The Economics of Sports

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Presented by

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Lesson 1:
Making Personal Financial Decisions

Source: Unit 2, from MNCEE’s Making Personal Finance Decisions
Lesson 1

MAKING PERSONAL FINANCE DECISIONS
Unit Two: Planning and Tracking

Rule 2: Have a plan.
Financial success depends primarily on two things: developing a plan to meet established goals and tracking one's progress with respect to that plan. Too often people set vague goals ("I want to be rich"), make unrealistic plans, or never bother to assess their progress towards their goals. These lessons look at important financial indicators one should understand and monitor both in setting goals and attaining them.

A. THE INVENTORY GAME: NET WORTH AND CASH FLOW

Lesson Description
Students physically move in to and out of a specified area and note the change in the number of students in the area over time, as well as, the inflow and outflow rates. This demonstration is then related to the stock (or amount at a point in time) concepts of assets and liabilities and the flow (or amount per unit of time) concepts of income and expenses. Students use this distinction to determine net worth, cash flow, and the relationship between them.

Concepts
Net worth
Assets
Liabilities
Cash flow
Income
Expenses

Objectives
1. Students will be able to distinguish between stock and flow concepts.
2. Students will be able to describe net worth as the value of an individual's assets minus the value of the individual's liabilities at a point in time.
3. Students will be able to provide examples of assets and liabilities.
4. Students will be able to describe cash flow as the difference between an individual's income and expenses over a given period of time.
5. Students can provide examples of income and expenses over a given period of time.

Materials
Time-keeping device (watch or classroom clock) which tracks seconds
Masking tape to mark off an area on the classroom floor
"IN" sign and "OUT" sign
Activity 2-1: Net Worth and Cash Flow (one copy for each student)
Visual 2-1: Net Worth and Cash Flow (Answers)
Lesson 1

**Time Required**
45 minutes

**Procedure**
1. Have one-third to one-half of the total number of students in the class stand in a defined area that has been taped off in the front of the class. Mark an access on one side of this area “IN” and mark an access on the opposite side “OUT”.

2. Assign one student with a watch (or view of a clock) to each access.
3. Have the remainder of the class form a single-file line along a side wall outside the “IN” access.

4. Explain that the class will be investigating the effect on the number of students in the area as a result of changing the rate at which students move in and out of the area. There will be five separate rounds of two minutes each. In each round the time keepers will have a student move into (or out of) the area at a designated interval of time by saying “Go.” Once students move “out” of the area have them get back in the line outside the “IN” access. Have the same number of students in the area at the start of each round and record the number in the area at the end of each round on the board. Use the following time intervals in each round (the numbers in the parenthesis are the expected change in the number of students in the area during that round). [Optional: Only do the first four rounds and have the students predict the results of the fifth round given the rates shown.]

<table>
<thead>
<tr>
<th>Round</th>
<th>IN: One every</th>
<th>OUT: One every</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>12 seconds</td>
<td>12 seconds</td>
</tr>
<tr>
<td>(0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>10 seconds</td>
<td>12 seconds</td>
</tr>
<tr>
<td>(+2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>10 seconds</td>
<td>15 seconds</td>
</tr>
<tr>
<td>(+4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>15 seconds</td>
<td>10 seconds</td>
</tr>
<tr>
<td>(-4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>15 seconds</td>
<td>12 seconds</td>
</tr>
<tr>
<td>(-2)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Have students discuss the impact of changing the inflow and outflow rate of students on the number of students in the area. (Clearly, if the inflow rate exceeds the outflow rate (Rounds 2 and 3), the number of students in the area grows while conversely, if the
outflow rate exceeds the inflow rate, the number of students in the area falls (Rounds 4 and 5). When the inflow and outflow rates are equal, the number of students remains unchanged (Round 1).)

6. Explain that flows are based on units of time. For example, there was a given amount of students moving into the area each minute. Meanwhile, the amount of the students in the area at any given time is just a number, such as 20 or 24. It represents the inventory, or stock, of students at a given time.

7. Have the students imagine that each student in the demonstration was a dollar bill and the area represented someone’s wallet or purse. Ask: What might be an example of an inflow? (The person’s income from working, for example, $500 per week, or the interest they earn on their savings account, for example, $50 per quarter. Emphasize the time element of these payments.)

8. Ask: What might be some examples of an outflow? (Expenditures that the person makes, for example, a cell phone bill of $40 per month, a rental payment of $400 per month, or an auto insurance payment of $300 every six months. Again, emphasize the time element involved in these payments.)

9. Ask: What would the amount of students in the area represent? (Since the students are dollars, they would represent the amount of dollars the person has in their wallet/purse, or the person’s wealth).

10. Ask: What does this demonstration suggest about how you might grow your wealth over time? (Your inflows, or income, need to exceed your outflows, or expenditures.)

11. Explain that a person’s wealth is typically measured by their net worth. **Net worth** is defined as the value of a person’s assets minus the value of their liabilities. A person’s **assets** are things they **own** such as a house, stocks, jewelry, cash, savings account, car, coins, etc. A person’s **liabilities** are things they **owe** such as unpaid bills, mortgage, car loan, unpaid taxes, etc. A person’s net worth is like their inventory or stock of dollars. Meanwhile, their **cash flow** is defined as their **income** (dollars coming in, usually from working) minus their **expenses** (dollars going out, usually to buy goods and services). Since these are flows, they often have a time element associated with them. If a person’s cash flow is **positive** (their income exceeds their expenses over a given period of time), then as in the earlier demonstration, their net worth will tend to rise. Conversely, if their cash flow is **negative**, their net worth tends to fall. An important element of financial planning is keeping track of these two things: your net worth (a statement of your assets and liabilities) and your cash flow (your monthly budget or flow of funds).

12. Distribute Activity 2.1 and have the students complete Part A in small groups.

13. Display Visual 2.1 (Part A only) and discuss the answers as necessary. (Note that all the income or expense items have a time period associated with them, while the asset and liability items do not.)
14. Have students complete Parts B and C (after correcting any errors in Part A).

15. Display Visual 2.1 (all Parts) and discuss the answers as necessary.

\[ \text{Net Worth} = \text{Assets} - \text{Liabilities} = 80,000, \text{where:} \]

\[ \text{Assets} = (206,500) \text{ equal the sum of the value of all assets (all items marked with an “A”: House} \]  
\[ (175,000), \text{ Television} (1300), \text{ Car} (9000), \text{ Coins} (2500), \text{ Cash} (500), \text{ Stocks} \]  
\[ (10,500), \text{ Savings Account} (4000), \text{ and Other Personal Property} (3700). \]

\[ \text{Liabilities} = (126,500) \text{ equal the sum of the value of all liabilities (all items marked with an “L”: Car loan balance} \]  
\[ (4000), \text{ Credit card balance} (1500), \text{ Mortgage balance} \]  
\[ (120,000), \text{ and Unpaid IOU} (1000). \]

**Part C: Cash Flow Position = Monthly Income – Monthly Expenses: -270, where:**

\[ \text{Monthly Income} = (2530) \text{ equals the sum of all income flows (all items marked with an “I”) converted into monthly terms: Wages} \]  
\[ (2500 = 30,000/\text{year divided by 12 months per year}), \text{ Interest} (10 = 30/\text{quarter divided by 3 months per quarter}), \text{ and Dividends} \]  
\[ (20 = 60/\text{quarter divided by 3 months per quarter}). \]

\[ \text{Monthly Expenses} = (2700) \text{ equals the sum of expense items (all items marked with an “E”) converted into monthly terms: Electricity} \]  
\[ (50), \text{ Property taxes} (100 = 300/\text{quarter divided by 3 months per quarter}), \text{ Mortgage} \]  
\[ (1320), \text{ Grocery bill} (600 = 150/\text{week times 4 weeks per month}), \text{ Gasoline} \]  
\[ (60), \text{ Car loan payment} (350), \text{ Doctor visits} \]  
\[ (50), \text{ Cable} (160), \text{ Other Monthly Expenses} (110). \]

Since this person’s monthly expenses (outflow) exceed their monthly income (inflow), their net worth will fall over time if nothing is changed. They will have to draw down their savings account, increase the balance on their credit card, or get a new loan if this cash flow situation isn’t changed and each of these lowers their net worth. Note that if the value of this person’s assets or liabilities change over time, for example, the value of their stocks rise, then it is possible that their net worth does not fall, however, this is still not a good cash flow situation if the person values growth in their net worth.)

16. Ask: Why would a person want their net worth to be larger? (A larger net worth means greater financial security which most people desire. Should unexpected expenses occur it provides a means to pay them. A larger net worth also provides greater financial opportunities. One has the financial resources to take advantage of good deals, invest in new opportunities, or even lower their insurance premiums by raising their deductibles, that is, by partially self-insuring themselves.)

17. Closure. In personal finance it is important to know your financial situation. The two basic measures of a person’s financial situation are their net worth and cash flow. The first is a stock or inventory measure that tells you where you currently stand financially. The second is a flow measure that gives you a good indication of how the first measure is likely changing over time. If your income flows exceed your expense flows then your net worth is likely to rise over time. If, however, your expense flow exceeds your income flow then your net worth is likely to fall over time.
ACTIVITY 2-1: NET WORTH AND CASH FLOW

Part A. Classify each of the following as an Asset (write “A”), Liability (“L”), Income (“I”) or Expense (“E”):

____ Electricity bill of $50/month
____ Car loan balance of $4000
____ Wages of $30,000/year (after income and payroll taxes)
____ House valued at $175,000
____ Doctor office visits costing $50/month (after insurance)
____ Interest payment on savings account of $30/quarter
____ Balance on credit card of $1500
____ High-definition television worth $1,300
____ Property taxes of $300/quarter
____ Mortgage balance of $120,000
____ 3-year-old car currently valued at $9000
____ Grocery bill of $150/week
____ Gold coins worth $2500
____ Mortgage payment of $1320/month
____ $500 in emergency cash in desk drawer
____ Gasoline purchases of $60/month
____ Stocks valued at $10,500
____ Car loan payment of $350/month
____ Unpaid IOU to brother of $1000
____ Savings account balance of $4000
____ Cable/Internet/Long distance telephone service for $160/month
____ Dividends on stocks of $60/quarter
____ Other personal property not listed above worth $3700
____ Other monthly expenses not listed above of $110/month

Part B. Given the information above in Part A, what is this person’s net worth? _______________ Explain.

Part C. Given the information above in Part A, explain whether this person’s net worth is likely to grow or fall over time if things remain the same? (Hint: Convert all income and expense flows into monthly figures and compare them.)
VISUAL 2-1: NET WORTH AND CASH FLOW

Part A. Classify each of the following as an Asset (write “A”), Liability (“L”), Income (“I”) or Expense (“E”):

- E Electricity bill of $50/month
- L Car loan balance of $4000
- I Wages of $30,000/year (after income and payroll taxes)
- A House valued at $175,000
- E Doctor office visits costing $50/month (after insurance)
- I Interest payment on savings account of $30/quarter
- L Balance on credit card of $1500
- A High-definition television worth $1,300
- E Property taxes of $300/quarter
- L Mortgage balance of $120,000
- A 3-year-old car currently valued at $9000
- E Grocery bill of $150/week
- A Gold coins worth $2500
- E Mortgage payment of $1320/month
- A $500 in emergency cash in desk drawer
- E Gasoline purchases of $60/month
- A Stocks valued at $10,500
- E Car loan payment of $350/month
- L Unpaid IOU to brother of $1000
- A Savings account balance of $4000
- E Cable/Internet/Long distance telephone service for $160/month
- I Dividends on stocks of $60/quarter
- A Other personal property not listed above worth $3700
- E Other monthly expenses not listed above of $110/month

Part B. Given the information above in Part A, what is this person’s net worth? $80,000  Explain. Net Worth equals Total Assets minus Total Liabilities = $206,500 - $126,500 = $80,000.

Part C. Given the information above in Part A, explain whether this person’s net worth is likely to grow or fall over time if things remain the same? (Hint: Convert all income and expense flows into monthly figures and compare them.) Since Total Monthly Expenses of $2800 exceed Total Monthly Income of $2530, this person’s Net Worth is likely to fall.
Lesson 2:
Who Pays and Who Plays?
Lesson Description
In this lesson, students will participate in an interactive market simulation. The market simulated is the labor market for professional soccer players in Europe. Students will play either the role of a team wishing to contract a player or a player looking for a team. The salary data generated from the simulation will be used to construct supply and demand curves in the market for players. Students will then discuss factors that could affect the market for professional players.

Essential Question
How are the wages of professional soccer players in Europe determined?

Age Level
High School Economics (9th – 12th graders)

Concepts
Market
Labor Market
Supply
Quantity Supplied
Demand
Quantity Demanded
Equilibrium Salary

Standards
SSEMI2 The student will explain how the Law of Demand, the Law of Supply, prices, and profits work to determine production and distribution in a market economy.
  b. Describe the role of buyers and sellers in determining market clearing price.
  c. Illustrate on a graph how supply and demand determine equilibrium price and quantity.
  d. Explain how prices serve as incentives in a market economy.

Objectives
The student will be able to:
  • Define supply, demand, equilibrium price, market, and labor market.
  • Identify buyers and the sellers in a simulated labor market.
  • Explain the role of economics in professional sports.
  • Graph a supply curve and a demand curve from simulation data.
  • Explain how a wage (price) acts as an incentive in a market.
  • Evaluate the extent to which a variety of factors impact wages in the market for professional soccer players in Europe.

Time
One class period
Materials

Visuals #1, 2, 3, 4, & 5 – To display on Digital Whiteboard
1 copy of Handout #1 – All six team cards cut out and ready to be distributed
Enough copies of Handout #2 for every student
1 copy of Handout #3 – All 20 Player Cards cut out and ready to be distributed
20 copies of Handout #4 – One for each player
Handout #5 – One per student
Handout #6 – One per student
Digital Whiteboard and pen

Note to Instructor: The information in this lesson is based on the 2015-16 season. It is important to emphasize to the students that the market is always changing and that some players may have changed salaries or teams. The lesson can be used with the data provided even if it becomes no longer accurate. If you have students who are aware of the changes, discuss the conditions that caused the players to move and emphasize the role incentives played. If you are uncomfortable using the cards when they become inaccurate, please feel free to use the same data with fictional player names.

Procedures

1. Begin the lesson by displaying Visual #1 – Set One. Ask the students what they think the list represents and how the words on the list are related. When the correct answer is given, or after a few minutes of guessing, display the label for Set One and the values of each team. Ask students whether or not they were surprised by the top five teams on the list. Allow them to discuss for a minute or two.

2. Now display Visual #1 – Set Two. Ask the students what they think the new list represents and how the words on the list are related. When the correct answer is given, or after a few minutes of guessing, display the label for Set Two and the average annual salary of each team. Ask students whether or not they were surprised by the top five teams on the list. Allow them to discuss for a minute or two.

3. Ask the students to identify the most common characteristic on both lists. The students will most likely answer with one of the following: “Real Madrid is 2nd on both lists.” or “Soccer teams top both lists.”

4. Tell students that although soccer is not the main sport in the United States, it is listed by many as the world’s most popular sport to watch and to play. European soccer stars regularly top the charts as the world’s most popular sports stars. Soccer is also the fastest growing team sport in the United States. Tell students that it is with this in mind that the day’s lesson will use information about the European soccer player market to learn about supply and demand.

5. Tell the students they will be divided into two groups. Twenty students will play the role of players. The remaining students will be representatives from six different professional soccer teams. If there are more than 26 students in the class, divide the remaining students evenly among the teams. If teams have more than one representative, they will be able to carry on more negotiations with players during the simulation.
6. Distribute the team cards (handout #1) and Player Information (handout #2) to the team representatives. Be sure to point out the salary range and the maximum increase in salaries the team has established. Emphasize that they cannot spend more than the amount listed on their card. Also point out that they can use these funds to hire one player or several players. Their goal is to hire the best possible players at the best possible wage. Advise the team representatives to keep their salary maximum private during their negotiations with players. Tell them that Handout #2 gives them a general overview of each player’s strengths and weaknesses. Give them time to read the information before beginning the simulation.

7. Distribute the player cards (handout #3) to each of the 20 students in the player group. The players should also receive a copy of the Player Information (Handout #2) and Team Information for Players (Handout #4). Give the players time to read the information about themselves, the other players in the market, and the teams. Tell the players that their goal is to negotiate a higher salary than their current salary. They should write their desired salary on their card.

8. Display Visual #2. When students have finished reading their documents, tell them they are about to begin the simulation. Instruct the students to move around the room. Team representatives will call out the positions for which they are most interested in hiring. Players can call out their position and/or the salary they are willing to accept. As each team and player contract with each other, they will record the deal on their cards. Once hired, the player should go to the digital whiteboard and record the team and salary they chose on Visual #2. They should then have a seat and wait for the rest of the players to complete their negotiations.

9. Allow the negotiations to continue until it there seems to be a slowing of activity. Tell students the market will be closing in 2 minutes. After two minutes, tell students to record their deal and have a seat. If any players were unable to negotiate a better salary, tell them to go to the salary chart and list their current team and salary.

10. Tell players to calculate the percent change in their salaries. They should use the following formula: 

\[
\frac{\text{New Salary} - \text{Old Salary}}{\text{Old Salary}} \times 100
\]

Award a small prize to the player who negotiated the highest salary increase and a small prize to the player who negotiated the highest overall salary.

11. Ask the team representatives to calculate how much money (if any) they retained after hiring their players. Give a small prize to any team that was able to secure both of their desired players and had funds remaining.

12. Ask the students to share what factors seemed to influence their success or failure in the market. List these factors on the board as they share. Ask the students to discuss the similarities and differences they would expect between their classroom market for players and the real market for players.
13. Distribute Handouts #5 and #6. These have blank supply and demand schedules as well as a blank sheet of graph paper for students to graph the schedules.

14. Tell students that they will now use their classroom market data to create supply and demand curves for the soccer player market. Display Visual #3 – Supply Schedule. Beginning with the lowest wage negotiated, enter the supply curve information. Explain to students that the lowest wage player was willing to offer his/her service very cheaply and becomes the first point on the supply curve. Enter the next lowest salary in the wage column. Tell the students that there are now TWO players willing to offer their services at the second wage. Since the first player was willing to accept the lower wage, it is logical to assume that player would also play for the higher wage. Explain that the number of players willing and able to supply their services at a particular wage is the quantity supplied. Continue this process until all 20 players have been added to the supply schedule. Have the students graph the supply schedule on their graph paper while you graph it on Visual #4.

15. Display Visual #5 – Demand Schedule. Beginning with the highest wage negotiated, enter the demand curve information. Explain to the students that only one team was willing to offer a very high wage for this player and becomes the first point on the demand curve. Enter the next highest salary in the wage column. Tell the students that there are now TWO teams willing to offer pay the second wage. Since the first team was willing to pay the higher wage, it is logical to assume that this team would also demand the player at the second wage because it is lower than what they had to pay. Explain that the number of players teams are willing and able to demand at a particular wage is the quantity demanded. Continue this process until all 20 players have been added to the demand schedule. Have the students graph the demand schedule on their graph paper while you graph it on Visual #4.

16. After you and the students have graphed the demand and supply schedules, indicate the point at which the two line cross. Ask the students what is special about this point. The students should respond that this point is where the quantity of players demanded is equal to the quantity of players supplied. (Be sure to correct their answer if they say supply = demand. Explain that supply and demand refer to the whole curves not just a point on the curve.) Tell students that this point of intersection is known as equilibrium wage (or equilibrium price in a product market). It is the wage at which everyone who wants to work can find a position and everyone who wants to hire can find a player.

17. In conclusion, ask the students to write a five sentence response on an exit card to the following prompt: What factors might influence a player’s willingness and ability to supply his/her services at a particular wage and what factors might influence a team’s willingness and ability to demand a player at a particular wage?

**Visual One**

**Set One**

Real Madrid  
Dallas Cowboys  
New York Yankees  
Barcelona  
Manchester United


<table>
<thead>
<tr>
<th>Team</th>
<th>Value (2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Madrid</td>
<td>$3.26 billion</td>
</tr>
<tr>
<td>Dallas Cowboys</td>
<td>$3.20 billion</td>
</tr>
<tr>
<td>New York Yankees</td>
<td>$3.20 billion</td>
</tr>
<tr>
<td>Barcelona</td>
<td>$3.16 billion</td>
</tr>
<tr>
<td>Manchester United</td>
<td>$3.10 billion</td>
</tr>
</tbody>
</table>

*(Forbes 2015)*
Visual One Cont’d

Set Two

Paris Saint-Germain
Real Madrid
Manchester City
Barcelona
Los Angeles Dodgers

Set Two – Top 5 Teams with the Highest Average Annual Player Salaries in the World (2015)

<table>
<thead>
<tr>
<th>Team</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris Saint-Germain</td>
<td>$9,083,993</td>
</tr>
<tr>
<td>Real Madrid</td>
<td>$8,641,385</td>
</tr>
<tr>
<td>Manchester City</td>
<td>$8,597,844</td>
</tr>
<tr>
<td>Barcelona</td>
<td>$8,083,518</td>
</tr>
<tr>
<td>Los Angeles Dodgers</td>
<td>$8,023,207</td>
</tr>
</tbody>
</table>

(Global Sports Salary Survey 2015)
## Visual Two

<table>
<thead>
<tr>
<th>Player Name</th>
<th>Team Name</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Maxime Gonalons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Fernando Reges</td>
<td></td>
<td></td>
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<tr>
<td>3. Michael Carrick</td>
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<td>4. Sergio Ramos</td>
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<td></td>
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<tr>
<td>5. Roberto Firmino</td>
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<td>6. Bastian Schweinsteiger</td>
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<tr>
<td>7. Gareth Bale</td>
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<td>8. Zlatan Ibrahimovic</td>
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<td>9. Juan Mata</td>
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</tr>
<tr>
<td>10. James Rodriguez</td>
<td></td>
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<tr>
<td>11. Lionel Messi</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Cristiano Ronaldo</td>
<td></td>
<td></td>
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<td>13. Andrea Pirlo</td>
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<td>14. Andres Iniesta</td>
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<td>15. Phillip Lahm</td>
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<td>16. Paul Pogba</td>
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<td>17. David De Gea</td>
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<tr>
<td>18. Tim Howard</td>
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<tr>
<td>19. Clint Dempsey</td>
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<tr>
<td>20. Geoff Cameron</td>
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### Visual Three

**Supply Schedule**

<table>
<thead>
<tr>
<th>Wage (lowest to highest)</th>
<th>Quantity of Players Supplied</th>
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<tbody>
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</tr>
</tbody>
</table>
Visual Four

European Soccer Player Market Graph
**Visual #5**

**Demand Schedule**

<table>
<thead>
<tr>
<th>Wage (highest to lowest)</th>
<th>Quantity of Players Demanded</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>
# Handout #1 (2015-2016 Data)

## Real Madrid (Spain)

- **Average Player Salary for Team:** $8,597,844
- **Average Player Salary for League:** $1,857,369
- **Player Types Needed:** Goalkeeper/Midfielder
- **Current Salary Range:** $510,466.88 to $2,169,731.20
- **Max Increase in Salary Spending:** $50.45 Million

### Club Financial Info:

<table>
<thead>
<tr>
<th>Current Value</th>
<th>% Change in Value since Last Year</th>
<th>Club Debt as a % of Overall Club Value</th>
<th>Annual Revenue</th>
<th>Annual Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.645 Billion</td>
<td>+12%</td>
<td>3%</td>
<td>$694 Million</td>
<td>$162 Million</td>
</tr>
</tbody>
</table>

### Player Signed

<table>
<thead>
<tr>
<th>Player Signed</th>
<th>Position</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

*Based on 2015-2016 data.*

## Bayern Munich (Germany)

- **Average Player Salary for Team:** $7,660,968
- **Average Player Salary for League:** $2,289,359
- **Player Types Needed:** Striker/Defender
- **Current Salary Range:** $58,938.10 to $9,420,736.00
- **Max Increase in Salary Spending:** $60.65 Million

### Club Financial Info:

<table>
<thead>
<tr>
<th>Current Value</th>
<th>% Change in Value since Last Year</th>
<th>Club Debt as a % of Overall Club Value</th>
<th>Annual Revenue</th>
<th>Annual Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.678 Billion</td>
<td>+14%</td>
<td>0%</td>
<td>$570 Million</td>
<td>$60 Million</td>
</tr>
</tbody>
</table>

### Player Signed

<table>
<thead>
<tr>
<th>Player Signed</th>
<th>Position</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Based on 2015-2016 data.*
<table>
<thead>
<tr>
<th>TEAM CARD</th>
<th>TEAM CARD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Juventus</strong>&lt;br&gt;(Italy)</td>
<td><strong>Paris Saint-Germain</strong>&lt;br&gt;(France)</td>
</tr>
<tr>
<td>Average Player Salary for Team:</td>
<td>$4,901,757</td>
</tr>
<tr>
<td>Average Player Salary for League:</td>
<td>$1,735,173</td>
</tr>
<tr>
<td>Player Types Needed:</td>
<td>Striker/Defender</td>
</tr>
<tr>
<td>Current Salary Range:</td>
<td>$113,152.00 to $5,091,840.00</td>
</tr>
<tr>
<td>Max Increase in Salary Spending:</td>
<td>$21.5 Million</td>
</tr>
</tbody>
</table>

**Club Financial Info:**

<table>
<thead>
<tr>
<th>Current Value</th>
<th>% change in value since last year</th>
<th>Club Debt as a % of overall Club Value</th>
<th>Annual Revenue</th>
<th>Annual Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.299 Billion</td>
<td>+55%</td>
<td>4%</td>
<td>$390 Million</td>
<td>$81 Million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Player Signed</th>
<th>Position</th>
<th>Annual Salary</th>
</tr>
</thead>
</table>

*Based on 2015-2016 data.

<table>
<thead>
<tr>
<th><strong>Juventus</strong>&lt;br&gt;(France)</th>
<th><strong>Paris Saint-Germain</strong>&lt;br&gt;(France)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Player Salary for Team:</td>
<td>$9,083,993</td>
</tr>
<tr>
<td>Average Player Salary for League:</td>
<td>$1,492,741</td>
</tr>
<tr>
<td>Player Types Needed:</td>
<td>Defender/Forward</td>
</tr>
<tr>
<td>Current Salary Range:</td>
<td>$1,476,384.00 to $15,503,124.00</td>
</tr>
<tr>
<td>Max Increase in Salary Spending:</td>
<td>$36.9 Million</td>
</tr>
</tbody>
</table>

**Club Financial Info:**

<table>
<thead>
<tr>
<th>Current Value</th>
<th>% change in value since last year</th>
<th>Club Debt as a % of overall Club Value</th>
<th>Annual Revenue</th>
<th>Annual Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$814 Million</td>
<td>28%</td>
<td>0%</td>
<td>$588 Million</td>
<td>$1 Million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Player Signed</th>
<th>Position</th>
<th>Annual Salary</th>
</tr>
</thead>
</table>

*Based on 2015-2016 data.*
### Milan (Italy)

- **Average Player Salary for Team:** $4,085,126
- **Average Player Salary for League:** $1,735,173
- **Player Types Needed:** Goalkeeper/Defender
- **Current Salary Range:** $176,000 to $8,800,000.00
- **Max Increase in Salary Spending:** $46.5 Million

### Newcastle (England)

- **Average Player Salary for Team:** $2,872,633
- **Average Player Salary for League:** $3,822,003
- **Player Types Needed:** Midfielder/Forward
- **Current Salary Range:** $322,888.50 to $6,458,100.00
- **Max Increase in Salary Spending:** $34 Million

### Club Financial Info:

<table>
<thead>
<tr>
<th>Current Value</th>
<th>% change in value since last year</th>
<th>Club Debt as a % of overall Club Value</th>
<th>Annual Revenue</th>
<th>Annual Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$825 Million</td>
<td>+6%</td>
<td>32%</td>
<td>$240 Million</td>
<td>$-29 Million</td>
</tr>
<tr>
<td>$383 Million</td>
<td>+10%</td>
<td>0%</td>
<td>$204 Million</td>
<td>$68 Million</td>
</tr>
</tbody>
</table>

### Player Signed

<table>
<thead>
<tr>
<th>Player Signed</th>
<th>Position</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

*Based on 2015-2016 data.*
<table>
<thead>
<tr>
<th>Player</th>
<th>Position</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maxime Gonalons, 27, midfield</td>
<td></td>
<td>Passing; wins ball in the air; clean tackles; ball interception</td>
<td>Commits needless fouls; speed; free kicks</td>
</tr>
<tr>
<td>Fernando Reges, 28, midfield</td>
<td></td>
<td>Strengths: on field composure; Pace of play; Marking opponents; Aerial Ability; Ball Control</td>
<td></td>
</tr>
<tr>
<td>Michael Carrick, 34, midfield</td>
<td></td>
<td>Strengths: ball distribution; powerful shot; equally skilled with both feet; can play defensive or attacking midfield</td>
<td>Weaknesses: On target shots; unreliable performance, age</td>
</tr>
<tr>
<td>Sergio Ramos Garcia, 30, defense</td>
<td></td>
<td>Strengths: versatility on the field; endurance; sustained attacking; finishing during set pieces</td>
<td>on field composure (gets red carded); difficulty refocusing after an attack</td>
</tr>
<tr>
<td>Roberto Firmino, 24, forward</td>
<td></td>
<td>Strengths: excellent forward and goal scorer, great crossing, free-kick specialist</td>
<td>Weaknesses: struggles defending, has issues when confidence is knocked</td>
</tr>
<tr>
<td>Bastian Schweinsteiger, 31, midfield</td>
<td></td>
<td>Pace of play; on target shooting from right, left, and center; set pieces</td>
<td>Weaknesses: On field composure</td>
</tr>
<tr>
<td>Gareth Bale, 26, attacking midfield</td>
<td></td>
<td>On target shots; free kicks; crossing the ball for assists</td>
<td>Weaknesses: Defense</td>
</tr>
<tr>
<td>Zlatan Ibrahimovic, 34, forward</td>
<td></td>
<td>Strengths: ball control; on target shooting; agility</td>
<td>Weaknesses: Inconsistent focus; on field composure</td>
</tr>
<tr>
<td>Juan Mata, 28, midfield</td>
<td></td>
<td>Strengths: key passes; free kicks; speed; assists; set pieces</td>
<td>Weaknesses: Inconsistent focus; defense; tackles</td>
</tr>
<tr>
<td>James Rodriguez, 24, midfield</td>
<td></td>
<td>Strengths: key passes; passing; finishing; free-kicks</td>
<td>Weaknesses: headers; aerial challenges</td>
</tr>
<tr>
<td>Phillip Lahm, 32, defense</td>
<td></td>
<td>Strengths: ball control; passing; consistent focus</td>
<td>plays the ball long too often; weak tackles</td>
</tr>
<tr>
<td>Lionel Messi, 29, forward</td>
<td></td>
<td>One of the top players in the world; ball control; speed; avoiding defenders</td>
<td>Weaknesses: Shoots when he should pass to teammates</td>
</tr>
<tr>
<td>Cristiano Ronaldo, 31, forward</td>
<td></td>
<td>One of the top players in the world; pace of play; on target shooting; crosses; ball control</td>
<td>Weaknesses: Falls down too easily and too much; does tricks when he can easily just pass the ball</td>
</tr>
<tr>
<td>Andrea Pirlo, 37, midfield</td>
<td></td>
<td>Accurate passing; free kicks; on field leadership and organization</td>
<td>Weaknesses: age; speed</td>
</tr>
<tr>
<td>Andres Iniesta, 32, midfield</td>
<td></td>
<td>Technique; passing; endurance; consistency; ball control; on field composure; intelligence</td>
<td>Weaknesses: size; strength</td>
</tr>
<tr>
<td>Paul Pogba, 23, midfield</td>
<td></td>
<td>Long shots, dribbling, aerial duels, key passes, concentration</td>
<td>Weaknesses: passing ability</td>
</tr>
<tr>
<td>David De Gea, 25, goalie</td>
<td></td>
<td>Consistently makes both easy and very difficult saves; experience at many levels of play</td>
<td>Weaknesses: misses shots taken from long-range; weak physical strength against opponents in the box</td>
</tr>
<tr>
<td>Tim Howard, 37, goalie</td>
<td></td>
<td>Shot stops; blocking close range shots</td>
<td>Weaknesses: Comes off his line; age; long passes; discipline</td>
</tr>
<tr>
<td>Clint Dempsey, 33, midfield</td>
<td></td>
<td>Ball control; passing; setting up shots for teammates</td>
<td>Weaknesses: physical strength</td>
</tr>
<tr>
<td>Geoff Cameron, 30, defense</td>
<td></td>
<td>Tackles; winning the ball in the air; on field focus; ball control</td>
<td>Weaknesses: sends too many long balls in the air; tackles too often; dribbles too long and loses the ball</td>
</tr>
</tbody>
</table>

**Data from June 2016**
**PLAYER CARD**

Maxime Gonalons

Age: 27  
Position: Midfielder  
Team: Olympique Lyonnais (France)  
Salary: $5,546,667

**Yearly Stats:**

<table>
<thead>
<tr>
<th>Appearances</th>
<th>Goals</th>
<th>Assists</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

New Salary Desired:  
New Salary Accepted:  
Team:  
% Change:  

*Based on 2015-2016 data.

---

**PLAYER CARD**

Fernando Reges

Age: 28  
Position: Midfielder  
Team: Manchester City (England)  
Salary: $2,860,000

**Yearly Stats:**

<table>
<thead>
<tr>
<th>Appearances</th>
<th>Goals</th>
<th>Assists</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

New Salary Desired:  
New Salary Accepted:  
Team:  
% Change:  

*Based on 2015-2016 data.

---

**PLAYER CARD**

Michael Carrick

Age: 34  
Position: Midfielder  
Team: Manchester United (England)  
Salary: $6,110,894.40

**Yearly Stats:**

<table>
<thead>
<tr>
<th>Appearances</th>
<th>Goals</th>
<th>Assists</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

New Salary Desired:  
New Salary Accepted:  
Team:  
% Change:  

*Based on 2015-2016 data.

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**PLAYER CARD**

Sergio Ramos Garcia

Age: 30  
Position: Defender  
Team: Real Madrid (Spain)  
Salary: $12,870,000

**Yearly Stats:**

<table>
<thead>
<tr>
<th>Appearances</th>
<th>Goals</th>
<th>Assists</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

New Salary Desired:  
New Salary Accepted:  
Team:  
% Change:  

*Based on 2015-2016 data.

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**PLAYER CARD**

Roberto Firmino

Age: 24  
Position: Forward  
Team: Liverpool (England)  
Salary: $7,637,916.00

**Stats:**

<table>
<thead>
<tr>
<th>Appearances</th>
<th>Goals</th>
<th>Assists</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>10</td>
<td>7</td>
</tr>
</tbody>
</table>

New Salary Desired:  
New Salary Accepted:  
Team:  
% Change:  

*Based on 2015-2016 data.

---

**PLAYER CARD**

Bastian Schweinsteiger

Age: 31  
Position: Midfielder  
Team: Manchester United (England)  
Salary: $20,982,318.50

**Stats:**

<table>
<thead>
<tr>
<th>Appearances</th>
<th>Goals</th>
<th>Assists</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

New Salary Desired:  
New Salary Accepted:  
Team:  
% Change:  

*Based on 2015-2016 data.
<table>
<thead>
<tr>
<th>Player Card</th>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Team</th>
<th>Salary</th>
<th>Stats</th>
<th>New Salary Desired</th>
<th>New Salary Accepted</th>
<th>Team % Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gareth Bale</td>
<td>26</td>
<td>Attacking Midfielder</td>
<td>Real Madrid (Spain)</td>
<td>$24.9 Million</td>
<td>Appearances</td>
<td>38</td>
<td>20</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Zlatan Ibrahimovic</td>
<td>34</td>
<td>Forward</td>
<td>Paris Saint-Germain (France)</td>
<td>$36.4 Million</td>
<td>Appearances</td>
<td>31</td>
<td>38</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Juan Mata</td>
<td>28</td>
<td>Midfielder</td>
<td>Manchester United (England)</td>
<td>$11.5 Million</td>
<td>Appearances</td>
<td>38</td>
<td>6</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>James Rodriguez</td>
<td>24</td>
<td>Midfielder</td>
<td>Real Madrid (Spain)</td>
<td>$21.4 Million</td>
<td>Appearances</td>
<td>32</td>
<td>8</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lionel Messi</td>
<td>29</td>
<td>Forward</td>
<td>Barcelona (Spain)</td>
<td>$48.5 Million</td>
<td>Appearances</td>
<td>48</td>
<td>41</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cristiano Ronaldo</td>
<td>31</td>
<td>Forward</td>
<td>Real Madrid (Spain)</td>
<td>$52.2 Million</td>
<td>Appearances</td>
<td>47</td>
<td>51</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

*Based on 2015-2016 data.
<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Team</th>
<th>Salary</th>
<th>Stats</th>
<th>New Salary Desired:</th>
<th>New Salary Accepted:</th>
<th>Team:</th>
<th>% Change:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrea Pirlo</td>
<td>37</td>
<td>Midfielder</td>
<td>New York City (USA)</td>
<td>$5,600,000</td>
<td>27</td>
<td>1</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andres Iniesta</td>
<td>32</td>
<td>Midfielder</td>
<td>Barcelona (Spain)</td>
<td>$8,795,670</td>
<td>43</td>
<td>1</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phillip Lahm</td>
<td>32</td>
<td>Defender</td>
<td>Bayern Munich (Germany)</td>
<td>$9,384,128</td>
<td>26</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Pogba</td>
<td>23</td>
<td>Midfielder</td>
<td>Juventus (Italy)</td>
<td>$5,072,805</td>
<td>35</td>
<td>8</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>David De Gea</td>
<td>25</td>
<td>Goalkeeper</td>
<td>Manchester United (England)</td>
<td>$15,275,624</td>
<td>34</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim Howard</td>
<td>37</td>
<td>Goalkeeper</td>
<td>Everton (England)</td>
<td>$2,600,000</td>
<td>25</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Based on 2015-2016 data.*
### Clint Dempsey

- **Age:** 33
- **Position:** Midfielder
- **Team:** Seattle Sounders (USA)
- **Salary:** $3,913,008

<table>
<thead>
<tr>
<th>Stats</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appearances</strong></td>
<td>Goals</td>
</tr>
<tr>
<td>30</td>
<td>12</td>
</tr>
</tbody>
</table>

**New Salary Desired:** ______  **New Salary Accepted:** ______  
**Team:** ____________________  **% Change:** ______

*Based on 2015-2016 data.

### Geoff Cameron

- **Age:** 29
- **Position:** Defender
- **Team:** Stoke City (England)
- **Salary:** $897,253

<table>
<thead>
<tr>
<th>Stats</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appearances</strong></td>
<td>Goals</td>
</tr>
<tr>
<td>30</td>
<td>0</td>
</tr>
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</table>

**New Salary Desired:** ______  **New Salary Accepted:** ______  
**Team:** ____________________  **% Change:** ______

*Based on 2015-2016 data.*
### Real Madrid

**Location:** Madrid, Spain  
**League Rank:** 2  
**League Record (39 games):** 28W-4L-6D  
**Average Player Salary for Team:** $8,597,844  

#### Real Madrid Characteristics

- **Strengths:**
  - Finishing scoring chances
  - Counter attacks
  - Attacking set pieces
  - Attacking down the wings
  - Creating scoring chances
  - Creating chances using through balls
  - Shooting from direct free kicks
  - Defending set pieces

- **Weaknesses:**
  - Stopping opponents from creating chances
  - Protecting the lead
  - Avoiding offside

#### Real Madrid’s Style of Play

- Short passes
- Attack through the middle
- Take a lot of shots
- Possession football
- Control the game in the opposition’s half
- Non-aggressive
- Opponents play aggressively against them
- Rotate their first eleven

### Bayern Munich

**Location:** Munich, Germany  
**League Rank:** 1  
**League Record (34 games):** 28W-2L-4D  
**Average Player Salary for Team:** $7,660,968  

#### Bayern Munich Characteristics

- **Strengths:**
  - Attacking down the wings
  - Creating long shot opportunities
  - Creating chances using through balls
  - Creating chances through individual skill
  - Defending set pieces
  - Protecting the lead
  - Finishing scoring chances

- **Weaknesses:**
  - Attacking set pieces
  - Aerial duels
  - Shooting from direct free kicks
  - Defending set pieces
  - Aerial duels

#### Bayern Munich’s Style of Play

- Short passes
- Control the game in the opposition’s half
- Possession football
- Attack through the middle
- Rotate their first eleven
- Non-aggressive

### Juventus

**Location:** Turin, Italy  
**League Rank:** 1  
**League Record (33 games):** 29W-5L-4D  
**Average Player Salary for Team:** $4,901,757  

#### Juventus Characteristics

- **Strengths:**
  - Finishing scoring chances
  - Attacking set pieces
  - Creating chances through individual skill
  - Protecting the lead
  - Attacking scoring chances
  - Creating long shot opportunities
  - Counter attacks
  - Attacking set pieces
  - Protecting the lead

- **Weaknesses:**
  - Avoiding offside
  - Stopping opponents from creating chances

#### Juventus’ Style of Play

- Possession football
- Short passes
- Attack through the middle
- Control the game in the opposition’s half
- Rotate their first eleven
- Opponents play aggressively against them

### Paris Saint-Germain

**Location:** Paris, France  
**League Rank:** 1  
**League Record (29 games):** 30W-2L-6D  
**Average Player Salary for Team:** $9,083,993  

#### Paris Saint Germain Characteristics

- **Strengths:**
  - Finishing scoring chances
  - Attacking set pieces
  - Creating long shot opportunities
  - Counter attacks
  - Attacking set pieces
  - Protecting the lead

- **Weaknesses:**
  - Avoiding offside
  - Stopping opponents from creating chances

#### Paris Saint Germain’s Style of Play

- Attack through the middle
- Short passes
- Attack through the middle
- Possession football
- Rotate their first eleven
- Non-aggressive
### Milan
**Location:** Milan, Italy

**League Rank:** 7  
**League Record (24 games):** 15W-11L-12D  
**Average Player Salary for Team:** $4,085,126

### Newcastle
**Location:** Newcastle, England

**League Rank:** 18  
**League Record (24 games):** 9W-19L-10D  
**Average Player Salary for Team:** $2,872,633

### AC Milan Characteristics

**Strengths**
- Attacking set pieces
- Obtaining the ball from the opposition
- Shooting from direct free kicks
- Aerial duels

**Weaknesses**
- Defending against through ball attacks
- Protecting the lead
- Avoiding offside

### AC Milan’s Style of Play
- Control the game in the opposition’s half
- Attack down the right
- Consistent first eleven
- Opponents play aggressively against them

*Strengths, weaknesses and styles are calculated from the current season statistics*

### Newcastle United Characteristics

**Strengths**
- Counter attacks
- Protecting the lead
- Stalemate the ball from the opposition

**Weaknesses**
- Keeping possession of the ball
- Finishing scoring chances
- Defending against through ball attacks
- Avoiding fouling in dangerous areas
- Defending against attacks down the wings
- Defending counter attacks
- Aerial duels
- Defending setpieces
- Defending against long shots

### Newcastle United’s Style of Play
- Attacking down the right
- Play with width
- Playing in their own half
- Consistent first eleven
- Aggressive

*Strengths, weaknesses and styles are calculated from the current season statistics*
### Supply Schedule

<table>
<thead>
<tr>
<th>Wage (lowest to highest)</th>
<th>Quantity of Players Supplied</th>
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### Demand Schedule

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<th>Wage (highest to lowest)</th>
<th>Quantity of Players Demanded</th>
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Lesson 3:
Worshippers at the Altar of Adi, Phil, and Kevin
Title: Worshipping at the Altars of Adi, Phil and Kevin

Lesson Description

In order to gain a better understanding of the important role entrepreneurs play in a market economy, students participate in an activity that highlights the history of the athletic apparel industry in the United States and beyond. At the completion of the lesson students will be able to explain how Adi Dassler, Phil Knight and Kevin Plank used their entrepreneurial skills and abilities to satisfy the wants of billions of people.

Concepts

Entrepreneurship
Voluntary exchange
Specialization

Objectives

Students will be able to

- Describe how entrepreneurs bring together the factors of production to produce goods and services.
- Explain how specialization and voluntary exchange between buyers and sellers increase the satisfaction of both parties.

Time Required

60 minutes

Materials

- Activity 1: Entrepreneurs, cut apart
- Activity 1A: Company Logos, cut apart
- Activity 2: Consumers, cut apart
- Activity 3: The Followers, cut apart
- Activity 4: Entrepreneurship Quiz (one per student)
Procedu

1. Explain to students that they will examine entrepreneurs/founders of three popular businesses in an attempt to figure out why each of these businesses has been successful in the marketplace. Do not tell the students the true identities of the three entrepreneurs or their businesses until after procedure step #7.

2. Select three students to play the roles of three famous entrepreneurs. Give each student one role card from Activity 1: Entrepreneurs. Instruct these students that they are to use initials only while they are playing these roles.

3. Select three different students to play the role of consumers in need of specific consumer goods. Give each student one role card from Activity 2: Consumers. Instruct these students to take turns reading their cards aloud to the rest of the class.

4. After each student has read his or her Activity 2: Consumers card, instruct the three famous entrepreneurs to speak up when they think they can offer a good or goods that will help satisfy the wants and needs of these consumers. (Each entrepreneur must adhere to the dates on his or her card.)

5. Once all Activity 2: Consumer cards have been read and all matches have been made, ask the consumers to stand next to the entrepreneur that helped satisfy their demands.

6. Ask the non-card holder students in the class if they can name the companies the three entrepreneurs represent. (Answers may vary.)

7. Give each entrepreneur the logo from the company they represent- Activity 1A: Company Logos and ask them to show the rest of the class. Company #1 matches Entrepreneur #1, Company #2 matches Entrepreneur #2, and Company #3 matches Entrepreneur #3. Once all three companies have been identified, the students can take their seats.

8. Display PPT Slide 1 and explain to students that the three entrepreneurs being discussed in this lesson are Adi Dassler of Adidas, Phil Knight of Nike and Kevin Plank of Under Armour.

9. Ask students what these three men did to be considered entrepreneurs. (Answers should include- they brought together productive resources, they improved upon existing products, they specialized in one area (athletic apparel and/or footwear), they met the demands of consumers, they did it in order to make a profit.)
10. Tell students that over the years all three businesses have continued to innovate in order to compete and gain new customers. Remind students that in order to stay relevant in a market economy, businesses need to continuously improve their products in order to build brand loyalty and maintain their customer bases.

11. Display **PPT Slide 2 and PPT Slide 3** demonstrating the idea of product innovation.

12. Ask the three entrepreneurs to come back to the front of the class with their company logos.

13. Select nine students to play the roles of the followers of Adi Dassler, Phil Knight and Kevin Plank. Give each of these students one role card from **Activity 3: The Followers**. Tell each of the nine students to read their cards aloud before going to stand near the entrepreneur they follow.

14. Once each of the nine students have moved to an area near the entrepreneur they follow ask them if they are happier after using the products produced by these three companies. (Answers should be yes.) Why are they happier? (The entrepreneurs make goods that satisfy their wants and some of them are being paid to use the products.)

15. Complete the activity by asking the three entrepreneurs if they are happier after creating new goods for their followers? (Answers should be yes.) Why does making these new goods make them happier? (The more products they sell, the more profit they earn.)

16. Display **PPT Slide 4** demonstrating the idea of how entrepreneurs sometimes benefit from their successful ideas and business plans.

17. Display **PPT Slide 5** demonstrating how all three companies have aligned themselves with big name athletes, teams and universities to sell more products.

18. Display **PPT Slide 6** and tell students about the relationship between German soccer sensation Mario Götze, his NIKE sponsorship, and his Adidas-owned soccer club.

19. Display **PPT Slide 7** and ask students if they have ever heard of Fred Gamm. (Answer will most likely be no.) Tell students that Mr. Gamm sold millions of KangaROOS running shoes in the 1980’s before the popularity of his company fell off to the point where they went out of business.

20. Review the following points with students. Entrepreneurs bring together the factors of production. Entrepreneurs create new and/or improved products that satisfy the needs of consumers. Entrepreneurs sometimes create great wealth for themselves and others. Entrepreneurs help drive market economies. Entrepreneurs are not guaranteed success in market economies.

21. Hand out **Activity 4: Entrepreneurship Quiz** and instruct students to answer “yes” or “no” to each item. (You can leave the scoring explanation off of the bottom when you copy it to avoid students answering in ways designed to give themselves the right score.)

22. Ask students to tally their “yes” responses. Explain that a score of 17 or higher means they are likely to make good entrepreneurs.
23. Closure: On an exit card, have students respond to the following prompt:

Write three sentences telling why you agree or disagree with the following statement:

“I think entrepreneurship is an important part of our economy.”

24. Read the cards and choose some to share the next day in class. Emphasize student responses that reinforce the standards and elements targeted in this lesson.
### Activity 1: Entrepreneurs

<table>
<thead>
<tr>
<th><strong>Entrepreneur #1</strong></th>
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<tbody>
<tr>
<td>My initials are A.D. and I am an athletic shoe manufacturer in the 1930’s. I’m in the early stages of starting a business and I’m looking to connect with world-class athletes that may be interested in wearing my latest running shoes in upcoming track and field competitions. It is my belief that my running shoes are better than any that have ever been made.</td>
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<table>
<thead>
<tr>
<th><strong>Entrepreneur #2</strong></th>
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<tbody>
<tr>
<td>My initials are P.K. and I’ve been selling running shoes out of the trunk of my car since the mid 1960’s. My former college track coach and I have been tinkering with a new running shoe that we created by combining rubber, a waffle iron, and synthetic materials. It is my belief that these running shoes are lighter, faster and more responsive to a runner’s foot than anything currently on the market.</td>
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<table>
<thead>
<tr>
<th><strong>Entrepreneur #3</strong></th>
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</thead>
<tbody>
<tr>
<td>My initials are K.P. and in the mid 1990’s I created a new type of athletic training shirt. As a former college football player I know what it’s like to have to train in sweat-soaked cotton t-shirts that never seem to dry out. It is my belief that my new training shirts are far superior to anything currently on the market and that athletes that choose to wear my product will perform better on the field of battle.</td>
</tr>
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</table>
Activity 1A: Company Logos

Company #1

Company #2

Company #3
<table>
<thead>
<tr>
<th>Consumer #1</th>
</tr>
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<tbody>
<tr>
<td>My name is Jesse Owens and I’m about to compete in the 1936 Berlin Summer Olympics. I’m feeling pretty positive about my chances in a number of track and field events but I would be even more confidant if I could just find a better pair of running shoes. The shoes I currently run in are uncomfortably heavy and they slow me down. Is there anyone out there that can help me?</td>
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<table>
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<tr>
<th>Consumer #2</th>
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<tbody>
<tr>
<td>My name is Steve Prefontaine and I’m a crazy-fast runner at the University of Oregon in 1970. I’m a total beast on the track and I simply refuse to lose. Looking for any edge I can get, I would love to find much lighter running shoes that are more responsive, and a bit more cushioned on the bottoms, so I can continue to increase my speed and win races. Is there anyone out there that can help me?</td>
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<table>
<thead>
<tr>
<th>Consumer #3</th>
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<tbody>
<tr>
<td>My name is Kristina Jacobs and I’m an equipment manager for the 1996 Georgia Tech Yellow Jackets football team. Head coach George O’Leary has just instructed me to find practice gear that will help our players be more comfortable during the hot Atlanta summer months. Too many practices are being interrupted by players that are overheating. Is there anyone out there that can help me?</td>
</tr>
</tbody>
</table>
### Follower #1

My name is David Beckham and I am one of the most recognized athletes on planet Earth. Since I was a little boy in England, I have worn Adidas football boots (that’s soccer to you Americans) to play the world’s most popular game. Adidas is the oldest and premier manufacturer of football gear and I would never wear anything else to play the beautiful game.

![Adidas Logo](image1)

### Follower #2

My name is Alex Morgan and you may know me from the U.S. Women’s National soccer team. I’ve been playing soccer for many years now and I can’t remember ever playing in anything other than Nike’s. Many of teammates and I know that Nike was the first company to make soccer gear specifically for women and girls and I will always be loyal.

![Nike Logo](image2)

### Follower #3

My name is Tom Brady. I play quarterback for the New England Patriots and I’m awesome. I have multiple Super Bowl rings, a supermodel wife, endorsement deals galore, and a $20 million dollar home in L.A. I owe most of this to the Under Armour cleats I lace up each Sunday.

![Under Armour Logo](image3)
Activity 3: The Followers (page 2)

Follower #4

My name is Cori Close and I’m the head coach of UCLA’s successful women’s basketball program. Being an Adidas school means recruiting the best players from around the country is so much easier because many student-athletes want to play with those three stripes on their jerseys, socks, shorts, warm-ups, wristbands and sneakers. Go Bruins!

Follower #5

My name is Kevin Durant. People call me KD. I’ve been playing ball in Nike’s since forever. I’ve even got my own line of sneakers now. Nike helps me play at a higher level. I can jump higher, dunk with more authority and run the court like a free-wheeling cheetah...............a free-wheeling cheetah that can score 30+ points a game.

Follower #6

My name is Lindsey Vonn and I am so much more than Tiger’s new girlfriend. I am one of the best skiers the world has ever known. I’ve got a closet full of medals. World championships, Olympics...I’ve won it all. Under Armour is my go-to gear when I’m working out. Now, if I could only convince Tiger to ditch the swoosh.
### Activity 3: The Followers (page 3)

<table>
<thead>
<tr>
<th>Follower #7</th>
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<tbody>
<tr>
<td>My name is Maria and I’m training for my first marathon. I just bought a pair of <em>adiZero Boston 3</em> running shoes and I love them!</td>
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![adidas](image)

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<th>Follower #8</th>
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<tbody>
<tr>
<td>My name is Carson and I’m applying to the University of Texas because they are a Nike school. Everyone knows Nike makes the dopest swag.</td>
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</table>

![Nike](image)

<table>
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<th>Follower #9</th>
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<tbody>
<tr>
<td>My name is Nikki and I spend most of my free time in the gym. My workouts have been much more enjoyable since I started wearing my new Under Armour HEAT GEAR SONIC Long Sleeve Shirts. It’s like I’m sweating, but not really.</td>
</tr>
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![Under Armour](image)
Activity 4: Entrepreneurship Quiz

Instructions: Answer “yes” or “no” to each item below.

1. I don't like being told what to do by people who are less capable than I am.
2. I like challenging myself.
3. I like to win.
4. I like making decisions for myself.
5. I always look for new and better ways to do things.
6. I like to question conventional wisdom.
7. I like to get people together in order to get things done.
8. People get excited by my ideas.
9. I am rarely satisfied or complacent.
10. I can't sit still.
11. I can usually work my way out of a difficult situation.
12. I would rather fail at my own thing than succeed at someone else's.
13. Whenever there is a problem, I am ready to jump right in.
14. I think old dogs can learn — even invent — new tricks.
15. Members of my family run their own businesses.
16. Friends of my family run their own businesses.
17. When I am old enough, I plan to have an after school job and work during school vacations.
18. I get an adrenaline rush from selling things.
19. I am exhilarated by achieving results.
20. I could have written a better entrepreneurship test than this one.

Scoring: Count up all your “yes” responses. If you have answered “yes” to at least 17 of the items, you may have what it takes to be an entrepreneur. Keep in mind that your answers to these questions may change over time. People become entrepreneurs for the first time during all stages of life.

(This quiz was adapted from one written by Daniel Isenberg, a Professor of Management Practice at Babson College. This original was found at http://blogs.hbr.org/cs/2010/02/should_you_be_an_entrepreneur.html)
Lesson 4:
The Olympics and Foreign Exchange
The OLYMPICS AND FOREIGN EXCHANGE

INTRODUCTION

Background There is a wide body of research on the effects the Olympic Games have on the economy of the city and country in which the games are hosted. While there are many metrics by which these effects are measured, the exchange rate of the host country’s currency is an often-cited variable. Overall, it seems there is a slight up-tick in the value of a country’s currency right at the beginning of the games due to a surge in tourist traffic. There is also evidence that a country’s currency appreciates slightly when they are initially announced as the host city due to increased investment levels. Neither of these increases, however, usually have any significant lasting impacts for the country, but matter a great deal in the short-run to the companies and individuals involved in trading the currencies.

Economics In world trade, money functions as a medium of exchange used to carry out payments on international transactions. The value of a currency, when used in international exchanges, is frequently set in foreign exchange markets where the forces of supply and demand establish the price at which different currencies are exchanged. Foreign exchange (FX or ForEx) rates set in such a market are called floating or flexible exchange rates. When currency values are not set by foreign exchange markets, they are set at fixed rates (also called pegged) or between fixed limits by governments.

Decisions to buy or sell foreign currency are influenced by the same economic principles that affect all economic choices. With foreign exchange markets, the price of the currency benefits certain groups while harming others. In this lesson, students will apply their reasoning skills to explain changes in the exchange rate between two currencies and who benefits and loses when rates change.

CONCEPTS
1. Supply and demand
2. Exchange rates
3. Foreign Investment

OBJECTIVES
The student will:
1. Explain why citizens or businesses in one country might require the currency of another country.
2. Explain how foreign exchange values are influenced by supply and demand.
3. Explain how an increase/decrease in the demand of a currency may cause a decline/rise in that currency’s foreign exchange value.
4. Explain how the Olympics can be a major factor that affects the foreign exchange market.
5. Read and interpret exchange rate tables.
6. Explain why some groups benefit and others lose when exchange rates change.

CONTENT STANDARD
SSEIN3 The student will explain how changes in exchange rates have an impact on the purchasing power of individuals in the United States and in other countries.

a. Define exchange rates as the price of one nation’s currency in terms of another nation’s currency.
b. Locate information on exchange rates.
c. Interpret exchange rate tables.
d. Explain why, when exchange rates change, some groups benefit and others lose.

LESSON DESCRIPTION
Students will first serve as corporations trying to invest in Japan since Japan has been awarded the 2020 Olympic Games. Their investment decisions will drive the value of the Japanese yen. Next, students will interpret historical exchange rate
tables to determine which groups were helped and hurt by prior exchange rate changes in past Olympic games. *Time required: Approximately 50 minutes*

**MATERIALS:**

1. Enough copies of Handout 1 so that the Bank of Tokyo has between 20 – 30 yen to sell.
2. Enough copies of Handout 2 so that each “company” can have between $2 and $8 worth of US currency.
3. Student Activity 1-FOREIGN EXCHANGE WINNERS AND LOSERS
4. One transparency of Visual 1, “What affects the supply and demand of currencies?”

**PROCEDURE**

**PART 1**

1. Announce that today the class will look at the effects of the Olympics on a country’s exchange rate. If you have not already done so, define exchange rate for the students. (*The price of one nation’s currency in terms of another*).
2. Select one student to run the “Bank of Tokyo.” Give them the card that explains their role (and answer any questions they may have) and the stack of Japanese yen.
3. Divide the remaining students into groups of two or three. The total number of groups does not matter. Each group represents a business with a potential interest in investing in Japan. Give each group one (1) card that explains their situation and some dollars. Each group should have varying amounts of dollars, some with only $2 -$3 and others with $8-$9. This is to simulate businesses with varying levels of investment potential.
4. After answering any questions the students have about their roles, announce that the Bank of Japan is now open and is selling yen if anyone is interested in buying. (*NOTE: Only let one or two companies purchase yen and make sure the exchange rate stays relatively low as in 1 yen = $1*). Record the exchange rates where the students can see. To do this, you simply record each transaction as it happens. For example, if the first company buys 3 yen for $3 dollars, the exchange rate is 3yen = 3dollars or 1yen= $1. It is helpful to always break the relationship down to what one yen is worth. If the banker is savvy, you may end up with an exchange rate more like 1 yen = $2. If the business person (buyer) negotiates better, the rate might be more like 2 or 3 yen for $1 or 1 yen = $0.50 or $0.33. If all transactions are 1 to 1, that is fine for now. Conduct a brief discussion about what drove the students to make the decisions they did about price and why to invest. (*Some students may already know the Olympics will be in Tokyo in 2020*).
5. If possible, now show the video clip of the IOC announcing Tokyo as the host city for the 2020 games. The video in the PowerPoint can be found here: [https://www.youtube.com/watch?v=66eUQF4izs](https://www.youtube.com/watch?v=66eUQF4izs) but any version will do. Discuss with students why the Japanese are so excited. (*International recognition, tough bidding process, lasting legacy, are all acceptable. You may wish to mention that over 500,000 people visited London during the 2012 Olympics and the city benefited from increased infrastructure and venue investments. Eventually steer the discussion to money and the fact that Tokyo will now be the benefactor of hundreds of thousands of visitors in the coming years. Furthermore, investment in Japan will increase.*) If the video clip is not an option, simply describe the Olympic bid process and that Istanbul and Tokyo were in competition for the 2020 Olympics and Tokyo was selected.
6. Now announce that the Bank of Tokyo is open again and students may purchase yen for investment. You can choose whether
you want to give the original investing groups more money or not. It is not recommended, however, since those companies already used their spare capital for investments. If you wish to give them more, explain that this would be like a yen company allocating extra money for investment over some other opportunity. Students should now be more interested in investing – if they are not, keep hyping the Olympics, return on investment, etc. The price for yen should start to rise. If it does not, make sure your banker understands they have limited yen and they should charge more for them as they get lower and lower! Keep going until all yen are gone or students no longer show interest in investing.

7. Keep track of the new exchange rates next to the original ones. The yen should now see increased value. In other words, the businesses will need to hand over more than one dollar to get a yen. Instead of 1 yen = $1, you should see things like 1 yen = $2 or $3 or more. If this is not happening, you may need to step in and be the banker or keep hyping the currency. Discuss why this was the case. (Students see more potential gains from investment).

8. OPTIONAL: At this stage, the point has been made. If you wish to add a fun twist to the activity, hand each group one of the cards that tells them the return on their investment in yen. Give these out randomly so that some groups lose money and some groups gain.

*In order to figure out whether students gained or lost, follow this procedure: 1) Choose the last exchange rate from round 2 of trading (or pick the highest value of the yen). 2) Have each student convert their yen back to dollars using that exchange rate. For example, if my return was 5 yen, and the exchange rate you picked was 1 yen= $4, then I had a return of $20. If I spent $5 originally, then I gained $15 net. If I spent $21 originally to get my yen, then I lost $1 net. You may wish to give a prize to the group that gains the most. There is a high likelihood that the original investors, who invested at the low exchange rate, will come out on top. You may even wish to rig it so this happens.

9. Discussion questions:
   A. What effect did the announcement of the Olympics have on your desire to invest in Japan? Why? (Increased because there was more potential for a return on the investment).
   B. How did the Olympics affect your demand for Japanese yen? Why? (Increased, because to invest in Japan, Japanese currency was needed. This is a good time to introduce a supply/demand graph showing the increase in demand).
   C. As a result of this increased demand, what happened to the price of yen? (Increased. Again, this should be shown on a supply and demand graph.)
   D. Announce that the Japanese yen appreciated 7% against the dollar in the weeks after the announcement and 9% against the British pound. Explain that this is a short run phenomenon and that there are many other factors that influence the yen because Japan is a large, diverse country.

10. Explain why flexible exchange rates change frequently over time; over years, months, weeks, and even during a given day. The reasons are based on supply and demand.

A. Changes in preferences for foreign goods. For example, if Americans want to buy more Japanese goods from Japan, they will demand more Japanese yen (and supply more US dollars in exchange for yen). The dollar/yen exchange rate would change and the yen would be worth more dollars (and the dollar would be worth fewer yen).
B. **Changes in prices in different countries.** For example, China experiences high inflation (as in the earlier simulation) compared to the US. The Chinese would supply more yuan to the foreign exchange market. The dollar/yuan exchange rate would change (and the dollar would be worth more yuan).

C. **Changes in the interest rates in different countries.** For example, if you could earn 10 percent on a savings account in Europe and only three percent in the US, Americans would want to supply their dollars and demand more Euros in order to deposit their money in a European bank. The dollar/euro exchange rate would change and the euro would be worth more dollars (and the dollar would be worth fewer euros).

D. **Changes in incomes in different countries.** For example, if incomes in the US were increasing compared to those in Mexico, people in the US could afford to buy more Mexican goods and more US goods as well. Demand for pesos would go up, and the supply of dollars would increase in exchange for pesos. The dollar/peso exchange rate would change and the dollar would be worth fewer pesos (and the peso would be worth more dollars).

E. **Speculation.** For example, if many people think that the dollar will increase in value compared with the euro, they will buy (demand) dollars today (and supply euros) in hopes of selling the dollars back at higher prices later. The dollar/euro exchange rate would change, and the dollar would be worth more euros (and the euro would be worth fewer dollars).

10. Distribute Student Activity 1 to all students. At the top of the page are several historical exchange rate tables related to Olympic cities. After ensuring students know how to properly read the tables and understand the terms **appreciation** and **depreciation**, ask students to complete the handout, stopping to discuss after each section to ensure understanding.

**CLOSURE**

Review with the students the following points:

1. An exchange rate is the price of one currency in terms of another.
2. Flexible exchange rates are set by supply and demand like all other free markets.
3. Changes in the exchange rate create winners and losers.

**FOLLOW UP ACTIVITIES/ ASSESSMENT**

1. Have students look up historical exchange rates for Olympic cities in the past and identify any patterns that emerge. One of the easiest places to find this information is [http://www.x-rates.com/historical](http://www.x-rates.com/historical)

2. Role play a discussion between a person who wants the Olympics to come to town and a person who is fearful of what the Olympics will do to the exchange rate. Why would anyone be fearful?

3. Essay Questions
   A. Defend or refute the following statement. *A strong dollar is good for all Americans.*
   (A strong dollar is not necessarily good for all Americans. While good for Americans wishing to travel abroad, to invest in another country, or consume imported products, an appreciating dollar hurts exporters trying to sell American products overseas and the
workers in those industries, as well as businesses who cater to foreign tourists visiting the US)

4. Imagine a situation in which there is a huge increase of US citizens choosing to visit Europe. All of these visitors will need to purchase euros for their stay in Europe. Assuming no other changes with the dollar or the euro, what effect will their actions have on the supply and demand of these currencies in the foreign exchange market?

What will happen to the price of each currency? Draw a model of the foreign exchange market with supply and demand curves to illustrate your point. (The supply of US dollars increased when US citizens paid dollars to buy euros and the demand for dollars did not change. The demand for euros increased and the supply of euros did not change. The dollar would therefore depreciate against the euro.)
Handout 1
Handout 3 – Role descriptions (duplicate as necessary for as many groups as you need) It is okay if multiple firms have the same description. You should only have one Bank of Japan.

<table>
<thead>
<tr>
<th>Bank of Japan</th>
<th>Firm 1</th>
<th>Firm 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your job is to sell Japanese yen to potential buyers. Since you are the only seller, you can somewhat set your own prices. Early on, there is no compelling reason to charge really high prices, especially if there are few buyers. As your supply of yen gets lower, however, you should strongly consider raising your price. It is okay if you run out of yen.</td>
<td>Your company is interested in investing in Japan and has been for quite some time. You now finally have some free capital. To invest in Japan, you will need Japanese currency. You should buy Japanese currency, the yen, as soon as you get the chance. Remember, the cheaper you get it, the better!</td>
<td>Your company is interested in investing in Japan and has been for quite some time. You now finally have some free capital. To invest in Japan, you will need Japanese currency. You should buy Japanese currency, the yen, as soon as you get the chance. Remember, the cheaper you get it, the better!</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Firm 3</th>
<th>Firm 4</th>
<th>Firm 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your company finances and builds large sporting stadiums and venues. You have had your eye on Japan for a little while now, but have never had a major reason to invest there. If you do decide to invest, you will need Japanese yen to pay for materials and workers in Japan to build your stadiums and venues.</td>
<td>Your company has an interest in investing in places where you can build roads, airports, and other transportation infrastructure. For the most part, your company has dedicated it’s resources to finding opportunities in Africa, India, and eastern Europe. You have been keeping Japan on your radar waiting for a decision from the Olympic committee. If you decide to invest in Japan, you will need Japanese yen.</td>
<td>Your company looks for wise investments in places where communications technology and security is needed. You have provided security cameras to Olympic villages before and saw it as a profitable venture. If you decided to invest in Japan, you will need to purchase Japanese yen.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Firm 6</th>
<th>Firm 7</th>
<th>Firm 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your company is eagerly awaiting news of who will get the 2020 Olympics as you have potential investments in Istanbul and Tokyo. You have been instructed by management to invest in Tokyo if the Olympics go there. If you decide to invest in Japan, you will need to purchase Japanese yen.</td>
<td>Your company makes cheap, off brand clothing and toys. You can set up shop in any country and turn a quick profit. If you wish to invest in Japan, you will need to purchase Japanese yen to hire local workers or to buy materials.</td>
<td>Your company specializes in building restaurants and food stands in foreign countries. Your motto is simple: “Wherever there are people, they must eat.” You are looking for new opportunities around the world. You need the local currency, however, to pay fees and hire initial employees.</td>
</tr>
</tbody>
</table>
Handout 4 – Results from investments (This is an optional sheet if you want a fun twist to the first part of the activity). Give these out at random to each company, have them convert the yen back to dollars in the most recent exchange rate to see if they made money, lost money, or broke even on their investment.

REMEMBER: The yen they had on their desk would have been spent! You may even want to collect those before handing out these cards.

<table>
<thead>
<tr>
<th>Your investment returned 5 yen.</th>
<th>Your investment returned 7 yen.</th>
<th>Your investment returned 2 yen.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your investment returned 10 yen.</td>
<td>Your investment returned 15 yen.</td>
<td>Your investment returned 5 yen.</td>
</tr>
<tr>
<td>Your investment returned 4 yen.</td>
<td>Your investment returned 8 yen.</td>
<td>Your investment returned 6 yen.</td>
</tr>
<tr>
<td>Your investment returned 3 yen.</td>
<td>Your investment returned 3 yen.</td>
<td>Your investment returned 4 yen.</td>
</tr>
<tr>
<td>Your investment returned 7 yen.</td>
<td>Your investment returned 11 yen.</td>
<td>Your investment returned 5 yen.</td>
</tr>
<tr>
<td>Your investment returned 1 yen.</td>
<td>Your investment returned 6 yen.</td>
<td>Your investment returned 3 yen.</td>
</tr>
</tbody>
</table>
STUDENT ACTIVITY 1

FOREIGN EXCHANGE WINNERS AND LOSERS

Because different countries use different currencies, international trade requires a system for exchanging money among nations. If an American wants to buy goods made in Japan, somewhere along the line dollars must be exchanged for Japanese yen. The price of one currency in terms of another is called the exchange rate. During the Olympics, there are brief periods where demand for currency of the host country surges either for purchases or for investment. The exchange rate tables below show several host cities of the last several summer Olympics and their exchange rates relative to a few major world currencies. For example, in the month prior to the 2012 Olympics, one US dollar was worth .643 British Pounds and conversely, a single British Pound was worth $1.54.

<table>
<thead>
<tr>
<th>Average Exchange Rate in the Month Prior to the 2012 Olympics (Source: <a href="http://www.xe.com">www.xe.com</a>)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
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<tr>
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</tr>
<tr>
<td>US Dollar</td>
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<tr>
<td>British Pound</td>
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<tr>
<td>Chinese Yuan</td>
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<tr>
<td>Euro</td>
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</tbody>
</table>

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<tr>
<th>Average Exchange Rate During the 2012 Olympics (Source: <a href="http://www.xe.com">www.xe.com</a>)</th>
</tr>
</thead>
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<tr>
<td>US Dollar</td>
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<td>----------</td>
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<tr>
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<td>Chinese Yuan</td>
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<tr>
<td>Euro</td>
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</tbody>
</table>

<table>
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<th>Average Exchange Rate in the Month Prior to the 2008 Olympics (Source: <a href="http://www.xe.com">www.xe.com</a>)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
</tr>
<tr>
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<tr>
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<tr>
<td>Chinese Yuan</td>
</tr>
<tr>
<td>Euro</td>
</tr>
</tbody>
</table>
Use the 2012 exchange rate tables to answer questions 1-3.

1. A Chinese reporter books and pays for a room in London a month before the Olympics at a price of 300 pounds/night. Once the Olympics begin, she decides to add an additional night at the same price. How much more Yuan did she have to pay for the additional night?

2. Using the words **appreciated** and **depreciated**, explain the relationship between the British Pound and the US Dollar before the Olympics started and after they started.

3. Suppose an American swimmer was doing a tour of Europe immediately following the Olympics and wanted to exchange $1,000 into Euros. Should he have done this before going to London or after? Why?

Use the 2008 exchange rate tables to answer questions 4-6.

4. Using either **appreciated** or **depreciated**, explain whether a German family taking a trip to China in 2008 should have gone before the Olympics or during the Olympics.

5. A coach from the British men’s fencing team has budgeted 5,000 pounds for expenses during the trip. In order to get the most for his money, should he exchange to Yuan before the trip or when he arrives in China? Why?

6. A Chinese company wishes to export toy replicas of the famous “Bird’s Nest” stadium around the world. Assuming demand remains constant, will they likely export more to places in Europe before or during the Olympics? Why?

Use both sets of tables for questions 7-10.

7. While both the British Pound and Chinese Yuan appreciated during their Olympic games, the Yuan experienced less of an increase than the British Currency. Why might that be the case?

8. If the trend seen in these two tables continues to be true, what advice could you give people preparing to go to the 2020 Olympics in Tokyo?

9. Name two groups of people that would benefit from the appreciation of British Pounds in 2012 and explain.

10. Name two groups of people that would be hurt from the appreciation of Chinese Yuan in 2008 and explain.
ANSWER KEY - Use the 2012 exchange rate tables to answer questions 1-3.

1. A Chinese reporter books and pays for a room in London a month before the Olympics at a price of 300 pounds/night. Once the Olympics begin, she decides to add an additional night at the same price. How much more Yuan did she have to pay for the additional night? The first night cost her 2970 yuan (300/101). The additional night costs her approximately 3030 yuan (300/.099). Her additional night costs her 60 extra yuan because of the exchange rate difference.

2. Using the words appreciated and depreciated, explain the relationship between the British Pound and the US Dollar before the Olympics started and after they started. The British Pound appreciated against the US Dollar while the US Dollar depreciated against the British Pound.

3. Suppose an American swimmer was doing a tour of Europe immediately following the Olympics and wanted to exchange $1,000 into Euros. Should he have done this before going to London or after? Why? Most students should say that the swimmer should have exchanged his dollars after the Olympics started because he gets an extra 6 Euros that way. HOWEVER, a more advanced student may note that what he really should have done is use his $1000 to purchase POUNDS before the Olympics (643 Pounds). Then, use the appreciated Pounds during the Olympics to buy Euros. This way, he actually ends up with 817 Euros.

Use the 2008 exchange rate tables to answer questions 4-6.

4. Using either appreciated or depreciated; explain whether a German family taking a trip to China in 2008 should have gone before the Olympics or during the Olympics. The German family would have gotten more for their money before the Olympics because during the Olympics in China, the Yuan appreciated against the Euro (or because the Euro depreciated against the Yuan).

5. A coach from the British men’s fencing team has budgeted 5,000 pounds for expenses during the trip. In order to get the most for his money, should he exchange to Yuan before the trip or when he arrives in China? Why? He should have purchased Yuan before the trip. Before the trip his 5,000 pounds converted to 67,505 Yuan (5000 * 13.501). After the Olympics began, the same 5,000 pounds would only buy 65,805 Yuan (5000 * 13.161).

6. A Chinese company wishes to export toy replicas of the famous “Bird’s Nest” stadium around the world. Assuming demand remains constant, will they likely export more to places in Europe before or during the Olympics? Why? Before, because once the Olympics begin, it is more expensive to purchase Chinese Yuan, therefore countries are less likely to import from China.

Use both sets of tables for questions 7-10.

7. While both the British Pound and Chinese Yuan appreciated during their Olympic games, the Yuan experienced less of an increase than the British Currency. Why might that be the case? Answers will vary here, but one major reason is that China is a much larger country (in terms of geography and population). Therefore, China’s foreign exchange is difficult to manipulate. Also, China has a government policy of keeping its currency relatively stable through fixed rates, therefore changes in value tend to be minimal.
8. If the trend seen in these two tables continues to be true, what advice could you give people preparing to go to the 2020 Olympics in Tokyo? *Buy currency before the games begin, but don’t expect major changes because there are many factors that go into exchange rates.*

9. Name two groups of people that would benefit from the appreciation of British Pounds in 2012 and explain. *British travelers abroad, British companies/citizens importing goods, people with savings accounts in British Pounds, etc. The reason is because all of these people are holding pounds when the pound appreciates.*

10. Name two groups of people that would be hurt from the appreciation of Chinese Yuan in 2008 and explain. *Foreign travelers in China, Chinese exporters trying to ship goods abroad, Chinese citizens holding foreign investments, etc. The reason is all of these people are holding OTHER currency and needing Yuan when the Yuan appreciates.*
VISUAL 1

What affects the supply and demand of currencies?

Flexible exchange rates change frequently over time; over years, months, weeks, and even during a given day. The reasons are based on supply and demand.

A. Changes in preferences for foreign goods. For example, if Americans want to buy more American goods from Japan, they will demand more Japanese yen (and supply more US dollars in exchange for yen). The dollar/yen exchange rate would change and the yen would be worth more dollars (and the dollar would be worth fewer yen).

B. Changes in prices in different countries. For example, China experiences high inflation (as in the earlier simulation) compared to the US. The Chinese would supply more yuan to the foreign exchange market. The dollar/yuan exchange rate would change and the dollar would be worth more yuan.

C. Changes in the interest rates in different countries. For example, if you could earn 10 percent on a savings account in Europe and only three percent in the US, Americans would want to supply their dollars and demand more Euros in order to deposit their money in a European bank. The dollar/euro exchange rate would change and the euro would be worth more dollars (and the dollar would be worth fewer euros).

D. Changes in incomes in different countries. For examples, if incomes in the US were increasing compared to those in Mexico people in the US could afford to buy more Mexican goods and more US goods as well. Demand for pesos would go up, and the supply of dollars would increase in exchange for pesos. The dollar/peso exchange rate would change and the dollar would be worth fewer pesos (and the peso would be worth more dollars).

E. Speculation. For example, if many people think that the dollar will increase in value compared with the euro, they will buy (demand) dollars today (and supply euros) in hopes of selling the dollars back at higher prices later. The dollar/euro exchange rate would change, and the dollar would be worth more euros (and the euro would be worth fewer dollars).
Lesson 5:
To Build, or Not to Build
Title: To Build, or Not to Build

Lesson Description

On September 30, 2013 the Atlanta Falcons, the City of Atlanta and the Georgia World Congress Center Authority announced they had officially selected a site for a new retractable-roof stadium. The site, just south of the current Georgia Dome, will be developed over the course of the next three years. By examining numerous potential costs and benefits related to the planned construction of a new retractable-roof stadium, students will have an opportunity to express opinions on whether or not they think this stadium should be constructed. Additionally, students will demonstrate how the circular-flow of economic activity works in a market/mixed economy.

Concepts

Taxation
Opportunity Cost
Role of Government
Circular-Flow of Economic Activity

Objectives

Students will be able to

- Explain how government uses the power of taxation to redistribute income.
- Define opportunity cost as the next best alternative given up when individuals, businesses, and governments confront scarcity by making choices.
- Illustrate by means of a circular-flow diagram, the Product market, the Resource (factor) market, the real flow of goods and services between and among businesses, households, and government, and the flow of money.

GPS Standards

SSEF1: d. Define opportunity cost as the next best alternative given up when individuals, businesses, and governments confront scarcity by making choices.

SSEM11: a. Illustrate by means of a circular-flow diagram, the Product market, the Resource (factor) market, the real flow of goods and services between and among businesses, households, and government, and the flow of money.

SSEMA3: b. Explain the government’s taxing and spending decisions.

SSEPF3: b. Explain how an increase in sales tax affects different income groups.
Time Required

60 minutes

Materials

- Activity 1: For It or Against It?, one copy per student
- Activity 2: To Build, or Not to Build, cut apart
- Activity 3: Circular Flow of Fallocomic Activity, cut apart (enough copies for groups of four)
- Activity 4: How the NFL Fleeces Taxpayers, one copy per student
- Visual 1: New Atlanta Falcons Stadium
- Visual 2: $1.2 Billion Dollars
- Visual 3: How the New Stadium Will Be Funded

Procedures

1. Begin the lesson by asking students if they can name the majority owner of the Atlanta Falcons football team. (Answer: Arthur Blank, co-founder of Home Depot) Tell students that Mr. Blank purchased majority ownership of the team in 2004 and currently has a net worth of approximately $1.7 billion. www.forbes.com/profile/arthur-blank/

2. Display Visual 1: New Atlanta Falcons Stadium and tell students that Atlanta Falcons owner Arthur Blank has decided to partner with the state of Georgia and the Georgia World Congress Center to construct a new state-of-the-art, retractable-roof stadium that will open for business in 2017.

3. Explain to students that they will be looking at potential costs and benefits of building this new retractable-roof stadium for the Falcons in downtown Atlanta.

4. Display Visual 2: One Billion Dollars and tell students that the estimated cost of the new retractable-roof stadium is expected to exceed $1.2 billion dollars. Compare that cost to the items listed so students can get an idea of how much $1.2 billion is worth compared to other familiar goods and services.

5. Ask students who should pay for the retractable-roof stadium construction. (Answers will vary but may include, Arthur Blank, the Falcons, anyone else that may use it in the future.)

6. Display Visual 3: How the New Stadium Will Be Funded and ask students if they have any questions about the funding plan.

7. Explain to students that the hotel-motel tax is something that is used to pay for various projects in a number of cities across the country and is not unique to Atlanta. (More information about the hotel-motel tax can be found here- http://newstadium.atlantafalcons.com/funding/hotel-motel-tax/)

8. Give each student a copy of Activity 1: For It or Against It? and tell them that they will soon hear from twelve different individuals who have opinions about the proposed construction of the new retractable-roof stadium in Atlanta.
9. Distribute each of the Activity 2: To Build, or Not to Build slips to twelve different students. Have each student stand and read their slip to the rest of the class. As each slip is being read to the class, all other students should fill in the appropriate information on Activity 1, PART A.

10. Once all twelve slips have been read ask each student to answer all questions in Activity 1, PART B. Discuss student answers.

11. Explain to students that they will now look at the relationship between the decision to build the new retractable-roof stadium and the circular flow of economic activity.

12. Place students into groups of four and give each group a copy of Activity 3: Circular Flow of Falconomic Activity (all cards should be cut apart in advance). Each student should select one ‘Nametag Card’ and the corresponding ‘Circular-Flow Card.’ Ask students to affix the Nametag cards to the front of their shirts.

13. Tell students that the ‘Money Card’ should start in the hands of the person with the Metropolitan Steel & Iron Company ‘Resource (factor) Market’ nametag card.

14. Ask each group to stand in a circle with the person wearing the ‘Household’ nametag standing across from the person wearing the ‘Businesses’ nametag and the person wearing the ‘Product Market’ nametag standing across from the person wearing the ‘Resource (factor) Market’ nametag. Each student should introduce himself/herself to everyone else in the group according to their nametag.

15. Ask the students with the ‘Household’ nametags what they have to sell. (Answer: their labor). Tell them to sell their labor to the ‘Resource (factor) Market’ in exchange for the ‘Money Card.’ (Resource (factor) Market cardholder should get the Circular Flow of Economic Activity- Labor Card and the Household should get the Money Card.)

16. Ask the students with the ‘Household’ nametags what they plan on doing with the income they just earned. (They can spend or save this income.) Tell the ‘Household’ nametag holders that they have decided to spend their income on a massive BBQ tailgate party at an upcoming Atlanta Falcons game at the new stadium.

17. Tell the ‘Household’ nametag holders to give the money card to the person in their group holding the ‘Product Market’ card. The person with the ‘Product Market’ card should exchange the ‘Circular Flow of Economic Activity- Product Market’ card for the money card.

18. Ask the ‘Households’ nametag holders what they plan on doing with the goods/service they just purchased. (Answer: consume at a Falcons game.) Ask the ‘Product Market’ nametag holders what capital goods they need to cook their BBQ. (Answer: smokers, temperature gauges, knives, etc.)

19. Tell the ‘Product Market’ nametag holders that they need to order more smokers because of increased demand for their products. Each ‘Product Market’ nametag holder should give the money card to the ‘Businesses’ nametag holders in exchange for a ‘Circular Flow of Economic Activity- Businesses’ card.

20. Ask the ‘Product Markets’ nametag holders what they plan on doing with the goods they just purchased. (Answer: use the smokers to produce more BBQ to sell.)

21. Ask the ‘Businesses’ nametag holders what they need to do when they sell all of their smokers and they decide to make more. (Answer: they need to go purchase factors of production (steel) in a factor market.)

23. Ask the ‘Businesses’ nametag holders what they plan on doing with the goods they just purchased. (Answer: Use the steel to produce more smokers.)

24. Conclude the activity by asking the ‘Resource (factor) Market’ nametag holders where they would go if they needed to hire more workers to make more steel for the order just placed by the ‘Businesses’ nametag holders. (Answer: the ‘Households.’)

Extension

25. Give each student a copy of Activity 4: How the NFL Fleeces Taxpayers and ask them to read the article and write a two-paragraph response that either agrees or disagrees with the points made by the author.
Activity 1: For It or Against It?

Directions: As you hear from the twelve different individuals, place a check in the appropriate box that represents their opinion on whether or not the new retractable-roof stadium should be built.

<table>
<thead>
<tr>
<th>PART A</th>
<th>Yes, Build the Stadium!</th>
<th>No, Don’t Build it!!</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta Sports Council Representative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vine City Community Organizer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mount Vernon Baptist Church Member</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlanta-area Construction Worker</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-Owner #1 of the Glenn Hotel</td>
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<td></td>
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<tr>
<td>Co-Owner #2 of the Glenn Hotel</td>
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<tr>
<td>HUGE Soccer Fan</td>
<td></td>
<td></td>
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<tr>
<td>Falcons Season Ticket Holder</td>
<td></td>
<td></td>
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<tr>
<td>Out-of-Town Business Planner</td>
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<tr>
<td>Small Business Representative</td>
<td></td>
<td></td>
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<tr>
<td>Crushed Stone Company Owner</td>
<td></td>
<td></td>
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<td>Citizens Against Corporate Welfare Representative</td>
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</tbody>
</table>

PART B

1. Which side of the argument do you think makes the most sense from an economic perspective? Explain your answer.

2. What is the Atlanta Falcons’ opportunity cost of spending between $700 and $800 million dollars (out of the final cost of $1 billion) on a new retractable-roof stadium?
3. How will the Atlanta Falcons benefit from the decision to spend between $700 and $800 million (out of the final cost of $1 billion) on a new retractable-roof stadium?

4. What are some possible positive and negative consequences of the decision to build a new retractable-roof stadium in Atlanta?

   Positive consequences-

   Negative consequences-

5. If it was up to you to make the final decision on whether or not to build the new retractable-roof stadium, what would you do? Explain your reasoning.
Activity 2: To Build, or Not to Build

Title: Atlanta Sports Council Representative

I represent the Atlanta Sports Council. The Atlanta Sports Council was formed by the Metro Atlanta Chamber of Commerce to address forward-thinking issues associated with hosting major sporting events, as well as an advocate for Atlanta’s professional and collegiate sports teams and annual events.

Over the years, we have played a role in helping to attract more than 50 major sporting events to metro Atlanta, including Super Bowl 28 and 34, the Centennial Olympic Games, two NCAA Women’s Final Fours, four NCAA Men’s Final Fours, three ACC Men’s Basketball Championships, WrestleMania 27, and the MLB, NBA and NHL All-Star Games.

A new, state-of-the-art, retractable-roof stadium is essential if we want to keep bringing world-class sporting events to Atlanta.

Title: Vine City Community Organizer

I’m a community organizer in the Vine City neighborhood of Atlanta. The new retractable-roof stadium will be smack in the middle of my neighborhood if it gets built. I share a great concern with many of my neighbors that the new retractable-roof stadium will bring with it increased levels of traffic and congestion. On top of that, we will be exposed to a massive construction site for the next three years as that thing is being built. The noise is going to be horrible.

Title: Mount Vernon Baptist Church Member

I have been a member of Mount Vernon Baptist church in Vine City since 1962. I remember watching Dr. King’s funeral procession from the front steps of my church. No amount of money can convince me to rip down this historic house of worship. You’re trying to tell me that a bunch of football players are more important than this congregation’s long and storied history.

Title: Atlanta-area Construction Worker

I’m an Atlanta-area construction worker that specializes in steel work. Work has been less than steady for me since the Great Recession began in 2007. I’ve seen the architectural plans for that new retractable-roof stadium and it looks to me like it will take thousands of workers to get that thing built in three years.
# Activity 2: To Build, or Not to Build

<table>
<thead>
<tr>
<th>Title: Co-Owner #1 of the Glenn Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’m a co-owner of the Glenn Hotel in downtown Atlanta. After looking at a local street map I just realized that the new retractable-roof stadium will be just a few steps away from the front door of my hotel. In fact, my hotel will be the closest one to the new stadium.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title: HUGE Soccer Fan</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’m a HUGE soccer fan and have been waiting for Atlanta to get a Major League Soccer (MLS) team since the league was founded in 1993. With the league just announcing that it will be expanding by four teams before the year 2020, this new retractable-roof stadium just might be the major factor that puts Atlanta over the top in the eyes of the MLS. I will be first in line to get season tickets if Atlanta gets a professional soccer team.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title: Co-Owner #2 of the Glenn Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’m the other co-owner of the Glenn Hotel in downtown Atlanta. After reading a recent news report, it just hit me that I will have to start charging every single customer that rents a room from me an extra 7% tax per night. I recall learning in my high school economics class that quantity demanded decreases as price increases.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title: Falcons Season Ticket Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have been an Atlanta Falcons season ticket holder since 1990 and have only missed one game since that time. I have loved the Falcons through thick and thin and have only one major complaint about going to games at the Georgia Dome- I feel that the scoreboards in the current dome are way too small. I want a huge scoreboard like the one they have in Dallas.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title: Out-of-Town Business Planner</th>
</tr>
</thead>
<tbody>
<tr>
<td>I work for a company here in Atlanta that helps out-of-town businesses plan conferences in our city. I am not really looking forward to telling future customers that hotel costs will be going up by 7% as a result of the new hotel tax needed to pay some of the costs of the stadium. Many of our largest competitors in other cities don’t have to worry about this extra 7% tax at their hotels.</td>
</tr>
</tbody>
</table>
Title: Small Business Representative

I represent a group of small businesses located about two miles north of the new retractable-roof stadium site. It’s looking very likely that many of the roads serving my group of business owners will be undergoing major reconstruction over the course of the next three years because of their proximity to the new retractable-roof stadium. Many of these businesses are restaurants and boutiques that rely on daily car traffic for their income. Three years is a long time to deal with all of the construction currently being proposed by stadium planners.

Title: Crushed Stone Company Owner

I am the owner of a crushed stone company in the metro Atlanta area. After looking at the new retractable-roof stadium plans, I’m really excited about the number of new roads and parking lots that will be needed to satisfy the driving and parking needs of all of those fans that will be coming to the new retractable-roof stadium to watch sporting events.

Title: Citizens Against Corporate Welfare Representative

As a representative of the Citizens Against Corporate Welfare group, I am here to speak out against yet another example of taxpayer money being thrown at the feet of some billionaire who is more than able to pay for his own mammoth-sized football palace. If Arthur Blank wants to spend more than a billion dollars just to impress his fellow NFL team owners, let him pay for it himself. There is absolutely no reason why taxpayers should have to help pay for this stadium. We’ve cut funding for schools, our city and state infrastructure is in dismal shape, and we’re closing libraries. How on earth can we justify spending tax dollars for a football stadium at a time like this?
Activity 3: Circular Flow of Falconomic Activity

Nametag

HOUSEHOLD

FRANCIS THE AWESOME STEEL WORKER

Nametag

PRODUCT MARKET

SWEET DADDY’S BBQ CATERING CO.
Activity 3: Circular Flow of Falconomic Activity

**Nametag**

**BUSINESSES**

COWBOY’S MEAT SMOKER MANUFACTURERS, INC.

**Nametag**

**RESOURCE (factor) MARKET**

METROPOLITAN STEEL & IRON COMPANY
Activity 3: Circular Flow of Falconomic Activity

Circular Flow Card- Labor

Circular Flow Card- Product Market

Circular Flow Card- Businesses

Circular Flow Card- Factor Market

Money Card
**Activity 4: How the NFL Fleeces Taxpayers**

*The Atlantic, Gregg Easterbrook Sep. 18, 2013*


Last year was a busy one for public giveaways to the National Football League. In Virginia, Republican Governor Bob McDonnell, who styles himself as a budget-slashing conservative crusader, took $4 million from taxpayers’ pockets and handed the money to the Washington Redskins, for the team to upgrade a workout facility. Hoping to avoid scrutiny, McDonnell approved the gift while the state legislature was out of session. The Redskins’ owner, Dan Snyder, has a net worth estimated by *Forbes* at $1 billion. But even billionaires like to receive expensive gifts.

Taxpayers in Hamilton County, Ohio, which includes Cincinnati, were hit with a bill for $26 million in debt service for the stadiums where the NFL’s Bengals and Major League Baseball’s Reds play, plus another $7 million to cover the direct operating costs for the Bengals’ field. Pro-sports subsidies exceeded the $23.6 million that the county cut from health-and-human-services spending in the current two-year budget (and represent a sizable chunk of the $119 million cut from Hamilton County schools). Press materials distributed by the Bengals declare that the team gives back about $1 million annually to Ohio community groups. Sound generous? That’s about 4 percent of the public subsidy the Bengals receive annually from Ohio taxpayers.

In Minnesota, the Vikings wanted a new stadium, and were vaguely threatening to decamp to another state if they didn’t get it. The Minnesota legislature, facing a $1.1 billion budget deficit, extracted $506 million from taxpayers as a gift to the team, covering roughly half the cost of the new facility. Some legislators argued that the Vikings should reveal their finances: privately held, the team is not required to disclose operating data, despite the public subsidies it receives. In the end, the Minnesota legislature folded, giving away public money without the Vikings’ disclosing information in return. The team’s principal owner, Zygmunt Wilf, had a 2011 net worth estimated at $322 million; with the new stadium deal, the Vikings’ value rose about $200 million, by *Forbes*’s estimate, further enriching Wilf and his family. They will make a token annual payment of $13 million to use the stadium, keeping the lion’s share of all NFL ticket, concession, parking, and, most important, television revenues.

After approving the $506 million handout, Minnesota Governor Mark Dayton said, “I’m not one to defend the economics of professional sports … Any deal you make in that world doesn’t make sense from the way the rest of us look at it.” Even by the standards of political pandering, Dayton’s irresponsibility was breathtaking.

In California, the City of Santa Clara broke ground on a $1.3 billion stadium for the 49ers. Officially, the deal includes $116 million in public funding, with private capital making up the rest. At least, that’s the way the deal was announced. A new government entity, the Santa Clara Stadium Authority, is borrowing $950 million, largely from a consortium led by Goldman Sachs, to provide the majority of the “private” financing. Who are the board members of the Santa Clara Stadium Authority? The members of the Santa
Clara City Council. In effect, the city of Santa Clara is providing most of the “private” funding. Should something go wrong, taxpayers will likely take the hit.

The 49ers will pay Santa Clara $24.5 million annually in rent for four decades, which makes the deal, from the team’s standpoint, a 40-year loan amortized at less than 1 percent interest. At the time of the agreement, 30-year Treasury bonds were selling for 3 percent, meaning the Santa Clara contract values the NFL as a better risk than the United States government.

Although most of the capital for the new stadium is being underwritten by the public, most football revenue generated within the facility will be pocketed by Denise DeBartolo York, whose net worth is estimated at $1.1 billion, and members of her family. York took control of the team in 2000 from her brother, Edward DeBartolo Jr., after he pleaded guilty to concealing an extortion plot by a former governor of Louisiana. Brother and sister inherited their money from their father, Edward DeBartolo Sr., a shopping-mall developer who became one of the nation’s richest men before his death in 1994. A generation ago, the DeBartolos made their money the old-fashioned way, by hard work in the free market. Today, the family’s wealth rests on political influence and California tax subsidies. Nearly all NFL franchises are family-owned, converting public subsidies and tax favors into high living for a modern-day feudal elite.

Pro-football coaches talk about accountability and self-reliance, yet pro-football owners routinely binge on giveaways and handouts. A year after Hurricane Katrina hit New Orleans, the Saints resumed hosting NFL games: justifiably, a national feel-good story. The finances were another matter. Taxpayers have, in stages, provided about $1 billion to build and later renovate what is now known as the Mercedes-Benz Superdome. (All monetary figures in this article have been converted to 2013 dollars.) The Saints’ owner, Tom Benson, whose net worth *Forbes* estimates at $1.2 billion, keeps nearly all revenue from ticket sales, concessions, parking, and broadcast rights. Taxpayers even footed the bill for the addition of leather stadium seats with cup holders to cradle the drinks they are charged for at concession stands. And corporate welfare for the Saints doesn’t stop at stadium construction and renovation costs. Though Louisiana Governor Bobby Jindal claims to be an anti-spending conservative, each year the state of Louisiana forcibly extracts up to $6 million from its residents’ pockets and gives the cash to Benson as an “inducement payment”—the actual term used—to keep Benson from developing a wandering eye.

In NFL city after NFL city, this pattern is repeated. CenturyLink Field, where the Seattle Seahawks play, opened in 2002, with Washington State taxpayers providing $390 million of the $560 million construction cost. The Seahawks, owned by Paul Allen, one of the richest people in the world, pay the state about $1 million annually in rent in return for most of the revenue from ticket sales, concessions, parking, and broadcasting (all told, perhaps $200 million a year). Average people are taxed to fund Allen’s private-jet lifestyle.

The Pittsburgh Steelers, winners of six Super Bowls, the most of any franchise, play at Heinz Field, a glorious stadium that opens to a view of the serenely flowing Ohio and Allegheny Rivers. Pennsylvania taxpayers contributed about $260 million to help build Heinz Field—and to retire debt from the Steelers’ previous stadium. Most game-day revenues (including television fees) go to the Rooney family, the majority owner of the team. The team’s owners also kept the $75 million that Heinz paid to name the facility.

Judith Grant Long, a Harvard University professor of urban planning, calculates that league-wide, 70 percent of the capital cost of NFL stadiums has been provided by taxpayers, not NFL owners. Many
cities, counties, and states also pay the stadiums’ ongoing costs, by providing power, sewer services, other infrastructure, and stadium improvements. When ongoing costs are added, Long’s research finds, the Buffalo Bills, Cincinnati Bengals, Cleveland Browns, Houston Texans, Indianapolis Colts, Jacksonville Jaguars, Kansas City Chiefs, New Orleans Saints, San Diego Chargers, St. Louis Rams, Tampa Bay Buccaneers, and Tennessee Titans have turned a profit on stadium subsidies alone—receiving more money from the public than they needed to build their facilities. Long’s estimates show that just three NFL franchises—the New England Patriots, New York Giants, and New York Jets—have paid three-quarters or more of their stadium capital costs.

Many NFL teams have also cut sweetheart deals to avoid taxes. The futuristic new field where the Dallas Cowboys play, with its 80,000 seats, go-go dancers on upper decks, and built-in nightclubs, has been appraised at nearly $1 billion. At the basic property-tax rate of Arlington, Texas, where the stadium is located, Cowboys owner Jerry Jones would owe at least $6 million a year in property taxes. Instead he receives no property-tax bill, so Tarrant County taxes the property of average people more than it otherwise would.

In his office at 345 Park Avenue in Manhattan, NFL Commissioner Roger Goodell must smile when Texas exempts the Cowboys’ stadium from taxes, or the governor of Minnesota bows low to kiss the feet of the NFL. The National Football League is about two things: producing high-quality sports entertainment, which it does very well, and exploiting taxpayers, which it also does very well. Goodell should know—his pay, about $30 million in 2011, flows from an organization that does not pay corporate taxes.

That’s right—extremely profitable and one of the most subsidized organizations in American history, the NFL also enjoys tax-exempt status. On paper, it is the Nonprofit Football League.

This situation came into being in the 1960s, when Congress granted antitrust waivers to what were then the National Football League and the American Football League, allowing them to merge, conduct a common draft, and jointly auction television rights. The merger was good for the sport, stabilizing pro football while ensuring quality of competition. But Congress gave away the store to the NFL while getting almost nothing for the public in return.

The 1961 Sports Broadcasting Act was the first piece of gift-wrapped legislation, granting the leagues legal permission to conduct television-broadcast negotiations in a way that otherwise would have been price collusion. Then, in 1966, Congress enacted Public Law 89-800, which broadened the limited antitrust exemptions of the 1961 law. Essentially, the 1966 statute said that if the two pro-football leagues of that era merged—they would complete such a merger four years later, forming the current NFL—the new entity could act as a monopoly regarding television rights. Apple or ExxonMobil can only dream of legal permission to function as a monopoly: the 1966 law was effectively a license for NFL owners to print money. Yet this sweetheart deal was offered to the NFL in exchange only for its promise not to schedule games on Friday nights or Saturdays in autumn, when many high schools and colleges play football.

Public Law 89-800 had no name—unlike, say, the catchy USA Patriot Act or the Patient Protection and Affordable Care Act. Congress presumably wanted the bill to be low-profile, given that its effect was to increase NFL owners’ wealth at the expense of average people.
While Public Law 89-800 was being negotiated with congressional leaders, NFL lobbyists tossed in the sort of obscure provision that is the essence of the lobbyist’s art. The phrase or professional football leagues was added to Section 501(c)6 of 26 U.S.C., the Internal Revenue Code. Previously, a sentence in Section 501(c)6 had granted not-for-profit status to “business leagues, chambers of commerce, real-estate boards, or boards of trade.” Since 1966, the code has read: “business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues.”

The insertion of professional football leagues into the definition of not-for-profit organizations was a transparent sellout of public interest. This decision has saved the NFL uncounted millions in tax obligations, which means that ordinary people must pay higher taxes, public spending must decline, or the national debt must increase to make up for the shortfall. Nonprofit status applies to the NFL’s headquarters, which administers the league and its all-important television contracts. Individual teams are for-profit and presumably pay income taxes—though because all except the Green Bay Packers are privately held and do not disclose their finances, it’s impossible to be sure.

For Veterans Day last year, the NFL announced that it would donate cash to military groups for each point scored in designated games. During NFL telecasts that weekend, the league was praised for its grand generosity. The total donation came to about $440,000. Annualized, NFL stadium subsidies and tax favors add up to perhaps $1 billion. So the NFL took $1 billion from the public, then sought praise for giving back $440,000—less than a tenth of 1 percent.

In the NFL, cynicism about public money starts at the top. State laws and IRS rules generally forbid the use of nonprofit status as a subterfuge for personal enrichment. Yet according to the league’s annual Form 990, in 2011, the most recent year for which numbers are available, the NFL paid a total of almost $60 million to its leading five executives.

Roger Goodell’s windfall has been justified on the grounds that the free market rewards executives whose organizations perform well, and there is no doubt that the NFL performs well as to both product quality—the games are consistently terrific—and the bottom line. But almost nothing about the league’s operations involves the free market. Taxpayers fund most stadium costs; the league itself is tax-exempt; television images made in those publicly funded stadiums are privatized, with all gains kept by the owners; and then the entire organization is walled off behind a moat of antitrust exemptions.

The reason NFL executives’ pay is known is that in 2008, the IRS moved to strengthen the requirement that 501(c)6 organizations disclose payments to top officers. The NFL asked Congress to grant pro football a waiver from the disclosure rule. During the lobbying battle, Joe Browne, then the league’s vice president for public affairs, told The New York Times, “I finally get to the point where I’m making 150 grand, and they want to put my name and address on the [disclosure] form so the lawyer next door who makes a million dollars a year can laugh at me.” Browne added that $150,000 does not buy in the New York area what it would in “Dubuque, Iowa.” The waiver was denied. Left no option, the NFL revealed that at the time, Browne made about $2 million annually.

Perhaps it is spitting into the wind to ask those who run the National Football League to show a sense of decency regarding the lucrative public trust they hold. Goodell’s taking some $30 million from an enterprise made more profitable because it hides behind its tax-exempt status does not seem materially different from, say, the Fannie Mae CEO’s taking a gigantic bonus while taxpayers were bailing out his company.
Perhaps it is spitting into the wind to expect a son to be half what his father was. Charles Goodell, a member of the House of Representatives for New York from 1959 to 1968 and then a senator until 1971, was renowned as a man of conscience—among the first members of Congress to oppose the Vietnam War, one of the first Republicans to fight for environmental protection. My initial experience with politics was knocking on doors for Charles Goodell; a brown-and-white Senator Goodell campaign button sits in my mementos case. Were Charles Goodell around today, what would he think of his son’s cupidity? Roger Goodell has become the sort of person his father once opposed—an insider who profits from his position while average people pay.

I wanted to put questions about the NFL’s finances to Roger Goodell. When I was researching my book *The King of Sports*, from which this excerpt is drawn, I requested interview time with Goodell, and he agreed. When NFL headquarters learned that my questions would cover tax exemptions and health issues in the league, the interview was promptly canceled. League spokesman Greg Aiello told me it was not in the NFL’s “best interests” to discuss safety or subsidies.

One might suppose that with football raking in such phenomenal sums of cash, politicians could win votes by assuming populist stances regarding NFL subsidies and exemptions. Instead, in almost every instance, Congress and state legislatures have rolled over and played dead for pro football. NFL owners pressure local politicians with veiled threats of moving teams, though no franchise has moved since 1998. Public officials who back football-stadium spending, meanwhile, can make lavish (if unrealistic) promises of jobs and tourism, knowing the invoices won’t come due until after they have left office.

Politicians seem more interested in receiving campaign donations and invitations to luxury boxes than in taking on the football powers that be to bargain for a fair deal for ordinary people. Arlen Specter of Pennsylvania, a moderate who served 30 years in the Senate, tried to pressure the NFL to stop picking the public’s pocket, but left Capitol Hill in 2011 and passed away the next year. No populist champion so far has replaced him. Specter told me in 2007, “The NFL owners are arrogant people who have abused the public trust, and act like they can get away with anything.”

Too often, NFL owners can, in fact, get away with anything. In financial terms, the most important way they do so is by creating game images in publicly funded stadiums, broadcasting the images over public airwaves, and then keeping all the money they receive as a result. Football fans know the warning intoned during each NFL contest: that use of the game’s images “without the NFL’s consent” is prohibited. Under copyright law, entertainment created in publicly funded stadiums is private property.

When, for example, Fox broadcasts a Tampa Bay Buccaneers game from Raymond James Stadium, built entirely at the public’s expense, it has purchased the right to do so from the NFL. In a typical arrangement, taxpayers provide most or all of the funds to build an NFL stadium. The team pays the local stadium authority a modest rent, retaining the exclusive right to license images on game days. The team then sells the right to air the games. Finally, the NFL asserts a copyright over what is broadcast. No federal or state law prevents images generated in facilities built at public expense from being privatized in this manner.

Baseball, basketball, ice hockey, and other sports also benefit from this same process. But the fact that others take advantage of the public too is no justification. The NFL’s sweetheart deal is by far the most valuable: This year, CBS, DirecTV, ESPN, Fox, NBC, and Verizon will pay the NFL about $4 billion for the rights to broadcast its games. Next year, that figure will rise to more than $6 billion. Because football is so popular, its broadcast fees would be high no matter how the financial details were structured. The
fact that game images created in places built and operated at public expense can be privatized by the NFL inflates the amounts kept by NFL owners, executives, coaches, and players, while driving up the cable fees paid by people who may not even care to watch the games.

In too many areas of contemporary life, public subsidies are converted to private profit. Sometimes, such as with the bailout of General Motors, once the subsidies end, society is better off; sometimes, as with the bailout of AIG, subsidies are repaid. Public handouts for modern professional football never end and are never repaid. In return, the NFL creates nothing of social value—while setting bad examples, despite its protests to the contrary, regarding concussions, painkiller misuse, weight gain, and cheating, among other issues. The No. 1 sport in a nation with a childhood-obesity epidemic celebrates weight gain; that’s bad enough. Worse, the sport setting the bad example is subsidized up one side and down the other.

The NFL’s nonprofit status should be revoked. And lawmakers—ideally in Congress, to level the national playing field, as it were—should require that television images created in publicly funded sports facilities cannot be privatized. The devil would be in the details of any such action. But Congress regulates health care, airspace, and other far-more-complex aspects of contemporary life; it can crack the whip on the NFL.

If football images created in places funded by taxpayers became public domain, the league would respond by paying the true cost of future stadiums—while negotiating to repay construction subsidies already received. To do otherwise would mean the loss of billions in television-rights fees. Pro football would remain just as exciting and popular, but would no longer take advantage of average people.

In 2010, the National Football League moved its annual Pro Bowl away from Honolulu for the first time in 30 years. At the very time Hawaii was cutting its budget for public schools, state lawmakers voted to pay the NFL $4 million per game to bring the event back to their capital. The lawmakers’ gift-giving was bad enough. What was disgraceful was that the rich, subsidized owners of the NFL accepted. Until public attitudes change, those at the top of the pro-football pyramid will keep getting away with whatever they can. This is troubling not just because ordinary people are taxed so a small number of NFL owners and officers can live as modern feudal lords and ladies. It is troubling because athletics are supposed to set an example—and the example being set by the NFL is one of selfishness.

Football is the king of sports. Should the favorite sport of the greatest nation really be one whose economic structure is based on inequality and greed?

Gregg Easterbrook is a contributing editor at The Atlantic. He writes the Tuesday Morning Quarterback column for ESPN.com and has been an on-air football commentator for ESPN and for the NFL Network. This story is adapted from The King of Sports: Football’s Impact on America, out this month.
Visual 1: New Atlanta Falcons Stadium
Visual 2: $1.2 Billion Dollars

$1,200,000,000.00

For $1.2 Billion Dollars You Could Get…

4,000,666 Beats Studio® Headphones by Dre

3,428,571 Round Trip Airline Tickets… Atlanta to Los Angeles

2,400,000 Tickets to Super Bowl XLVIII in New Jersey

1,142,868 Apple MacBook Pros

70,588 Brand New Honda Fits

54,545 Students’ Tuition Paid for One Year at UGA

4,780 New Houses in Metro Atlanta (based on 10/13 median home price)

70 Years of Kevin Durant at His Current Salary

The Atlanta Falcons Football Team AND an MLS Expansion Team
(Falcons valued at $933 million, projected cost of MLS team is $100 million)

❖ Stacked in a single pile of one dollar bills, $1.2 billion dollars would be roughly 74 miles high. (The approximate distance between Atlanta and Athens, GA)
Visual 3: How the New Stadium Will Be Funded

**Atlanta Falcons:** $800 million (partly from personal seat license sales)

**National Football League:** $200 million

**Atlanta’s Hotel-Motel Tax:** $200 million
Lesson 6:
Economic Mysteries
Title: Economic Mysteries

Lesson Author: Mike Raymar

Lesson Description:
Students will work in groups to help solve the mysteries of the defection of a Soviet hockey player, the immigration of a Cuban baseball player, and the decision to build a brand new Falcons stadium when the Georgia Dome is still in good shape. The activities include identifying incentives motivating the decisions and comparing cost v. benefits via the use of clues.

Concepts:
Costs
Benefits
Incentives
Economic Systems (Command v. Market Economies)
Trade-offs

Objectives:
Students will be able to:
• Describe why people and/or corporations make the economic decisions they do; and
• Understand the costs, incentives, and trade-offs of making economic decisions.

Materials
Visual 1
Handouts 1 – 3, one copy to be distributed among groups.
Handout 1A- 3A , one copy, cut apart into strips so that each clue is on a separate strip of paper, and distribute to corresponding group
• Green clue cards correspond to Mystery 1
• Blue clue cards correspond to Mystery 2
• Red clue cards correspond to Mystery 3
Handout 4, one copy for the teacher

Procedure:
1. To begin the lesson, tell the students you are going to watch a short video clip featuring two very famous tennis players – Martina Navratilova and Chris Evert. Show the clip from 17:10 to 19:20.
2. Discuss the following:
   • What choice did Martina Navratilova make when she was 18?
   • What were the costs of this choice and future consequences?
   • What were the incentives of making this choice?
4. Explain to students the concepts in the Handy Dandy Guide:
• People choose.
  o Economic choices are when you compare the benefits to the costs.
• People’s choices involve costs.
  o When you choose one thing over the other, there are costs involved. The opportunity cost is the value of the next best alternative.
• People respond to incentives in predictable ways.
  o Incentives can either be positive or negative. For example, I can give extra points (positive) for those who attend class, or I can deduct points (negative) for those who don't attend class. Either way, more students are predicted to come to class.
• People create economic systems that influence individual choices and incentives.
  o Markets are usually a good way to organize economic activity.
• People gain when they trade voluntarily.
  o If you trade a soda for an ice cream cone, you must feel that the ice cream cone is more valuable to you than the soda. Sometimes after the trade, ex-post, we aren't made better off, but that actually doesn't matter because before the trade, ex-ante, we believe will be better.
• People’s choices have consequences that lie in the future.
  o For example, if you drop out of school, your opportunities in the future will be more restricted, while if you graduate your opportunities in the future will be expanded.

5. Divide students into 3 groups and give one group Handout 1 and green clue cards (from Handout 1A), one group Handout 2 and blue clue cards (from Handout 2A), and the last group Handout 3 and red clue cards (from Handout 3A).
6. Explain to the students that they will need to read the clues and use them to solve the mystery stated on their paper. The numbers on the clues do not signify importance, they are only to make discussion later easier.
7. To begin, they should sort the strips of paper with the clue on them into three piles:
   • 1. Events that contributed towards the mystery occurring;
   • 2. Events that would not contribute towards the mystery occurring.
   • 3. Undecided.
8. Have them work through the economics behind the clues until there are only two piles 1 and 2.
9. After each group has finished, have them pick a spokesperson who will read their mystery aloud to the rest of the class and explain what clues contributed towards the mystery occurring.
10. As each group reports out, reference Handout 4 – Answers, to provide any necessary corrections or clarifications.

Closure

Review the important concepts in the lesson by discussing the following:
• What was the opportunity cost for outfielder playing baseball in the USA?
• What were the costs for hockey player leaving the Country X?
• What were the incentives for the Newtown team to move to Maple County?
Visual 1 – Handy Dandy Guide

The Handy Dandy Guide

1. People choose.

2. All choices involve costs.

3. People respond to incentives in predictable ways.

4. People create economic systems that influence choices and incentives.

5. People gain when they trade voluntarily.

6. People's choices have consequences for the future.
The Mystery of the 23,332% Pay Raise

Directions:
Read the Handy Dandy Guide and the mystery. Read the clues assigned to your group. Be careful. Only some of the clues are useful in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the handy Dandy Guide to figure out a solution to the mystery.

The Mystery...

An outstanding outfielder currently earns $7,000,000.00 per year ($583,333.00 per month) playing United States professional baseball for an elite team. In 2011, the outfielder was earning roughly $300.00 per year ($25.00 per month) playing baseball for the national team in Country X.

Why did the outfielder’s salary increase by 23,332% in such a short period of time?

Use the GREEN clues to figure out your answer.

Record your solution and explain it briefly here:

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The Mystery of the 20-Year-Old Hockey Player Who Left His Family in Country X for an Uncertain Future in Hockeytown, USA

Directions:

Read the Handy Dandy Guide and the mystery. Read the clues assigned to your group. Be careful. Only some of the clues are useful in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the handy Dandy Guide to figure out a solution to the mystery.

The Mystery...

In 1989, at the tender age of 20, the Country X hockey sensation left his teammates, coaches, friends and family behind when he decided to defect and join the Hockeytown team in the United States.

Why did the hockey sensation leave everything in his native Country X for a chance to live in Hockeytown, USA of all places?

Use the BLUE clues to figure out your answer.

Record your solution and explain it briefly here: ______________________________________________
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The Mystery of the Newtown Baseball Team Move to Maple County

Directions:

Read the Handy Dandy Guide and the mystery. Read the clues assigned to your group. Be careful. Only some of the clues are useful in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the handy Dandy Guide to figure out a solution to the mystery.

The Mystery...

The Newtown baseball team have called the city of Newtown home since 1966. In that time they have played in two different stadiums. Newtown County Stadium was home of the team from 1966 until the end of the 1996 season. Baseball Field has been home of the team since the beginning of the 1997 season. In November of 2013 the Newtown baseball team announced that they would be moving to nearby Maple County after the 2017 season.

Why would the Newtown baseball leave a relatively new stadium, and the city they have called home since 1966, for a location just 12 miles away?

Use the RED clues to figure out your answer.

Record your solution and explain it briefly here: ______________________________________________
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<td>1. The outfielder is a very talented baseball player.</td>
<td>2. The state-controlled Baseball Federation of Country X is the governing body of the sport of baseball in Country X.</td>
<td>3. Country X’s climate allows players to play baseball year round.</td>
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<td>4. An elite baseball team was recently sold for $2 billion dollars.</td>
<td>5. Country X has had a state-controlled planned economy for roughly fifty years.</td>
<td>6. The elite baseball team plays in the second largest market in the United States.</td>
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<td>7. Country X’s government outlawed professional sports in 1961.</td>
<td>8. The talented outfielder defected to the United States in 2012.</td>
<td>9. Country X’s leader is a huge baseball fan and played the sport himself as a younger man.</td>
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<td>1. Country X’s athletes were heavily subsidized by the state.</td>
<td>2. The owners of the Hockeytown’s team were free to pay their players whatever salaries they chose.</td>
<td>3. Country X had a planned economy.</td>
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<td>4. Hockeytown is a quaint town with not very much hustle-and-bustle.</td>
<td>5. In 1989, the Hockey League had a lucrative television contract with the Northern Broadcasting Network.</td>
<td>6. Country X’s athletes had no control over wages, working conditions, schedules or team assignments.</td>
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<td>7. In 1989, players in the Hockey League belonged to the Players’ Association, which negotiates and enforces fair terms and work conditions for their players.</td>
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1. The Newtown baseball team is owned by Freedom Media, a corporation headquartered in a state way out west.

2. The Newtown baseball team finished 13th in average attendance during the 2013 season.

3. Newtown is a “college football town.”

4. The Newtown baseball team has never owned the land surrounding their current stadium.

5. Maple County officials have guaranteed more than $400 million in public support for a new baseball stadium.

6. The majority of Newtown fans who attend games live north of the city of Newtown.

7. Newtown lacks a viable public transportation system for many suburban baseball fans.

8. A new stadium for the Newtown football team is currently being constructed in the city.
**Handout 4 - Answers Keys**

**Mystery 1 Answer Key**

This mystery represents the story of Yasiel Puig’s pay increase coming from his Cuban baseball team to play for the LA Dodgers in the United States.

- Clues 1, 2, 4, 5, 6, 7, 8 explain the mystery of the 23,332% increase in outfielder’s yearly/monthly salary.
- Clue 2: The outfielder is a very rare talent. He can hit, throw and field at an extremely high level.
- Clues 2, 5, 7: Country X has a command economy which results in the government deciding how much players earn. All Country X baseball players get paid at very similar levels.
- Clues 4, 6: The elite baseball team is a very wealthy team with enormous television revenues coming in each year. Because the team is in search of a profit they seek out the best players in hopes that these players will lead them to victory. More victories normally translate into more financial earnings.
- Clue 8: By leaving his native Country X, the outfielder was no longer constrained by the state-mandated pay scale.

**Mystery 2 Answer Key**

This mystery represents the story of Alexander Mogilny leaving the once Soviet Union to play for the Buffalo Sabres in New York.

- Clues 2, 3, 5, 6, 7 explain the mystery of the hockey player leaving his native Country X for the Hockeytown’s Team.
- Clue 2: In 1989 Hockeytown’s team signed the player to a four-year deal worth $630,000, which included a salary of $130,000 for his first season. (The hockey player went on to make more than $50 million in his 20-year hockey league career)
- *When adjusted for inflation, the hockey player’s 1989 $630,000 contract would be worth $1,226,078.00 in 2013 dollars.
- Clues 3, 6: Country X had a command economy which resulted in the government deciding how much players earned. The Country X Sports Agency decided where the players would play and who would be allowed to travel to foreign tournaments.
- Clue 5: In 1989 each Hockey League team from Hockeytown earned millions in television revenue. These earnings could be used to pay player salaries.
- Clue 7: The Hockey League Players’ Association is a union that negotiates and enforces fair terms and conditions of employment for Hockey League players.
Mystery 3 Answer Key

**This mystery represents the story of the Atlanta Braves building a new stadium and moving their team Atlanta to Cobb County, Georgia.**

- Clues 1, 4, 5, 6, 7, 8 explain the mystery of why the Newtown baseball team has decided to move to Maple County.
- Clue 1: Freedom Media is a “faceless” corporation that does not have a large presence in Newtown. Ultimately Freedom Media is responsible to stockholders…not so much to Newtown baseball fans.
- Clue 4: For years the Newtown baseball team wanted to develop land surrounding their current home to include shops, bars, restaurants, and housing. For a number of reasons the current landowner (City of Newtown) failed to do much with the surrounding area. The new stadium will allow the Newtown baseball team to develop land surrounding the ballpark.
- Clue 5: Maple County officials have given the green light to financial incentives in excess of $400 million.
- Clue 6: Heat map of Newtown (Atlanta) ticket purchasing.
- Clue 7: Newtown is a car city. Driving into downtown Newtown for a baseball game can take hours.
- Clue 8: The city of Newtown is helping to pay for the new $1.2 billion dollar football stadium. The mayor of Newtown was quoted as saying there just isn’t enough money to pay help pay for two stadiums.