

Course Syllabus

ECON 3315.001: SPORTS ECONOMICS Fall 2015

Professor: Kurt Beron GR 3.806, (972) 883-2929, kberon@utdallas.edu.

Office Hours: Monday 2:00 – 3:00; and by appointment.

TA: George Cox GR 2.816, ggc090020@utdallas.edu.

Office Hours: Tuesday and Thursday 2:00 – 3:00 in office; and by appointment.

Note that George will also be available on Monday, 6:00-7:00pm and Wednesday 3:00-4:00 in the Econ lab (GR 3.416) – see below.

Econ Lab – A lab (GR 3.416 – Galveston Room) will be staffed by economic graduate students from **3pm – 7pm Monday through Thursday**. General economic help will be available there. However they (except when George is there) will not be trained to help with specific problem set questions for our class and so should not be asked how to do or interpret specific problem set questions. Save those for George or me.

Home Page for Course is on eLearning.

Course Pre-requisites, Co-requisites, and/or Other Restrictions

(including required prior knowledge or skills)

The expectation is that a student in this class has taken college algebra and principles of microeconomics. I will be providing micro refreshers throughout the semester, but it may serve some of you to have a principles of microeconomics textbook available to you. One free on-line resource for principles of micro can be found at

<http://ocw.mit.edu/courses/economics/14-01sc-principles-of-microeconomics-fall-2011/index.htm>, but there are many, many on-line and in-library resources available for micro review.

Besides office hours, the Econ Lab discussed above is a perfect spot for answers to general micro questions. I also expect you to be able to deal with basic data. For this class you will need to be able to collect data, primarily from the Internet, on various athletic events and activities. You will then need to be able to summarize this data using basic descriptive statistics (means, medians, etc.) and then produce basic graphs. Beyond this, I will give a brief introduction to regression analysis (which many of you already have from taking an econometrics class, but this is not required for this class) and then assume you can interpret a regression model. For those knowing how to run a regression you will find some good examples to try out.

And do you need to be knowledgeable about any/all sports? No – But you need to be willing to learn the basics quickly if you don't!

Course Description

The Economics of Sports is a class designed to apply basic microeconomic theory to the world of sports. We will use various subareas of micro – specifically, industrial organization, public finance, and labor economics – to analyze sports, primarily focusing on basketball, football, baseball, hockey, and soccer but also bringing in other sports – in particular individual sports like tennis and golf. Mixed in throughout will be a discussion of amateur and collegiate athletics. For example, the “market” characteristics of college athletics will be examined including whether the NCAA is a cartel (and is this a bad thing), whether student-athletes who receive athletic scholarships are, or are not, being exploited, and why colleges sponsor athletic teams to begin with.

Student Learning Objectives/Outcomes

Students will begin to learn how to:

- Define the concept of market efficiency, and assess evidence for and against market efficiency
- Analyze the costs and benefits of public works projects like sports stadiums
- Articulate the purpose of sports leagues, identify the mechanisms used to achieve their goals, and theoretically and empirically assess the degree to which they are successful
- Identify and implement optimal pricing strategies for maximizing profits
- Predict behavior and outcomes in games of strategic interaction, and develop optimal responses
- Describe the theoretical causes and consequences of monopsony power, and assess the extent of monopsony power in labor markets
- Describe the types, sources, and consequences of labor market discrimination

(adapted from M. Hoekstra)

Assessment will be based on problem sets, exams, and a group project as discussed in the relevant section below.

Required Textbooks and Materials

Textbook: **The Economics of Sports, 5th ed.** Leeds and Allmen, 2014.

In addition there will be required readings assigned at various points during the semester. And you should make sure you read the sports section of the paper regularly! Be prepared for general questions related to current topics.

The primary economic journal in the field is the *Journal of Sports Economics*. Other journals of interest are the *Journal of Sport Management* and *Journal of Intercollegiate Sport*.

Some recommended sports blogs are

“The Sports Economist,” <http://thesportseconomist.com/>
“The Wages of Wins Journal,” <http://wagesofwins.com/>
“FiveThirtyEightSports,” <http://fivethirtyeight.com/sports/>
“Freakonomics,” (some sports) <http://freakonomics.com/>

Assignments & Academic Calendar

Tentative Reading Assignment Schedule – Fall 2015 Sports Economics (ECON 3315 – Beron)

Readings are from the Leeds and Allmen 5th ed. text, and are listed for when they are supposed to **have been** read. Assume even if it doesn't say it that preceding each dates topic is the word "Continued" from the previous class as many will span more than one class. Either the night before class, or early the morning of class, a PowerPoint will be available on eLearning that will contain some essential ideas I will be covering in the upcoming class that you should print out and bring to class. Not all the slides I show in class will be part of this PowerPoint, so take notes on the printout you bring!

There will be additional readings assigned and either placed on our eLearning web site or on library reserve. These assignments will be given in class. Also, you will be assigned a date to give your group presentation.

Setting up a full semester's schedule is always a bit of guess work, so if, and when, we get behind **the dates for exams and problem sets will not change** unless the university has been closed or a university function requires it. I will change the material covered in the problem set or exam to accommodate where we are in lecture, so plan your semester accordingly.

August

- 24 Introduction and Chap 1
- 26 Continued and Chap 2
- 31 Continued – split into teams

September

- 2 Continued and Appendix 2B – team topics assigned
- 7 Labor Day
- 9 Chap 3 (omit section 3.3) (Problem Set 1 given)
- 14 Continued
- 16 Chap 4 (omit sections 4.6 & 4.7) (read pp. 292-293 on "reserve clause")
- 21 Continued
- 23 Continued (Problem Set 1 due)
- 28 Exam 1
- 30 Sections 4.6 and 11.1 and pp. 380-383 (don't worry about the table at this point), and Chap 5

October

- 5 Chap 5 continued
- 7 Continued
- 12 Continued and Chap 6
- 14 Continued (Problem Set 2 given)
- 19 Continued and Chap 7
- 21 Continued

- 26 Team projects 1, 2, & 3
- 28 Continued (Problem Set 2 due)

November

- 2 Exam 2
- 4 Chap 8
- 9 Continued and Chap 9
- 11 Continued
- 16 Chap 10
- 18 Continued and Section 4.7, Chap 11.2-11.4 (Problem Set 3 given)
- 23 Fall Break
- 25 Fall Break
- 30 Continued

December

- 2 Team Projects 4, 5, & 6
- 7 Wrap-up (Problem Set 3 due)
- 9 Exam 3

Grading Policy

(including percentages for assignments, grade scale, etc.)

The grade for the course will be based on three problem sets (8% each), three exams (20% each), and a team project (16%). You may work on the problem sets together, unless a question states otherwise, but all answers turned in must be written up independently. The problem sets must be legible and only one side of a sheet of paper may be used in writing up answers. I will feel free to call on students to discuss in class parts of the problem set. Doing or not doing so when chosen could influence someone whose grade is at the margin. Exams will be closed book and may include material from the team projects.

Team Project

The team project will put three to five of you together. The grouping of you into teams will be random and chosen by me, though I allow for some switching, and the order for picking topics will also be randomly assigned by me. The groups will present a 15 minute PowerPoint presentation to the class, followed by five minutes of questions, on a topic from a list I provide. Time your presentations as I will cut you off if they run long! There must be some focus on economics, or an analysis from an economic perspective, within the project, though including details and examples is fine. No more than two team members is to present. Make it interesting!

The team will also turn in a ten to twelve page summary paper including references. The paper will be double-spaced using 12-point font. The references, which should be single-spaced, should be in standard, alphabetized, bibliographic form, though I don't care which form (APA, Chicago style, etc.) and all cited references should be in the bibliography and not just footnotes. The material presented and written about must use several sources beyond the textbook (see my note below).

I will assign a single grade for the presentation and paper. Each member of the group will privately state their contribution to the project and paper as well as each member's contribution – I will use this information to vary individual grades from the team grade if this is warranted.

The projects will be presented on the dates listed in the syllabus and described in class. Further notes:

- Each group will assign one paper for the rest of the class to read and send it to me at least four days prior to class to post on eLearning.
- Each group will have to send me the PowerPoint at least 24 hours in advance and these will be loaded on my computer for you to use in class.
- You will turn in your written report either at the time of your presentation or at the next class. You will also email me a copy of your paper.
- You will also have to provide printed copies of the PowerPoint for the rest of the students in the class at the time of the presentation. Test it out and make sure you can read a copy before printing them all out!

The presentations are fair game for exams!

General notes:

- If your paper could have been written without having taken this course, it will affect your grade. It must have economic analysis.
- It must employ a "sophisticated" bibliography. You don't need lots of references, but at least a couple of your sources should be found on EconLit or JSTOR, which pass the sophistication test. If they are mostly from newspapers, Newsweek, etc., they do not pass the sophistication test. Check with me if you are not sure.

Course & Instructor Policies

Make-up exams/Late assignment policy: Exam dates will not be changed unless the university has been closed or a university function requires it; I will adjust material for the exam if we get behind. Make-up exams will only be given in extenuating circumstances (documentation required) with the exam itself likely being more difficult per the additional time and information available. Alternatively there may be a reweighting of future, untaken exams. Late problem sets will be penalized and not accepted after we have gone through the answers.

Extra Credit

It is possible to earn three extra credit points. These will be added to your final course average. In order to earn these points, you must prepare two *good* questions, one multiple choice and one problem set oriented, for each chapter, and they must have a sports theme. The first set, worth 1 point, must be submitted *prior* to the first exam. These should cover chapters 1 to 4. The second set, covering chapters 5 to 7, must be submitted *prior* to exam 2. The final set, covering chapters 8 to 11, must be submitted *prior* to exam 3.

The questions must be typed and e-mailed to me, *with* your proposed answers, in a word processing program such as Microsoft Word. Do not send a PDF file. [Attribution for this paragraph goes to Roger Blair].

E-mail: Questions may be sent to George or me by e-mail throughout the semester. We will answer them within two days, though usually sooner. For many students this will be the easiest way to get timely answers to questions. Additionally, whenever clarifications need to be made in material I will use e-mail to distribute the information, so you should check your e-mail periodically. A couple of important email rules:

- If you want me to read your e-mail, **it must include ECON 3315 in the subject header**. Otherwise it may well end up as automatically deleted spam.
- The University requires all official e-mail to go to your UTD address, so **I will send most messages to your eLearning/UTDallas address**. You may then forward them to some other address.

Decorum during class:

- No cell phones on during class or text messaging
- No laptops in use other than for class-related activities – you may use laptops, but when I walk around the room I don't expect to see e-mail, games, social network sites, etc.
- No gum, please

These descriptions and timelines are subject to change at the discretion of the Professor.

General University Policies are found at <http://coursebook.utdallas.edu/syllabus-policies/>