

## SPORTS ECONOMICS

*Sports Economics*, the most comprehensive textbook in the field by celebrated economist Roger D. Blair, focuses primarily on the business and economics aspects of major professional sports and the National Collegiate Athletic Association. It employs the basic principles of economics to address issues such as the organization of leagues, pricing, advertising, and broadcasting as well as the labor market in sports. Among its novel features is the candid coverage of the image and integrity of players, teams, managers, and the leagues themselves, including cases of gambling, cheating, misconduct, and performance-enhancing drugs. The text also discusses other controversial subjects such as disciplining participants, discrimination, the financing of facilities, and how salaries are determined. Blair explains how economic decisions are made under conditions of uncertainty using the well-known expected utility model and makes extensive use of present value concepts to analyze investment decisions. Numerous examples are drawn from the daily press. The text offers ample boxes to illustrate sports themes, as well as extensive use of diagrams, tables, problem sets, and research questions.

Roger D. Blair is Walter J. Matherly Professor and Chair of the Department of Economics at the University of Florida, where he has taught since 1970. He received his Ph.D. from Michigan State University. Professor Blair is the author or coauthor of numerous books, including *Antitrust Economics* (with David Kaserman), *Law and Economics of Vertical Integration and Control* (with David Kaserman), *Monopsony: Antitrust Law and Economics* (with Jeffrey Harrison), *Monopsony in Law and Economics* (with Jeffrey Harrison, Cambridge University Press, 2010), *Intellectual Property: Economic and Legal Dimensions of Rights and Remedies* (with Thomas Cotter, Cambridge University Press, 2005), *The Economics of Franchising* (with Francine Lafontaine, Cambridge University Press, 2005), and Volume II of *Antitrust Law* (with Herbert Hovenkamp, Christine Durrance, and Philip Areeda). He is also the editor or coeditor of many volumes, including *Proving Antitrust Damages*. Professor Blair has written more than 170 articles or chapters in professional economics journals, law reviews, and books.

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**Roger D. Blair**

University of Florida



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*For the real sports in my life – Alec, Devon, Riley, and Brett Blair.*  
*– Papa*

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## Preface

This textbook grew out of my dissatisfaction with other textbooks on sports economics that were available. As my own course evolved over time, these books became increasingly unsuitable for my class in part because of coverage and in part because of level and organization. This book reflects my interests and those of my students at the University of Florida. Unlike other books on this subject, this one includes extensive use of present values, choice under uncertainty, pricing models, and numerical examples. The content includes multi-year contracts, insurance, sports gambling, misconduct (and its discipline), the steroid scandal, and many other topics that are not standard fare in the existing sports economics textbooks.

An important pedagogical feature of this book is the involvement of students in the learning process through problem solving. At the end of each chapter, there are *Problems and Questions* that are intended to help students learn the concepts in the text. There are also some *Research Questions* that will help students learn how to find information and present it.

This text is almost self-contained. Most economic concepts are presented and explained so that a student with no economics background can master the material. Nonetheless, those students who have taken an introductory course at the level of Michael Parkin's *Economics* will find the going much easier. The mathematics in the text does not exceed that in any introductory text: arithmetic, simple algebra, and geometry.

This book can be used in a variety of ways. There is probably too much material for a one-semester course. The core material that should be covered is found in Chapters 2–8, 14–16, 17, 19, and 22. The interests of the instructor and those of his or her students should dictate the selection of other chapters.

In writing this book, I have accumulated many debts. Several friends and colleagues have offered useful advice. Jim Fesmire, Jim Mak, and Jason Winfree read the manuscript and offered numerous suggestions for improvement. I hope that they will not be disappointed in the end result. Numerous people read smaller chunks of the earlier drafts: Jeff Rudnicki, Mark Rush, and Jim West were particularly helpful. Three anonymous reviewers pointed out some weaknesses that I hope have been corrected. Others who provided

valuable assistance include Derek Drayer, Ross Elliott, Bryan Lynch, and Morgan Miller. The manuscript preparation was handled in part by Corinne Turcotte and Sarah Goldberger. Sarah helped complete the manuscript, organized the various pieces of the puzzle, and kept the whole project moving through some trying times. I will always be grateful for her help and good cheer. She deserves much of the credit and none of the blame for the finished product.

My editor at Cambridge, Scott Parris, was a continuing source of enthusiasm and encouragement during a process that took longer than I expected. Thanks to Scott for his remarkable patience.

I owe the largest debt of all to Christina DePasquale, who knows more about sports than anyone I know. She helped with the research, wrote some useful summaries, typed most of the manuscript, and kept my spirits up with her own enthusiasm for sports. Without her help, there is no way that this project would have been completed.

Finally, I thank Chau, Don and Gretchen, Dave and Christy, Alec, Devon, Riley, and Brett for always being there and for making life worthwhile.

# Commonly Used Abbreviations

ACC	Atlantic Coast Conference
AFL	Arena Football League
ATP	Association of Tennis Professionals
CBA	Collective Bargaining Agreement
HGH	Human Growth Hormone
IAAF	International Association of Athletics Federations
IOC	International Olympic Committee
LPGA	Ladies Professional Golf Association
MLB	Major League Baseball
MLBPA	Major League Baseball Players Association
MLS	Major League Soccer
NASCAR	National Association for Stock Car Auto Racing
NBA	National Basketball Association
NBPA	National Basketball Players Association
NCAA	National Collegiate Athletic Association
NFL	National Football League
NFLPA	National Football League Players Association
NHL	National Hockey League
NHLPA	National Hockey League Players Association
PBA	Professional Bowlers Association
PGA	Professional Golf Association
SEC	Southeastern Conference
USADA	United States Anti-Doping Association
USGA	United States Golf Association
USOC	United States Olympic Committee
USTA	United States Tennis Association
WADA	World Anti-Doping Association
WTA	Women’s Tennis Association