1. Chapter 1
2. Economics and Sports
3. ◼ Outline

Introduction

1.1 Organization of the Text

1.2 Babe Ruth and Comparative Advantage

Opportunity Costs

Absolute and Comparative Advantage

*Biographical Sketch: Babe Didrikson Zaharias*

**Summary**

1. ◼ Teaching Tips and Additional Examples

A unique challenge in teaching a course in the economics of sports is refining student expectations for the class. Indeed, some professors and departments have been reluctant to offer a course in this field over worries that it will attract students wishing to take a “blow-off” course or that the topic of sports cannot be made rigorous enough to be included in a college curriculum. Therefore, it is important from the very beginning of the class to emphasize that the course is first and foremost an economics class and that sports merely supplies the context in which to study economics. As noted by a colleague, “Expectations can sometimes be seriously off track for those students who may have chosen the course more because they saw the word ‘sports’ in the title rather the word ‘economics.’ ” As you go over the syllabus, it is important to emphasize the economic theories that you look forward to covering as opposed to the sports events and history. As the prerequisites for this course vary greatly from school to school, as does the intended audience, it may be worthwhile to collect information from each student about past coursework in economics and math in order to tailor the class to the ability level of the students enrolled.

It may be helpful to stress that economics is an incredibly flexible subject that can be applied to just about any facet of life. In this respect, as the course progresses it is often useful to remind the students some parallel application to the current topic. The key it so show that the economic principles (and therefore the rigor) does not change even if the application of those principles do. This is particularly important if the class is offered as a lower level elective with minimal prerequisites but ends up attracting an audience primarily made up of senior economics majors. With a diverse distribution of students the emphasis on the application of economics will help teach the principles to those who may be seeing these concepts for the first time, and reinforcing them to the more advanced students.

It may also be worthwhile to poll students about their favorite sports and teams, again to tailor the class to the interests of students in class. For example, when teaching competitive balance one can draw examples from any league, and using a sport for which students in class have expressed a preference is likely to keep students more interested in the topic even as the technical details of measuring competitive balance are explained. Similarly, a class with a large number of foreign students, for example, is likely to express more interest in soccer over the “big four” American leagues. In this respect the inclusion of more international sports (including the discussion of the Spanish soccer league in Chapter 1) as the editions progressed should benefit the student body.

As Chapter 1 of the text notes, the text explores sports as it applies to three major areas of economics: industrial organization, public finance, and labor. As an opening exercise, you might consider asking the class to give examples of how economic forces impact professional and major amateur sports without first prompting them about the three areas. Once they have accumulated a good list on the board, see if they can divide those issues into the three areas. Some issues, such as those related to competitive balance, will be addressed in more than one area—you can note that as you go along.

Chapter 1 spends a significantly time on comparative advantage, so be prepared to dive right in on the first day of class. A fun exercise that utilizes students’ sports knowledge while reinforcing the idea of comparative advantage is to identify other multi-sport athletes and examine their career choices. Charlie Ward, the 1993 Heisman Trophy winner, chose an NBA career over the NFL, Baseball Hall-of-Famer, Dave Winfield was drafted by the NBA, ABA, NFL, and MLB, and Hale Irwin, a 3-time U.S. Open winner and the all-time winningest player on the Senior PGA tour, was a top defensive back for the University of Colorado. Deon Sanders and Bo Jackson were other multi-sport stars. Byron “Whizzer” White, ultimately chose a law career over an NFL career even after leading the league in rushing in 1938. White eventually became a Supreme Court Justice.

1. ◼ Additional Sources

Throughout the course students will need to keep abreast of current events. Fortunately, this requires nothing more than access to the Internet. For each chapter this manual includes examples of quality Web sites that provide lots of information regarding the sports industry. For the instructor, there are several additional sources that are worth considering.

*Film, Television, and Radio:*  If you like to supplement your classes with film, we recommend the Ken Burns series *Baseball*. It is divided into 18 episodes (“top of the first” through “bottom of the ninth”). Each one considers a different topic in the development of professional baseball in the United States. Burns addresses everything from attempts to form rival leagues to the history of the reserve clause to discrimination. Bill Littlefield’s *Only a Game*, is an informative and amusing weekly radio show appearing on National Public Radio. Check your local listings for times.

*Trade Publications: Street & Smith’s Sports Business Journal*. This weekly publication provides interesting profiles of specific sports, data on attendance, articles, and commentaries on the business aspects of sports. While a normal subscription is not cheap, a far less expensive semester-long student subscription is available. For more information, check their Web site at <http://www.sportsbusinessjournal.com/>.

*Podcasts:* Podcasts are segments, or episodes that are organized via a digital media outlet. They can be listened to over the internet or oftentimes downloaded on many smartphones. Finding relevant and reliable podcasts can be challenging but two sources that very good can be found at www.econtalk.org and [www.freakonomics.com](http://www.freakonomics.com). A good starting point may be an interview by sports economist Roger Noll on EconTalk on August 27th, 2012.

*Academic Journals:* The *Journal of Sports Economics* remains the “must have” journal for all instructors of a course in sports economics. For subscription information, go to the Sage Publications Web site at http://www.sagepub.com. Other high quality, sports-themed academic journals with frequent economic content include *International Journal of Sports Finance*, *Journal of Sport Management*, *Journal of Sport and Social Issues*, *European Sport Management Quarterly*, *International Journal of Sport Management and Marketing*,and *Journal of Quantitative Analysis in Sports.*

*On-line Sources:* www.sportsbusinessnews.com provides good information and reactions to what is happening in sports from a business perspective. You can even elect to receive their “daily dose” of sports business news. www.thesportseconomist.com is a blog written by a group of the top economists in the field and consistently provides interesting economic analysis of current issues in sports.

Finally, be sure to check our Web site, which has been specially designed for this text, www.pearsonhighered.com/leeds. It contains data, lots of great information, and links designed
to make the course more meaningful and enjoyable for both the instructor and student.

1. ◼ Solutions to Back-of-Chapter Problems

1.1 Why might Kobe Bryant employ someone to answer his fan mail even if he can read the letters and type the responses more quickly than the person he employs?

**Answer:** If Kobe were able to answer his fan mail more quickly than someone he hires, this would imply Bryant has an absolute advantage in answering fan mail. Kobe is still likely, however, to have a comparative advantage in playing basketball, and therefore he should specialize in playing basketball and hire someone else to answer his fan mail.

1.2 Is the following statement true or false? Explain your reasoning. “I am attending college on a full athletic scholarship, so the opportunity cost of attending college is zero for me.”

**Answer:** False. The student is also giving up his or her time. A prime example of this is players who leave college early to enter the pros. The opportunity cost of attending college for a top basketball player is the lost chance to play in the NBA.

1.3 From 1946 through 1967, the placekicker for the Cleveland Browns, Lou Groza, was successful
on 54.9 percent of his field goal attempts. From 1999 through 2008, the Browns’ kicker was Phil Dawson, who was successful on 82.8 percent of his attempts. Use the theory of comparative advantage to explain the massive improvement in the Browns’ kicking game.

**Answer:** While Groza was best known for his kicking, he also played offensive tackle for most of his career. In the modern game, players are able to specialize, thereby improving players’ skills resulting in higher field goal percentages for more recent players.

1.4 The term “figure skating” refers to the shapes that skaters used to trace in the ice as part of skating competitions. In the 1970s, this aspect of the sport was deemphasized and eventually eliminated. Use the theory of comparative advantage to show why eliminating this part of the competition has led skaters to perform much more difficult and sophisticated jumps and spins.

**Answer:** The elimination of tracing figures allows skaters to specialize in other techniques such as jumps and spins that most fans find more exciting. It also encourages more athletic skaters with a comparative advantage in these skills to enter the sport