

# Economics of Sports (ECP 3006)

## Syllabus

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**Classroom:** 115 Matherly Hall

**Meeting Times:** M&W 9:35am - 11:30am

## What is this Course About?

This course will introduce you to the economics of sports. We will start with some stylized facts about sports economics, how the business of sports operates, and the structure of sports leagues and organizations. Then we will cover several important economic decisions for firms in the sports industry such as pricing, advertising, and broadcasting sporting events. We will also cover various other economic problems which arise in sports leagues – antitrust issues, insurance and risk, cheating, gambling, and the like. Sports economics can also be a natural laboratory for testing the predictions of economic theory, as we will see when we discuss whether professional athletes and sports teams behave in a way that is game theoretically rational. As the course comes to a close, we will discuss the economics of athlete compensation – bargaining between players’ unions and sports leagues, athletes’ contracts, and the role of sports agents.

## Course Information and Policies

- *Website:* This course has a website on Canvas ([elearning.ufl.edu](http://elearning.ufl.edu)). Assignments and grades will be posted here. If you have trouble logging in, please let me know.
- *Office Hours:* I am available in my office (331 Matherly Hall) Monday and Wednesday from 1pm-3pm. You can also reach me by email at [jwhitman89@ufl.edu](mailto:jwhitman89@ufl.edu) to schedule an appointment.
- *Textbooks and Course Materials:*
  - The textbook: “*Sports Economics*”, by Roger D. Blair (ISBN: 978-0521876612)
  - We will also read some journal articles during the semester (e.g. “Do Firms Maximize? Evidence from Professional Football”, by David Romer). I will make these available to you on Canvas.
- *Prerequisites:* You must have previously taken *Intermediate Microeconomics* (ECO 3101) to enroll in this course.
- *Attendance* is **required** but not graded. You are responsible for any material you may have missed during lectures and I do not distribute lecture notes. Please show up for class on time as late arrivals are very disruptive.
- *Communication:* Other than lecture and office hours, I will communicate with you through your university email and the Canvas website. I will send important class announcements via email, so please check your email regularly. Canvas announcements should also arrive via email.
- *Late work* of any kind will not be accepted.
- *Cellphones* and other electronic devices (including laptops and tablets) may not be used during class, and should be turned off or silenced to avoid disrupting other students.

## Assignments

Your grade is split across the following assignments:

- Problem Sets (15%)
- Midterm Exam 1 (25%)
- Midterm Exam 2 (25%)
- Final Exam (35%)

## Problem Sets

Note the due dates listed in the course schedule below. Late problem sets are not accepted. You may study the problem sets with your classmates (I encourage you to study in groups!) but every student must turn in their own work. Simply copying a classmate's work is not allowed. Your answers must be legibly written or typed and graphs drawn neatly. Staple pages together and write your name on the first page so your work is not lost. Points may be deducted for failure to follow the directions given in the problem set.

## Exams

All exams are given in class and closed book. Midterms are non-cumulative but may implicitly use concepts covered on previous exams. The final exam *is* cumulative and will occur on **December 13th from 3:00pm-5:00pm** in our usual classroom. You may not consult with others or use notes of any kind during the exams. **Only simple (four-function) calculators are allowed.** This means a calculator that doesn't do much more complicated than divide, multiply, add and subtract. Graphing calculators (such as the TI-83) are definitely **not** allowed. If you are unsure if your calculator is allowed, please ask. I do not bring extra materials to exams (such as calculators or pencils) so be sure to bring your own. Makeup exams are only given in extreme cases (ex. medical emergency). Makeup exams must be taken within one week of the original exam date unless the student is hospitalized or otherwise physically unable to take the exam. If you have an excused absence on an exam day, let me know well in advance so I can make accommodations.

## Grading Policy and Scale

I do not offer incomplete grades, substitute work, or grade changes. Extra credit is only offered under special circumstances and at my discretion. If extra credit is offered, it will be offered to the entire class. Individual students will not receive extra credit assignments. The grading scale is as follows (I do not grade on a curve):

- (A) 92-100
- (A-) 90-91.99
- (B+) 87-89.99
- (B) 83-86.99
- (B-) 80-82.99
- (C+) 77-79.99
- (C) 73-76.99
- (C-) 70-72.99
- (D) 60-69.99
- (E) 0-59.99

These letter grades correspond to your GPA according to UF's grading point guidelines. <sup>1</sup>

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<sup>1</sup>[catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx](http://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx)

## Etiquette and Professional Conduct

As university students, you are expected to observe common classroom etiquette and conduct yourself in a professional manner. **Any behavior that disrupts the learning of other students is unacceptable.** The following guidelines are given to help students who are still adjusting to a university environment or are otherwise unsure about classroom etiquette.

- Arrive on time and remain in class for the duration of the lecture. If you must leave, do so as quietly as possible so you minimize the disruption to other students.
- Bring necessary materials to class, such as a notebook and a writing instrument. Supplies will not be provided to you.
- Avoid side conversations with your classmates during lecture. This is very distracting to other students and to your instructor.
- All communication should be polite and courteous.

## Online Course Evaluation

Students in this course can provide feedback on the quality of my instruction by completing evaluations online at: [evaluations.ufl.edu](http://evaluations.ufl.edu). These evaluations are typically open during the last two or three weeks of the semester, but I will remind you of the specific times when they are open. These evaluations help me become a better instructor so I strongly encourage you to complete them.

## Academic Honesty

The following is a statement from UF regarding academic honesty: "UF students are bound by The Honor Pledge which states, 'We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida, the following pledge is either required or implied: On my honor, I have neither given nor received unauthorized aid in doing this assignment.' The Honor Code<sup>2</sup> specifies a number of behaviors that are in violation of this code and the possible sanctions. Furthermore, you are obligated to report any condition that facilitates academic misconduct to appropriate personnel. If you have any questions or concerns, please consult with the instructor or TAs in this class."

## Students with Disabilities

Students with disabilities requesting accommodations should first register with the Disability Resource Center<sup>3</sup> by providing appropriate documentation. Once registered, students will receive an accommodation letter which must be presented to the instructor when requesting accommodation. Students with disabilities should follow this procedure as early as possible in the semester.

## Student Wellness

Life does not stop for coursework. If you have a serious physical or mental health issue come up at any point, I strongly encourage you to seek help. Here are some resources that may help you:

- The Counseling and Wellness Center:  
[counseling.ufl.edu/cwc/Default.aspx](http://counseling.ufl.edu/cwc/Default.aspx)  
(352) 392-1575

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<sup>2</sup>[dso.ufl.edu/sccr/process/student-conduct-honor-code/](http://dso.ufl.edu/sccr/process/student-conduct-honor-code/)

<sup>3</sup>Phone: (352)-392-8565, Web: [dso.ufl.edu/drc/](http://dso.ufl.edu/drc/)

- The University Police Department:  
(352) 392-1111 or 9-1-1 for emergencies.
- The Student Healthcare Center:  
shcc.ufl.edu/contact/

### Schedule (Subject to Change):

MONDAY	WEDNESDAY
Aug 21st Introduction to Sports Economics <i>Blair</i> , Chapter 1	23rd The Business of Sports <i>Blair</i> , Chapter 2
28th Sports Leagues and Organizations <i>Blair</i> , Chapter 3	30th Competitive Balance <i>Blair</i> , Chapter 4 <b>Extra Credit Assignment Due</b>
Sep 4th Labor Day, <b>No class</b>	6th Pricing Decisions <i>Blair</i> , Chapter 5
11th Advertising in the Sports Industry <i>Blair</i> , Chapter 6	13th The Market for Sports Broadcasting Rights <i>Blair</i> , Chapter 7 <b>Problem Set 1 Due</b>
18th Insuring Player Talent <i>Blair</i> , Chapter 8	20th "Do Firms Maximize? Evidence from Professional Football" <i>Romer</i> (2006)
25th Sports Leagues and Antitrust Policy <i>Blair</i> , Chapter 9	27th Midterm Exam 1 Review <b>Problem Set 2 Due</b>
Oct 2nd <b>Midterm Exam 1</b>	4th Sports Gambling <i>Blair</i> , Chapter 10
9th Cheating in Sports <i>Blair</i> , Chapter 11	11th Competing for Sports Franchises and Events <i>Blair</i> , Chapter 14 <b>Problem Set 3 Due</b>
16th Salary Determination: Competition and Monopsony <i>Blair</i> , Chapter 17	18th The National Collegiate Athletic Association as a Collusive Monopsony <i>Blair</i> , Chapter 18

MONDAY	WEDNESDAY
23rd "Professionals Play Minimax" <i>Palacios-Huerta</i> (2003)	25th "Professionals Play Minimax" <i>Palacios-Huerta</i> (2003) <b>Problem Set 4 Due</b>
30th Salary Determination: Bidding and Bargaining <i>Blair</i> , Chapter 19	Nov 1st Players' Unions and Collective Bargaining <i>Blair</i> , Chapter 22
6th Players' Unions and Collective Bargaining <i>Blair</i> , Chapter 22	8th Midterm Exam 2 Review <b>Problem Set 5 Due</b>
13th <b>Midterm Exam 2</b>	15th Economic Value of Multiyear Contracts <i>Blair</i> , Chapter 20
20th TBA	22nd Thanksgiving, <b>No class</b>
27th Final Offer Arbitration in Major League Baseball <i>Blair</i> , Chapter 21	29th The Role of Sports Agents <i>Blair</i> , Chapter 23
Dec 4th TBA	6th Final Exam Review <b>Problem Set 6 Due</b>
11th <b>No class</b>	13th <b>Final Exam 3:00pm-5:00pm</b>