

The Business of the Game

Economics Of Sport · Answer Key · 6 Questions

1. Which revenue source is typically the largest contributor to the total income of major leagues like the English Premier League?

- A) Ticket sales
- B) Broadcasting rights**
- C) Merchandise sales
- D) Food and beverage

2. What is the term for a legal agreement that limits the total amount a team can spend on player salaries?

- A) Price ceiling
- B) Luxury tax
- C) Salary cap**
- D) Revenue share

3. In the 1922 case Federal Base Ball Club v. National League, the U.S. Supreme Court granted MLB an exemption from which laws?

- A) Anti-trust laws**
- B) Income tax laws
- C) Property laws
- D) Labor union laws

4. What is the economic term for the loss of potential gain from other alternatives when one alternative is chosen, such as building a stadium instead of a hospital?

- A) Sunk cost
- B) Opportunity cost**
- C) Marginal cost
- D) Fixed cost

5. Which city's 1984 Summer Olympics is famous for being the first to turn a significant profit using a private-funding model?

- A) London
- B) Montreal
- C) Los Angeles**
- D) Seoul

6. What is the name of the system where a new team pays a specific amount to join an existing professional sports league?

- A) Entry tax
- B) Franchise fee
- C) Expansion fee**
- D) Buy-in credit