syllabus

The syllabus is subject to change