Current Topics in Economics: Sports Economics

Course Description

Selected topics for special study related to economics, the functioning of the economy or economic issues. May be repeated for credit when topics vary.

Prerequisites: ECON 2301 and ECON 2302 and Junior standing or above.

Supplemental Course Description: The purpose of the course is to apply basic economic analysis to issues in professional and amateur sports. In doing so, many subfields of economics will be introduced, including price theory, industrial organization, labor economics, public finance, game theory, and public economics. Topics will include labor markets (collective bargaining, free agency, discrimination, monopsony, salary caps, incentive effects), market structures (monopoly and monopsony), pricing choices (price discrimination) and current policy issues of the economics of sport (e.g. public stadium financing, franchise location). An emphasis will be placed on empirical applications.

Supplemental Information on Prerequisites: While the course is designed for students who have not taken Econ 3311 (Intermediate Microeconomics), Econ 3335 (Labor Economics), and Econ 4310 (Econometrics), having previously taking these courses will likely contribute positively in this course. Students who haven’t taken these courses may find the course more challenging, but also more rewarding.

Learning Objectives

- Identify and acquire publicly available data pertinent to sports issues.
- Identify market structures, league structures, and features of collective bargaining agreements, and explain the effect they have on market participants.
- Describe the evolution of the gap between marginal revenue product and salary over the career of a professional athlete.
- Critically evaluate popular press accounts of current policy issues, applying the appropriate economic concepts.
- Critically evaluate the empirical evidence put forth in support of positions on current policy issues.
- Explain how teams price discriminate across customers.
- Determine the direction of causation between ticket prices and player salaries.

Instructional Methodology:

In addition to lectures, the class will be interactive. A variety of learning methodologies will be used, such as: class discussions, team activities, and quizzes.
Performance Evaluation and Grading

Student performance will be evaluated on the basis of three in-class exams, an empirical project, and a series of assignments that may include quizzes, problem sets, or article reviews.

Exams

60% of the class grade will come from exams. The material covered on examinations may include material from readings, class lectures and class presentations. See below for the weight distribution for determining the overall course average.

Empirical Project

20% of your grade will be based on an empirical project. Subject to approval from the instructor, you will select a topic involving a sports-related economic theory and will attempt to test it empirically. Your project must:

(i) Outline and explain the economic theory associated your project.
(ii) Explain why we should care about the results. Would the results be interesting to a general manager? A sports agent? A mayor? A taxpayer?
(iii) Select at least one testable hypothesis derived from your economic theory.
(iv) Collect and detail the sources of the data necessary to test the hypothesis.
(v) Test the hypothesis using an appropriate statistical technique.
(vi) Explain if the results of the hypothesis confirm the predicted economic theory (or discuss why the results might differ from what the theory predicts), with a special emphasis on whether or not the results are statistically significant.
(vii) Suggest improvements and extensions to your project.

You may work, but are not required to, work with two partners on the project. There is no minimum or maximum page requirement on your report. That said, I would surmise that most projects will be between 6 – 10 pages. I will provide you with a more detailed rubric outlining these components later in the semester. The grade on the project will include points for meeting various “checkpoints” (topic selection, data collection, rough draft). The final draft of the paper will be due on November 19th.

Each group, at their discretion, may choose to make a 10 minute presentation of their project in class for extra credit.

It is also possible that some students may find this project “takes a life of its own”, perhaps because the members wish to take the project further than required, or perhaps because extensive data collection is required. Those groups, with approval of the instructor, may shift weight from the final exam to the project.

Other Assignments

The remaining 20% of your grade will be comprised of a series of quizzes, problem sets, and article reviews. You will be given fair warning on due dates – all will be announced in class and on Blackboard.

Quizzes and article review are individual assignments. Problem sets may be worked in groups of three. No make-up in-class quizzes will be given unless suitable arrangements are made with me in advance. I will not accept late article reviews or problem sets. However, I will drop your two lowest assignment scores (whether they are a quiz, problem set, or article review.)

Class Participation

I very much encourage discussion in class. Outstanding classroom participation may improve your final grade.
Grading

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>Exam 1:</td>
<td>Monday, September 22(^{nd})</td>
<td>20%</td>
</tr>
<tr>
<td>Exam 2:</td>
<td>Monday, October 24(^{th})</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam:</td>
<td>Monday, December 10(^{th})</td>
<td>20%</td>
</tr>
<tr>
<td>Empirical Project:</td>
<td>Monday, November 19(^{th})</td>
<td>20%</td>
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<tr>
<td>Other Assignments:</td>
<td>------------------------------</td>
<td>20%</td>
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</tbody>
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Grading Scale

Each class and exam is unique. Nevertheless, as a rough idea of the grading scale you can expect, I offer the following:

- \( 900 - 1000 = A \)
- \( 800 - 899 = B \)
- \( 700 - 799 = C \)
- \( 600 - 699 = D \)
- \( <600 = F \)

The actual scale for the course will be set at the end of the semester, when all grades on all assignments are available.

The student’s demonstrated performance, not the instructor, determines the course grade. No additional work will be given after the final exam to supplement a course grade. Grades are given based solely on student performance, not needs or any personal reasons.

It is the student’s own responsibility to ensure test scores are correctly posted on Blackboard. Students cannot dispute any test or quiz score more than one month after the item is returned or after the next test / quiz is taken, whichever comes first.

Required or Recommended Readings

**Required:** Lecture notes, newspaper articles, and journal articles (provided on Blackboard)

**Recommended:**

Course Policies

Attendance/tardiness

Students are held responsible for class attendance. Students absent from classes are responsible for assignments due, materials discussed in class, and class announcements - including but not limited to any changes in midterm exam dates. Checking Blackboard often is highly recommended. I reserve the right to offer extra credit opportunities in class, without notice.

Late work and Make-up Exams

All students are expected to take all of the exams on schedule. **No make-up exams will be given for the two in-term exams unless suitable arrangements are made with me in advance.** If you miss one of the two in-term exams, and no arrangements have been made, its weight will be shifted to the final exam. If you miss more than one in-term exam, those exams weight will be shifted to the final exam so long as you complete an extensive book review on a sports economics book of my choosing. All students are required to take the cumulative final exam. Also, see above on assignments.

Extra Credit

Again, I reserve the right to provide extra credit opportunities throughout the semester. These may include, but are not limited to, in-class activities (that may be unannounced) and outside guest speakers.

Cell Phone/Electronic Device Usage

Use of any telecommunication device is not permitted in class. Students caught engaging in such activities will be asked to leave the class for the remainder of the lecture time. No laptop computers will be allowed to be operated during the class. Please mute or turn off your cell phone in class!

Academic Integrity/Plagiarism

This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at [www.cob.tamucc.edu](http://www.cob.tamucc.edu)). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB. University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, falsification, forgery, complicity or plagiarism. In this class, academic misconduct or complicity in an act of academic misconduct on an assignment or test will result in severe penalties. It is your responsibility to ensure that your behavior conforms fully to spirit and letter of the academic integrity statement. If you have any questions, do not hesitate to ask me.

Dropping a Class

I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by going to the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class.

**Friday, November 2**nd **is the last day to drop a class with an automatic grade of “W” this term.**

Classroom/professional behavior

Texas A&M University-Corpus Christi, as an academic community, requires that each individual respect the needs of others to study and learn in a peaceful atmosphere. Under Article III of the Student Code of Conduct, classroom behavior that interferes with either (a) the instructor’s ability to conduct the class or (b) the ability of other students to
profit from the instructional program may be considered a breach of the peace and is subject to disciplinary sanction outlined in article VII of the Student Code of Conduct. Students engaging in unacceptable behavior may be instructed to leave the classroom. This prohibition applies to all instructional forums, including classrooms, electronic classrooms, labs, discussion groups, field trips, etc.

Exceptional class performance may change your grade in either direction.

Grade Appeals

As stated in University Rule 13.02.99.C2, Student Grade Appeals, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Rule 13.02.99.C2, Student Grade Appeals, and University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Office of Student Affairs.

Disabilities Accommodations

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Corpus Christi Hall (CCH) 116.

If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.
# Tentative Course Outline

<table>
<thead>
<tr>
<th>Topic</th>
<th>Additional Readings</th>
<th>Class Dates</th>
<th>Week</th>
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<tbody>
<tr>
<td><strong>Introduction / Introduction to Regression</strong></td>
<td>--</td>
<td>8/20</td>
<td>Week 1</td>
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<tr>
<td>Micro Review (Elasticities, MR, Market Structures)</td>
<td>Braves Tickets</td>
<td>8/27</td>
<td>Week 2</td>
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<tr>
<td>Labor Day Holiday</td>
<td>3</td>
<td>9/3</td>
<td>Week 3</td>
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<tr>
<td>Leagues, Revenue Sources, Monopoly, Price Discrimination</td>
<td>4</td>
<td>9/10</td>
<td>Week 4</td>
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<tr>
<td>Antitrust, Cartels, Game Theory</td>
<td>Sumo</td>
<td>9/17</td>
<td>Week 5</td>
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<tr>
<td><strong>Exam 1</strong></td>
<td>--</td>
<td>9/24*</td>
<td>Week 6</td>
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<tr>
<td>Competitive Balance, Salary Caps, Revenue Sharing</td>
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<td>10/1</td>
<td>Week 7</td>
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<tr>
<td>Franchises, Stadiums, Economic Impact</td>
<td>Megaevents</td>
<td>10/8</td>
<td>Week 8</td>
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<tr>
<td>Monopsony, Reserve Clause, Rottenberg</td>
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<td>10/15</td>
<td>Week 9</td>
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<tr>
<td><strong>Exam 2</strong></td>
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<td>10/22*</td>
<td>Week 10</td>
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<tr>
<td>Discrimination (Labor Market, Customer), Integration / Innovation</td>
<td>NBA</td>
<td>10/29</td>
<td>Week 11</td>
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<td>Offsetting Behavior / Moral Hazard</td>
<td>Nascar, DH</td>
<td>11/5</td>
<td>Week 12</td>
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<td>Human Capital</td>
<td>Coaches</td>
<td>11/12</td>
<td>Week 13</td>
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<tr>
<td>Equimarginal Principle</td>
<td>Moneyball, Golf</td>
<td>11/19</td>
<td>Week 14</td>
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<tr>
<td>Tournaments, Title IX, Amateurism</td>
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<td>11/26</td>
<td>Week 15</td>
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<tr>
<td>Review / Presentations</td>
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<td>12/3</td>
<td>Week 16</td>
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<tr>
<td><strong>Final Exam</strong></td>
<td>--</td>
<td><strong>12/10, 7:15 PM</strong></td>
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* Exam Date