

# Economic Playbook of Sport

Economics Of Sport · Answer Key · 6 Questions

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## 1. What is a common criticism of public financing for professional sports stadiums?

- A) It consistently generates high returns on investment for taxpayers.
- B) It often diverts funds from more productive public services like education or infrastructure.**
- C) It ensures all local businesses experience significant long-term growth.
- D) It primarily benefits small, local businesses over large corporations.

## 2. Which economic principle primarily explains the exceptionally high salaries of top-tier professional athletes?

- A) The law of diminishing returns.
- B) The superstar phenomenon, or winner-take-all markets.**
- C) Perfect competition.
- D) Price elasticity of demand.

## 3. What is generally considered the largest single revenue stream for many major professional sports leagues globally today?

- A) Merchandise sales.
- B) Ticket sales and concessions.
- C) Broadcasting rights.**
- D) Luxury suite rentals.

## 4. Which mechanism is primarily employed by many North American professional sports leagues to promote competitive balance among teams?

- A) Promotion and relegation system.
- B) Unlimited salary expenditure for all teams.
- C) Player drafts and salary caps.**
- D) Unregulated free agency.

## 5. What is a frequent criticism regarding the methodology of economic impact studies for major sporting events or new stadiums?

- A) They consistently underestimate the true benefits.
- B) They often fail to include indirect and induced economic effects.
- C) They frequently count existing local spending as new economic activity.**
- D) They are always conducted by independent, unbiased researchers.

**6. How are most major professional sports leagues structured in terms of market competition?**

- A) As perfectly competitive markets.
- B) As monopolistically competitive markets.
- C) As oligopolies or cartels.**
- D) As regulated public utilities.