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Trinity University

## **GNED 1300-8: Sports and Economics**

### **Overview**

The application of basic economics to athletic contests can contribute significantly to an understanding of the behavior of agents in sports. Given the significant share that sports have in people's leisure time, as well as the high monetary payoffs associated with wins, the application of economic analysis to the study of that behavior becomes important. In this seminar, we address different issues involving player's behavior, as well as team's, and assess whether we can find significant departures when comparing those to theoretical economic predictions. A wide array of topics will be considered. A few examples are: the coaches' optimal game strategy decision; is player's compensation consistent with market incentives?; performance and optimal pay: prizes versus salaries; should the government subsidize the construction of new club stadiums?; optimal point system in games.

### **Objectives**

- provide students with an introduction to economic reasoning by exposing them to a range of economic concepts in sports;
- develop the skills necessary for students to be able to effectively express opinions as intellectual arguments, and to participate in academic discussion and debate;
- develop the skills necessary for leading discussions;
- write effective prose;
- discover and provide additional information and evaluate the validity of the resources consulted;
- develop the skills necessary to make presentations and to demonstrate the ability to use the economic reasoning skills developed throughout the course.

### **Class Hours**

Lectures will be held on Tuesdays, and Thursdays from 11:20am to 12:35pm in CGC 240.

### **Office Hours**

I'll hold office hours on Tuesdays and Thursdays from 1h00pm to 3h00pm in my office (Chapman 422). To meet me on a different time or day you must first make an appointment. Appointments are made at the end of any given class.

### **Tlearn**

I will make use of Trinity's Learning Environment (tlearn). In particular, homework assignments and some figures to follow in class will be posted there (and will *not* be distributed as hard copies).

### **Grading**

Attendance/Participation: 20%

Homeworks (2 or 3): 10%

Economic Paper group presentation: 20%

### Group Project:

- research proposal (10%)
- literature review (10%)
- final presentation (15%)
- written essay (15%)

### Peer Tutor

He is an integral part of the First-Year Seminar. The peer tutor serves as an additional resource person for both the students and the professor. The tutor will hold office hours, and students should seek help and advice from the tutor regarding course assignments and on any other occasion that might need a different perspective. The tutor will read all written assignments, and will provide comments to the students and the professor, and the tutor will evaluate each student's oral participation, but he will not assign any grades for any component of the Seminar.

### The Honor Code

"All students are covered by a policy that prohibits dishonesty in academic work. Under the Honor Code, a faculty member will (or a student may) report an alleged violation to the Academic Honor Council. It is the task of the Council to investigate, adjudicate, and assign a punishment within certain guidelines if a violation has been verified. Students who are under the Honor Code are required to pledge all written work that is submitted for a grade: "On my honor, I have neither given nor received any unauthorized assistance on this work" and their signature. The pledge may be abbreviated "pledged" with a signature."

### Syllabus

#### I – Introduction

- What is Economics? The core principles;
- The field of sports economics: brief history and why it matters;
- Regression Analysis in brief.

#### II – The Industrial Organization of Sports

- Sports franchises as profit-maximizing firms;
- Monopoly and competitive balance;
- Applications of game theory.

#### III – Public Finance and Sports

- The market for teams;
- Costs and Benefits of a franchise to a city.

#### IV – The labor economics of sports

- Distribution of income;
- Salary arbitration, salary caps, and the role of unions;
- Discrimination.