Course Description: Sports are not only a source of entertainment in this country, but also a big business. This course investigates what economics has to say about sports: how tools of economic analysis can be applied to sports, whether sports are unique in some respects, and what the evidence has to say about key questions. These questions include how player salaries are determined, the relationship between salaries and ticket prices, the design of sporting contests, competitive balance among teams, stadium financing, streaks and momentum, and cheating. The focus of the course is on professional team sports in the U.S., although we also spend some time on college sports, individual sports, and sports in other countries.

Background: You are expected to be familiar with micro principles and to be able to use basic algebra. If that is not the case, this course is not for you. I will also introduce you to regression analysis and the rules of probability, both of which will be necessary to understand some of the readings and discussion in this course. So be prepared—but if you are, this will be interesting!

Required readings: There is one text plus many outside readings. All are required. The text is Rodney Fort, Sports Economics, 2/e (2006). All other readings are posted on Blackboard. By enrolling in this course, you agree to download only one copy of each reading, and that copy is to be used only for this course.

Grading: There will be two in-class exams during the semester, the first on February 10, covering Sections 1-5 of the reading list, and the second on March 24, covering Sections 6-10. Each is worth 25 percent of your grade. The final is worth 35 percent. Problem sets and other assignments (to be described) count for the remaining 15 percent. Unexcused absences from exams or tardiness in handing in assignments will result in an F for that grade. Violations of university honor code will be dealt with strictly.

Teaching Assistant: The TA/grader for this course is George Ivanov, who can be reached at georgi.s.ivanov@gmail.com. His office hours (as well as mine) will be posted soon.

Blackboard: I will use Blackboard to announce any changes in schedule or readings. Other assignments and materials will also be posted there. You will be responsible for all announcements and materials on Blackboard.
Course Schedule and Reading Assignments

OVERVIEW
1. Economics of Team Sports (1)
   Fort, ch. 1

THE MARKET FOR TICKETS TO SPORTING EVENTS
2. Ticket Demand and Prices (2)
   Fort, ch. 2
   Downward and Dawson, “Theoretical and Empirical Issues,” pp. 69-81
   Knowles, et al, “The Demand for Major League Baseball”
   Kwoka, “Root, Root, Root, for the Home Team,” Northeastern Alumni Magazine
   Notes on regression analysis: “Statistical Tools”

3. Ticket Prices: Sellouts and Scalping (1.5)
   Krueger, “An Economist Goes to the Super Bowl”
   DeSerpa, “To Err Is Rational”
   Waddell, “Ticketing the Show”
   Happel and Jennings, “The Folly of Anti-Scalping Laws”
   Williams, “Do Anti-Scalping Laws Make a Difference?”

THE MARKET FOR PLAYER SERVICES
4. Salary Determination: The Basics (2.0)
   Fort, ch. 7, pp. 206-228
   ch. 8, pp. 256-271
   Scully, “Are Club Owners Colluding to Suppress Free Agency?” pp. 165-170
   Kahn, “The Sports Business as a Labor Market Laboratory,” pp. 75-83
   Richardson, “Pay, Performance, and Competitive Balance in the NHL,” pp. 393-396, 400-407
   Lehn, “Information Asymmetries in the Baseball Free Agent Market”

5. Player Salaries: Superstars and Discrimination (1.5)
   Fort, ch. 7, pp. 228-247
   Johnson and Harrington, “The Jordan Effect”
   Kahn, “Discrimination in Baseball”
COMPETITIVE DESIGN AND BALANCE

6. Competitive Balance (2.5)
   Fort, ch. 5, pp. 133-140
   ch. 6
   ch. 8, pp. 271-284
   Staudojar, “Salary Caps in Professional Team Sports”
   Zimbalist, “Leveling the Playing Field”
   MLB, Blue Ribbon Panel Report, pp i, 1-10 (Summary)

7. Design of Sports Competition (1)
   Von Allman, “The Economics of Individual Sports: Golf, Tennis, Track, and Nascar”
   Ehrenberg and Bognanno, “Do Tournaments Have Incentive Effects?”
   Laband, “How the Structure of Competition Influences Performance in Professional Sports”

TEAMS, LEAGUES, AND STADIUMS

8. Team Finances (2)
   Fort, ch. 4
   ch. 12, pp. 418-425
   ch. 3, pp. 52-65
   Zimbalist, “Franchise Financing”
   Scully, “Profitability, Survivability, and League Expansion,” pp. 129-135

9. Antitrust and Competition (1)
   Fort, ch. 12, pp. 425-437, 441-449
   Roberts, “The Case for Baseball’s Special Antitrust Immunity”

10. Expansion, Relocation, and Contraction (1.5)
    Fort, ch. 5, pp. 141-158
    Noll, “The Economics of Baseball Contraction”

11. Stadiums and Subsidies (1.5)
    Fort, ch. 10
    Siegfried and Zimbalist, “The Economics of Sports Facilities and Their Communities”

COLLEGE SPORTS

12. College Sports: The Business (2)
    Fort, ch. 13, pp. 456-470, 488-509
    Noll, “The Business of College Sports”
    Sheehan, “Academics, Athletics, and Financing”
13. **College Sports: Other Issues** (1.5)
   - Fort, ch. 13, pp. 509-515
   - Turner et al, “Winning and Giving”
   - Sigelman and Bookheimer, “Is It Whether You Win or Lose?”
   - Zimbalist, “Gender Equity”

**PLAYING THE GAME**

14. **Streaks and Strategy** (1.5)
   - Gilovich et al, “Hot Hand in Basketball”
   - Fort and Rosenman, “Streak Management”
   - Hakes and Sauer, “An Economic Evaluation of the Moneyball Hypothesis”
   - Notes on probability: [http://stattrek.com](http://stattrek.com) Go to Tutorials: Probability

15. **Cheating and Drugs** (1)
   - Levitt and Dubner, *Freakonomics*, pp.38-45
   - Wolfers, “Point Shaving: Corruption in NCAA Basketball”