



NYU | STERN

Sports Economics

Fall 2022
Mondays and Wednesdays
2:00 pm - 3:15 pm
Office Hours: Tuesdays, 4:45 pm to 6:15 pm

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Description, Scope, and Objectives

This course applies microeconomic analysis to professional and amateur sports. Appropriate examination of sports economics requires coverage of advanced fields of specialization within economics. These include industrial organization, labor economics, and public finance. Ultimately, the principal objective of the course is for students to have a more complete understanding of the economic issues affecting the world of sports. You will be able to comment intelligently on economic issues of sports that appear in the news media, such as the impact of the draft system, as well as assess and critique the opinions offered by journalists on, for example, the pay and performance of professional athletes. This is a unique opportunity to understand why there has been a recent explosion in economists looking both at the market of sports, and using sports data to explain or test theories about the wider business world.

Textbook

The recommended textbook is *The Economics of Sports*, by Michael Leeds, Peter von Allmen, and Victor Matheson (International Student 6th edition).

Course website

All announcements regarding the course will be made on Brightspace. Besides administrative issues, I may post clarifications on the class material. You are responsible for checking Brightspace for announcements on a regular basis (i.e., at least a couple of times a week).

Assessment

Midterm: 30% (Monday, October 17)
Final: 35% (Monday, December 19)
Group presentations: 20%
Class participation: 15%

Academic Integrity

Our undergraduate [Academics Pillar](#) states that ***we take pride in our well-rounded education and approach our academics with honesty and integrity.*** Indeed, integrity is

critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The Stern Code of Conduct and Judiciary Process applies to all students enrolled in Stern courses and can be found here: <https://www.stern.nyu.edu/uc/codeofconduct>.

To help ensure the integrity of our learning community, prose assignments you submit to Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

General Conduct and Behavior

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations (<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the NYU Student Conduct Policy (<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>).

Electronic Devices in the Classroom

Please switch off cell phones before entering the classroom. No laptops are permitted. You can use an iPad to take notes, but please make sure it lies flat.

Grading Guidelines

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

You are responsible for checking the exam dates and avoiding any conflict with other commitments. Exams will not be re-administered on other dates. Questions about grading must be made in writing and no more than a week after the exams are returned.

Student Accessibility

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, mosescsa@nyu.edu) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

Student Wellness

Our aim is for students to be as successful academically as they can, and to help them overcome any impediments to that. Bookmark the NYU Stern Well-being Resource Hub (<https://www.stern.nyu.edu/wellbeing>) for existing services at NYU and Stern covering a wide variety of topics including financial well-being, relationship well-being, mental well-being, and more. Any student who may be struggling and believes this may affect their performance in this course is urged to contact the Moses Center for Student Accessibility (see also the Student Accessibility section of this syllabus) at 212 998 4980 to discuss academic accommodations. If mental health assistance is needed, call the NYU's 24/7 Wellness Exchange hotline 212 443-9999. Furthermore, please approach me if you feel comfortable doing so. This will enable me to provide relevant resources or referrals. There are also drop in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

Name pronunciation and pronouns

NYU Stern students now have the ability to include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way. Please utilize this link for additional information: [Pronouns & Name Pronunciation](#)

Religious Observances and Other Unique Situations

NYU Stern is committed to ensuring an equitable educational experience for all students regardless of identity or religious/cultural background. The observance of religious and cultural holidays/traditions and the recognition of unique circumstances - such as serving as a caregiver - are important aspects of this commitment. Please review all class dates at the start of the semester and review all course requirements to identify any foreseeable conflicts with exams, course assignments, projects, or other items required for participation and attendance. Please contact me within the first two weeks of the class semester to discuss any potential conflicts.

Diversity, Inclusion, and Equity

I am deeply committed to maintaining a classroom culture that respects and embraces diversity, inclusion, and equity. For more information about NYU Stern's continued efforts in this area, please visit: <https://www.stern.nyu.edu/portal-partners/diversity-inclusion>.

Course schedule and readings

Wednesday, September 7 – Introduction to Sports Economics

L, vA, & M (6th edition), Chapter 1, pp. 3-4.

Tim Harcourt, 'How and why economics is taking over sports,' *The Conversation*, December 25, 2017:

<https://theconversation.com/how-and-why-economics-is-taking-over-sports-88574>

Monday, September 12 – The Economic Role of a Sports League

L, vA, & M (6th edition), Chapter 3, pp. 55-57, 73-77.

Wednesday, September 14 – Sports Franchises as Profit-Maximizing Firms

L, vA, & M (6th edition), Chapter 3, pp. 57-73.

Tim McTague, 'America's Wildly Successful Socialist Experiment,' *The Atlantic*, September 14, 2019:

<https://www.theatlantic.com/international/archive/2019/09/us-europe-soccer-football/598012/>

Monday, September 19 – The Soccer Business Model

L, vA, & M (6th edition), Chapter 3, pp. 78-84.

John Williams, 'AFC Wimbledon and MK Dons: a tale of two teams reveals the limits of franchising in English football,' *The Conversation*, August 3, 2018:

<https://theconversation.com/afc-wimbledon-and-mk-dons-a-tale-of-two-teams-reveals-the-limits-of-franchising-in-english-football-96144>

Wednesday, September 21 – Competitive Balance: Measurement

L, vA, & M (6th edition), Chapter 6, pp. 120-132.

Monday, September 26 – Competitive Balance: Solutions

L, vA, & M (6th edition), Chapter 6, pp. 132-140.

Sanderson, A.R. and J.J. Siegfried (2003), 'Thinking About Competitive Balance,' working paper No. 03-W18:

<http://www.accessecon.com/pubs/VUECON/vu03-w18.pdf>

Wednesday, September 28 – Public Finance of Sports: Who Benefits & How, I?

L, vA, and M (6th edition), Chapter 6, pp. 149-160.

Monday, October 3 – Public Finance of Sports: Who Benefits & How, II?

L, vA, & M (6th edition), Chapter 6, pp. 160-171.

Bradbury, J.C, Coates, D., and B.R. Humphreys (2022), 'The Impact of Professional Sports Franchises and Venues on Local Economies: A Comprehensive Survey,' working paper:

<https://ssrn.com/abstract=4022547>

Wednesday, October 5 – Public Finance of Sports: Who Pays & Why, I?

L, vA, & M (6th edition), Chapter 7, pp. 179-192.

Tuesday, October 11 – Public Finance of Sports: Who Pays & Why, II?

L, vA, & M (6th edition), Chapter 7, pp. 192-199.

Wednesday, October 12 – Midterm Review Lecture

Monday, October 17 – Midterm Exam

Wednesday, October 19 – Mega Sporting Events

L, vA, & M (6th edition), Chapter 8, pp. 205-230.

Baade, R. and V.A. Matheson (2016), 'Going for the Gold: The Economics of the Olympics,' *Journal of Economic Perspectives*, 30 (2), Spring, 201-218:

<https://pubs.acaweb.org/doi/pdfplus/10.1257/jep.30.2.201>

Monday, October 24 – Introduction to Labor Markets in Sports

L, vA, & M (6th edition), Chapter 9, pp. 239-248.

Wednesday, October 26 – Tournaments

L, vA, & M (6th edition), Chapter 9, pp. 248-257.

Michael Steinberger, 'A Few Tennis Pros Make a Fortune. Most Barely Scrape By,' *The New York Times*, June 29, 2021:

<http://www.nytimes.com/2021/06/29/magazine/tennis-players-association.html>

Monday, October 31 – Moneyball

L, vA, & M (6th edition), Chapter 5, pp. 138-139.

Hakes, J.K. and R.D. Sauer (2006), 'An Economic Evaluation of the *Moneyball* Hypothesis,' *Journal of Economic Perspectives*, 20 (3), Summer, 173-186:

<https://pubs.acaweb.org/doi/pdfplus/10.1257/jep.20.3.173>

Wednesday, November 2 – Labor Market Imperfections, I

L, vA, & M (6th edition), Chapter 10, pp. 271-292.

Monday, November 7 – Labor Market Imperfections, II

L, vA, & M (6th edition), Chapter 11, pp. 299-316.

Wednesday, November 9 – College Sports, I

L, vA, & M (6th edition), Chapter 12, 327-354.

Charles Davidson, 'College Sports Are Big Business, but Not Nearly as Big as College Itself,' Federal Reserve Bank of Atlanta, November 28, 2016:

<https://www.atlantafed.org/economy-matters/2016/11/28/college-sports-are-big-business>

Monday, November 14 – College Sports, II (Class Debate)

Sanderson, A.R. and J.J. Siegfried (2015), 'The Case for Paying College Athletes,' *Journal of Economic Perspectives*, 29 (1): 115-138.

Sara Germano, 'Payday for US college athletes rattles \$14bn industry,' *Financial Times*, October 3, 2021:

<https://www.ft.com/content/447c3300-2fd2-4d70-829a-18b3715be498>

Wednesday, November 16 – Game Theory in Sports

Palacios-Huerta, I. (2021), 'Maradona Plays Minimax,' working paper. Available at SSRN: <https://ssrn.com/abstract=3841354> or <http://dx.doi.org/10.2139/ssrn.3841354>

Palacios-Huerta, I. (2003), 'Professionals Play Minimax,' *Review of Economic Studies*, 70: 395-415.

Walker, M. and J. Wooders (2001), 'Minimax Play at Wimbledon,' *American Economic Review*, 91 (5): 1521-1538.

Monday, November 21 – Formula 1 Motor Racing

Carrie Batten, 'How "Drive to Survive" Remade Formula 1,' *The New Yorker*, March 11, 2022:

<https://www.newyorker.com/culture/culture-desk/how-drive-to-survive-remade-formula-1>

Monday, November 28 – Rugby

Liam Lenton, 'Points for tries? The Rugby World Cup shows how bonus schemes can come unstuck,' *The Conversation*, October 10, 2019:

<https://theconversation.com/points-for-tries-the-rugby-world-cup-shows-how-bonus-schemes-can-come-unstuck-124892>

Wednesday, November 30 – Cricket

Singleton, S. and S. Jewell, 'What can economics learn from cricket – and cricket from economics?' *Economics Observatory*, August 4, 2021:

<https://www.economicsobservatory.com/what-can-economics-learn-from-cricket-and-cricket-from-economics>

Borooah, Vani Kant and John Mangan (2012), 'Mistaking Style for Substance: Investor Exuberance in the 2008 Indian Premier League Auction,' *Journal of Sports Economics*, 13 (3): 266-287.

Monday, December 5 – Group presentations

Wednesday, December 7 – Group presentations

Monday, December 12 – Group presentations

Wednesday, December 14 – Course wrap-up

Final Exam: Monday, December 19, 2 pm to 3:50 pm