This is an applied economics course which explores various aspects of the economics of professional sports. The objective of this course is to provide students with analytics tools to understand economic problems using sports economics as a laboratory. The course uses a wide range of microeconomic theories related to industrial organization, public finance, and labor economics. Given the applied nature of the course, it will also use econometric tools to study relevant empirical applications.

Each week will cover a common relevant topic where a historical and social background is usually developed over the first part of the week to understand the nature of the empirical applications.

The professor will set up the framework for each topic. The readings are required to complement the class lecture. The materials detailed below are the ones that I expect students to read. Some papers need to be read only partially. Videos, magazines, pictures and other content will complement each lecture when necessary.

Students are expected to be familiar with intermediate microeconomics and at least a first course in econometrics.

**Evaluation**

A short paper, to be completed along the course, is required. The prospectus will be discussed in class in week 7, and the research paper is due in week 14. The paper should be a short application on any topic of sports economics (5 pages, 12 point Times New Roman, 1.5 spacing).
Four problem sets will be handed out during the semester. The provided .csv data set requires the use of some statistics package to solve the questions. Although I use Stata, the solutions are acceptable in any software package.

A midterm and final exam will evaluate the material discussed over the semester.

Contents

Week 1: Introduction

We will study how football became to be, from its inception in 19th century England to the schism of the early twentieth century between what today is known in the United States as Football, Soccer, and Rugby. During this first week, we will study the first scholarly articles on sports economics.

Readings:


Week 2: The economic theory of professional sports leagues

We first review the formation of sports leagues in the United States (baseball, football) and Europe (soccer). We then study the literature that historically set up the framework on how professional sports leagues work. Understanding that North American sports have different characteristics than European soccer we cover both separately.

Readings


**Week 3: Competitive Balance, Uncertainty of Outcome and Home Field Advantage**

We review the importance of these concepts; study its definition and its applications.

**Problem set 1 (due week 4)**

**Readings**

• Cox (2015) “Spectator demand, uncertainty of results

• Krumer and Lechner (2018) “Midweek effect on soccer performance: Evidence from the German Bundesliga.” *Economic Inquiry* Vol. 56 (1)


**Week 4: More on attendance**

For decades, gate receipts were the primary source of revenue for any sports club. Although this has changed over, it remains an essential factor to which teams play close attention.

**Readings**


**Week 5: The labor market**

Some fundamental theory sets the framework to study the evolution of the labor market in professional sports and empirically explore some of its characteristics.

**Readings**


**Week 6: Gender and racial discrimination**

The history of gender and racial discrimination in soccer goes all the way back to the early 20th Century. We will review such history, analyze the society of the time and review empirical evidence that tests its existence today.

**Readings**

• Bryson and Chevallier (2015) “Is there a taste for social discrimination amongst employers?” *Labour Economics* Vol. 34

• Fink (2015) “Female athletes, women's sport, and the sport media commercial complex: Have we really “come a long way, baby”?“ Sport Management Review Vol. 18 (3)


Problem set 2 (due week 7)

Week 7: Research paper discussion, and midterm exam

During this week students are expected to have prepared and defend in class their prospectus for the paper due at the end of the semester.

Week 8: Behavioral: Managers

Managers have the role of coordinating and planning much of the production process within a firm. From a particular perspective, this is also true in sports teams. We first review the evolution of managers in sports (mainly in English soccer), and then study their role in team performance.

Readings


• Grusky (1963) “Managerial succession and organization effectiveness” *American Journal of Sociology*. Vol. 69(1)


**Week 9: Referees**

Referees are the *bad* guys in sports. Managers, players, journalists, and fans tend to criticize their work regularly. This week we discuss the historical evolution of the soccer referee, its role in the game and the consequences of the pressure they face every week.

**Readings**


**Week 10: Team Performance and cultural diversity**

Globalization has led to increasing national diversity of co-workers in almost every sector of any economy. Sports data is ideal to understand the effect of such trends on the team and individual performance. A specific review of the *Bosman ruling* in European soccer is discussed.

**Readings**


• Tovar. 2018 “Performance, diversity and national identity. Evidence from association football”. *Documento CEDE working paper No. 46*.

**Problem set 3 (due week 11)**

**Week 11 Broadcast demand and the impact of television**

In its origin, sporting league authorities were suspicious of the effects of broadcasting media over the potential impact on the popularity of the sport. Today, professional sports are inconceivable without it. We review the history of televised sport in the US and UK and study the importance and impact of broadcasting media on the game.

**Readings**


**Week 12 The economics of a World Cup. The benefits of a franchise**

Is it worth hosting a sporting mega-event (FIFA world cup, Olympic Games)? Should cities invest public money to subsidize facilities for professional sports franchises? Although prospective impact studies tend to answer these questions affirmatively, retrospective studies suggest
otherwise. Using historical references, we study and review the answer of the literature to these questions.

Readings

- Coates and Matheson (2011) “Mega-events and housing costs: raising the rent while raising the rook” *The Annals of Regional Science* 46 (1)

**Week 13. Sports data and Game Theory. A brief introduction to sports analytics.**

Game theory deals with strategic interaction between rational decision-makers. Real life games are complex, tend to have multiple strategies, have incomplete information and, in some cases, pay-offs not explicitly defined. Sports gives rise to some situations where the structure of the game is simply defined. This is particularly true for the penalty kick. The course will end with a brief introduction of the sports analytics revolution and how it differs from the economic analysis of sports data.


**Problem set 4 (due week 14)**
Week 14 Paper presentations