



MALMÖ HÖGSKOLA

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For people with a genuine interest in sports – what’s going on in the women’s soccer league?; how did Roger Federer do in Rogers Cup?; who’s ahead in the Formula 1 circus? – it’s probably rather difficult to fully grasp the economic and financial foundations of modern competitive sports. What does it mean for example that a European club football team buys players for sums exceeding 120 percent of the club’s turnover? How does one go about staging a sporting event that lasts two to three weeks with a turnover of more than £2 billion, which, by the way, exceeds the GDP of some African countries? What is behind the French car brand Citroën’s sponsoring of the Chinese national badminton team?

You won’t find the answers to these questions in Stefan Szymanski’s latest book *Playbooks and Checkbooks: An Introduction to the Economics of Modern Sports* (Princeton University Press), but the fundamental issues of sports and economics are elucidated for, says our reviewer Kjetil K. Haugen, even novices to the terminology of the economics sciences. The author has totally refrained from using the language, formulas and diagrams of mathematics. This is brave, but, according to Haugen, there are unwanted consequences in terms of communicative inefficiency, in an otherwise good book.

## Sports economics for the uninitiated

**Kjetil K. Haugen**

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*Stefan Szymanski***Playbooks and Checkbooks: An Introduction to the Economics of Modern Sports**

225 pages, hardcover.

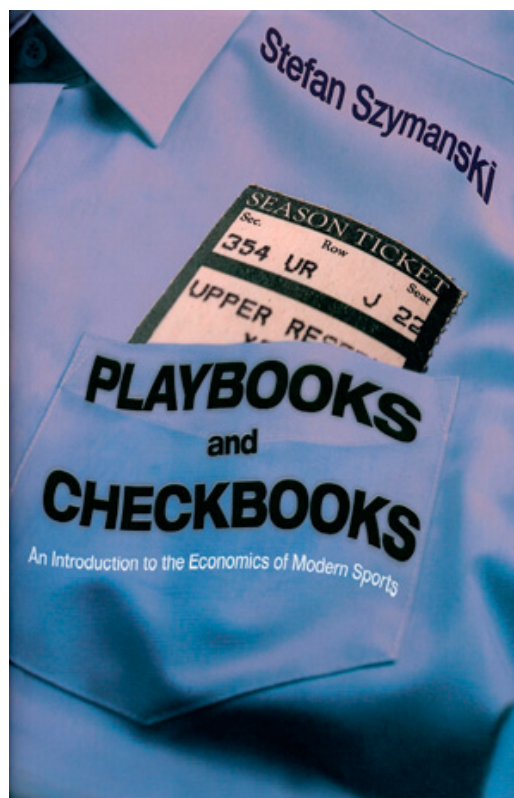
Princeton, NJ: Princeton University Press 2009

ISBN 978-0-691-12750-7

Stefan Szymanski is a well known and well respected researcher within the field of sports economics. Szymanski has made considerable contributions to modern sports economic theory for more than 20 years. He has published numerous (well above 50) peer reviewed articles, books and book chapters. Personally, I know Stefan (primarily) from the conference scene, always active, asking very relevant (and polite) questions and giving very inspiring speeches.

He has also been very active on the media scene with many TV, radio and other media performances. Thus, it is fair to say that Stefan Szymanski has been among the most significant researchers to bring sports economic theory and research to the public scene.

His new book, *Playbooks and Checkbooks*, may perhaps be perceived along these lines. Szymanski has written what I would consider to be a brave book, perhaps not in terms of content, but rather by his choice of form. That is, this book is in plain English – as such perhaps one of the first economic textbooks in years completely avoiding the language of mathematics. Most of us are familiar with the tendency to write textbooks limiting the amount of math,



but Szymanski is taking his project “all the way” this time. No tables, no diagrams and no equations whatsoever.

Szymanski covers most relevant topics in modern sports economic theory in a very elegant and in my opinion comprehensible fashion. Personally, I really enjoyed his explanation of wage formation in sports labour markets, and his (sociological/historical) views on the development of sport as business. His explanation is based on historical differences in legislation related to club formation between UK and USA on the one side and Germany and France on the other, providing a new and fresh perspective on the history of professional sports.

Szymanski also spends considerable time discussing the “uncertainty of outcome” hypothesis, arguing that empirical evidence is sparse and, as I understand him, questioning the hypothesis as such. This is of course a somewhat controversial topic in the area, and some readers might spot a slight self-contradiction here, as Szymanski argues strongly for the lack of demand for repeated sports broadcasts. That is, nobody enjoys watching soccer games several times knowing the result, which, in my opinion, is just a different way of formulating this hypothesis. Still, this discussion is both refreshing and necessary in order to broaden sports economic perspectives.

” *It is well written, well structured and sometimes even funny (it starts off with a reasonably good joke).*

So, is this a good book? My answer is definitely YES. It is well written, well structured and sometimes even funny (it starts off with a reasonably good joke). Would I recommend it? This is a somewhat harder question. If you know nothing about economic theory and have an urging interest for sports, it may very well be the perfect book. As such, it may even be a general market bestseller. I, being a professor of Logistics (in my ordinary life), must of course consider communicative efficiency. There are certain passages in the book that becomes somewhat artificial. Let me give an example (quoting from page 30):

Each contestant is assumed to maximize his or her expected return from participating in the contest, which is equal to the probability of winning the prize multiplied by the value of the prize, minus the effort expended in trying to win.


Surely, the language of mathematics is far more efficient expressing the meaning of the above quotation, but as long as the aim obviously is to avoid math, such passages are perhaps necessary.

As Stefan Szymanski might have said it himself:

You know Haugen, the market decides, you are not the market, I am not the market, but I know that the market is driven by greed and differences in consumer preferences. In this case I go for the difference in consumer preferences and predict success for my book.


In order to find out, buy the book, read the book and make up your own opinion.

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