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*For the Game. For the World. For the
Economy?*

*The Sports Economics of FIFA World Cups in Germany 2006
and Brazil 2014*

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“For the Game. For the World. For the Economy?”¹

-The Sport Economics of FIFA World Cups in Germany 2006 and Brazil 2014

Introduction

The game of soccer² is, arguably, the most popular one in the world. No other sport is internationally as well known and supported by fans and ordinary people across the world. Hosting the FIFA World Cup, which takes place every 4 years, is one of the greatest privileges and honors of soccer nations. The term *FIFA* derives from the Fédération Internationale de Soccer Association, the governing body of international soccer. The image-building and self-marketing effect of the mega-event is indisputable. However, the hosting of the event is associated with high costs to fulfill FIFA standards and the expectations of the international community. The goal of this research is to analyze the return on investment relating to the World Cup and to find out if it is a beneficial decision to host this mega-event. To fulfill this goal, a comparative study of two countries is conducted: Germany, which hosted the FIFA World Cup in 2006 and Brazil, which did so in 2014. The expectation is that there will be a slightly greater impact on Brazil’s developing economy than there was on Germany’s developed economy. Considering the catch-up effect, since Brazil’s economy is still developing, investment in capital structures and services would result in greater marginal impact than in Germany, which is one of

¹*“For the Game. For the World.”* Is the official motto of the Fédération Internationale de Soccer Association (FIFA)

² Throughout the document the term *soccer* will be used instead of *football*. This choice is made because the research paper was written in the United States. However, more often the sport is known as football due to the origins in England. The majority of FIFA members use the term *football*.

the most developed economies in the world. The return on investment at the national level and for selected cities is expected to be high for Brazil and Germany due to the existence of several professional soccer leagues in both countries. The economic impact of the World Cup is beneficial for Germany and Brazil, because both countries provide enough after-use of the investment spent on the tournament.

The arguments and conclusions will derive from observations of national economic figures and specific example of cities and their soccer stadiums. The findings and evidence from the economic impact in Germany will be used to make predictions about the effects in Brazil over the short term and long term. The consideration of Germany being an industrialized and Brazil a still developing country will be a major aspect to make expectations and conclusions. Therefore, the research is a comparative study of return on investment of FIFA World Cup in Germany and Brazil. The long-term impact on Brazil will be speculative and an expectation only, since the event just took place. This study contributes to the literature of sports economics, in general, and to the literature on the economics of soccer, in particular. It can be of benefit to those interested in the economics of the World Cup, such as managers, scholars, local governments, or sports economists. It can also contribute to further research and/or comparative studies.

1. Economics of Soccer and the FIFA World Cup

How much of modern sport is about the actual competition or the game? The real players in the world of sports are not just the athletes themselves anymore. In fact the real actors are economists, managers and politicians. The Soccer World Cups are opportunities for international politics, nation building and self-marketing. As Hans Bangerter nostalgically explains: ““Sport must remain sport, and it must not fall down into show business; when I was in charge at UEFA it was 75 per cent soccer, and 25 per cent business, money, and now it’s the opposite, a total

change” (Tomlinson, 88). Surely, sports and soccer are interconnected with job creation, high salaries and profit for leagues, other benefits for states and countries. That is why the sport has become a great business and why hosting the FIFA World Cup is not simply about participating and promoting the sport, but rather about benefiting as a country, be it in political, economic or cultural aspects. Studies from the past have shown how business of soccer financially dominates sports worldwide. No other sport has such a large network and great market impact.

1.1 History of Soccer and World Cup

The roots of soccer, the world’s most popular and favorite sport, go back to the 1800’s in England where the first governing body of the sport was established. Of course, humans enjoyed playing with a ball much earlier in time. The rules of the game were changed a few times over the years. With the establishment of the International Soccer Association Board (IFAB), the rules became global and disputes and arguments resolved (FIFA, The Laws). In the next time period, the penalty-kick, referees and the red-and yellow cards system was introduced. In 1913, the FIFA joined the IFAB. Soccer rapidly gained international popularity and it did not take long until the sport called for more global competition besides the Olympic Games. As explained by FIFA, the “... resonance at the Olympic Games intensified FIFA’s wish for its own World Championship. ... Following a proposal of the Executive Committee, the FIFA Congress in Amsterdam on 26 May 1928 decided to stage an official FIFA World Championship: the World Cup was born!” (FIFA, the Origins). Soon after, the first World Cup in soccer took place in Uruguay in 1930. Of course, the participants were limited because of travel arrangements and financial means. That changed with the following World Cups. Countries realized the worldwide acceptance of the tournament and their demand for successfully participating grew. The “World Cup, opened at the Estadio Centenario on 18 July 1930, became a remarkable success, both in a sporting and

financial sense” (FIFA, *The Origins*). Soccer was on the rise from a simple, non-profit game to a source and international market of profit.

Especially with the introduction of television, the game became a “money-spinning phenomenon” (Dunmore, 8). The tournament was now held in a four-year cycle and became more competitive and challenging. In some years, the World Cup was used to spread national propaganda or to prove a country’s international status. The record winner of the tournament is Brazil with 5 wins (1958, 1962, 1970, 1994, and 2002). Today, sport clubs, managers, coaches and politicians are interested in the profit of winning the World Cup. With a positive performance, a country gains in national identity, international recognition and financial profits. The FIFA World Cup nowadays is the most-watched sporting event, watched by millions worldwide with billions of revenue for the governing bodies and participating teams (Dunmore, 235). Soccer and the World Cup underwent a radical change in the past decades and will most likely remain as a symbol of international status and popularity.

1.2 FIFA

The most important player in international soccer in regards to costs and benefits of the World Cup is the FIFA. As explained above, it is the international association that currently governs soccer. It organizes major international tournaments such as the World Cup, Confederations Cup and Soccer at the Summer Olympics. The 110-year old association has 209 members and is headquartered in Zurich, Switzerland.

The financially greatest partners and sponsors of the FIFA are Coca Cola, Adidas, Emirates, Sony, Visa and Hyundai/ Kia Motors. All five brands are in the Global Fortune 500 and to that effect support the FIFA financially by buying marketing rights. That is why in 2013, 88% of FIFA’s revenue came from event-related income, such as TV broadcasting rights, marketing

rights, hospitality rights and licensing rights (FIFA, Financial Report, 17). The association has steadily increased its revenue since the early years of its existence. For example, “2013 was once again a very successful year for FIFA, with a positive annual result of USD 72 million” (FIFA, Financial Report, 14). This number reflects only the current and non-current assets from one year for the association. FIFA’s profits in a year are much higher if the reserves are considered. Much of the organization’s financial resources are kept under reserves. The FIFA World Cup generates the greatest revenue for the organization with approximately \$4 billion (Dobson, 407). Certainly, it is in FIFA’s interest to increase the popularity of soccer and coverage of the World Cup worldwide. Since FIFA’s profits are of such significance, it is important to differentiate these profit figures from the return on investment for the host country.

In the past couple of years, FIFA and its president, Joseph S. Blatter, faced a great amount of criticism over its procedures, financial accounts and media relationship. Sponsors like Emirates and soccer fans around the world are disappointed about the issues that surround the administration of soccer (Tomlinson, 153). Accusations like bribes and corruption put the organization in a bad light. For example, critics argued that FIFA took bribe money to buy votes for hosting the World Cup such as in the case of Russia (2018) and Qatar (2022). Especially in the case of Qatar, the decision to give it to a country where the average temperature is 40 °C and where no significant soccer clubs and stadiums are in existence is dubious. Also, many denounced the organization of being not transparent enough, with salaries, profit and elections. This however changed in the past few years. FIFA published several documents that gave insight in the operations and financial accounts. FIFA furthermore tried to work against the accusation and established new committees and commissions. Moreover, the organization is actively involved in social responsibility, anti-discrimination, Fair Play and respect. Many critics nevertheless remain skeptic about FIFA’s internal operations and decisions. Even though, the

critique and doubt of accuracy within the organization is widely known, there is no question of the authority and power FIFA has. In all likelihood, there will be no change in governance of international soccer. For now, “what is needed is an international, democratic network based on trust, transparency, loyalty and solidarity” (Tomlinson, 193) to attain a positive reputation and acceptance of FIFA worldwide.

1.3 Economics of Past World Cups

The promotions of the numerous benefits from hosting a World Cup often vary from the real effects, outcomes and numbers of the event. “World soccer today is a vast, commercialized, global industry, with huge salaries paid to the biggest stars due to the amounts of revenue generated through the sale of television rights, tickets sales, and sponsorship income” (Dunmore, 1). The revenues indeed show great numbers. However, it is important to put them in relativity with the expenses. There are many standards and requirements to host a FIFA World Cup. The past tournaments in Japan/South Korea (2002), Germany (2006) and South Africa (2010) generated the highest economic impact compared to other sport mega events like the Super Bowl, U.S. Open, Winter Olympics and Major League Baseball World Series (Matheson, Table 1, 26). That puts soccer in relativity with other sports. During the World Cup, “the hosting nation(s) spent large sum(s) of money in development and promotion of security, transport, information technology, arts, culture service and people” (Chukwuebuka, 93+94). Many of these investments and especially the infrastructure are permanent and from benefit for the country after the event. That is why the World Cup is not seen as a 4-week-impact event, but rather a long-term investment.

2. Total Economic Figures: Impact of FIFA World Cup 2006 in Germany

Germany won the right to host the FIFA World Cup in July 2000. That gave the country six years to prepare for the event in making adjustments to stadiums, improving infrastructure, organizing events around the World Cup and establishing business, cultural and tourism programs. The major goal, to promote a cosmopolitan Germany and improve its image, had been reached after a successful implementation of the tournament. Germany was not just globally perceived more positive, but also nationwide generated a positive attitude and cohesion. The German National Tourist Board (GNTB) reports that, “79 per cent [of Germans] believe that the German’s attitude to their country has improved (and) estimates the overall value to the economy of World Cup-induced activity to be around three billion euros”. It can be said that the FIFA World Cup 2006 was a success for Germany although a large part of its economic impact cannot be measured in numbers. It rather is reflected in long-term investments in Germany from new business partners and tourists. The following sections examine more concrete approaches to the German economy, investment and return on investment from employment and tourism figures during the World Cup.

2.1 German Economy

The German economy has shown a constant growth in recent years. The country has a per Capita GDP of \$45,925.470 (IMF, 2014), with over 69 % of its composition coming from services and 30% from industrial production (CIA World Factbook). The GDP falls under the twenty highest ones worldwide. Germany is also a leading exporter of machinery, vehicles, chemicals, and household equipment. Most of the labor force is highly skilled (CIA World Factbook). Within the past few years, the unemployment rate has decreased. After the Gerhard Schröder administration and Angela Merkel’s first term, “Stimulus and stabilization efforts

initiated in 2008 and 2009 and tax cuts introduced in Chancellor Angela Merkel's second term increased Germany's total budget deficit” (CIA World Factbook). However, shortly after, Germany reached a budget surplus due to slower spending of the Germans and higher tax rates. Since Germany shows such a high economic performance, it is difficult for a single event to have a significant impact on its GDP, employment rate, imports or exports.

2.2 Investment Cost

In planning the investment for the World Cup, it was to Germany's advantage that many large soccer stadiums were already in existence due to the many professional soccer teams from the A league. That meant that some stadiums could be renovated only, instead of newly constructed or reconstructed. If there was need for a new stadium or reconstruction, there was no insecurity of finding a tenant of the stadium. Additionally to stadiums, Germany had already a high developed infrastructure and advanced security systems. Surely, there was still much investment needed, but numbers did not reach a record high compared to other mega-events in Germany. As the German government states in its final report on the World Cup, €1.4 billion (\$1.9 billion) of the total expenditures were spent on the renovation and reconstruction of the 12 World Cup Stadiums (German Government, Abschlussbericht 189-191, translated) as well as a total of €3.7 billion on infrastructure; inter alia expanding the A9 and A2 highway, building the A 63 highway, extending the federal railway network and modernizing central stations (A Time to Make Friends, 5-6). The German government did spend money to organize a smooth World Cup that would represent the country in a positive way. Much of the investment went into projects the state would have had to face in the upcoming year, regardless.

2.3 Return on Investment

The financial means Germany spent on the World Cup were returned within the next few years, since the facilities had a profitable reuse. On one hand, Germany is hosting other great international sport events and national cultural events. The host cities are always in need for facilities with large capacities. On the other hand, soccer in Germany is part of the country's culture, lifestyle and business. The country has three professional leagues. The third one was just recently established due to the increased popularity and high level of proficiency of cities' clubs. There are several other high-level leagues that all make use of the advanced stadiums and other facilities from the World Cup. The money Germany spent on renovations and organization of the tournament is returned. That is because of the after use the country has through its many soccer leagues and international tournament participation: "From the German Premier League (Erste Bundesliga) (...) between Bayern München and Schalke or between Hertha and HSV [to] international matches between national teams, as well as European leagues of top club teams" (German government, Football in Germany). Therefore, Germany has both soccer tournaments and cultural events to return the money spent.

A few specific numbers exemplify the return on investment. As Chukwuebuka and Chinedu report in their study, "after tax and repaying the FIFA contribution of €40.8 million –the net profit was €56.6 million which was distributed to the German Soccer Association (DFB) and the German Soccer League (DFL)" (Chukwuebuka, 93). Therefore, German soccer immediately benefited from the World Cup. Most likely, not just by financial numbers but also from positive reputation after the successful completion of the tournament. Also, The German Federal Ministry of the Interior informed that according to a conservative estimate, the economy benefits by about €3 billion (\$4.08) over the next three years and additionally tax revenues of about € 600 (\$816.46) (A Time to Make Friends, 36). Therefore, the World Cup does have an impact on the

country. However, it should be kept in mind that compared to the country's GDP of \$3.227 trillion (CIA World Factbook), \$3 billion over the next three years seem rather insignificant.

Another way to have return on investment and benefit from hosting the World Cup, are the campaigns set up before the tournament. Germany released a marketing and image campaign "Germany- Land of Ideas" to show the world how innovative, productive and competitive it is (A Time to Make Friends, 38). The campaign promoted Germany as a great place for investment and business. It is difficult to provide exact numbers of the economic long-term impact resulting from the campaign. However, most likely foreign investors became attracted and interest in the German economy. Additionally to the campaign, the German Media Service had a special business section, "Made in Germany", set up to inform international business journalists about German companies, markets, products and industries (A Time to Make Friends, 43).

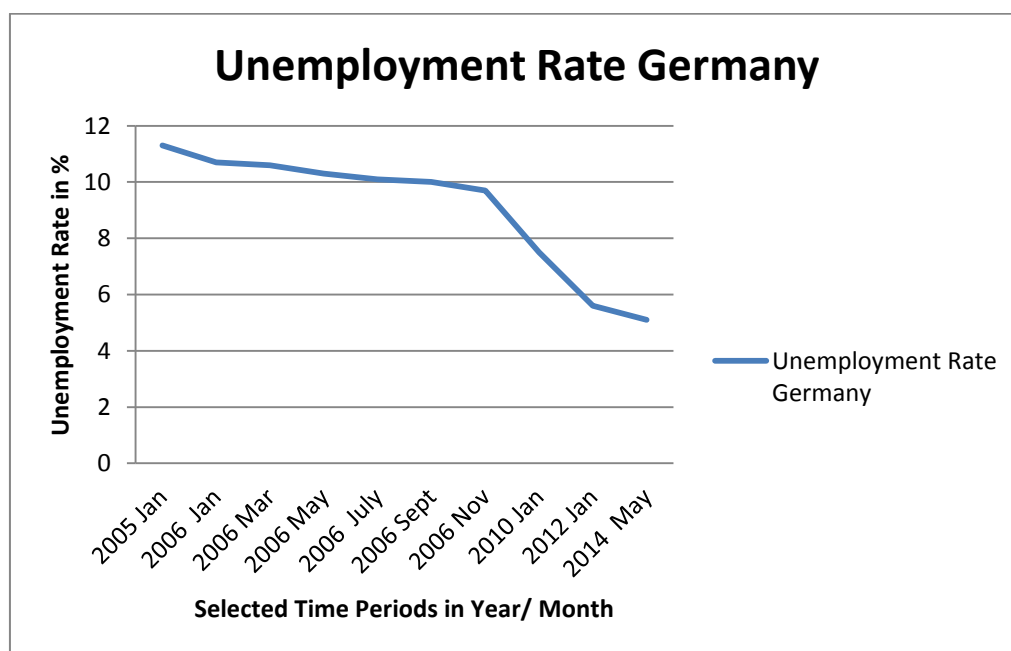
2.3.1 Employment

The statistical data from Eurostat³ explain that there have been minor changes in the unemployment rate during the World Cup in Germany. In Chart 1 it is illustrated that the unemployment rate has fallen on a constant rate in the past year. In January 2005 at a high with 11.3 %, the rate decreased to a current low at 5.1 %. During 2006, the year of the FIFA World Cup in Germany, the rate decreased from January to December by 1.1 %. Even though this is a great change for a country, it must be considered that the rate was constantly decreasing already before and also after 2006. The months during the World Cup did not create an unexpected radical jump in the unemployment rate. Therefore, it can be said that the World Cup specifically did not have a significant impact on employment. Other factors like the launch of reforms by the

³ Directorate-General of the European Commission to provide statistical data to the institutions of the European Union

government and a reduced working hour scheme are more likely to have influenced the steadily decrease in unemployment.

Chart 1 Unemployment Rate Germany



Sources: Eurostat

Florian Hagn and Wolfgang Maennig confirmed with their unemployment studies on the 12 German World Cup cities and 63 other cities the negligible impact. They came to the conclusion that “in none of the respective match venues did the effect of the sporting event on unemployment differ significantly from zero” (Hagn, 3295). The Federal Employment Office and the German Football Association had agreed on a job initiative in advance to the World Cup which did opened 14,500 jobs by mid-March 2006. However, most of the jobs offered were temporary and part-time jobs (A Time to Make Friends, 33). Since most of the stadiums, hotels, restaurants, infrastructure and other facilities of the World Cup existed before the opening match, not many more employees were needed because no new positions opened.

2.3.2 Tourism Figures

Tourism and spending on German goods and services are expected to increase during a mega event like the World Cup. “The German government reported that tourism revenue over the month of the World Cup was up roughly 400 million dollars (and) restaurants and bars were full capacity at all hours of the tournament, and 15 million more spectators arrived in Germany than was expected” (Chukwuebuka, 93). Spectators travelled to stadiums and often connected a few days of vacation to see other parts of Germany. The German Tourism Board stated 12.5 million overnight stays during the World Cup, a plus of 11.5 percent compared to the year before (German Government, Abschlussbericht, 79). Tourism had a positive return on investment during the World Cup. Tourism is most likely a beneficial factor to every country that hosts a World Cup. There is the short-term impact during the duration of the event and the immediate spectators, and there is the long-term impact of visitors that want to see the country in the future if it represented itself in a positive way. The latter is difficult to measure in numbers, since it is difficult to say what incentives the tourist had years later.

3. Total Economic Figures: Expected Impact of the FIFA World Cup 2014 in Brazil

Brazil won the right to host the FIFA World Cup in 2007 and since then organized and prepared the tournament. The government of Brazil, in particular president Dilma Rouseff, was eager to use the mega-event to modify its international resonance. The World Cup was a step to flag the significance of Brazil to the global market. The economic impact of the World Cup on Brazil on the national level is from high significance. Since the government spent a tremendous amount of resources on providing excellent facilities to sport teams and guests, the balance and amounts in other services will shift. In the long run, the FIFA World Cup can be expected to have a large impact because Brazil has not hosted many mega-events according to modern standards

and amounts of spending. The impact on the Brazilian economy will not solely be from measurable economic figures, but also from reputation and image-building. One way or another, since Germany already noted an impact there must be some influence on Brazil's economy, too.

3.1 Brazilian Economy

The Brazilian economy has a GDP per capita of \$11,079.540 (IMF, 2014). In the past years, the country underwent several shifts in economic performances. After a major increase in GDP per capita, employment rate and import and export, economic growth decreased in Brazil again. Brazil's economy momentarily faces a "crippling inflation, widespread poverty, large income inequalities and political instability" (Beary, 1). Brazil is a developing country that shows the typical characteristics of a country in change. Decreasing property and income inequalities in a country of over 200 million people is not an easy task for a government. What makes this even more problematic is the high rate of corruption in politics and leadership, which in turn reflects in the economy. "The state bureaucracy is widely considered to be bloated and corrupt. Brazil ranks 69th out of 178 countries in levels of corruption" (Beary, 4). Nevertheless, Brazil is still the 8th largest economy in the world (CIA World Factbook). It can continue to turn back to growth because its high interest rates offer an attractive destination for foreign investors. Brazil also belongs to the so-called BRIC countries⁴ but differs from them through a stable democracy, no possession of nuclear weapons and no internal or external conflicts (Beary, 5). The country seems to be bilateral in terms of its economy and development. Dilma Rouseff is worried about overheating the economy since the inflation rate is at 6 percent. She, therefore, increases the minimum wage slowly, but regularly to reduce income inequality and shrink the size of the informal economy (Beary, 21). This *informal economy* is another issue for Brazil. It describes the

⁴ BRIC stands for the emerging economies of Brazil, Russia, India and China. Nowadays, there is often added a S, BRICS, for the inclusion of South Africa

widespread black market than does not contribute to the GDP or legal labor market. Brazil is a country with economic gains and losses. The long-term goal is to stabilize the economy.

3.2 Investment Cost

The Brazilian Government spared no expenses to organize a successful FIFA World Cup. Table 1 summarizes the overall costs of the tournament. The expenses are shared by the host cities and the government. Tourism development, renovations and reconstructions of the stadiums and the upgrading of the infrastructure are the major financial factors. They account for over \$4.7 billion. In June 2014, approximately \$3.9 billion had been funded. Additionally to the expenses from Brazil, the FIFA paid another significant amount to make the tournament happen. In their annual financial report, the FIFA states that “Of the event-related expenses of USD 757 million, USD 560 million was related to the 2014 FIFA World Cup Brazil™” (FIFA, Financial Report, 18). However, all these numbers are minimum expenses. The costs of the projects in Brazil rose continuously. There are several unofficial estimates that claim that the whole World Cup costs up to \$14 billion (Colitt, Zimbalist, ESPN). It is difficult to examine the real investment costs of the tournament. Somehow or other, the high costs were numerous criticized by citizens because of the use of tax money. However, even though the money could have been invested in other government services, which are now an opportunity cost of the world cup, the amount spent is still minor compared to the one spent on social services. Dilma Rouseff reported that: “Some people claim that the World Cup’s resources should have been invested in healthcare and education. I have heard and respect those views, but I disagree with them. (...) From 2010 (when construction of the stadiums started) to 2013, Brazil’s federal government, states and municipalities invested nearly R\$ 1.7 trillion in healthcare and education, (...) the amount invested in healthcare and education in Brazil is 212 times larger than the amount invested in

stadiums” (World Cup Portal). Oftentimes, people are searching for a causes or incentives to let frustration on critical issues in a country out. In Brazil, that had happened to be the World Cup. This could be the reason for many complains and demonstrations alongside the World Cup. The spending of \$4.7 billion compared to a GDP of \$2.416 trillion (CIA World Factbook) is a relatively small amount.

Table 1 Costs of FIFA World Cup in Brazil

Factor	Costs in US \$	Paid in US \$
Tourism Development	658,672,426.98	342,297,299.65
Stadiums	2,045,198,386.74	2,028,018,740.63
Urban Mobility/ Infrastructure	2,017,740,211.85	1,554,345,106.09
Total Value	4,721,611,025.57	3,924,661,146.38

Source: Transparency Portal (Brazilian Government)

3.3 Return on Investment

According to the Economic Research Institute Foundation (FIPE) in Brazil, the World Cup is expected to inject approximately R\$ 30 billion into the Brazilian economy (World Cup Portal). The study was based on the economic impact of the Confederations Cup a few months before the World Cup. Compared to the costs of Table 1 in section 3.2, the investment will be returned shortly after the tournament. The study of FIPE examined the initial, direct, indirect and induced impact of the event on Brazil's economy and based the calculation on the sum of public and private investments in infrastructure, spending by local and foreign tourists, and investments by the Local Organising Committee (LOC) on the event (World Cup Portal).

Brian Bary confirms the return on investment in the sector of infrastructure: “As expensive as this (nation’s transportation infrastructure) will be, Brazil will benefit from the

improvement long after the tournament's closing ceremony" (Beary, 30). Advanced ways of transportation will be from benefit for Brazilians, businesses and tourists. Products can be faster and cheaper transported, people can move through the country more easily or get flight connections from renovated airports and business partners can have more frequent face-to-face meetings.

Another conclusion "comes from the feedback received from foreign investors and national exporters who participated in the events organized by the Apex-Brasil (Brazilian Agency for the Promotion of Exports and Investments)" (World Cup Portal). The interest and willingness to buy from Brazilian companies is growing fast because Brazil did not just represent itself as a good organizer of the World Cup, but also because of the amount of business events during the World Cup. For example, entrepreneurs attended meetings and roundtables, strengthened ties and found new product placement opportunities (World Cup Portal). These business events set up by the Brazilian government show that there have been considerations in advance of the impact the Brazilian economy through the World Cup. Apex Brazil made estimates in advance "to generate six billion dollars in business over the next 12 months with the initiative" (World Cup Portal).

Besides a direct return on investment from new business negotiations, from income from stadiums during the World Cup, and from spending by tourists, there will also be a long-term impact on the stadiums months and years after the World Cup. The Brazilian soccer confederation, Confederação Brasileira de Futebol, overlooks numerous national professional and youth leagues as well as tournaments. These leagues have clubs that will be tenants to 10 of the 12 World Cup host stadiums. Only in Brasilia and Manaus are no permanent soccer teams that will use the stadium (Stadiumguide). In all the others are leagues that are part of Brasileiro Série A, Brasileiro Série B, Brasileiro Série C, or Brasileiro Série D (Confederação Brasileira de Futebol). Additional to these professional league levels, there are national tournaments like the

Brasileiro Feminino, Copa do Brasil, Copa do Brasil Feminino, Copa do Brasil Sub-20, Copa do Brasil Sub-17, Copa do Nordeste, Copa Verde (Confederação Brasileira de Futebol). There are numerous soccer games the stadiums will gain in revenue from after the World Cup. Besides the national level there are several state divisions with even more leagues. In 2007, Brazil even set up a women soccer league after the schema of the men's leagues (Brazil set up), which will be using some of the stadiums as well.

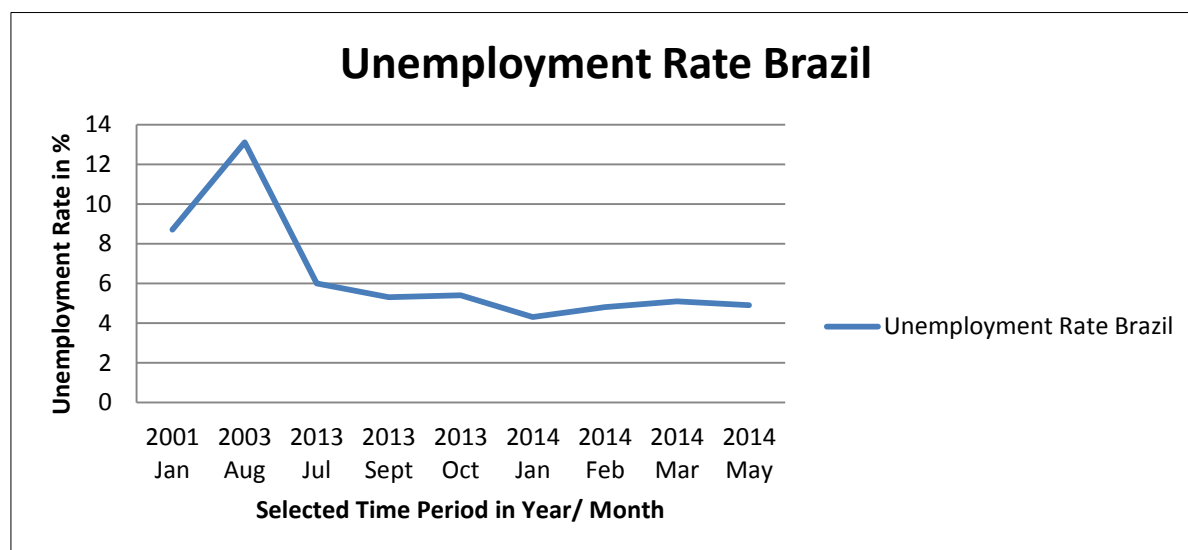
Another event that takes place in Sao Paulo shortly after the FIFA World Cup is the Inas 2014 World Football Championship (Inas, events). Several international teams meet August 11-25, 2014 to participate in the tournament that is set up for players with intellectual disabilities. Therefore, the new-built Arena Corinthians will be in use right after the World Cup and contribute to provide a return on investment. After this event, a major A league team will return to the stadium as well.

There are many impacts that can be measured in numbers to give a clear answer to whether the investment can be returned. However, it should be kept in mind that there are factors that influence the economy which cannot be measured in numbers or other concrete data. As Matheson describes: "It is certainly possible that something intangible (happiness) can produce something tangible (Productivity and real income)" (Matheson, 6). This means, that especially the positive representation of Brazil and its nation building can have an effect on spending and investment because of an increased willingness. Dobson complements this statement: "One of the intangible benefits most widely quoted is civic pride: mega-events bring intangible psychological benefits to the communities that host them" (Dobson, 417).

3.3.1 *Employment*

The effect on Brazil's unemployment rate can only be suggested according to the development of the unemployment rate in the past few years and months. Since there is no data yet for the months and years to come after the World Cup, the following explanations are only speculations about the effects from the tournament. Chart 2 shows the development over the past of the unemployment rate. It demonstrates that the rate did not experience a constant increase or decrease. In fact the rate is very inconsistent. Reaching its high in 2003 with 13.1% and its low in January 2014 with 4.3%, the current rate denotes a pretty low employment rate. Unlike Germany, Brazil created more fixed job opportunities during the World Cup: "Out of the total number of jobs generated by the World Cup, 710,000 are fixed and 200,000 are temporary (all formal), according to the President of Embratur⁵" (World Cup Portal). Since many new facilities were constructed for the tournament, new jobs were created which continue to exist after the World Cup. The stadiums, hotels and other facilities will need employees after the World Cup. In Germany, these facilities existed already before the tournament and could hardly affect overall employment. 710,000 fixed job opportunities in relativity to a population over 200 million is not all that much. That is why it is difficult to say with certainty if the World Cup had an impact on the overall unemployment rate of Brazil.

⁵ Embratur is the Brazilian Tourism Board

Chart 2 Unemployment Rate Brazil

Sources: The Brazilian Institute of Geography and Statistics

3.3.2 Tourism Figures

Shortly after the World Cup, the Brazilian government published data to the overall tourist figures during the World Cup. As stated, “one million foreign tourists visited the country during the World Cup [and] a total of 3,056,397 Brazilians travelled around the country during the tournament” (World Cup Portal). The foreign and national tourists spent money on travelling, accommodation and the World Cup games themselves, contributing to the economic impact of the tournament. In a survey conducted by the government, “services and hospitality were considered positive by 90.5% of domestic tourists, while 83.8% of them thought the same of security. Stadiums got the seal of approval by 92% of Brazilian nationals, while this figure stood at 98.2% of foreign visitors” (World Cup Portal). The positive perception of Brazil’s organization and implementation most likely will have a positive long-term impact on the economy, because tourists are more likely to come back to visit the country and its cities. The slightly more positive perception by foreigners could be due to the different experience of the country. The citizens are

aware of other issues in the country. This can impact their evaluation. Foreign tourists are more likely to evaluate the experience of the time of their stay only.

Hosting the World Cup will have a long-term impact on tourism economy since the event promoted Brazil as travel destination and offers advanced infrastructure (i.e. airports, subways, highways) and facilities (i.e. hotels and stadiums). As Matheson states, “sport fans may enjoy their visit to the city and return later raising future tourist revenues for the area” (Matheson, 7). That can be the same for people watching the WC on television. They might become interested in visiting the country.

4. Comparative Economic Figures for Germany and Brazil

The economic figures and conclusions provided in this section will be drawn from the comparison of a few specific examples of German and Brazilian cities and their stadiums which hosted some of the World Cup games. Table 2 shows significant numbers of the stadiums, of which some were newly built while others were renovated. Information in section 4.1-4.3 will refer to Table 2. Now, the question this section tries to answer is whether the investment and money spent on the stadium was worth it. Will there be a profitable alternative use after the World Cup for these specific examples? The main criteria to choose and compare these particular cities, was their similarity in population. The German cities have a straightforward after-use for the stadium since all tenants play in the first German league. During the season, the tickets are usually sold out and the cities make revenue from the games. In Brazil, the city council has to show a great amount of activism to host other events, since not all of the stadiums are homes to league A teams. Looking at the costs spent, Brazil had to make greater investment for the World Cup. However, some renovations would have been made regardless. As Swantje Allmers and Wolfgang Maennig report, “if the stadiums remain in use after the WC, or would have been built

or renovated regardless of the WC-related costs, [it can be] described as depreciation in cost calculations” (Allmers, 509). Therefore, a tournament like the World Cup often acts as stimulus to undergo the changes which would have been made eventually anyways. The comparison between German and Brazilian cities will give a more detailed answer to return on investment and also act as practical examples in contrast to a majority of theoretic assumptions.

Table 2 Economic Figures German and Brazilian World Cup Cities

City (Population in million)	Stadium/ Size /Date constructed	Cost in US \$	Tenants after WC	Alternative Use
<i>Germany</i>				
Dortmund (0.572)	Signal Iduna Park/ 80,720/ 1974	272,154,000.00	Borussia Dortmund (League A)	International matches, Stadium Tours, Leasing to Private Parties/ Companies
Hamburg (1.751)	Imtech Arena/ 57,000/ 1953, renovation 1998	122,469,300.00 (renovation)	Hamburger SV (League A)	International matches, Stadium Tours, Leasing to Private Parties/ Companies
Berlin (3.502)	Olympiastadion/ 74,064/ 1936, renovation 2004	336,110,190.00 (renovation)	Hertha BSC (League A)	International matches, other sports (i.e. track and field), concerts, Stadium Tours
<i>Brazil</i>				
Cuiabá (0,551)	Arena Pantanal / 41,112 (28,000)/ 2014	256,362,995.58 (reconstruction)	Mixto EC, Cuiabá EC (League A and C)	Shows, Exhibitions, Trade Fairs, Conference Center
Curitiba (1.764)	Arena da Baixada/39,631/ 1999, renovation 2012	146,910,701.03 (renovation)	Clube Atlético Paranaense (League A)	Concerts, Sport events (Tennis, Volleyball, Basketball)
Brasilia (4.041)	Estadio Nacional Mané Garrincha/ 69,349/ 2012	631,036,996.48 (reconstruction)	-	High-profile matches (international, national), Concerts, Conferences

Sources: Stadiumguide (Brazil), FIFA, Transparency Portal (Brazilian Government), World Cup Portal (Brazilian Government)

4.1.1 Dortmund (Signal Iduna Park) and Cuiabá (Arena Pantanal)

Dortmund and Cuiabá both have an approximate population of half a million. The stadium in Cuiabá, Arena Pantanal, was reconstructed for the World Cup unlike in Dortmund where the stadium was in existence since 1974. Therefore, Cuiabá had to spend more money before the World Cup to be able to host the games compared to Dortmund, which has already spent that money decades ago. Arena Pantanal is home to Mixto EC and Cuiabá EC who are playing in the Brazilian A and C league (Brasileiro Série A and Brasileiro Série C). The Clubs most likely appreciated a renovation of their stadium. The Signal Iduna Park is also home to an A league team, Borussia Dortmund. Hereby, both stadiums are in regular use after the World Cup and Arena Pantanal has even two teams playing in the stadium. In the case of Cuiabá, spectators are attracted to see the games because of a new modern stadium. Mixto EC “is the most important club within the state of Mato Grosso and holds one of the biggest fan bases in the Centre-western region of Brazil” (FIFA, Destination). The city should be able to get a return on investment through ticket sales. After the 2014 World Cup, Arena Pantanal will reduce its capacity by 13,112 seats since the teams of Cuiabá are not in need for such a high amount. The stadium will still be large enough to have a great soccer atmosphere as well as to host other events because the arena was constructed as multi-purpose stadium to host “a variety of events such as shows, exhibitions and trade fairs” (FIFA, Destination). It can be said that the economic aspects of building the stadium had been considered in advance. The Brazilian government did create a plan to make revenue after the World Cup from the stadium by designing a multi-purpose arena.

The Signal Iduna Park on the other hand was solely constructed for soccer matches, national and international origin. However, the stadium does provide conference rooms that are

rent to private parties to gain additional revenue from the facility. Companies, organizations, clubs or association can have diverse rooms for their occasions. Furthermore, the stadium has its own website to promote itself, to give regular information of events and games and to organize its renting. These are examples and ways the city of Cuiabá could implement as well as to record revenue additional to the permanent games from the clubs. The architects of the Arena Pantanal have focused strongly on sustainability. That is why the stadium is also called *The Big Green*⁶ (Brazil, Stadiumguide). This is a feature the city should promote on a website and attract business partners with. It shows a city which is able to implement modern standards and architectural proficiency. Summing up, Dortmund has its return on investment mostly from its well-known soccer club, but also Cuiabá has many opportunities to make efficient use of its new stadium.

4.1.2 Hamburg (Imtech Arena) and Curitiba (Arena da Baixada)

Hamburg and Curitiba are both advanced cities with soccer league A teams that are tenants of their stadiums. With approximately 1.7 million people in both cities, the demand for high league professional games is in existence. Hamburg had recently renovated its stadium before the World Cup. Curitiba also did not have to reconstruct the stadium, but was able to renovate it only. The Hamburger SV in Hamburg and Clube Atlético Paranaense in Curitiba bring in regular revenue for the cities. The Arena da Baixada was designed as a multi-purpose arena, “as it has been designed to play host to several events, in addition to football matches [such as] concerts (...) as well as other sport competitions like basketball, volleyball and tennis” (World Cup Portal). With that, Curitiba can increase its revenue and will be able to have the investment returned within the next few years. However, it does depend on the city council’s engagement in hosting great sport events or bringing in popular artists for concerts. The demand

⁶ Translated from Portuguese *O Verdão*

with this large population should exist. Additionally to the 1.7 million in Curitiba, there is a bus terminal 2.5 kilometres from the Arena da Baixada with a frequent connection to São Paulo, from where more spectators could be expected in case of attracting events (Brazil, Stadiumguide).

The Signal Iduna Park in Hamburg experienced its return on investment not just from the games of its local soccer club and leasing of conference rooms, but also from stadium tours offered to visitors, a museum for tourists and hosting international matches such as the Europe League Final in 2010 (Stadiumguide). These are ideas, additionally to concerts and other sport competitions, Curitiba can make use of. Offering tours is a way to make constantly use the stadium. In the case of the Signal Iduna Park and other German stadiums, this service is greatly appreciated by companies, business partners and tourists. When companies meet new partners they are often looking for a cultural event to do. If there are no games, a tour can be an alternative. A business center had been established in the Arena de Baixada to promote the city (Transparency Portal, translated).

4.1.3 Berlin (Olympiastadion) and Brasilia (Estadio Nacional Mané Garrincha)

In the capital cities, and also partner cities, there are enough opportunities and events to effectively reuse the facilities. These events can be of sport, culture or political reason. Berlin and Brasilia both consist of over 3.5 million people, which provide several different interest groups and therefore broaden the choice of events. For example, the stadiums can host less popular artists be as popular which target a specific audience group and the demand will still be there in a multicultural city. A disadvantage for the Estadio Nacional Mané Garrinchan is the fact that no local club has committed to make the stadium their permanent home (Brazil, Stadiumguide). The Stadium therefore relies on cultural events and high-profile matches to experience return on

investment. However, the “environmentally friendly construction project consolidates Brasilia’s status as a world leader in sustainable urban planning, creating a valuable legacy for other sectors of the local economy [and to] host concerts and major cultural events” (FIFA, Destination). These are qualities that promote the city as a place that can compete with other international cities. The stadium can be used as showcase for business partners. Therefore, just as the Olympiastadion in Berlin is used for tours and conferences, the Estadio Nacional Mané Garrinchan should invite companies to hold their meetings in the stadiums.

The stadium of Brasilia is with \$631 million one of the most expensive ones ever to build. It will take the city council several years to reach a full return on investment. That is why the city should use its status as capital. With the right promotion, many international competitions and tournaments of all kind of sports can be held. The interior of the stadium inter alia can even be transformed to a track (Transparency Portal, translated). The stadium in the German capital also has a multi-purpose and was chosen to host international events like the Track and Field World Championships in 2009 and the Champions League final in 2015 (Stadiumguide). Brasilia can apply to host national tournaments and their finals like the Brazil Cup (Copa do Brasil), female Brazil Cup (Copa do Brasil Feminino), Brazil Cup for under twenty and seventeen years old (Copa do Brasil Sub-20, Copa do Brasil Sub-17). Brazil is a nation with a true passion for soccer and celebrating. In the end, it will depend on the city councils to engage in the bid for national and international tournaments and in the organization of other cultural events.

5. Conclusion

No one can forecast the exact economic long-term impact for Brazil. However, what the country did demonstrate and assured was a picture of Brazil as open, democratic and creative society. Brazil presented itself as a modernized country that is innovative and welcoming. Surely,

the country faces major challenges and problems as mentioned in section 3.1. The World Cup, however, was a step to show the world and trade partners that Brazil can contribute to the global market and follow international standards. The research showed that, even though hosting a FIFA World Cup brings many critics, there are advantages for the country. While unemployment rates are less significantly impacted, tourism figures, the stadiums usage and business promotion are benefiting from the tournament. A reason for the skepticism of towards a return on investment in Brazil is the lack of specific numbers. Especially the long-term impacts are only speculations and expectations. Therefore, one might see a larger negative impact. One way or another, Brazil showed the international community that it is able to successfully organize a mega-event with its necessary funding, security and management.

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