

Phillip A. Miller, Ph. D.

Contact Information:

Associate Professor
Department of Economics
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Education:

BA: Morningside College (December 1988)

Sioux City, Ia.
Majors: Economics, Business Administration
Activities: Collegian Reporter Columnist (1988 calendar year)

MS: University of Nebraska-Omaha (August 1992)

Major: Economics
Fields: International Trade and International Finance

Ph.D.: University of Missouri-Columbia (December 1998)

Fields:
Labor Economics
Industrial Organization
Applied Game Theory
Applied Microeconomics
Applied Microeconometrics
Sports Economics

Dissertation

An Analysis of Final-Offer Arbitration Systems
"A Two-Stage Bargaining Game Defined by Final-Offer Arbitration"
"A Theoretical and Empirical Comparison of Free Agent and Arbitration-Eligible Salary Structures in Major League Baseball"
"Arbitrator Learning with Risk-Averse Negotiators in a Final-Offer Arbitration System"

Professional Work Experience:

Assistant Professor – Minnesota State University, Mankato
Aug 2002 to present
Research Assistant Professor – Department of Economics, University of Missouri
Jan. 1999 to July 2002
Assistant Director – Economic and Policy Analysis Research Center (EPARC),
University of Missouri
Aug 1999 to July 2002

Publications and Research Papers:

"A Comparison of Free Agent and Arbitration-Eligible Salary Structures in Major League Baseball"

Southern Economic Journal (July 2000)

Abstract: This paper presents a theoretical and empirical comparison of salary determination in baseball's free agent market to that used in its final-offer arbitration (FOA) system. The theoretical bargaining model is based on Nash (1950). It is argued that the free agent system and FOA system determine negotiated salaries that are dependent upon the disagreement points of the negotiators. Since the disagreement points determined by the two systems are different, it is concluded theoretically that the two systems will determine salaries differently. The empirical analysis substantiates this. A method is then developed to estimate the effect free agent salaries have on salaries for arbitration-eligible player salaries. It is found that there is a significant positive relationship between them, but the systems do not determine equal salaries for comparable players.

"An Analysis of Final Offers Chosen in Baseball's Arbitration system: The Effect of Pre-Arbitration Negotiation on the Choice of Final Offers"

Journal of Sports Economics (February 2000)

Abstract: This paper describes a model of final offer arbitration (FOA) in which two stages of wage bargaining exist between a risk-averse firm and an employee. In the first stage, the negotiators set their final offers. In the second stage, the negotiators bargain cooperatively. It is argued that such an arbitration system results in final offers set differently from those set in Farber's (1980) model. The addition of the second stage of bargaining alters the incentives the negotiators face when setting their final offers. Consequently, at least one of the negotiators will set a final offer different from that which would be set in Farber's model.

"The Effect of Stadium and Arena Construction on Local Construction Industry Employment: the Case of St. Louis"

Journal of Urban Affairs V2 #2 (2002)

Abstract: This article examines the St. Louis construction industry's employment with special attention given to the periods during which the Kiel Center and Trans World Dome were being built. An econometric model is developed to explain the times series trend of construction industry employment in the St. Louis SMSA. The statistical evidence suggests that the levels of employment in the construction industry are neither higher nor lower during the construction of these stadia. It is argued that construction on these projects merely substituted for other construction projects in this SMSA.

"Does Team Financial Condition Matter in Baseball's Arbitration System?"

International Journal of Sports Finance V1 #3 (2006)

Abstract: This paper explores the effect of baseball's arbitral criteria outlined in baseball's collective bargaining agreement on final offers in Major League Baseball. We argue that although the agreement forbids arbitrators from considering team finances when rendering a decision, teams will trade quality arbitration-eligible players if they cannot afford them. Hence, there will be a premium paid to players as team revenues increase that will appear in the final offers set by player and team pairs. The empirical results suggest that this is the case. Thus, although arbitrators are not allowed to consider team financial condition when rendering a decision, it still impacts the arbitration cases.

“Revenue Sharing in Sports Leagues: The Effects on Talent Distribution”
Journal of Sports Economics V8 #1 (2007)

Abstract: This paper uses a three-stage model of non-cooperative and cooperative bargaining in a free agent market to analyze the effect of revenue sharing on the decision of teams to sign a free agent. We argue that in all Nash equilibria, the team with the highest reservation price will get the player. We argue that revenue sharing will not alter the outcome of the game unless the proportion taken from high revenue teams is sufficiently high. We also argue that a revenue sharing system that rewards quality low-revenue teams can alter the outcome of the game while requiring a lower proportion to be taken from high revenue teams.

“Public Financing and Sports Franchise Values: The Case of Major League Baseball” *Journal of Sports Economics* V8 #5 (2007)

Abstract: This paper examines the impact of receiving a new stadium on team franchise values. I argue that a new stadium will increase the franchise values of teams regardless of how construction was financed. A team playing in a stadium that it owns will be able to capitalize the value of the stadium in the team's franchise value and will thus have a higher franchise value. Using panel data for Major League Baseball teams from 1990-2002, I find that, after controlling for team quality and macroeconomic differences, regardless of the financing mechanism, a team playing in a brand new stadium realizes an increase in its franchise value. I also find that a team playing in its own stadium has a higher franchise value than a team playing in a public stadium. However, the difference in franchise values from playing in a team-owned stadium and playing in a public stadium does not offset the average cost of constructing the stadium. The paper thus provides a deeper understanding of the motives of sports team owners in their lobbying efforts for public subsidies.

“Inelastic Pricing at the Gate: The Case of Individual Teams in Major League Baseball” (working paper with Soonhwan Lee and Ken Park – revise and resubmit request received from the *Journal of Sport Management* in September, 2006)

Abstract: In this paper, we explore the determinants of demand for attendance at Major League Baseball (MLB) games for 23 individual MLB teams during the period 1970 to 2003. Our central focus is to explore team-specific elasticities of demand for attendance. We use Error Correction Models (ECM) to identify these elasticities. The empirical findings show that factors of demand differ between teams with respect to the factors that determine attendance and to the estimated weights. We find that demand for attendance is mostly inelastic with levels varying between teams.

“Between-Team Player Mobility in Major League Baseball – Reserved Players vs. Arbitration Eligibles vs. Free Agents”
(Working Paper)

Abstract: This paper analyzes whether the Coase Theorem is at work in the labor market for professional baseball players. According to the Coase Theorem, a reassignment of property rights should not alter the distribution of resources in the absence of transactions costs. The baseball players’ labor market consists of three tiers: the reserve system, arbitration, and free agency. Players subject to the reserve system and arbitration are only able to negotiate new contracts with their current teams. Free agents may negotiate new contracts with any team they choose. In the absence of transactions costs, we should see similar patterns of migration for players in different tiers. However, it is argued that different tiers present different transactions costs which would be expected to alter the decisions underlying a given player’s decision to migrate. The empirical analysis supports these expectations

“Major League Duopolists: When Baseball Clubs Play in Two-Team Cities”
(working paper)

Abstract: This paper focuses on examining the attendance of MLB teams that play home games in the same metropolitan area – duopoly teams. Comparisons were made between the determinants of attendance for duopoly teams and monopoly teams. While duopoly and monopoly teams share most of the same determinants, the estimated weights on some determinants differ. There is weak evidence that one duopolist’s attendance is negatively related to the other’s performance. There is also evidence that one duopolist’s ticket price is negatively related to the other’s attendance. This is explained by the competitor’s ticket prices being related to that team’s quality and amenities being offered at that team’s stadium.

“Major League Duopolists: When Teams Face Local Competition – A Theoretical Analysis” (working paper)

Abstract: This paper focuses on theoretically examining the demand for a team's games when it faces local competition with a team in its league. I argue that there are three types of fans in a city: fans of one team, fans of a second team, and uncommitted fans of the game. I argue that when there are these types of fans, one team's attendance depends on the other team's performance.

“Subsidized Monopolists and Product Prices: The Case of Major League Baseball”

(working paper – currently under review at *Applied Economics*)

Abstract: In this paper, I analyze the setting of ticket prices when teams receive subsidization from the public. I model teams as entertainment providers, where entertainment is generated by selling wins and amenities. I argue that subsidization of teams generally comes from subsidizing the amenities in and surrounding the teams' stadiums. Subsidization of the amenities lowers the marginal cost of providing them to fans and should drive ticket prices lower. The empirical analysis suggests that this is the case.

Other Research Projects

The Effect of the Playoffs on Baseball Team Attendance

Other Contributions

Quarterly Publications

Missouri Economic Indicators (EPARC) – A quarterly publication detailing forecasts for macroeconomic variables for the state of Missouri and its major metropolitan areas. Published from August 1999 to May 2002

National Economic Indicators (EPARC) – A quarterly publication detailing forecast for macroeconomic variables for the United States. Published from August 1999 to May 2002

Contributing Author

Ingram's – Kansas City's Business Magazine (March 2001). “Pro & Con – Is a Recession Coming?”, p. 15

Other Research

“The Economic Impact of Veterinary Medicine on the State of Missouri” (with C.B Chastain, Richard Antweiler, and Randy Mertens) July 2002

“More than Meets the Eye: A Study of the Economic and Social Benefits of Higher Education in Missouri” (with Eric Parsons) (July, 2000)

Other Written Contributions

The Market Power blog <http://www.marketpowerblog.com>

The Sports Economist blog <http://www.thesportseconomist.com>

Published Book Reviews

National Pastime: How Americans Play Baseball and the Rest of the World Plays Soccer. *International Journal of Sports Finance VI #1 (2006)*

Research Awards

Harry Gunnison Brown Research Fellowship (1998-99 Academic Year)

Superior Graduate Achievement Award (1998-99 Academic Year)

Research Reassignments

“Does Public Funding for Stadiums Impact Team Franchise Values?”

Reassignment for Fall Semester 2004.

“Public Subsidies and Ticket Prices in Sports” Reassignment for Spring Semester 2006

Paper presentations

Missouri Valley Economic Association Regional Meeting (February 1997)

Missouri Valley Economic Association Regional Meeting (February, 2003)

Western Economic Association Annual Meeting (July, 2003)

Missouri Valley Economic Association Regional Meeting (February, 2004)

Missouri Valley Economic Association Regional Meeting (October, 2004)

Western Economic Association Annual Meeting (July, 2005)

Missouri Valley Economic Association Regional Meeting (October, 2005)

Western Economic Association Annual Meeting (June/July 2006)

St. Cloud State University, Seminar (September 2006)

Missouri Valley Economic Association Regional Meeting (October 2006)

Midwest Economic Association Annual Meeting (March 2007)

Missouri Valley Economic Association (October 2007)

Other presentations

Missouri Economic Outlook Conference (University of Missouri) (November 1999 and November 2000)

Kansas City Federal Reserve Bank Annual Economic Roundtable (December 2000)

Minnesota State University College of Social and Behavioral Sciences Frontier Forum (August, 2005)

Current Professional Memberships

American Economic Association (member since 1990)

Missouri Valley Economic Association (member since 2003)
Western Economic Association (member since 2003)
Minnesota Economic Association (member since 2005)
International Association of Sports Economics (member since 2007)
North American Association of Sports Economists (member since 2007)

Referee Experience

Journal of Sports Economics
Journal of Urban Affairs
Contemporary Economic Policy
Journal of Economics
Journal of Law, Economics, and Organization
International Journal of Sports Finance

Editorial Experience

Assistant Editor for the *Journal of Economics* since April, 2004

Teaching Experience:

Instructor/Professor

Minnesota State University
Assistant Professor: Economics 201 (Principles of Macroeconomics)
Assistant Professor: Economics 202 (Principles of Microeconomics)
Assistant Professor: Economics 207 (Business Statistics)
Assistant Professor: Economics 406 (Collective Bargaining)
Assistant Professor: Economics 416 (Sports Economics)
University of Missouri
Research Assistant Professor: Economics 5 (Principles of Macroeconomics), Winter 2002
Research Assistant Professor: Economics 51 General Honors (Principles of Microeconomics and Macroeconomics, Honors Section) 1999-2000 academic year, Winter 2001
Research Assistant Professor: Economics 251 (Intermediate Microeconomics) Fall 1999, 2000-2001 Academic Year
Instructor: Econ 271 (Applied Econometrics) Winter 1999
Graduate Instructor: Economics 251 (Intermediate Microeconomics) Summer 1995, 1996, and 1997
Graduate Instructor: Econ 11 (Natural Resource and Environmental Economics) Winter 1998

Teaching Assistant

Teaching Assistant: Introduction to Macroeconomics (1993-1994 academic year)
Teaching Assistant: Introduction to Microeconomics (Fall 1994 to Fall 1998)

Teaching Awards

Donald K. Anderson Graduate Teaching Award (1996)

Arts and Sciences Green Chalk Teaching Assistant Award (1998)

Offices and Activities

Member of the Minnesota Economic Association Board of Directors (since 2005)

Member of the Graduate Committee, Search Committee, Research Committee,
and Curriculum Committee – Minnesota State University, Mankato

Member of the Interfaculty Organization Budget Committee – Minnesota State
University, Mankato

Member of the Search Committee for the Sports Management Department –
Minnesota State University, Mankato 2004-2005 and 2005-2006 academic
years (outside member)

Economics Graduate Student Organization – University of Missouri

Social Chairman: Organized social activities for the organization, Winter
1994

Co-chairman: Executive for EGSA, Fall 1995, Winter 1996

Search Committee Graduate Student Representative – University of Missouri
(1996 academic year)