

RUTGERS UNIVERSITY
Department of Economics

**Fall semester,
2017-2018**

**Economics 312:
Economics of College and Professional Sports**

**Mr. Killingsworth
201-B New Jersey Hall**

Office hours: Tuesdays, 2:30-4:00 pm, and Fridays, 1:10-2:00 pm, in 201-B New Jersey Hall, CAC (848-932-7794); or by appointment. Feel free to make an appointment for another time if regular office hours are not convenient. You can leave messages for me at 848-932-7794 or at the Economics Department at 848-932-7363. Office hours are an INTEGRAL part of the course! My e-mail address is mrk@economics.rutgers.edu.

Learning goals: To illustrate how economic analysis can be applied to questions about the operation of college and professional sports, and to train students in using the tools of economic and empirical analysis and in critical thinking and analytical reasoning about economic aspects of sports. Econ. 102 (Introductory Microeconomics) is a prerequisite for this course.

PLEASE NOTE: Laptops and cell phones may *not* be used at any time, for any purpose, during lectures or exams. Anyone who does not conform to this requirement will be removed from the classroom. Likewise, anyone talking to other members of the class during lectures or exams will be removed from the classroom. Anyone removed from the classroom will not be readmitted to the classroom without prior consultation with the instructor and the dean of students.

Quizzes, exams and grades: Grades will be based on a midterm exam (35%), a final exam (35%), and two quizzes (15% each).

The quizzes: Four quizzes will be given during the semester; your best *two* quiz scores will be used in computing your course grade. Dates of quizzes will not be announced in advance. *Anyone absent from a quiz will receive a score of zero for that quiz. There will be no makeups for any quiz.* (In lieu of makeups, you get to drop your two lowest quiz scores.) *If you arrive after a quiz is being distributed, you will not be allowed to take it.* Each quiz will be open-book/open-notes, consist of multiple-choice questions, and take no more than 30 minutes. The quizzes are graded using a Scantron form, so please always *bring a pencil with an eraser to class.*

The exams: Review questions and answers will be distributed before each exam. Students who miss the midterm exam or the final exam are required to take a makeup exam. Also, students who take an exam but want to improve their grade may, at their own option, take the makeup to that exam. In this case, your grade will be based on the better of the two exams (i.e., if the makeup score is higher than the original exam score, the makeup score will be used; otherwise, the original exam score will be used). (For students who take the exam but not the makeup, the original exam grade will count as the actual exam grade.) The midterm and final exams will (i) consist entirely of essay questions that will stress the ability to apply principles of economics developed in the readings and lectures; and (ii) be open-book/open-notes (so that memorization and rote learning will be deemphasized).

Text and readings: The required text for the course is Fort, *Sports Economics* (3rd edition). Lecture notes and readings noted in the syllabus (see below) will be available at the Sakai site for this course.

Student subscriptions: Although this is not a requirement for this course, you should regularly read one or more publications in economics and business (e.g., *The New York Times*; *The Wall Street Journal*; *Business Week*; *Fortune*, *The Economist*; etc.). You can order some of these publications at steeply-discounted student rates; for details, see the Sakai site for the course.

Website for the course: You can download the syllabus and the lecture notes for this course by visiting the Sakai site for the course. Check the Sakai site every Friday afternoon to get the reading assignments and lecture notes for the coming week. I will send numerous announcements via email during the semester; be sure to check your email regularly for these announcements!

Helpful hints:

- The midterm and final exams (1) consist of essay questions, (2) are open-book/open-notes, (3) do NOT require memorization and (4) emphasize clear thinking and application of economic analysis to economic questions (including questions that may not have been discussed in lectures).
- Do the required readings in the text BEFORE they are discussed in class -- DON'T wait until exam time rolls around. (This is particularly important because the dates of quizzes will *not* be announced. You'll need to be prepared *before* you come to class!)
- Read the text and the lecture notes at least TWICE – the material is too complicated to grasp fully after only one reading.
- Above all, if you need help, DO ask questions in class and DO go to office hours (preferably, well before exam time). REMEMBER that your tuition will NOT be increased if you go to office hours!
- Remember that there will be no makeup for any quiz, and there will be no makeups for any makeup exam. If you miss a quiz, you will receive a score of zero for that quiz. If you miss both an exam and the makeup to that exam, you will receive a score of zero for that exam.
- If you encounter problems of any kind – family problems, personal problems, academic problems, emotional problems, health problems, work-related problems, etc. – you should deal with them *as soon as they arise* by contacting your college dean, by contacting me, etc. **Don't** wait until the end of the semester to contact me – at that point, it will be much too late to do anything about them!

SYLLABUS FOR THE COURSE

1. **Introduction**

Fort, Chapter 1: Introduction

2. **Consumer demand in the market for pro sports**

Fort, Chapter 2: The demand for sports

Class handouts on econometrics (available on the Sakai site for the course)

Fort, Chapter 3: The market for sports broadcast rights

3. **The supply of pro sports teams**

Fort, Chapter 4: Economic analysis of sports teams

4. **The market for pro sports: Supply and demand**

Fort, Chapter 5: Leagues and teams

Fort, Chapter 6: Leagues and competitive balance

Vrooman, "The Economics of the NFL," Chapter 2 in K. G. Quinn, ed., *The Economics of the National Football League*, New York: Springer, 2012.

midterm exam (covering Parts 1-4): week of October 30 (exact date TBA)

5. **The labor market for pro players**

Rottenberg, "The Baseball Players' Labor Market," *Journal of Political Economy* 64 (1956): 242-258.

Fort, Chapter 7: The value of sports talent

Scully, "Pay and Performance in Major League Baseball," *American Economic Review* 64 (1974): 915-930.

Kahn, "Managerial Quality, Team Success, and Individual Player Performance in Major League Baseball," *Industrial and Labor Relations Review* 46 (1993): 531-547.

5. **The labor market for pro players** (continued)

Ehrenberg and Bognanno, "Do Tournaments Have Incentive Effects?" *Journal of Political Economy* 98 (1990): 1307-1324.

Fort, Chapter 8: The draft, the reserve clause, and some other history

Fort, Chapter 9: Labor relations in sports

6. **The role of government and other institutions in the market for pro sports**

Fort, Chapter 10: Government subsidies for sports teams

Fort, Chapter 11: Government subsidies for sports stadiums

Fort, Chapter 12: Taxes, antitrust policy, and competitive policy

7. **College sports**

Fort, Chapter 13: College sports

Athletic program reports to the NCAA

IRS Form 990 filed with Internal Revenue Service by the Big Ten Conference

Duderstadt, Chapter 4 ("The Evolution of College Sports"), Chapter 5 ("University 101"),

Chapter 6 ("The Governance of Intercollegiate Athletics"), and Chapter 7

("Financing College Athletics") in *Intercollegiate Athletics and the American University*, Ann Arbor: University of Michigan Press, 2003

optional exam (covering ONLY Parts 5 and 6 above): time and place TBA

final exam (covering ONLY Parts 5 and 6 above): Friday, December 22, between 8-11am

helpful information, websites, etc.:

This course meets between 9:50-11:10 on Tuesdays and Fridays in Murray Hall 210.

For the current **Academic Integrity Policy**, which defines, prohibits, and describes penalties for cheating and plagiarism, see <http://academicintegrity.rutgers.edu/academic-integrity-policy/>.

Student-Wellness Services:

Just In Case Web App, for a mental health crisis for you are a friend: <http://codu.co/cee05e>

Counseling, ADAP & Psychiatric Services (CAPS), for non-emergency psychological health issues:

(848) 932-7884 / 17 Senior Street, New Brunswick, NJ 08901 www.rhscaps.rutgers.edu/

Violence Prevention & Victim Assistance (VPVA)

(848) 932-1181 / 3 Bartlett Street, New Brunswick, NJ 08901 www.vpva.rutgers.edu/

Disability Services

(848) 445-6800 / Lucy Stone Hall, Suite A145, Livingston Campus, 54 Joyce Kilmer Avenue,

Piscataway, NJ 08854 / <https://ods.rutgers.edu/>

Scarlet Listeners, for confidential peer counseling and referral hotline:

<http://www.scarletlisteners.com/> or call (732) 247-5555