

Milestones in Sports Economics

Economics Of Sport · Answer Key · 18 Questions

1. What event is widely considered the first major professional sports league to implement a salary cap system, aiming to improve competitive balance?

A) NFL (National Football League)

B) NBA (National Basketball Association)

C) MLB (Major League Baseball)

D) NHL (National Hockey League)

2. The concept of 'reserve clause' significantly impacted player movement and salaries in its respective sport for decades. Which sport was primarily affected by this clause before its abolishment?

A) Basketball

B) Baseball

C) American Football

D) Ice Hockey

3. Which of the following was the first sport to widely adopt complex statistical analysis for player valuation and game strategy, laying groundwork for modern sabermetrics?

A) Soccer

B) Tennis

C) Baseball

D) Golf

4. The introduction of which broadcasting innovation in the mid-20th century dramatically increased revenue streams for major sporting events and leagues?

A) Pay-per-view television

B) Color television broadcasting

C) Live radio broadcasts

D) Satellite broadcasting

5. The first recorded instance of significant corporate sponsorship in sports is often traced back to the early 20th century. Which product category was among the earliest sponsors of major sporting events?

A) Automobiles

B) Tobacco products

C) Beverages

D) Athletic apparel

6. What landmark court case in the United States significantly altered the economic power of athletes by challenging the monopolistic control of player drafts by leagues?

- A) Brown v. Board of Education
- B) Marbury v. Madison
- C) Flood v. Kuhn**
- D) Gideon v. Wainwright

7. The development of which specific financial instrument by sports leagues allowed for collective bargaining on media rights and stadium financing, becoming a major revenue source?

- A) Mutual funds
- B) Bonds (e.g., stadium revenue bonds)**
- C) Stock options
- D) Certificates of deposit

8. Which sport pioneered the widespread use of player agents in contract negotiations, leading to more formalized player representation and increased earning potential?

- A) Golf
- B) Boxing
- C) Baseball
- D) American Football**

9. The first athlete to earn over \$1 million per year in salary is a significant marker in sports economics. This milestone was achieved in which sport?

- A) Basketball
- B) Baseball**
- C) American Football
- D) Soccer

10. The creation of Fantasy Sports leagues, while gaining massive popularity later, has its roots in early statistical games. Which sport is most often credited with the origin of these precursor fantasy games?

- A) Basketball
- B) Baseball**
- C) American Football
- D) Horse Racing

11. The 'Sports Agent Registration Act' (or similar legislation) was a notable development aimed at regulating the burgeoning sports agent industry. Which year saw the introduction of such a significant regulatory framework in the US?

- A) 1950
- B) 1965
- C) 1975**
- D) 1990

12. The introduction of instant replay in sports broadcasting was initially for entertainment but later evolved into a tool for officiating. Which sport was among the first to widely implement instant replay for game-altering decisions?

- A) Tennis
- B) Cricket
- C) American Football**
- D) Rugby

13. The concept of 'franchise relocation' has dramatically reshaped sports leagues. Which major North American sports league was the first to officially allow franchises to move between cities?

- A) NBA
- B) NHL
- C) MLB
- D) NFL**

14. The rise of athlete endorsements as a significant revenue stream began with early pioneers. Which athlete is often cited as one of the first major sports figures to build a substantial personal brand through endorsements beyond their playing career?

- A) Babe Ruth**
- B) Jim Thorpe
- C) Jesse Owens
- D) Muhammad Ali

15. The implementation of luxury taxes in professional sports leagues is a modern economic tool. Which major league was the first to introduce a luxury tax system to curb excessive spending on player salaries?

- A) NFL
- B) NHL
- C) NBA**
- D) MLB

16. The establishment of the first dedicated sports marketing agency marked a turning point in commercializing sports. In which decade is this recognized as having occurred?

- A) 1930s
- B) 1950s**
- C) 1970s
- D) 1990s

17. The concept of 'stadium naming rights' as a major revenue generator became prominent in the late 20th century. Which sport was among the earliest to see its stadiums widely rebranded with corporate names?

- A) College Football**
- B) Minor League Baseball
- C) Professional Soccer
- D) Professional Tennis

18. The development of the 'player draft' system in professional sports aimed to create competitive balance. Which of the following leagues is recognized as one of the earliest to formalize and implement a player draft?

- A) NBA
- B) NHL
- C) NFL**
- D) MLB