

***Sports Economics* by Roger D Blair (Cambridge University Press, Cambridge, 2012).**

Braham Dabscheck*

Since approximately the last third of the 19th century, top level competitive sport has been popular with both spectators and various communication outlets, beginning with newspapers/magazines, through to radio, television (free to air, then cable and pay) and the internet, in its various forms. While sport has always had a large popular following it was something which was ignored by scholars. Apparently, there were more serious matters which required the attention of scholars. Economics was no exception to this rule.

The origin of economists' interest in sport is usually associated with Simon Rottenberg's *The Baseball Players' Labor Market* published in 1956.¹ Andreff and Szymanski point out that in 1949, Jay Topkis had published an article on monopoly in professional team sports in a law journal and also, in 1956, Paul Gregory had published a study on the baseball players' labor (using American spelling) market.² In 1964, Walter Neale published a seminal work explaining the "peculiar" interdependence that exists between sports competitors and what distinguishes sport from other economic activities.³ Beginning in the late 1960s and early 1970s,⁴ an increasing number of economists around the globe, developed a taste for studying numerous economic issues associated with the production of sport: a trend which seems to have grown exponentially, rather than arithmetically. In 2006, Andreff and Szymanski published their *Handbook on the Economics of Sport*, which contained 86 chapters on a variety of topics, all of which contained fairly lengthy bibliographies for further exploration by those interested in such matters.⁵

* Senior Fellow, Faculty of Law, University of Melbourne.

¹ Simon Rottenberg 'The Baseball Players' Labor Market' (1956) 44 *Journal of Political Economy* 242-258. For celebrations of its seminal contribution see Rodney Fort 'The Golden Anniversary of "The Baseball Players' Labor Market"' (2005) 6 *Journal of Sports Economics* 347-358; and Placido Rodriguez, Stefan Kesenne and Jaume Garcia (eds) *Review: Sports Economics after Fifty Years: Essays in Honour of Simon Rottenberg* (2006) Oviedo (Spain) University of Oviedo.

² Jay H Topkis 'Monopoly in Professional Sports' (1949) 58 *Yale Law Journal* 691-712; Paul M Gregory *The Baseball Player: An Economic Study* (1956) Washington DC Public Affairs Press; Wladimir Andreff and Stefan Szymanski 'Introduction: Sport and Economics' in Wladimir Andreff and Stefan Szymanski (eds) *Handbook on the Economics of Sport* (2006) Edward Elgar Cheltenham UK Northampton MA USA 1.

³ Walter C Neale 'The Peculiar Economics of Professional Sports: A Contribution to the Theory of the Firm in Sporting Competition and in Market Competition' (1964) 78 *Quarterly Journal of Economics* 1-14.

⁴ For details see Andreff and Szymanski 1-8.

⁵ Andreff and Szymanski (eds).

Roger D Blair's *Sports Economics* draws on the extensive research into sport which has developed over the last four decades. It is designed as a beginner's text for students with no background in economics. It will be more accessible for those who have undertaken an introductory course in microeconomics. The book is derived from Blair's experience in teaching students at the University of Florida over many years. In chapter one he states:

Instead of having a survey chapter at the beginning, the book develops the economic tools as they are used in studying the economics of sports. I have found this approach to be effective in my own teaching because it allows us to get into sports the outset (p 4).

Economics, following the classic definition of Lionel Robbins, 'is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses'.⁶ Blair's basic approach is to apply basic economic modes of analysis to various issues associated with sports, such as profit and utility maximization, the notion of opportunity cost (the next best alternative), present value calculations (to work out the value of future income streams in 'today's' or this year's values) and basic game theory (how economic agents interact with each other in seeking to achieve their own goals). Blair makes use of basic algebra and geometry in explaining various issues. His theoretical explanations are followed with numerical illustrations. The book is replete with an extensive amount of data and real world examples. Other than for the first two chapters, chapters conclude with searching problems and questions, demanding research questions and advanced or cutting edge bibliographical material for future research.

The book is divided into five sections of twenty five chapters. The sections are: introduction to sports economics; the sports business; image and integrity; facilities, franchises and public policy; and the sports labor market. For reasons which are unclear the 'facilities' section contains a chapter 'Salary Determination: Competition and Monopsony' which would seem to belong in section five which is concerned with the labor market.

Most of Blair's analysis and the literature he brings together is based on both team and individual sports in America. For example, he includes material on the operation of the National Collegiate Athletic Association, both in its own right as a collusive monopsony which generates large streams of revenue and as a 'training ground' for other sports. Collegiate sports are something which is unique to America. He also includes a chapter on final offer arbitration in American baseball.

⁶ Lionel Robbins *An Essay on the Nature and Significance of Economic Science* (1948 first published 1932) Macmillan and Co London 16.

The most pleasing feature of *Sports Economics* is how clearly Blair explains the way in which economic analysis can be used to understand so many ‘choice’ issues associated with the production of sport. He is a master at presenting and organising material across a wide range of different subject matters. He begins with basic models and, like any good economist, relaxes various assumptions to take account of real world complications. For anyone interested in coming to grips with the economics of sport, whether as a beginner or someone with more developed knowledge, you could do no better than start with Roger D Blair’s *Sports Economics*.