Economics 321
Economics of Sports
Fall 2011

Instructor: Randy R. Grant, Ph.D.
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503-883-2402
rgrant@linfield.edu

Meeting Place: Day 108
Meeting Time: 9:30-10:20 AM MTWTh

Office Hours: Monday 1:30-3:30pm; Tuesday 1:15-2:45pm; Wednesday, 1:30-2:30pm, and by
appointment. Changes will be posted via email and/or announced in class. You can also contact me with
questions via e-mail.

Course email address: 2011fa-econ32101@linfield.edu. Course materials and other
information will be distributed regularly using this email address. Students are responsible for
checking email on a daily basis to retrieve this information.

Course Prerequisite: ECON 210


You should also read, on an on-going basis, publications such as Sports Illustrated, The Sporting
News, ESPN Magazine, the sports page from The Oregonian, or another reputable source on current
events within the world of sports. Additional readings may be distributed in class or put on reserve
in the library. It is expected that they will receive the same careful consideration as the textbook.

Websites: This list represents a mere fraction of the various sites you can visit to find articles and data
pertaining to sports economics. Some of these have links to other useful websites.

www.sportseconomics.com
www.sportslinkscentral.com
www.amstat.org/sections/sis/
www.econ.utah.edu/sinclair/links.htm
www.ballparks.com
www.baseballprospectus.com
www.vanderbilt.edu/econ/faculty/Vrooman/sports.htm
www.womensprosoccer.com

www.mlb.com
www.nfl.com
www.nba.com
www.mlssoccer.com
www.wnba.com
www.premierleague.com
www.nhl.com

Linfield Curriculum Designation: This course provides four credits toward fulfilling the Individuals,
Systems, and Societies (IS) or U.S. Pluralisms (US) areas of the Linfield Curriculum. For students entering
Linfield Fall 2010 or later, in order to earn an IS or US for this course, you must complete the electronic
submission of exemplar work and supporting descriptions by the last day of finals week, as discussed in
the Linfield College Course Catalog.

Do or do not, there is no try. – Yoda
**Course Description and Objectives:**

Using the tools of economic analysis, this course will examine issues pertaining to professional and amateur sports, including market structures (monopoly and monopsony power) and labor markets (salary caps, collective bargaining, free agency, discrimination). It will also address policy issues such as stadium financing and team location. As ECON 210 is a prerequisite for this course, it is assumed that you are familiar with the analytical tools covered in that course.

While study will be focused on the specific area of sports economics, through the process students will further develop their general proficiencies in the areas of:

1) Displaying command of existing economic knowledge. Through the completion of end-of-chapter questions, article reviews, and the examinations, as well as participation in class discussions, students will develop their ability to explain and apply theoretical concepts, summarize current conditions, and summarize the dimensions of a policy issue, all within the scope of sports economics;

2) Utilizing existing economic knowledge to explain economic issues. Through completion of the research paper, students will develop the ability to analyze issues pertaining to sports economics, summarizing the potential policy approaches, solutions, and/or dilemmas associated with the issues.

**Linfield Curriculum:** This course satisfies the Individuals, Systems, and Society (IS) and the U.S. Pluralisms (US) components of the Linfield Curriculum. As outlined in the Linfield College Catalog, this course will develop the student’s ability to do the following:

**Individuals, Systems, and Society:**

1) *Understand the relationships among individual, systemic, and social processes*
   Through participation in lectures, completing examinations, completing worksheets, and participating in classroom discussion, students will learn how different sports leagues configure themselves to produce and to distribute goods and services for the benefit of the individuals living within those societies. The relationships between sports leagues (and their many constituents) and those outside sports leagues will be discussed and compared.

2) *Think critically about the ways that society affects individual behavior and individual behavior affects society*
   Through participation in lectures, completing examinations, completing worksheets, and participating in classroom discussion, students will learn how social and cultural systems regarding the use and disposition of productive resources affect how individuals, governments, industries (leagues) and firms (teams) decide how to allocate scarce resources to best satisfy their objectives.

3) *Articulate how key theoretical principles can be used to explain individual and social processes, inform public policy and/or develop practical approaches to human problems across regional, national, and/or global contexts.*
   Through participation in lectures; completing examinations, worksheets, and the paper; and by participating in classroom discussion, students will examine how different systems of incentives and property rights lead to different resource allocation decisions in sports leagues and broader society.

*Education is like taking a bath. It’s not over after the first one. You have to do it again and again.*

-- Anne Carpenter
This course will also promote an appreciation for U.S. pluralisms, consistent with the Linfield Curriculum objectives. As described in the Linfield College Catalog, “[These] courses explore the diverse experiences among those living in the United States…. These courses examine how the dominant traditions of American culture have marginalized the voices of those who have typically fallen outside those traditions, using analytical frameworks…. “ Specifically, this course will examine racial and gender discrimination, focusing on both players and management.

**Pedagogical Approach**

This will not be a traditional lecture course. Prior to the start of each chapter, students will be provided a set of chapter discussion questions. On the days that we are scheduled to cover those chapters, students, often by random draw, will present their answers, and the rest of the class will be asked to respond. Elaboration and/or correction by the instructor will occur as needed. Similar procedures will be followed when discussing homework problems and article reviews.

**Course Requirements:**

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<thead>
<tr>
<th>Contribution to grade</th>
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<tbody>
<tr>
<td>Homework</td>
<td>0% (see below)</td>
</tr>
<tr>
<td>Weekly article reviews</td>
<td>10%</td>
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<tr>
<td>Professional League paper and presentation</td>
<td>10%</td>
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<tr>
<td>Midterm exam</td>
<td>15%</td>
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<tr>
<td>Final exam (comprehensive)</td>
<td>20%</td>
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<tr>
<td>Class participation</td>
<td>15%</td>
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<tr>
<td>Short Research paper and presentation</td>
<td>20%</td>
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<tr>
<td>Reflective Essay</td>
<td>5%</td>
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<tr>
<td>Field trips &amp; guest speakers</td>
<td>5%</td>
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Late assignments will be accepted only for valid reasons and at the professor’s discretion. Make-up exams are given at the professor's discretion. Interference with vacation plans is not a valid reason for missing an exam.

Any academic dishonesty (cheating, plagiarism, etc.) on any exam or assignment may result in the student receiving a failing grade (F) for the activity and/or the course. This course adheres to the college policy on academic honesty, as published in the Linfield College Course Catalog. Students are responsible for knowing that policy; ignorance of the policy is not a valid excuse.

**Homework**

There are a number of problems (including “Review Questions,” “Thought Problems,” and “Advanced Problems”) in the back of each chapter. You are not required to complete these, but it is highly recommended that you work through them, as they will help you prepare for exams.

**Article Reviews**

For this assignment you will need to locate articles pertaining to sports economics. These articles may focus on the economic structure of a particular sport, labor market issues, the effects of proposed or existing policy on the sports industry, or any other relevant topic. You are required to complete and be prepared to discuss one review each week, due at the beginning of the Thursday class. You are required to complete
five (5) written reviews during the course of the semester, and these are to be typed, single-spaced, with an optimal length of one full page. You may submit only one per week, and they will not be accepted at any time other than 9:30am each Thursday. Reviews must be numbered, and a proper source citation for each article must be provided with your review.

Your reviews should reflect your understanding of the material covered in this or previous economics classes, and/or in the required readings, but you should also feel free to compare and contrast the content with other articles you have collected. Because of the space limitations, you will need to be concise. Scores will depend primarily on how well the central economic concepts in the article are identified and explained.

A minimum of five (5) written reviews are required to receive full credit for this assignment. If you choose to do more, I will use the five best scores when computing your final grade. However, I will only accept one article review per person, per week.

For the purpose of completing your short research paper, it is strongly recommended that you locate articles that pertain to your topic. Articles assigned for regular class reading may not be used for article reviews unless specifically assigned for that purpose by the instructor.

Professional Sports League Presentation

You will work in small groups (2-3 per group) to research and present information on one of the following sports leagues: National Football League (NFL), Major League Baseball (MLB), National Basketball Association (NBA), Major League Soccer (MLS), Women's National Basketball Association (WNBA), Women's Professional Soccer (WPS), National Hockey League (NHL), English Premier League (EPL). For the league you are assigned, you will be expected to present the following information:

1. Name and brief history of the league
2. General overview of the sport (including basic game rules)
3. Rules that have clear economic impacts or are economically motivated
4. Structure of the league (setup of conferences, divisions; # of teams, postseason play, how league commissioner/administrators are selected, etc.)
5. Product market dimensions (market structure; prices for tickets, concessions, etc.; media contracts; franchise values and expansion fees, etc.)
6. Labor market (market structure, player acquisition rules (drafts, trades, salaries, labor contracts, etc.)
7. Issues facing league (current financial/economic conditions, potential work stoppages, controversial issues (e.g. steroids, team relocation, hiring discrimination)
8. Analysis of the state of the league: What are the short run and long run prospects for the league?

The output of your research will take two forms. First, each group will present their league in class, using PowerPoint or similar mode of presentation. Electronic copies of the slides will be provided to the class at least 24 hours in advance of the presentation or hard copies of the slides will be provided just prior to the start of the presentation. Slides should provide a framework and not contain all relevant information. Presentations will take place Sept. 19-29.

The second form of output will be a short paper with the above information organized by subtopic. The thesis for the paper will be the conclusions drawn from the analysis of the state of the league. There is no set length for the paper; it should be long enough to contain the required information, but not overly verbose. A well-written paper will be full of concise, content-rich, non-superfluous sentences.
Midterm and Final Exams

The midterm and final exams may consist of multiple choice, short answer, graphing, and essay questions. You will not be allowed the use of notes or the text. The final exam will be comprehensive.

Class Participation

It is expected that every student will participate actively in the class. This includes, but is not limited to, providing input to discussions and asking thoughtful questions. Successful participation requires familiarity with the subject matter, which typically requires preparation. In other words, read the chapters and prepare answers to discussion questions before we are scheduled to cover them. Of course, successful participation also requires attendance. Absences reduce your opportunities to contribute, and unexcused absences may adversely affect your participation grade. If it becomes apparent that students are not adequately preparing for class, I reserve the right to give quizzes or other similar assignments to provide encouragement. Scores on these activities will comprise part of the participation grade for the course.

Short Research Paper

Each student will write and present a short research papers on a carefully selected topic in sports economics. Your paper should address an important issue pertaining to the economics of a sport, including market issues; or to a related policy issue, and should incorporate the tools of analysis developed in the course. Students will submit their proposed topic, including a statement of purpose (typed), to the professor no later than the beginning of class on Thursday, Sept. 8. An outline, rough abstract, and annotated bibliography with at least eight (8) sources will be due at the beginning of class on Monday, Sept. 19. A first rough draft will be turned in at the beginning of class on Monday, Oct. 10, a second (and improved) rough draft will be turned in at the beginning of class on Monday, Oct. 31, and the final draft must be submitted by 2:30 P.M. on Thursday, Dec. 1. Rough drafts must be a minimum of eight (8) pages of text, typed and double-spaced (12 point font, 1 inch margins), and include page numbers. Final drafts must be a maximum of eight (8) pages of text, typed and double-spaced (12 point font, margins of 1 inch), and include page numbers. Any rough or final drafts not satisfying these requirements will receive a zero and otherwise not be evaluated. Tables and graphs do not constitute text for purposes of determining length. Both the second rough and final drafts must have a minimum of ten (10) sources, and include proper source citations (bibliography and foot-, end-, or parenthetical notes). It should have a title page attached, but no other cover. It is strongly recommended that you use the articles for your reviews as source material for your paper. Note that Wikipedia, About.com, and similar websites are not valid academic sources.

As part of your participation grade you will be required to provide feedback on the rough drafts of two of your classmates. That means that for the second rough draft you must submit three copies. You will also need to take both of your drafts to the writing center for consultation, and provide evidence of the visit with a form signed by a writing center consultant.

Your paper will be evaluated primarily on how well you develop and defend a thesis. Your paper should be well-researched and follow a logical structure (1. Intro – tell me what you’re going to tell me, with a clear and concise thesis statement; 2. Body – tell me, with appropriate evidence and analysis; 3. Conclusion – tell me what you’ve told me, effectively restating your thesis) and be written coherently (proper grammar, spelling, punctuation, etc.) so as not to distract from your arguments. On the final draft, for every grammatical error (including spelling and punctuation), expect to have one point (out of 100 possible) deducted from your research paper grade.

Obstinate ignorance is usually a manifestation of underlying political motives. -- M. Kalecki
Toward the end of the semester (December), you will present your paper orally to the class. You are required to use PowerPoint (or a similar tool approved in advance by the instructor) to present your paper, and it is expected that your presentation will be done in a professional manner.

**Reflective Essay**

Near the end of the semester you will write a “reflective essay” assignment where you will assess and provide evidence as to how the various class activities accomplished the course objectives described above. This is *not* a course evaluation; you may find it useful in preparing your submission for LC credit.

**Field Trips & Guest Speakers:**

As the semester progresses we will have the opportunity to take field trips to relevant sites & organizations. When these are scheduled I will notify the Dean of Students and Dean of Faculty so that you may be temporarily excused from other course obligations for that day and time. Students will write a brief reflective summary of each experience (approximately one page, single spaced), which will be included in the field trip grade. Those unable to attend field trips will be required to complete alternative assignments. Tentatively I have planned a trip for Friday, **Sept. 30** to Century Link Field and Safeco Field, leaving around 6am and returning around 8pm. We will also be visiting the Nike campus in Beaverton, most likely on Friday, **October 21**. Finally, I am working on setting up field trips with the Blazers and Timbers, ideally culminating in games. The course fee of $40 will cover the cost of these field trips.

We may also have the opportunity to benefit from the wisdom and experience of guest speakers. For each speaker, in addition to the minimal standard of courteous treatment, you will be expected to ask thoughtful questions and write a reflective summary of the experience (approximately one page typed, single spaced).

**Grading Standards:**

After all points have been tabulated, anyone meeting the criteria below will receive no less than the grade indicated. Depending on circumstances, the instructor reserves the right (but is not obligated) to adjust these criteria in favor of the students. Under no circumstances will a student earning less than 50% of the total possible points (pre-adjustment) be assigned a passing grade.

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<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>93-100%</td>
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<tr>
<td>A-</td>
<td>90-92.9%</td>
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<td>B+</td>
<td>88-89.9%</td>
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<td>B</td>
<td>83-87.9%</td>
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<td>B-</td>
<td>80-82.9%</td>
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<td>C</td>
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<td>C+</td>
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<td>C-</td>
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<td>D</td>
<td>68-69.9%</td>
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<td>D+</td>
<td>60-67.9%</td>
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<td>F</td>
<td>0-59.9%</td>
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**Disability Statement:**

Students with disabilities are protected by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act. If you are a student with a disability and feel you may require academic accommodations contact Cheri White, Program Director of Learning Support Services (LSS), within the first two weeks of the semester to request accommodations. LSS is located in Walker 126 (503-883-2444). We also recommend students communicate with their faculty about their accommodations and any special needs an instructor should be aware of. This communication should occur no later than the first week of the term.
Attendance Policy:

Three or more unexcused absences are sufficient cause to adjust your grade downward (by a maximum of 10% on top of the adverse effects on your ability to learn the material). Less than perfect attendance will also adversely affect your ability to participate, and thus your participation grade. Ultimately, however, attendance is a choice; I will not physically insure your presence in the class. Some reasons for missing class (illness, official college activity, etc.) are excusable; others are not. If you miss class and desire that it be an excused absence, you must submit, in writing, an explanation for your decision not to attend. Your explanation must demonstrate a correct understanding of the principles of economic decision-making. If you know in advance that you will be absent (such as for a college activity), you must submit your explanation prior to the class period you will miss. If your absence was not anticipated (e.g. waking up ill), you must call or e-mail as soon as possible, and, upon your return, provide your written explanation.

Tentative Course Outline:

The addition of field trips and guest speakers may result in modification of the dates presented below. Thursdays will be used for “article discussion” days whenever time allows.

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter/Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 29</td>
<td>Course Intro, warm-up</td>
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<tr>
<td>Sept. 1</td>
<td>Article Review #1 Due</td>
</tr>
<tr>
<td>Sept. 1</td>
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<tr>
<td>Aug. 30 - Sept. 1</td>
<td>Ch. 1: Warm Up: The Business of Sports</td>
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Unit 1 provides a brief review of fundamental economic concepts and prepares us to apply those concepts to issues in sports.

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<tr>
<th>Date</th>
<th>Chapter/Topic</th>
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<tbody>
<tr>
<td>Sept. 6-9</td>
<td>Ch. 2: Demand and Sports Revenue</td>
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<tr>
<td>12-15</td>
<td>Ch. 3: The Market for Sports Broadcast Rights</td>
</tr>
<tr>
<td>19-29</td>
<td>Professional league group presentations</td>
</tr>
<tr>
<td>30</td>
<td>Field trip to Seattle, depart Linfield 6:00 AM</td>
</tr>
<tr>
<td>Oct. 3</td>
<td>Professional league group papers due, 9:30 AM</td>
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<tr>
<td>3-6</td>
<td>Ch. 4: Team Cost, Profit, and Winning</td>
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<tr>
<td>10-12</td>
<td>Ch. 5: Sports Market Outcomes I: Leagues, Team Location, Expansion, and Negotiations</td>
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</table>
Unit 3 investigates labor markets in professional sports. General labor market models will be developed and applied as appropriate to specific cases in sports. Institutional issues such as labor unions and collective bargaining processes will also be explored.

Unit 4 examines public sector economic issues pertaining to sports. Topics in this unit include competition among cities to attract sports franchises, public funding for stadium construction, and analysis of the reputed economic benefits of a sports franchise to a metropolitan area.

Finally, as Yogi might say, 90% of this class is 80% mental.