

UNIVERSITY OF NORTH CAROLINA
DEPARTMENT OF ECONOMICS
ECON 055H: ECONOMICS OF SPORTS (Honors)
FALL 2019
T/TH 9:30 AM – 10:45 AM, GA 209

- Instructor:** Rita A. Balaban **Phone:** 919-843-8823 (W)
- Office:** 200E Gardner Hall **E-Mail:** balabanr@email.unc.edu
- Office Hours:** Tuesdays (3:30pm-4:30pm), Wednesdays (1:30pm-2:30pm) and Fridays (9:30am-10:30am) in the EconAid Center (GA 009) or for personal concerns (i.e. not for questions about course material), I offer office hours by appointment at <http://calendly.com/balabanr>
- 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 most of the course readings, the official course gradebooks, announcements, and other supplementary materials. The course will appear as ECON55H.001.FA19 in Sakai.

Course Description: This course uses a variety of economic tools to analyze selected topics and issues related to sports. Through readings, lectures, discussions, personal experiences, and economic experiments we will use the sports industry to learn about the economic way of thinking, competitive and noncompetitive market structures, labor markets, contest design, market failure, and public finance. A sample of some of the questions to be considered follow: What role should communities play in retaining or attracting teams? How much should professional athletes be paid? How do we design a contest that attracts fans and optimizes athletic performance? Upon completion of this course, it is hoped that you will watch sports and read sporting news through the eyes of an economist. Note: This course meets the following General Education Requirements: Communications Intensive (CI) and Experiential Education – Mentored Research (EE)

Required Materials:

- Szymanski, Stefan. **Playbooks and Checkbooks: An Introduction to the Economics of Modern Sports**, Princeton University Press, 2009.
- OpenStax, Principles of Economics 2e. OpenStax CNX. Mar 13, 2019 <http://cnx.org/contents/bc498e1f-efe9-43a0-8dea-d3569ad09a82@7.1>.
- Cell phone with a texting plan or a device that can logon to the University’s Wi-Fi (e.g. laptop, tablet). This device will be used to complete class polls.

Contact Information and Email Policy: Students are encouraged to visit me on a first-come, first-serve basis during my scheduled 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 by using this link (<http://calendly.com/balabanr>). Email is not my preferred method of communication. However, if you must send an email, you can expect to receive a response within one to two business days. Please use proper email etiquette (see <http://www.usm.edu/chemistry-biochemistry/e-mail-etiquette-adapted-academia> for details).

Electronic Device Policy: Students may not use laptops, tablets, phones, or similar devices during the lecture, except when doing polls or when I specifically permit it. First, it disrupts your classmates. Second, it interferes with your learning (see <http://www.newyorker.com/tech/elements/the-case-for-banning-laptops-in-the-classroom>). The first time you violate the restriction, you will be warned. For each subsequent time a 5%-point penalty will be applied to your final Poll Everywhere grade. If you are expecting an important phone call (job interview, family illness, etc.), please notify me before class then sit in the back of the room near the exit.

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>

The **EconAid Center** is located in GA009. It will be open from 9:00am to 8:00pm (Monday – Thursday) and from 9:00am to 3:00pm (Friday). This is where I will hold my office hours during the semester. While office hours will take priority, this center also offers students a great space to work on their economics coursework individually or in groups. I hope you will make use of this valuable resource!

If you come to the EconAid Center and wish to receive help you will need to raise your "digital hand" by opening a ticket on <https://www.mydigitalhand.org/>. Once a ticket has been opened the instructor (Prof. Balaban, TA, or Peer Tutor) will call you to their table when they are available. All students must register first and open a ticket in order to get help. You can register by following the directions posted on Sakai.

Course Requirements: I have carefully constructed the assignments in this course to maximize your learning. You are expected to work hard, actively participate, ask questions when you have any doubts, and perform to the very best of your ability. Still, the purpose of this course is to teach you something about the economics of sports, not to destroy your GPA.

The grading breakdown follows: (percentage of final grade)

5 Short Writing Assignments	40% (best of 4)
Term Paper	30%
Group Presentation	10%
In-Class Polls	10%
Guided Reading Questions	5%
Research Discussions	5%

5 Short Writing Assignments will be assigned during the semester. However, only your top 5 scores will count toward your final grade. The assignments will be evenly distributed throughout the semester and you will have one week to complete them. Detailed grading criteria will be provided with each assignment.

Term Paper: Research and writing are an integral part of this course. Each student will be required to write a research paper (10-15 pages) on some aspect of the sports economy. Each student is free to select their own topic and I am happy to discuss ideas with you if you are having troubles. All paper topics must be approved by September 19th or a 15-percentage point penalty will be applied to your final term paper grade. Detailed instructions regarding the term paper guidelines can be found on p. 6 of the syllabus.

Group Presentation: You will be placed into a group with other students that share similar term paper topics. You will be required as a group to give a presentation (length determined by number of group members) that not only summarizes your paper but finds a way to relate the papers of other group members. Presentation guidelines will be given to you in mid-November. The presentations will be held during our scheduled final exam period, **8am-11am on December 10th**.

"In-class polls" will be conducted during each lecture by using the response system known as *Poll Everywhere*. Participation requires that you have access to a cell phone texting plan or a device that can logon to the University's Wi-Fi (e.g. tablet, laptop). Prior to our first poll you must register your device with Poll Everywhere (PE).

Registration instructions and other FAQ can be found by following this link: poll.unc.edu. ***If you do not register properly, then your polls will not be counted.*** Please verify that you have registered correctly (see the PE FAQ for more info). An explanation of how the polls will be graded can be found on p. 7 of the syllabus. Note: these questions are to be done in class, you will receive a zero on this portion of your final grade if you are found to be answering questions from a distant location and a report will be submitted to the Honor Board.

“Guided Reading Questions” will be due by 9:30am before most classes. These questions will be tied to the readings that you are scheduled to prepare for a particular class and will generally be 1-2 pages in length. All responses must be typed in at least 10-point font, double-spaced, and uploaded to Gradescope by their deadline. These questions will be graded based on completeness (e.g. if you answer all the questions and put some thought into your questions, then you will receive a 1/1). You are welcome to discuss these questions with your classmates, but everyone is expected to put their responses in their own words before uploading them to Gradescope. There are four possible grades for each of these assignments: 1, 0.75, 0.5, or 0. The activities and in-class polls that we do in class will be based upon the information that you gather in these assignments.

Research Discussions (4 total) will be held periodically throughout the semester. During our research discussions, you should be prepared to discuss the progress of your research and any problems that you may be encountering. You will also be required to upload documents that summarize your research progress. There are four possible grades for each of these “discussions”: 1, 0.75, 0.5, or 0.

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. You should get the missed notes/announcements from one of your peers. You are allowed three absences – no questions asked. You are, however, still accountable for any homework assigned during the missed class. Your final grade will be lowered by 2 percentage points for each absence over the allowable three. In the case of extreme illness or family emergency please notify me and the Dean of Students as soon as possible.

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 with your cell phones turned to the off position. This means that you should refrain from browsing the web, instant messaging, playing games, etc. during class time.

Academic Integrity: All students are expected to adhere to the Honor Code (<http://instrument.unc.edu>). Any violation will result in an **F** for the course, and other sanctions may apply.

- You will be permitted to discuss the writing assignments and guided reading questions with your classmates and/or me, but each student must submit their own assignment in their own writing.
- You may use your notes and textbook to complete polls, but keep in mind that polls will be timed. Sometimes you will be permitted to consult with your classmates when answering a poll. I will let you know when you can consult with a classmate versus when you are expected to do the poll alone.

Grading Scale (as a percentage of total points)

A	= 93-100	C	= 73-76
A-	= 90-92	C-	= 70-72
B+	= 87-89	D+	= 67-69
B	= 83-86	D	= 60-66
B-	= 80-82	F	< 60
C+	= 77-79		

As a general rule I do not curve final grades. However, if I feel that your preparation and in-class participation merits reward, then I will consider a 1- to 2-point curve of your final grade.

Calendar and Reading List (pp. 4-5): You are expected to have all assigned readings completed before the material is presented. The entire chapter is to be read unless otherwise noted. Please expect to have additional readings throughout the semester.

I. Introduction to the Economic Way of Thinking and the Field of Sports Economics (Aug. 20 – Sep. 3)

- Principles of Economics, Chapters 1 (pp. 9-14) and 2 (pp. 27-37)
- Neale, W. (1964). The Peculiar Economics of Professional Sports: A Contribution to the Theory of the Firm in Sporting Competition and in Market Competition. *The Quarterly Journal of Economics*, 78(1), 1-14.
- Pomfret, R. (2016). The Evolution of Professional Team Sports. In R. Pomfret & J. Wilson (Eds.), *Sports Through the Lens of Economic History* (pp. 6–29). Northampton, MA: Edward Elgar.
- Szymanski, Chapter 1

II. Designing and Organizing Sports Contests (Sep. 5 – Sep. 19)

- Morrow, S., & Idle, C. (2008). The Challenges of Modernizing a Professional Sport: A Case Study of Professional Road Cycling. In S. Chadwick & D. Arthur (Eds.), *International Cases in the Business of Sport* (pp. 45–59). Boston: Elsevier.
- Sanderson, Allen R. (2002). The many dimensions of competitive balance. *Journal of Sports Economics* 3(2), 204-228.
- Szymanski, Chapter 2

III. Sports, Antitrust, and the Competitive Balance Argument (Sept. 24 – Oct. 15)

- Principles of Economics, Chapters 3, 8, and 9
- Berri, D. J., Schmidt, M. B., & Brook, S. L. (2007). Baseball's Competitive Balance Problem? In *The Wages of Wins: Taking Measure of the Many Myths in Modern Sport* (pp. 46–68). Stanford, CA: Stanford Business Books.
- Szymanski, Chapter 3
- Sanderson, Allen R. and John J. Siegfried. (2018). The National Collegiate Athletic Association Cartel: Why it Exists, How it Works, and What it Does. *Review of Industrial Organization* 52(2): 185-09.

IV. The Determination of Wages and Their Unintended Impacts on Contest Rewards (Oct. 22 – Nov. 7)

- Principles of Economics, Chapters 4 (pp. 83-92) and 14 (pp. 319-330)
- Berri, D. J., Schmidt, M. B., & Brook, S. L. (2007). Shaq and Kobe. In *The Wages of Wins: Taking Measure of the Many Myths in Modern Sport* (pp. 90–115). Stanford, CA: Stanford Business Books.
- Haugen, K. K. (2004). The Performance-Enhancing Drug Game. *Journal of Sports Economics*, 5(1), 67–86.
- Ionescu, L. (2015). The Economics of Corruption in Professional Sport. *Economics, Management, and Financial Markets*, 10(2), 109–114.
- Szymanski, Chapter 4

V. Sports and Broadcasting (Nov. 12 – Nov. 14)

- Keating, C. (2018). Over the Top or over the Heads of Sports Broadcasting: Sports and Entertainment Content Licensing and Distribution in a New Era. *Sports Law*, 25, 177–198.
- Szymanski, Chapter 5

VI. Sports and the Public Purse (Nov. 19 – Nov. 26)

- Baade, R. A., & Matheson, V. A. (2013). Financing Professional Sports Facilities. In S. B. White & Z. Z. Kotval (Eds.), *Financing Economic Development in the 21st Century*, second edition (pp. 323–342). New York, NY: Routledge.
- Matheson, Victor A., and Robert A. Baade. (2004). "Mega-sporting events in developing nations: playing the way to prosperity?." *South African Journal of Economics* 72(5), 1085-1096.
- Szymanski, Chapter 6

VII. Group Presentation Workday (Dec. 3)

VIII. Group Presentations (8am on December 10)

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.

Term Paper Guidelines:

The purpose of this term paper is to give you an opportunity to delve more deeply into a specific area of Sports Economics. This exercise has the benefits of forcing you to pull together the ideas that you've been acquiring throughout the course, to express them in an organized manner and to gain experience in the use of economic analysis to address something that interests you.

Format Requirement:

The paper should be typed in 10- to 12-point font, double-spaced, and include 1-inch margins all around. It should be a maximum of 15 pages long excluding references, tables, figures, and graphs. The recommended minimum length is 10 pages. Include a separate cover page with your name, paper title, abstract, and a statement of the honor code. All pages after the title page should be numbered consecutively in the lower-right-hand corner.

Content:

In addition to the body of the paper, make sure that you address and/or include the following:

- Explicitly state what this paper is going to be about. What is your research question? Why should we (the readers) be interested in this topic? i.e. how is your topic related to economics?
- Review of the literature that is related to this topic and/or will be used to explore the topic.
- Analysis of your research question given the data and information you have collected. Which economic principles will be used to explore your problem and how will they be applied?
- The paper should end with your conclusions. This section should summarize your results and discuss any avenues that are open for further research.
- Include a list of references at the end of your paper. You will need to include at least 5 academic references not already covered in the course. A superior job will likely require many more. Try to get the most recent references possible that are relevant to your topic. While Sports Illustrated, the NY Times and other publications are relevant for social discussions, articles from peer-reviewed economic journals are more applicable. Use the APA format when citing your sources and writing your list of references.
- Include an abstract. An abstract is a concise description of your work and it should include the following: your motivation, a statement of your thesis, your approach (i.e. what economic tools did you employ?), your results, and conclusions. The abstract should be no more than 400 words. The abstract is always the last thing written.

Note:

In order for your paper to be a valued contribution you must go beyond a simple regurgitation of the literature that you've read. Even if your paper does not employ statistical methods, new data or fancy mathematical theory you can make a contribution by tying together other scholars' writing into a new synthesis. Your contribution is the molding of others' ideas into a new perspective that includes your own understanding of the issues in addition to those of the authors that you cite. Your essay then adds something that is greater than the sum of the articles and books that you've read. To achieve this you must spend enough time digesting and understanding the literature so that you can write an essay that is not simply an article-by-article replay of what other people have already written. This takes time and is very difficult to do if you try to do a rush job at the very end.

Due Date: 11:59pm on Tuesday, November 26th.

- A ten-point penalty will be applied for every day that your paper is late.

Explanation of “In-Class Polls” Grading

Below is an explanation of how the Poll Everywhere questions will be graded. Essentially there will be two types of questions asked: 1) graded questions; and 2) polling questions.

“**Graded questions**” are multiple choice questions where there is only one correct answer. “**Polling questions**” do not have correct answers. Examples include questions like, “What would you be doing – right now – if you weren’t in class?” and “What is the opportunity cost of going to a class that meets at 7pm?”

Grading Procedure:

- I understand that you may not be able to participate in some polls because you missed class, forgot your polling device, and/or had technical difficulty. Missed polls cannot be made-up. This holds regardless of your excuse (e.g. university/athletics commitment, job interview, sickness, technical malfunction, etc.). It’s OK though because only the highest 85% of your polls will be allocated toward your “In-Class Polls” grade. I expect to do at least 80 polls during class this semester. In the event we do 80 polls, for example, your poll grade will only be based on your highest 68 polls. In other words, you can miss 12 polls without incurring a penalty.
- Possible scores on any given “graded question” include:
 - 100% (you answered the question correctly)
 - 50% (you answered the question incorrectly)
 - 0% (you did not answer the question)
- Possible scores on any given “polling question” include:
 - 100% (you answered the question)
 - 0% (you did not answer the question)

Starting Tuesday, August 27th, all poll responses will be graded according to the procedures outlined in this document.

Registration instructions for Poll Everywhere : All students, including those who have registered previously for Poll Everywhere, should go to poll.unc.edu, click **Student Account Registration** and log in via “Single sign-on.” In addition, please take the time to read the Student FAQs before our first class meeting.

Using Poll Everywhere in Class: Students may log in at either polleverywhere.com or by using the Poll Everywhere mobile app. With either method, you will enter your official UNC-CH email address, select the Single-Sign-On link and enter your Onyen and Password.

- Note: these questions are to be done in class, you will receive a zero on this portion of your final grade if you are found to be answering questions from a distant location and a report will be submitted to the Honor Board.

If you encounter technical issues, you can contact ITS Help or refer to the Help options at the bottom of the poll.unc.edu page.