Economic Playbook of Sport

Economics Of Sport · Practice Test · 6 Questions

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.