Special Topics in Applied Economics:
Economics of Sports

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OFFICE HRS: 12:30 – 1:15 pm M-R
and by appointment

TA: Haktan Sarikaya
260 Holden Hall
OH: T-Th, 2:00 – 4:00pm


EXAMS: 4 exams will be given during the term, 3 “Midterm” exams and a Final Exam.

HOMEWORKS: An unspecified number of unannounced quizzes will be given during the term. Missed quizzes cannot be made up.

GRADING:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>20%</td>
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<tr>
<td>Exam 1, Friday, July 19th</td>
<td>15%</td>
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<td>Exam 2, Friday, July 26th</td>
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<td>Exam 3, Friday August 2nd</td>
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<tr>
<td>Final, Friday August 9th, 11:00am – 1:30pm</td>
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In case a student misses one of the 3 “Midterm” exams, the Final exam will count for 50% of the course grade. In case 2 “midterm” exams were missed the final exam counts for 65% of the course grade. If all 3 “midterm” exams were missed the final counts for 80% of the course grade. As mentioned above, missed quizzes cannot be made up.

A total score of 90 points or more guarantees an “A” for the course. 80-89 points guarantees a “B”, 70-79 a “C”, 60-60 a “D”, and 59 or less points would be an “F”. Any “curving” of this grading scale (if applicable) will be announced at the end of the semester.
Course Outline

Sports Economics provides a practical application of microeconomic theory, industrial organization theory, public finance, regional economics, and labor economics to the world of professional and intercollegiate sports.

Although an interest in sports will enhance your experience in this class, this is primarily an economics class.

I. Introduction and Review of Economic Concepts Ch. 1 and 2
   • Opportunity Cost, Absolute, and Comparative Advantage
   • Supply and demand
   • Market Structures

II. The Industrial Organization of Sports Ch. 3 - 5
   • Sports Franchises as Profit Maximizing Firms
   • Monopoly and Antitrust
   • “Competitive” Balance
   • Competition for Sports Franchises

III. Government and the Sports Business Ch. 6 and 7
   • Subsidies and Economic Impact Analysis
   • Publicly owned Stadiums and Arenas for Private Use
   • Taxes, Antitrust, and Competition Policy

IV. The Market for Talent and Labor Relations Ch. 8 - 10
   • The Value of Sports Talent
   • Player Pay
   • Labor Relations in Professional Sports

V. The Economics of College Sports and Amateurism Ch. 11
Learning Outcomes/Objectives and Course Assessment

Learning outcomes/objectives:
After completing this course the student will be able critically analyze and demonstrate their economic knowledge in the following topics of the Economics of Sports:

1. The tools of industrial organization and how these apply to the organization of professional sports leagues. Specifically, the student should understand
   - the differences in the workings of a competitive versus monopolistic market.
   - how leagues are organized to maximize the profits of individual members.
   - the basics of anti-trust laws and how these have been applied to professional sports leagues.

2. The tools of public finance/regional economics and how these apply to the market for professional sports franchises. Specifically, the student should understand
   - how teams exploit market forces to extract rents from metropolitan areas.
   - the costs and benefits of a franchise and a stadium to a city.

3. The tools of labor economics and how these apply to the market for professional athletes. Specifically, the student should understand
   - how the productivity of an athlete is measured.
   - the steps leagues have taken to maintain competitive balance and the impact these steps have had on player compensation.
   - the basic theories and empirical evidence of racial and gender discrimination in professional team sports.
   - the economics of college sports.

Assessment:

The learning outcomes/objectives will be assessed by presenting students with certain questions/puzzles before a specific topic is covered in class (quiz assignment). Similar questions/puzzles will be embedded in an exam after an appropriate economic analysis has been presented in class. A comparison of the answers to these two set of questions - or better, the process by which the students come to an answer and the arguments put forward by the students will allow an assessment of how well the learning objectives have been achieved.

Below are two examples of such questions:

“Was David Beckham, who was paid about $5.3 million for one season at Paris-Saint Germain, being exploited? What about LeBron James, who was paid about $17.8 million this year?”

“Should the athletics department be subsidized by the university? Why do universities place so much emphasis on athletics?”
**Students with Disability:**

Any student who, because of a disability, may require special arrangements in order to meet the course requirements should contact the instructor as soon as possible to make any necessary arrangements. Students should present appropriate verification from Student Disability Services during the instructor’s office hours. Please note instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, you may contact the Student Disability Services office at 335 West Hall or 806-742-2405.

**Academic Integrity:**

It is the aim of the faculty of Texas Tech University to foster a spirit of complete honesty and high standard of integrity. Complete honesty is required of students in the preparation and presentations of any and all phases of course work, as their own. This applies to quizzes of whatever length as well as to final examinations, daily reports, term papers, or any other homework or completed assignment. The attempt of students to present as their own any work not honestly performed is regarded by the faculty and administration as a most serious offense and renders the offenders liable to serious consequences, possibly suspension.

Scholastic dishonesty includes, but it not limited to, cheating, plagiarism, collusion, falsifying academic records, misrepresenting facts, and any act designed to give unfair academic advantage to the student (such as, but not limited to, submission of essentially the same written assignment for two courses without the prior permission of the instructor) or the attempt to commit such an act.

http://www.depts.ttu.edu/studentconduct/academicinteg.php

**Civility in the Classroom:**

“Students are expected to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have the opportunity to gain from time spent in class, unless otherwise approved by the instructor; students are prohibited from engaging in any other form of distraction. Inappropriate behavior in the classroom shall result, minimally, in a request to leave class.

Examples of inappropriate behavior include cellular phones and beepers, hostile or excessively aggressive behavior towards other students or the instructor, excessive tardiness, leaving class early, making offensive remarks, prolonged chattering, reading newspapers during class, sleeping, talking out of turn, arriving late to class, dominating discussions, overt inattentiveness, etc.