GEORGETOWN UNIVERSITY

The Economics and Strategy of Sports
Economics 411
Provisional Syllabus

Instructor: Ian Gale
Office: ICC 567
Lectures: Monday and Wednesday, 11:00 pm - 12:15 pm
Office Hours: Tuesday, 10:00-12:00, or by appointment

This course will introduce and apply concepts from microeconomics to issues that arise in professional and amateur sports. Among the topics covered in the course will be: the organization of leagues, competitive balance, cooperative and collusive behavior, measurement of productivity, the market for franchises, sale and resale of tickets, and public financing of facilities. The course will also devote significant time to the analysis of strategy in sports. Do coaches and players optimize or do they deviate systematically from optimal behavior? The availability of performance data make sports a fruitful area for applying microeconomic concepts.

The prerequisites for the course are Econ 101 or 103, and Econ 122. The course does not require any prior knowledge of sports.

Problem sets will comprise 20% of the course grade, and the midterm and final exams will each be worth 40%. This yields a numerical score for the course, which is then translated into a letter grade. If you miss an exam you will receive a grade of zero. (In case of a medical or family emergency, you may petition the Dean to be excused.) If the University closes on the day of the midterm exam, the exam will be given during the next class period. If you have three final exams within 24 hours, you may petition the Dean to take the exam during the conflict exam time slot.

In place of the final exam, you may opt to write a term paper. The paper could be a review of one or more journal articles on a single topic, or it could involve data analysis. If you choose this option, a 100-word proposal is due in March.

A student who is found to have violated the Georgetown Honor Code will receive an F for the course in addition to any penalties imposed by the Honor Council.
Required Text


The text contains analysis, background material and references for further reading. (It should be fine to use an earlier edition.)

Lectures and Readings

The topics and readings are listed below, along with the approximate time allotted to each topic. It is recommended that you read the material from the text and the readings with an asterisk.

**Introduction (one class)**

*Leeds and von Allmen (LA) Chapter 1


**Sports Franchises as Profit-Maximizing Firms (two classes)**

*LA Chapter 2 (including Appendix 2A) and 3


**Applications of Probability and Statistics (two classes)**

*LA, Appendix 2B

Grinstead, C., and J.L. Snell, “*Introduction to Probability,*” mimeo.


**Do Coaches Optimize? (two classes)**


*Sackrowitz, H., “Refining the Point(s) after Touchdown Decision,” *Chance*, 2000, 29-34.

**Do Players Optimize? (two classes)**

*LA, Chapter 4 Appendix*


**Gambling and Corruption (one class)**


**Monopoly and Antitrust (one class)**


Competitive Balance (two classes)

*LA Chapter 5


Player Selection (one class)


Uneven Playing Fields: The Impact of Home Advantage and Coin Tosses (two classes)


Competition for Franchises and Events (two classes)

*LA Chapter 6 and 7


**Labor Markets in Professional Sports (three classes)**

*LA Chapter 8 and 9*


**The Effects of Incentives (two classes)**

*LA Chapter 8*

Discrimination (one class)

*LA Chapter 10


Ranking Schemes (one class)


College Sports (one class)

*LA Chapter 11