

# Economics 340 > Economics of Sports > Syllabus

Spring 2009  
Dr. Delemeester  
Marietta College

Course:	The Economics of Sports ( <a href="http://www.marietta.edu/~delemeeg/econ340">www.marietta.edu/~delemeeg/econ340</a> )
Texts:	<a href="#">The Economics of Sports</a> by Leeds and von Allmen (3e, Addison Wesley; 2008)
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**Prerequisite:** Economics 211

## Course Description and Objectives

In this course, we will explore selected aspects of the economics of the sports business. This semester, we will focus on the major professional team sports of baseball, football, basketball, and hockey. The first part of the semester will be devoted to an understanding of professional sports franchises as businesses: What factors determine franchise profitability and market value, and how central are these issues to owners' decision making? This introductory investigation will provide a context for the following sections of the course.

The next portion of the course will look at the economics of leagues and sports stadiums. What is the optimal design of a sports league? What role do antitrust laws play in the design of a sports league? Is competitive balance important to a league's success? Why are stadium characteristics so important to profitability? Why have most new (and proposed) professional sports stadiums been heavily subsidized by governments and taxpayers?

Finally, the economics of professional sports labor markets will be explored. What determines the salaries of professional athletes? How is this affected by market structure and what are the implications for franchise profitability in different kinds of markets? Finally, we will examine amateur and collegiate sports. With that said, upon completing this course you should be able to:

- understand the role of markets in allocating scarce resources.
  - Be able to think in terms of supply and demand
  - Be able to think in terms of costs and benefits
- understand the impact of government intervention in the market
- understand discussions involving the sports business and politics.

## Responsibilities

I see my primary responsibility to lead, guide, and motivate a group of committed and dedicated students in the learning process, and to determine the extent to which students have mastered the material covered in this course. I am committed to this task. By signing up for this course, you have accepted the responsibility of being an active learner and of participating in the classroom discussion. Most importantly, students are expected to be committed to learning the subject matter. If you are not open to new ideas, or are not committed, expect your grade to reflect this.

## Course Requirements and Policies

1. There will be **three exams** given. Exams may consist of essay, analytical, multiple choice, and/or true-false-explain questions. Make-up exams will *not* be given.
2. There will be **three problem sets** distributed. These will form the basis of in-class assignments and homework. Several exam questions may come directly from the problem sets.
3. **Fantasy League franchise management.** You are required to co-manage a fantasy basketball team.
4. **Course blog.** You will be required to contribute thoughtful dialogue to our class blog. See details below.
5. **Attendance and participation** are highly correlated with good performance in my courses.
6. **Academic dishonesty** is a breach of the trust that the instructor and your fellow classmates place in you and will not be tolerated. Academic dishonesty includes cheating, plagiarism, theft, or improper manipulation of laboratory or research data or theft of services. A substantiated case of academic dishonesty may result in disciplinary action, including a failing grade on the project, a failing grade in the course, or expulsion from the College" ( [Marietta College Undergraduate Programs, 2008-2009 Catalog](#), p. 138). All suspected cases will follow the procedures outlined in the Marietta College Catalog. **Copyright violations** are also quite serious breaches of the law. Please visit the [MC copyright tips](#) page for further details.
7. Any student needing accommodations due to a **documented disability** should notify the instructor AND the Academic Resource Center (Andrews Hall, Third Floor, 376-4700) at the beginning of the semester for further instructions.
8. **Co-curricular probation** for those on academic probation is in effect. Please refer to the college catalog for details (Marietta College Undergraduate Programs, 2008-2009 Catalog, p. 144).
9. Your **grade** will be determined as follows:

Grades are allocated as follows:			Grades will be assigned according to the following plus/minus system, using standard rounding methods:													
Exam 1	20%		Grade	A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
Exam 2	20%		Percent	97	93-	90-	87-	83-	80-	77-	73-	70-	67-	63-	60-	59
Exam 3	20%		Score	+	96	92	89	86	82	79	76	72	69	66	62	-
Franchise Management	15%															
Problem Sets (average of your top 6 scores)	15%															
Article Critique	10%															

### Article Critique

You are to choose one article from the Readings link on the Econ 340 course web page or any article found in the Journal of Sports Economics (located in our brand new library). You are expected to summarize and either critique or extend the arguments of the article. If the article is primarily theoretical, part of your critique/extension should include a suggestion on how to empirically evaluate the claims made by the author(s). If the article includes an empirical analysis, you should suggest an alternative means of evaluating the claims made by the author(s). The type-written 3-4 page paper is due on April 2, 2009.

### Franchise Management

As an owner of an Econ 340 EconFantasy Basketball Association (EFBA) franchise, you will be required to successfully manage your team on the court and in the front office. You will define your own measurements of success at the start of the semester (with my guidance). Your grade will be determined by your ability to meet these measures and perform weekly financial analyses and other projects as assigned by the league commissioner. Your grade will be based on the following writing assignments:

- Business Plan and League Constitution
- Fantasy League Analysis Paper

## Course Outline

	Chapter	Topic
<b>Part I</b>		
	Leeds/von Allmen 1	Introduction
	Leeds/von Allmen 2	Review of the Economist's Arsenal
	Leeds/von Allmen 3	Sports Franchises as Profit-Max Firms
<i>Determine Franchise Owners and Assign Markets and Software Review: January 13</i>		
<i>League Constitution: January 13</i>		
<i>Business Plan Due: January 15</i>		
<i>Free Agent Auction: January 15</i>		
<b>Exam 1: February 5, 2009</b>		
<b>Part II</b>		
	Leeds/von Allmen 4	Monopoly and Antitrust
	Leeds/von Allmen 5	Competitive Balance
	Leeds/von Allmen 6	Public Finance of Sports
	Leeds/von Allmen 7	Costs and Benefits of a Franchise to a City
<b>Exam 2: March 17, 2009</b>		
<b>Part III</b>		
	Leeds/von Allmen 8	Labor Markets in Professional Sports
	Leeds/von Allmen 9	Labor Unions and Labor Relations
	Leeds/von Allmen 10	Discrimination
	Leeds/von Allmen 11	Amateur and College Sports
<i>Article Critique Due: April 2</i>		
<i>Fantasy League Analysis Paper Due: April 23</i>		
<b>Exam 3: April 28, 2009 (Noon)</b>		

## League Schedule\*

Fantasy League Week #1	January 18
Fantasy League Week #2	January 25
Fantasy League Week #3	February 1
Fantasy League Week #4	February 8
Fantasy League Week #5	February 15
Fantasy League Week #6	February 22
Fantasy League Week #7	March 1
Fantasy League Week #8	March 8
Fantasy League Week #9	March 15
Fantasy League Week #10	March 22
Playoff Week #1	March 29
Playoff Week #2	April 5
Playoff Week #3	April 12

\*All starting rosters must be submitted by Noon prior to the first game on each Sunday, unless otherwise noted.