

**SYLLABUS**  
**KINS 7560**  
**Economics and Policy Analysis in Sport**

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*Note: Students enrolled in these classes are responsible for all information contained in the syllabus.*

**Course Description**

Application of economic decision-making and policy analysis to professional and amateur sports. This course analyzes a wide range of issues within the realm of professional sports and intercollegiate athletics. Included is the analysis of sport product markets, labor markets and labor relations, public finance of sports facilities, and the organization of sports institutions.

**Course Objectives**

This is a graduate level survey course. The course applies economic principles to analyze a wide range of issues within the realm of professional sports and intercollegiate athletics. Appropriate examination of sports economics requires coverage of advanced fields of specialization within economics. These include public finance, industrial organization, finance, and labor economics.

The principal objective is to familiarize students with the position of sports institutions within the economy and to analyze and compare the makeup of these institutions using the tools of economics. Ultimately, the goal is for students completing the course to be better informed, and have a more complete understanding of the economic issues affecting the world of sports. Students obtaining graduate degrees in sport management should be familiar with the current state academic research and literature in the field. Additionally, they should be able to access and understand research as it evolves. To facilitate this goal, the course readings are predominantly primary research papers. Students will read existing published papers, and are expected to comprehend the analysis and results. They will be concurrently exposed to the tools employed in conducting standard methods of investigation in the field.

All students complete a research paper. The research paper requires the examination of a sports economics topic or issue in detail. It may take the form of a thorough literature review or data analyses. The research paper must be on a sports topic and must be focused on the economics of that issue. More details are available on a separate sheet.

**Course Methods, Requirements, and Expectations**

The material is presented in a discussion and seminar format. Students are expected thoroughly read assigned material prior to class. To initiate discussion one or two students will be selected provide detailed analysis of an assigned reading for each class. Grades are based on in-class discussion and participation, a midterm and final exam, and a research paper.

## **Assessment**

Participation and Discussion 25%, Research Paper-25%, Midterm Exam - 25 %, Final Exam-25%

Test dates will be announced with sufficient notice.

## **Course Materials**

### **Required:**

*Sports Economics Readings*: The readings will be distributed or made available on WebCT throughout the semester and include chapters and articles from books, professional journals, and magazines. The listing of articles and readings in the course outline of topics is not exhaustive and additional readings may be chosen and assigned at the instructor's discretion.

### **Supplemental:**

Text: *Sports Economics* by Rodney Fort, (2003), Prentice Hall: Upper Saddle River, NJ  
(Student who have not studied sport economics should purchase this text)

## **Other Issues**

### **Attendance Policy**

Attendance is your responsibility, but given the design of this course being present is essential. When absent, you are responsible for meeting course requirements regardless of the circumstances.

### **University Honor Code and Academic Honesty Policy**

UGA Student Honor Code: *"I will be academically honest in all of my academic work and will not tolerate academic dishonesty in others."*

Any student caught engaging in any type of academic dishonesty will automatically be referred to the Student Judiciary. A Culture of Honesty, the University's policy and procedures for handling cases of Student Judiciary. A Culture of Honesty, the University's policy and procedures for handling cases of suspected dishonesty, can be found at <http://www.uga.edu/honesty/> Please read the information so that you can understand how the term "academic dishonesty" is defined on this campus.

## Course Outline of Topics

### Weeks 1-4

#### Topic 1: Markets in Sport, Demand Analysis Market Structure/Monopoly, and

- Markets for attending sporting events- gate
- Broadcast Markets

Background *Fort*: Chapters 1 - 3

Primary Sources:

1. Jones, J.C.H., Ferguson, D.G., and Stewart, K.G. 1993. "Blood Sports and Cherry Pie: Some Economics of Violence in the National Hockey League." *American Journal of Economics and Sociology* 52(January):63-78.
2. Ferguson, D.G., Kenneth G. Stewart, J.C.H. Jones, and Andre LeDressay, 1991. The Pricing of Sports Events: Do Teams Maximize Profit? *Journal of Industrial Economics*. Volume 39(3): 297-310.
3. Alexander, Donald L., 2001. Major League Baseball Monopoly Pricing and Profit-Maximizing Behavior. *Journal of Sports Economics*. Volume 2(4): 341-355.
4. Jewell, R.T., and Molina, D.J. 2005. "An Evaluation of the Relationship between Hispanics and Major League Soccer." *Journal of Sports Economics* 6(No. 2 May):160-177.
5. Fort, Rodney, 2004. Inelastic Sport Pricing. *Managerial and Decision Economics*. Volume 25: 87-94.
6. Cave, M., and Crandall, R.W. 2001. "Sports Rights and the Broadcast Industry." *Economic Journal* 111(February):F4-F26.
7. Noll, R.G. 2007. "Broadcasting and Team Sports." *Scottish Journal of Political Economy* 54(Number 3 July):400-421.
8. Putsis, W.P., Jr., and Sen, S.K. 2000. "Should NFL Blackouts Be Banned?" *Applied Economics* 32:1495-1507.

### Weeks 5-7

#### Topic 2: The Economic Organization of Professional Sports Industries

- Economic models of team-sports leagues
- Team/League relationships, revenue sharing
- Competitive Balance
- Expansion & Rival Leagues
- Antitrust Issues
- Organization of Individual Sports

Background *Fort*: Chapters 4 - 6

Primary Sources:

1. Noll, R.G. 2003b. "The Organization of Sports Leagues." *Oxford Review of Economic Policy* 19(No. 4):530-551.

2. Noll, R.G. 2002. "The Economics of Promotion and Relegation in Sports Leagues: The Case of English Football." *Journal of Sports Economics* 3(May):169-203.
3. Kesenne, S. 2000b. "Revenue Sharing and Competitive Balance in Professional Team Sports." *Journal of Sports Economics* 1(February):56-65.
4. Zimbalist, A. 2002 "Competitive Balance in Sports Leagues, An Introduction", *Journal of Sports Economics*, Vol. 3, No. 2, pp. 111-121, May,
5. Ross, S.F. 2003a. "Antitrust, Professional Sports, and the Public Interest." *Journal of Sports Economics* 4(November):318-331.
6. Kahn, L.M. 2007. "Sports League Expansion and Consumer Welfare." *Journal of Sports Economics* 8(No. 2 April):115-138.
7. Scully, G.W. 2002. "The Distribution of Performance and Earnings in a Prize Economy." *Journal of Sports Economics* 3(No. 3, August):235-245.
8. Laband, "How the Structure of Competition Influences Competition in Professional Sports: The Case of Tennis and Golf by Sportometrics p. 133-50 (handout)

**The midterm exam covering topics 1 and 2 will be administered in week 8**

### **Weeks 8 -10**

#### **Topic 3 Sports Labor Markets**

- Marginal Revenue Product in sports
- Labor and Antitrust Issues, the Reserve Clause
- Collective Bargaining Agreements
- Salary Arbitration
- Contracts and Performance
- Discrimination in Professional Sports

Background *Fort*: Chapters 7 - 9

#### Primary Sources:

NHL CBA (current): <http://www.nhlpa.com/CBA/index.asp>

MLB CBA (current) [http://mlbplayers.mlb.com/pa/pdf/cba\\_english.pdf](http://mlbplayers.mlb.com/pa/pdf/cba_english.pdf)

MLB CBA (2003-2006) <http://roadsidephotos.com/baseball/BasicAgreement.pdf>

NFL CBA [http://www.nflpa.org/CBA/CBA\\_Complete.aspx](http://www.nflpa.org/CBA/CBA_Complete.aspx)

NBA CBA [http://www.nbpa.com/cba\\_articles.php](http://www.nbpa.com/cba_articles.php)

NBA CBA FAQ <http://members.cox.net/lmcoon/salarycap.htm>

1. Scully, G.W. 1974. "Pay and Performance in Major League Baseball." *American Economic Review* 64(December):915-930
2. Burger, John D. and Stephen K. Walters, 2003. Market Size, Pay, and Performance A General Model and Application to Major League Baseball. *Journal of Sports Economics*. Volume 4(2):108-125.
3. Staudohar, Paul. "[The Baseball Strike of 1994-95](#)," *Monthly Labor Review*, March 1997, 21-27.
4. "Do Negotiated and Arbitrated Salaries Differ Under Final Offer Arbitration?" Burgess and Marburger, *Industrial and Labor Relations Review* Vol.46, April 1993 p.548-559.

5. "The Effectiveness of Incentive Mechanisms in Major League Baseball." Maxcy, Krautmann, and Fort, *Journal of Sports Economics*, Vol. 3, No. 3, pp. 246-255, August, 2002
6. "Discrimination in Professional Sports: A Survey of the Literature." by Kahn, *Industrial and Labor Relations Review* Vol.44, April 1991 p. 395-418.

Film: *Net Worth*

## **Weeks 9-11**

### **Topic 4: Public Finance of Sports**

- Economic Impact, the economic value of sports franchises to a city or region
- The publicly financed stadium controversy
- Contingent Valuation

Background

Fort: Chapters 9-11

Primary Sources:

1. Hudson, I. 2001. "The Use and Misuse of Economic Impact Analysis: The Case of Professional Sports." *Journal of Sport & Social Issues* 25(No. 1 February):20-39.
2. Lertwachara, K., and Cochran, J.J. 2007. "An Event Study of the Economic Impact of Professional Sport Franchises on Local U.S. Economies." *Journal of Sports Economics* 8(No. 3 June):244-254.
3. Santo, Charles, 2005. The Economic Impact of Sports Stadiums: Recasting the Analysis in Context. *Journal of Urban Affairs*. Volume 27(2): 177-191.
4. Baade, R.A., and Matheson, V.A. 2006. "Have Public Finance Principles Been Shut Out in Financing New Stadiums for the NFL?" *Public Finance and Management* 6(No. 3):284-320.
5. Coates and Humphreys, "[The Stadium Gambit and Local Economic Development](#), *Regulation*, Fall 2000, Vol. 23, No. 2.
6. Coates, Dennis and Brad R. Humphreys, 2003. The Effect of Professional Sports on Earnings and Employment in the Services and Retail Sectors in U.S. Cities. *Regional Science and Urban Economics*. Volume 33: 175-198.
7. Nelson, A.C. 2001. "Prosperity or Blight? A Question of Major League Stadium Locations." *Economic Development Quarterly* 15(No. 3 August):255-265.
8. Johnson, B.K., Groothuis, P.,A., and Whitehead, J.C. 2001. "The Value of Public Goods Generated by a Major League Sports Team: The CVM Approach." *Journal of Sports Economics* 2(No. 1, February):6-21.

### **Topic 5 Weeks 12-15**

#### **The Economics of College Sports**

- The value of intercollegiate athletics to the academic community
- The cartel economics of NCAA
- Student athlete welfare

## Background

Fort: Chapters 12

### Primary Sources:

1. Noll, R. "[The Business of College Sports and the High Cost of Winning](#)," The Milken Institute Review, Third Quarter 1999, 24-37.
2. Tucker, I.B. 2005. "Big-Time Pigskin Success: Is There an Advertising Effect?" *Journal of Sports Economics* 6(No. 2 May):222-227.
3. Humphreys, B.R. 2006. "The Relationship between Big-Time College Football and State Appropriations for Higher Education." *International Journal of Sport Finance* 1(No. 2 May):119-128
4. Goff, B.L. 2000. "Effects of University Athletics on the University: A Review and Extension of Empirical Assessment." *Journal of Sport Management* 14:85-104.
5. Maxcy, 2004 "Analyzing the Changes in the Institutional Framework of the NCAA: A Transactions Costs Approach". *Advances in College Sports Economics*, 2004 p. 11-34
6. Depken, C.A., II, and Wilson, D.P. 2006. "NCAA Enforcement and Competitive Balance in College Football." *Southern Economic Journal* 72(No. 4):826-845. PDF.
7. Kahn, L.M. 2007a. "Cartel Behavior and Amateurism in College Sports." *Journal of Economic Perspectives* 21(No. 1 Winter):209-226.
8. Brown, R.W. 1993. "An Estimate of the Rent Generated by a Premium College Football Player." *Economic Inquiry* XXXI(October):671-684.