

UNIVERSITY OF NORTH CAROLINA
DEPARTMENT OF ECONOMICS
ECON 485-01M: ECONOMICS OF SPORTS
MAYMESTER 2020

Class Time: MTWTHF: 9:00 AM – 12:15 PM
Lecture Link: <https://unc.zoom.us/j/98193666953> (Meeting ID 981 9366 6953)
Credit Hours: 3 hrs.
Prerequisites: C or better in ECON 400 and ECON 410

Instructor: Rita A. Balaban
E-Mail: balabanr@email.unc.edu
Office Hours: Mondays, Wednesdays, and Fridays (2:30pm – 3:30pm)
Tuesdays and Thursdays (5:00pm – 6:00pm)
Use this link for office hours: <https://unc.zoom.us/j/949953760> (Meeting ID 949-953-760)

Course Website: <http://sakai.unc.edu> This is the course website and you can access it by using your ONYEN. Please become familiar with Sakai. This is where you will find a detailed outline of what you are expected to do before/after each lecture. It also contains the official course gradebook, announcements, and other supplementary materials. The course will appear as ECON485.01M.S120 in Sakai. It is your responsibility to check Sakai frequently for any new announcements.

Course Description: This course applies microeconomic techniques to study the allocation of resources in professional and collegiate sports, the determinants of an athlete's salary, racial discrimination, gender wage differentials, and the economic impact of sports within the local community. The course engages students with real-world sports stories and incorporates empirical research and statistical analysis to test different economic theories.

Learning Objectives: By the end of this course you should be able to:

- Know why we study sports economics as a unique field within economics.
- Describe some of the key events in the history of North American and European sports.
- Identify the unique characteristics of professional team sports in North America and Europe.
- Compare and contrast the college sports market to the professional sports market in the U.S.
- Calculate and interpret different measures of competitive balance and use them to test whether fans care about uncertainty of outcome in sporting contests.
- Model the labor market for athletes and use it to explain how player salaries are determined and to test for discrimination.
- Explain how an owner's objective (maximize profits or wins) impacts players' salaries and competitive balance within professional sports leagues.
- Predict in what ways – if any - changes in league policy will affect competitive balance and players' salaries.
- Use economic tools to explain differences in outcomes for women and men in sports.
- Evaluate the use of public subsidies to attract (or retain) professional teams and mega-events.

As the instructor for this course, I would like to share my course goals with you. Specifically, I would like: 1) students to see how economics can be applied to understand the decisions made by different agents in the sports industry over time; 2) students to gain confidence in how to use the tools from ECON 400 and ECON 410 to analyze interesting economic questions within and outside of the sports industry; 3) to motivate students to expand their economic skill set by taking more courses and/or reading more on their own.

Required Materials:

- Berri, David. **Sports Economics**, 1st edition, Worth Publishers, 2018.
- Késenne, Stefan. **The Economic Theory of Professional Team Sports: An Analytical Treatment**, 2nd edition, Edward Elgar Publishing, 2014. A free eBook is available in Sakai/Course Reserves.
- Basic calculator
- Zoom – You will need Zoom to join our daily lectures and to access my office hours. Zoom is freely available to you and you can sign up here (unc.zoom.us). You can access the live Zoom sessions with your phone, computer, or tablet. If you have any issues with Zoom (or Sakai), you should contact ITS (<http://its.unc.edu/>). I will record each course meeting, but this does not serve as a substitute for attending class (see the attendance policy). The recording link will be posted under the relevant lesson in Sakai as soon as it has been processed. Note: given the size of the file, this may take up to 24 hours.
- Gradescope – You will submit all graded work to Gradescope (<https://www.gradescope.com/>). I will register you for Gradescope on Monday, May 11th, by using your official UNC email address listed on Connect Carolina. It is your responsibility to make sure your submitted assignments are clear and easy to read. This means that you should use pen or dark pencil and make sure that your ink does not bleed through to the back of the page if you are writing on both sides. When taking photographs or scanning a document, make sure the pages are properly oriented and ordered numerically, and clearly indicate where each problem appears. For more information on how to submit homework to Gradescope and other frequently asked questions, follow this link (<https://www.gradescope.com/help#help-center-section-student-workflow>).

Other Resources:

- I have set up a Piazza site for our class. Piazza is a free Q&A platform and you can sign up at piazza.com/unc/summer2020/econ485. Please post all course-related questions on Piazza, except questions about personal concerns or individual grades. These you will send to balabanr@email.unc.edu. You may post questions about the *content* covered on a homework assignment, but do not post direct answers or solutions to graded assignments. I will do my best to respond to your post within 24 hours. You are highly encouraged to answer each other's questions!

Recommended Background Reading:

- Szymanski, Stefan. **Playbooks and Checkbooks: An Introduction to the Economics of Modern Sports**. Princeton University Press: Princeton, NJ, 2009. A free eBook is available in Sakai/Course Reserves.

Recommended Newsletters:

- Axios Sports (<https://www.axios.com/sports>) Binge on the stats & stories that drive the sports world, by sports editor Kendall Baker.
- D1.Ticker (<https://www.d1ticker.com/>) Stay up to date on developments in collegiate sports.
- The Gist (<https://www.thegistnews.ca/>) - The GIST is a sports media startup that creates sports content, experiences and community that are by women, and for *all* sports fans.

Course Expectations and Format

Maymester courses are different from other courses. We will be meeting the same number of hours we would be together during a regular semester, but they take place over only 2.5 weeks. That means:

- We will all become totally immersed in the course. Therefore, get help as soon as you need it! Do not let your questions build up.
- Missing one day is the equivalent of missing over one week during the regular semester. If you cannot attend *every* class, please reconsider taking this course. We will be counting on each other to learn and synthesize this material. In addition, *it is impossible to pass this course* if you do not attend class and complete the in-class activities (see the section on Grading).
- During Maymester, I expect you to spend six to seven hours *every day* outside class on this course. This is consistent with the recommendation that I give students during the Fall or Spring semester, i.e., I suggest that students spend two hours outside class for every hour in class. Therefore, for these 2.5 weeks, ECON 485 will be the equivalent of a full-time job.

We will meet via Zoom during our assigned class time. This time will be used to introduce new material, hold discussions related to the course content, and do graded activities. Besides Zoom, we will use Poll Everywhere, Sakai, and Gradescope during class. You are expected to be attentive during class and you are highly encouraged to ask questions as soon as they arise.

Grading

Except for the final exam, assignments in this course will not be graded in the typical “point” fashion. Instead, each assignment will be graded pass/fail. I will specify my expectations for a “passing grade” in each assignment. The number of assignments that you pass and your performance on the final exam will determine your course grade. Note that “completion” implies that you have achieved a “pass” on the assignment.

To earn a D, students must be able to remember, understand, and apply a minimum number of concepts. This will be demonstrated by:

- Completing 10 of 11 guided reading questions by the assigned deadline.
- Attend 10 of 11 classes and complete all graded activities during those classes.
- Completing 7 of 10 homework assignments by the assigned deadline. Homework assignments will include short-essay questions that assess your understanding and ability to apply information to new situations, and problems. For each problem, you will be required to show all work and explain all steps taken in your solution.
- Earn at least a 60 on the final exam. The exam will be open book and open note.

To earn a C, students must be able to remember, understand, and apply more of the concepts. This will be demonstrated by:

- Completing 10 of 11 guided reading questions by the assigned deadline.
- Attend 10 of 11 classes and complete all graded activities during those classes.
- Completing 8 of 10 homework assignments by the assigned deadline. Homework assignments will include short-essay questions that assess your understanding and ability to apply information to new situations, and problems. For each problem, you will be required to show all work and explain all steps taken in your solution.
- Earn at least a 70 on the final exam. The exam will be open book and open note.

To earn a B, students must be able to remember, understand, apply, analyze, and evaluate the concepts. This will be demonstrated by:

- Completing 10 of 11 guided reading questions by the assigned deadline.
- Attend 10 of 11 classes and complete all graded activities during those classes.
- Completing 9 of 10 homework assignments by the assigned deadline. Homework assignments will include short-essay questions that assess your understanding and ability to apply information to new situations, and problems. For each problem, you will be required to show all work and explain all steps taken in your solution.
- Analyzing 1 of 4 academic articles. The articles and guided questions are available on Sakai. Each article has a separate due date.
- Evaluating an opinion piece. You will identify an article, which must be approved by me, and then use at least 3 class concepts to defend or criticize the author's position. The grading criteria are available on Sakai.
- Earn at least an 80 on the final exam. The exam will be open book and open note.

To earn an A, students must be able to remember, understand, apply, analyze, evaluate, and create. This will be demonstrated by:

- Completing 10 of 11 guided reading questions by the assigned deadline.
- Attend 10 of 11 classes and complete all graded activities during those classes.
- Completing 9 of 10 homework assignments by the assigned deadline. Homework assignments will include short-essay questions that assess your understanding and ability to apply information to new situations, and problems. For each problem, you will be required to show all work and explain all steps taken in your solution.
- Analyzing 2 of 4 academic articles. The articles and guided questions are available on Sakai. Each article has a separate due date.
- Evaluating an opinion piece. You will identify an article, which must be approved by me, and then use at least 3 class concepts to defend or criticize the author's position. The grading criteria are available on Sakai.
- Doing an original data project. The project will require you to collect your own data and explore a sports economics topic of interest. Your topic must be approved by me. Project guidelines are available on Sakai.
- Earn at least an 85 on the final exam. The exam will be open book and open note.

Students must meet *all* requirements for each category to earn their grade.

Frequently Asked Questions about the Grading Criteria:

- 1. Why are you using this grading criteria and not the typical point system?** I was listening to a podcast on teaching and learning when I first heard about this type of grading (a.k.a. specifications grading). The guest on this particular episode was Dr. Linda B. Nilson and she gave many reasons why this is a better system for evaluating students. The benefits listed were that this system will 1) reflect student learning outcomes; 2) motivate students to learn and excel; 3) make expectations clear; 4) reduce student stress; and 5) allow students to choose how much effort they are willing to exert. I promise you that the activities for this course were designed to meet the course's learning objectives and are not "busy work." If you ever find that you are doing an activity in this class and you are not sure of its purpose, then please let me know. I will read every word of your work and I appreciate a good effort and independent thinking.
- 2. Are all deadlines firm? Are there any exceptions?** Yes, the deadlines are firm. I have already built some leeway into the course since you are not required to attend all classes or hand in all assignments. However, each student will be given 2 tokens. These tokens can be used to either 1) push a deadline back by 24 hours; or 2) redo an assignment that they failed. The tokens cannot be used to move the date of the final exam.
- 3. What is your policy on regrade requests?** You can use a token to submit a regrade request. However, the assignment must be resubmitted within 24 hours after the grade was posted.
- 4. What happens to unused tokens?** An unused token has value, but you need to tell me how you would like to use your unused token(s). You can use your unused token in either of the following ways: 1) One unused token can be used as 5 bonus points on your final exam; 2) One unused token can be used to bump your final grade up by $\frac{1}{2}$ a letter grade, e.g. from a C to a C+.
- 5. What if I fulfill all criteria, for a D, but do not get at least a 60 on the final exam?** Then, you will fail the course.
- 6. What if I fulfill all criteria, for a D, but I get a 70+ on the final exam?** That is super, but since you did not fulfill the criteria for a higher grade, you will receive a D.
- 7. What if I fulfill all criteria, for a B, but I do not get an 80+ on the final exam?** You must receive at least a 60 on the final exam to pass the class. If you fulfill all the criteria for a B and get at least a 60 on the final exam, then your grade will be reduced by 1 letter grade.
- 8. What are "guided reading questions" (GRQ)?** These questions are tied to the readings that you are scheduled to prepare for each class and will generally be 3-5 typed pages in length. The purpose of these questions is to make sure that you are prepared for each class by having the necessary background information. These questions will ask you to pull information from the reading and assess your understanding of some of the concepts introduced in the reading.
- 9. Am I permitted to work with my classmates on assignments?** Absolutely, but only for some assignments. Obviously, exams are to be done alone, and the same goes for GRQs. You will be encouraged to work with your peers on most of the in-class assessments and for all the assessments done outside of class. However, most of the post-lecture assessments require each student to submit their own work. In these cases, you will have to write up your answers in your own words. Details will be explicitly defined for each assignment.
- 10. There is a lot weighing on the final exam. What can I expect to see – in terms of difficulty – on the final exam?** Each of the grading criteria given above list the requirements needed to receive that grade. For example, to receive a D you must be "able to remember, understand, and apply a minimum number of concepts" and earn at least a 60 on the final exam. Therefore, in accordance with the grading requirement, 60% of the final exam will ask you to do just that..."remember, understand, and apply a minimum number of concepts." If you want a C, then you will have to apply more concepts, and so on. Students who are striving for an A or B will be required to demonstrate that they can remember, understand, apply, and analyze. Roughly, 20% of the exam will be based on remembering, 30% on understanding; 30% on application; and 20% on analyzing. The course learning objectives are

given on p. 1 of this syllabus and the learning objectives for each class are provided in the class slides. The tests will be written to assess whether you have mastered these learning objectives.

- 11. What if I fall sick and must miss more than 1 class?** Given that this is Maymester and that we cover over a week's worth of content in a day, I would highly recommend that you withdraw from the course. This is the same recommendation that I would give to a student who fell sick and had to miss 2 weeks during the regular semester. Most of the content in ECON 485 is cumulative. Therefore, it would be virtually impossible to catch up with the class if you miss more than 1 day. It would be much better to withdraw from the course and retake it another semester.

Course Policies

Academic Integrity: Students are bound by the Honor Code in taking exams and in written work. The Honor Code of the University is in effect at all times, and the submission of work signifies understanding and acceptance of those requirements. Plagiarism will not be tolerated. If you are unsure about which actions violate that honor code, please see me or consult instrument.unc.edu.

Contact Information and Email Policy: Students are encouraged to visit me on a first-come, first-serve basis during my scheduled Zoom office hours or ask any brief questions immediately before/after class. If you are unable to make my scheduled office hours, then feel free to schedule an appointment with me at a time that is convenient for both of us. Email is not my preferred method of communication.

Missed Exam: The final exam is scheduled for 9am on Friday, May 29th. If you are unable to attend the final exam, then you will need to provide me with an official excuse. Upon receipt of the exam excuse, we will work together to schedule a make-up exam at a time that is convenient for both of us.

Attendance Policy: Regular attendance is strongly recommended. You are responsible for any announcements that you may have missed if you choose not to attend class or if you cannot attend class. You should get the missed notes/announcements from one of your peers. Discuss any questions you have on the content with a classmate or stop by during my scheduled office hours. It is expected that you will respect your peers and the instructor with appropriate behavior while in class and that you will arrive to class on time. **Students who are not willing to attend regularly should drop the course.** If you miss more than 1 class, you will fail the course.

Counseling and Psychological Services: CAPS is strongly committed to addressing the mental health needs of a diverse student body through timely access to consultation and connection to clinically appropriate services, whether for short or long-term needs. Go to their website: <https://caps.unc.edu> or visit their facilities on the third floor of the Campus Health Services building for a walk-in evaluation to learn more.

Accessibility Resources & Services: UNC-Chapel Hill facilitates the implementation of reasonable accommodations for students with learning disabilities, physical disabilities, mental health struggles, chronic medical conditions, temporary disability, or pregnancy complications, all of which can impair student success. See the ARS website for contact and registration information: <https://ars.unc.edu/about-ars/contact-us>

Diversity Statement: I value the perspectives of individuals from all backgrounds reflecting the diversity of our students. I broadly define diversity to include race, gender identity, national origin, ethnicity, religion, social class, age, sexual orientation, political background, and physical and learning ability. I strive to make this classroom an inclusive space for all students. Please let me know if there is anything I can do to improve, I appreciate suggestions.

Calendar and Reading List: You are expected to have all readings completed before the material is presented. The entire chapter is to be read unless otherwise noted. There will probably be additional readings throughout the semester. All readings – except those from Berri – are available on Sakai under Course Reserves. A separate table which lists the due dates for all assignments is provided on p. 8 of the syllabus.

May 13: Introduction to Sports Economics

- Reading: Berri (Chapters 1 and 2); Kesenne (Chapter 1)
- Due Today: GRQ #1

May 14: What's the Team's Objective: Wins or Profits?

- Reading: Berri (Chapter 3)
- Due Today: HW #1 and GRQ #2

May 15: Institutions adopted by Leagues to Promote Competitive Balance: How Effective are They?

- Reading: Berri (Chapter 4, intro plus sections 1-5) and Kesenne (Chapter 3)
- Due Today: HW #2 and GRQ #3
- Due on May 16: Article Analysis #1: Krautmann and Berri (2007)

May 18: Non-competitive Labor Markets in Sports, and Revenue Sharing

- Reading: Kesenne (Chapters 5 and 6)
- Due Today: HW #3 and GRQ #4

May 19: Salary Caps and Luxury Taxes

- Reading: Kesenne (Chapter 7) and Kesenne (2000)
- Due Today: HW #4 and GRQ #5

May 20: Measuring Competitive Balance

- Reading: Berri (Chapter 4, sections 6-9) and Treber, Levy, and Matheson (2013)
- Due Today: HW #5 and GRQ #6

May 21: Do Leagues Want Competitive Balance? Analyzing the Evidence

- Reading: Berri (Chapter 4, section 10) and Coates, Humphreys, and Zhou (2014)
- Due Today: HW #6 and GRQ #7

May 22: Determination of a Player's Value and Degree of Exploitation

- Reading: Berri (Chapter 5, intro plus sections 1-3; Chapter 6, intro plus sections 1, 5-9)
- Due Today: HW #7, GRQ #8, and Article Analysis #2: Humphreys (2002)
- Due on May 24: Article Analysis #3: Hakes and Sauer (2006) and Data Project
- Due on May 25: Opinion Piece Evaluation

May 26: Discrimination in Sports and Gender Inequity

- Reading: Berri (Chapter 7, intro plus sections 1-2; Chapter 8, intro plus sections 1-2, 4-5)
- Due Today: HW #8, GRQ #9

May 27: The Economics of College Sports

- Reading: Berri (Chapter 9) and Blair and Whitman (2017)
- Due Today: HW #9, GRQ #10

May 28: Subsidizing Sports

- Reading: Berri (Chapter 10)
- Due Today: HW #10, GRQ #11

May 29: Final Exam at 9am

- Due Today: Article Analysis #4: Lane, Nagel, and Netz (2014)

Table of Assignments and Due Dates: All assignments must be uploaded to Gradescope by the date and time listed in the table below. Note: these assignments are also listed on the previous page. All assignments are available on Sakai. GRQ ≡ Guided Reading Questions

Due Date	Assignment
May 13	GRQ #1 is due by 8:45am
May 14	HW #1 is due by 6:00am GRQ #2 is due by 8:45am
May 15	HW #2 is due by 6:00am GRQ #3 is due by 8:45am
May 16	Article Analysis #1: Krautmann and Berri (2007) is due by 5:00pm
May 18	HW #3 is due by 6:00am GRQ #4 is due by 8:45am
May 19	HW #4 is due by 6:00am GRQ #5 is due by 8:45am
May 20	HW #5 is due by 6:00am GRQ #6 is due by 8:45am
May 21	HW #6 is due by 6:00am GRQ #7 is due by 8:45am
May 22	HW #7 is due by 6:00am GRQ #8 is due by 8:45am Article Analysis #2: Humphreys (2002) is due by 5:00pm
May 24	Article Analysis #3: Hakes and Sauer (2006) is due by 5:00pm Data Project is due by 8:00pm
May 25	Opinion piece evaluation is due by 2:00pm
May 26	HW #8 is due by 6:00am GRQ #9 is due by 8:45am
May 27	HW #9 is due by 6:00am GRQ #10 is due by 8:45am
May 28	HW #10 is due by 6:00am GRQ #11 is due by 8:45am
May 29	Article Analysis #4: Lane, Nagel, and Netz (2014) is due by 5:00pm

Disclaimer: Although the instructor intends to follow this syllabus as closely as possible, there may be times when deviations from the material presented herein are necessary.