ST. FRANCIS XAVIER UNIVERSITY
Department of Economics

ECONOMICS 291: Economics of Leisure, Recreation and Sports

Instructor: Dr. Patrick Withey Winter 2017

Lectures: **8:15 AM–9:30 AM Tuesday and 9:45-11:00 AM Friday**
SCH 110
Office: Nicholson Tower 504
Office Hours: Tuesday 10:00- 11:00 AM and 12:35-2:00 PM; Friday 11:05-12:00 and 2:00-3:00 PM; or by appointment
Personal web page: http://people.stfx.ca/pwithey
Course web page: Moodle
Email: pwithey@stfx.ca

Course Description (Calendar):

This course includes topics related to choices about the time individuals do not spend working. It deals with aspects of the economics of leisure and labour supply; the valuation of time; outdoor recreation; the economics of sports; the economics of dating and marriage; the economics of crime and the consumption of addictive goods; the economics of gambling and other addictive behaviour associated with the consumption of leisure, and the economics of the entertainment industry. Prerequisite: ECON 101. Three credits.

Course Goals:

The goal of this course is to use economic tools to understand how individuals spend their leisure time. We first develop a model of labour-leisure trade-off, and then examine economic issues associated with various industries in which individuals spend their leisure time. For instance, we will evaluate the video game and music industries, and evaluate the sports industry in depth. The course will use basic economic theory to evaluate issues related to leisure and the allocation of resources in sports and recreation, and statistical analysis to evaluate data used in the sports industry.

Optional Textbooks:

There is no required textbook for this course. I will make relevant class notes available, and many readings and resources will be available for free on the internet or through the library. The following materials will be available to you in the library:

Barro, R. (1990) Macroeconomics, 3rd Edition. HB 172.5 B36 (on reserve in the library)

Grafton, C. and P. Taylor (2000). Economics of Sport and Recreation. (Available as an e-book through the St. FX Library).

Parkin, M. and R. Bade (2015) Economics: Canada in the Global Environment, Pearson Canada. (Book used for Econ 101/102).

Fellows, C.M., G. Flanagan and S. Shedd (1997). Economic Issues: A Canadian Perspective (on reserve in Library)

Mansfield, E (1987) Statistics for Business and Economics: Methods and Applications, 3rd Edition. HA 29 M2463 1987 (on reserve in the library).

Field, B. (2008). Natural Resource Economics, 2nd Edition. Waveland Press.

The following optimal textbook may also be of use, but is not available at the library:
Leeds, M. and P. Von Allmen. The Economics of Sports. Routledge, 2016.

Several articles will also be discussed in class. Many of these articles can be found online, and are included in your reading list below.

Prerequisites: Econ 101

Grading:

Your final grade will be determined as follows:

Midterm 1	30%	Tuesday, Feb 14
Assignments	20%	Friday, February 3 and Tuesday, March 14
Final examination	50%	TBA

You will take one midterm test during the term. You will be tested on material from lectures, optional textbooks and any supplemental reading that may be assigned. You must write the final exam in order to pass the course. The final examination will be set by the examinations office and covers material from the entire course. You will also write two assignments in this course.

SYLLABUS

The following represents a ***tentative*** list of topics, as well as a tentative reading list. I may add or remove required readings as the term progresses.

1. Labour leisure trade off: Theory of work and leisure, labour supply. Barro Ch.2
   a. Empirical evidence Grafton and Taylor Ch. 3

2. Economics of the video game industry
   a. Crandall, R. and J.G. Sidak (2006) "Video Games: Serious Business for American's Economy" Entertainment Software Association http://webspace.ship.edu/hliu/game/tandp/Videogames_serious_business.pdf
   b. Williams, D. (2002) "Structure and Competition in the U.S. Home Video Game Industry". The International Journal of Media Management 4(1) 41-54

3. Economics of the entertainment industry: music
   a. DiGiacomo, F. (2015). "Economist Paul Krugman on How to Fix the Music Industry (and Why Not Much has Changed in the Last 150 Years)". *Billboard*, June 19. http://www.billboard.com/articles/business/6605432/paul-krugman-how-to-fix-music-industry
   b. Knopper, S. (2011) "The New Economics of the Music Industry." *Rolling Stone*, October 25. http://www.rollingstone.com/music/news/the-new-economics-of-the-music-industry-20111025
   c. Krueger, A.B. and M. Connolly (2005). "Rockonomics: The Economics of Popular Music" **http://arks.princeton.edu/ark:/88435/dsp01xs55mc05g**
   d. Flowers, A. 2016. "Maybe Spotify Isn't Killing the Music Industry After All". Five Thirty Eight. http://fivethirtyeight.com/features/maybe-spotify-isnt-killing-the-music-industry-after-all/
   e. Aguiar, L. and J. Waldfogel. "Streaming Reaches Flood Stage: Does Spotify Stimulate or Depress Music Sales?" No. w21653. National Bureau of Economic Research, 2015.

4. Economics of crime
   a. Economics of criminal activity. How much is too much crime? Fellows Ch. 4
   b. Markets for illegal goods Parkin and Bade Ch. 7
      i. Issues with legalization/distribution of Marijuana https://carleton.ca/economics/2015/professor-frances-woolley-marijuana-lcbo/

5. Economics of the consumption of addictive goods: alcohol and tabaco use
   a. How We Drink http://healthycanadians.gc.ca/publications/department-ministere/state-public-health-alcohol-2015-etat-sante-publique-alcool/index-eng.php
   b. Theory of tax: Parkin and Bade Ch. 6

c. Impact of price on alcohol use
   i. Price Elasticity of Demand for Alcohol https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3722038/
   ii. Wagenaar, A.C., M.J. Salois and K.A. Komro. "Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies." *Addiction* 104.2 (2009): 179-190.
   iii. Chaloupka, F.J., M. Grossman and H. Saffer. "The effects of price on alcohol consumption and alcohol-related problems." *Alcohol research and health* 26.1 (2002): 22-34.
   iv. Pogue, T.F. and L.G. Sgontz. "Taxing to control social costs: the case of alcohol." *The American Economic Review* 79.1 (1989): 235-243.
   v. Ruhm, C.J. "Alcohol policies and highway vehicle fatalities." *Journal of health economics* 15.4 (1996): 435-454.
d. Pricing in Canada:
   i. Giesbrecht, N., et al. "Pricing of alcohol in Canada: A comparison of provincial policies and harm-reduction opportunities." *Drug and alcohol review* (2015).

6. Economics of tourism and outdoor recreation
   a. Field, B. Ch. 17

7. Economics of uncertainty
   a. Basic Statistics and Probability Theory. Mansfield Ch.'s 2, 3 and 4
   b. Gambling: lotteries, roulette, proline, March Madness
      i. Sung, Y.T. and S. Tainsky. "The National Football League Wagering Market Simple Strategies and Bye Week–Related Inefficiencies." *Journal of Sports Economics* 15.4 (2014): 365-384.

8. Economics of Sports
   a. Review of Economic Theory: Market Structure and Wage determination
      i. Parkin and Bade Ch.'s 12-15, 18
   b. Introduction: the Economics of Sport
      i. Grafton and Taylor, Chapter 4.
      ii. Jones, J.C.H. (1969) "The Economics of the National Hockey League." *Canadian Journal of Economics* 2, 1---20.
      iii. Neale, W.C. (1964) "The Peculiar Economics of Professional Sports" *Quarterly Journal of Economics* 78,1
      iv. Business of sports: Industry make-up; value of major events
         1. Berri, D. J., Schmidt, M. B. and Brook, S. L. (2004). "Stars at the gate the impact of star power on nba gate revenues". *Journal of Sports Economics*, *5*(1), 33-50.
      v. Economic theory: sports as profit-maximizing firms; team value and winning; monopoly; competitive balance Leeds Ch.'s 3-5

c. Labour and sports: salary determination; monopsony (NCAA); unions and free-agency; lockouts Leeds Ch.'s 8-10
    i. Rasnic, C. and R. Resch (2014) "Missing the Puck at the Bargaining Table: The 2012-2013 National Hockey League Labor Dispute with Some Comparisons to European Law" *The International Sports Law Journal* 14(3), 192-204.
    ii. Staudohar, P.D. (2005). "The hockey lockout of 2004-05." *Monthly Labor Review*, December, 23- 29.
d. Public finance
    i. Background: Cost Benefit Analysis and Net Present Value
    ii. Stadiums and expansion
        1. Keller, T. and N. McGuire (2011) "The New Economics of the NHL: Why Canada can Support 12 Teams". Mowat Centre for Policy Innovation, School of Public Policy & Governance, University of Toronto.
e. Empirical studies and analytics in sports
    i. Review of basic statistics and regression (Mansfield)
    ii. Overview of advanced analytic data used in NHL, NBA, MLB
    iii. Economics of Sports: Empirical Studies
        1. Chan, T. and D. Novati (2012) "Split Personalities of NHL Players: Using Clustering, Projection and Regression to Measure Individual Point Share". MIT Sloan Sports Analytics Conference, 2-3 March 2012. http://www.sloansportsconference.com/wp-content/uploads/2012/02/59-Chan_Novati_Split-personalities-of-NHL-players.pdf
        2. Hakes, J. and R. D. Sauer (2006) "An Economic Evaluation of the *Moneyball* Hypothesis." *Journal of Economic Perspectives 20, 173-185*
        3. Hakes, J. and R. D. Sauer (2007). "The Moneyball Anomaly and Payroll Efficiency: A Further Investigation". *International Journal of Sports Finance 2 177-189.*
        4. McLean, R.C. and M.R. Veall (1992) "Performance and Salary Differentials in the National Hockey League." Canadian Public Policy 18, 470-475.
        5. Vincent, C. and B. Eastman (2009) "Determinants of Pay in the NHL: A Quantile Regression Approach." *Journal of Sports Economics* 10, 256---277.
        6. Gius, M. and D. Johnson, (1998). "An empirical investigation of wage discrimination in professional basketball". *Applied Economics Letters*, *5*(11), 703-705.
        7. Hoffer, A.J., and R. Freidel. "Does salary discrimination persist for foreign athletes in the NBA?" *Applied Economics Letters* 21, no. 1 (2014): 1-5.
        8. Boulier, B.L. and H.O. Stekler. "Predicting the outcomes of National Football League games." *International Journal of Forecasting* 19.2 (2003): 257-270.

Policies:

Approach to the course and class participation: Students are expected to attend all classes and be present in class on time. For each topic, I will first provide some background economic analysis, which will be followed by a class discussion. Much of the background will come from my lecture notes, making class attendance extremely important. Lecture slides will be posted online, but will be incomplete. Students will be responsible for ALL material presented during lectures. Students are expected to prepare for each week of lectures by reading the assigned readings and are expected to actively engage in class discussions. Exam questions will typically consist of short answer questions and will require you to critically analyze issues using economic theory, as we will do during discussions in class.

Missed midterm exams: There will be no make-up midterm exams. If you miss the mid-term exam and provide evidence of an illness, accident or family affliction, then the weight of the midterm will be placed on the final.

Travel Plans: Students are advised not to make travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. *There will be no special accommodation if travel plans conflict with the examination*.

Plagiarism and Cheating: Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. Students who are found to have engaged in unethical academic behavior, including the practices described on page 13-14 of the Calendar or available online at www.sites.stfx.ca/registrars_office/academic_integrity, are subject to penalty by the University.