

Does the FIFA World Cup boost the economy?

A Presentation by
Matthias Fett M.Sc.

Outline

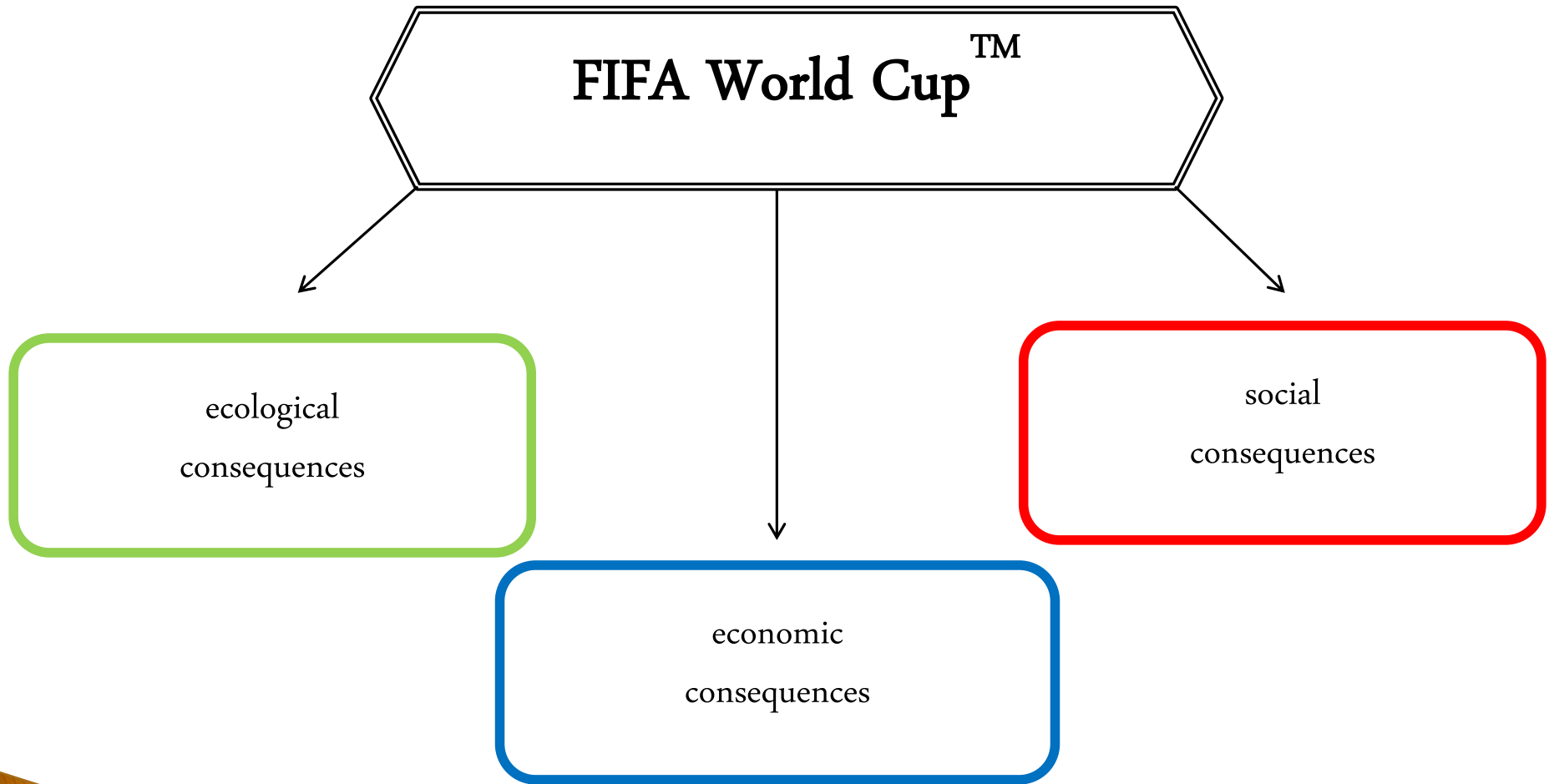
- Theoretical Background
 - What will be looked at?
 - Methodology
 - Hypothesis
- Results
- Policy Recommendations
- References

Theoretical Background I

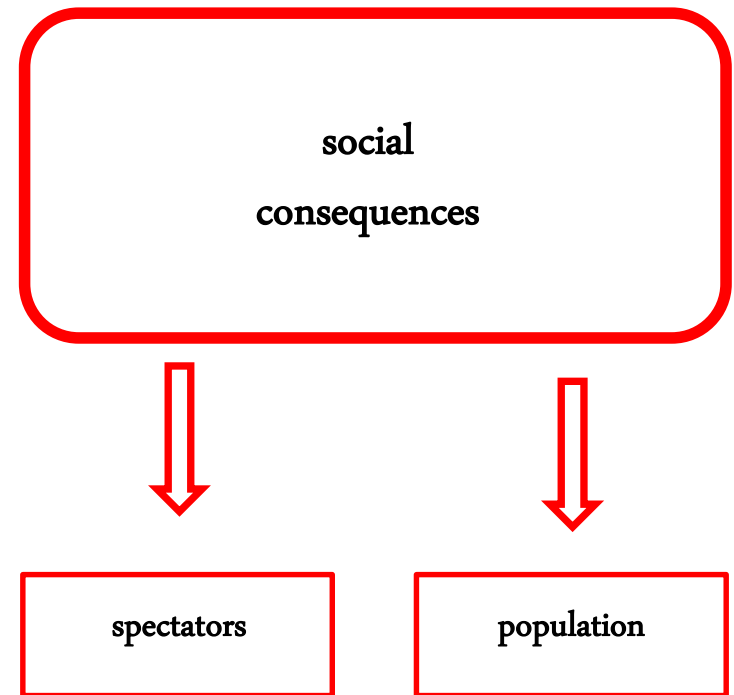
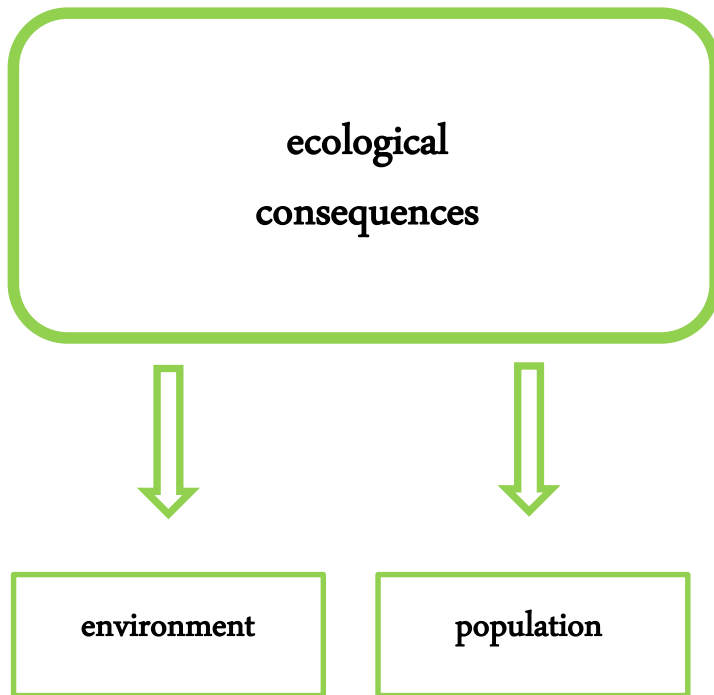
- “The Leaders expressed confidence [...] (and) recognized that hosting these events reflects the positive momentum of developing countries, [...] and that they are potentially **a tool for** their social and **economic development.**”

- (43rd statement of the India Brazil South Africa Forum 2010)

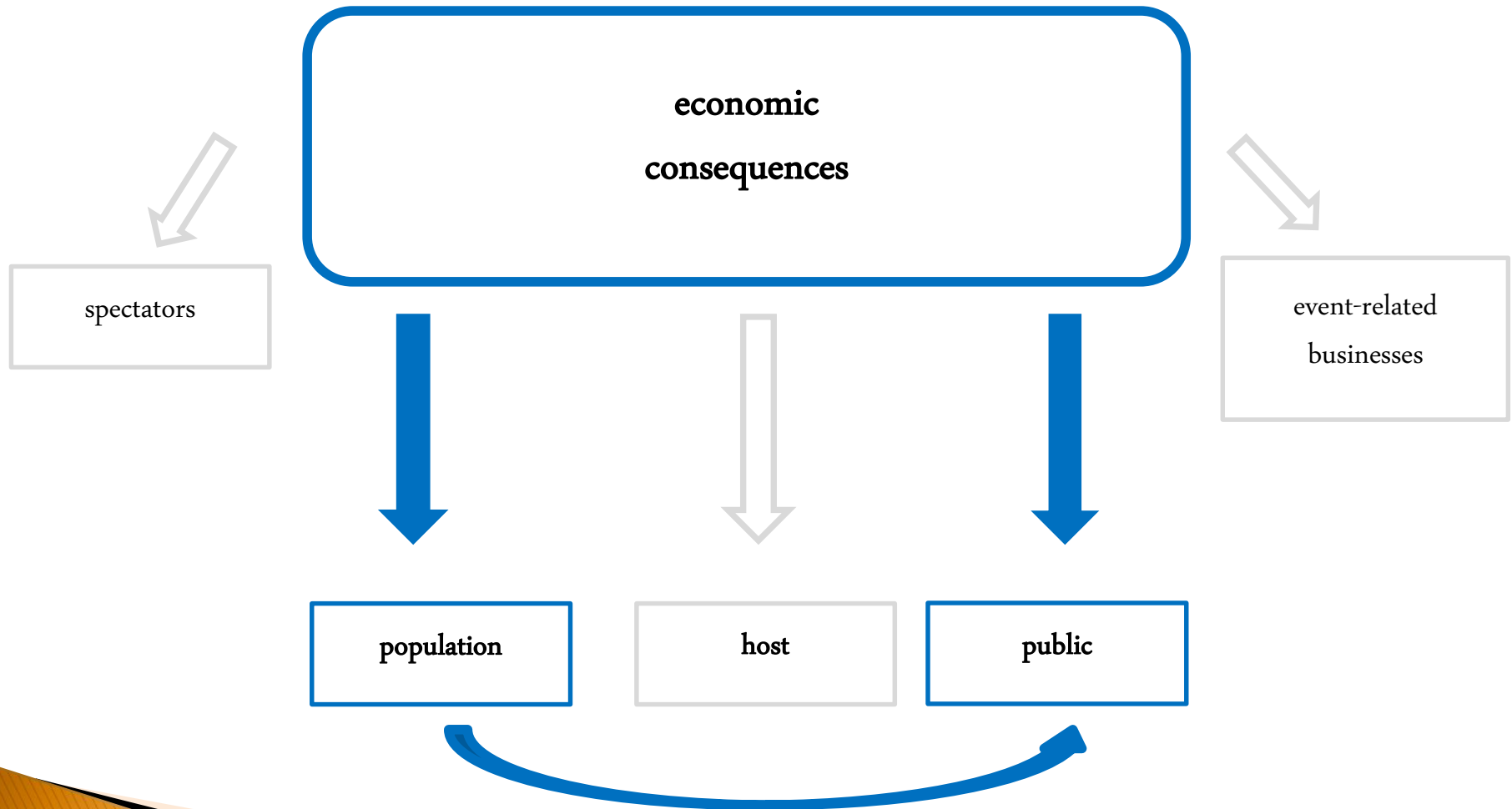
Theoretical Background II



Theoretical Background III



Theoretical Background IV



Methodology

The **Fett Growth Model** after Barro:

$$GDP \text{ per capita growth}_{i,t} = \mu + \alpha_i + \theta \text{ FIFA Host} + \gamma_j \mathbf{D}_{j,t} + \beta_i \mathbf{X}_{i,t} + \lambda_t + \varepsilon_{i,t}$$

- ▶ Fixed Effects model
- ▶ Panel Data

i = country

t = time

μ = constant

α_i = time-fixed constant

θ = FIFA Host Effect

γ_j = Effects of Preparation and Legacy

$\mathbf{D}_{j,t}$ = Dummy variable matrix

β_i = Effects of economic variables

$\mathbf{X}_{i,t}$ = Economic variable matrix

λ_t = country-fixed constant

$\varepsilon_{i,t}$ = error-term

Hypothesis

The FIFA World Cup was not profitable in the past,
but it is today.

$$GDP \text{ per capita growth}_{i,t} = \mu + \alpha_i + \theta \text{ FIFA Host} + \gamma_j \mathbf{D}_{j,t} + \beta_i \mathbf{X}_{i,t} + \lambda_t + \varepsilon_{i,t}$$

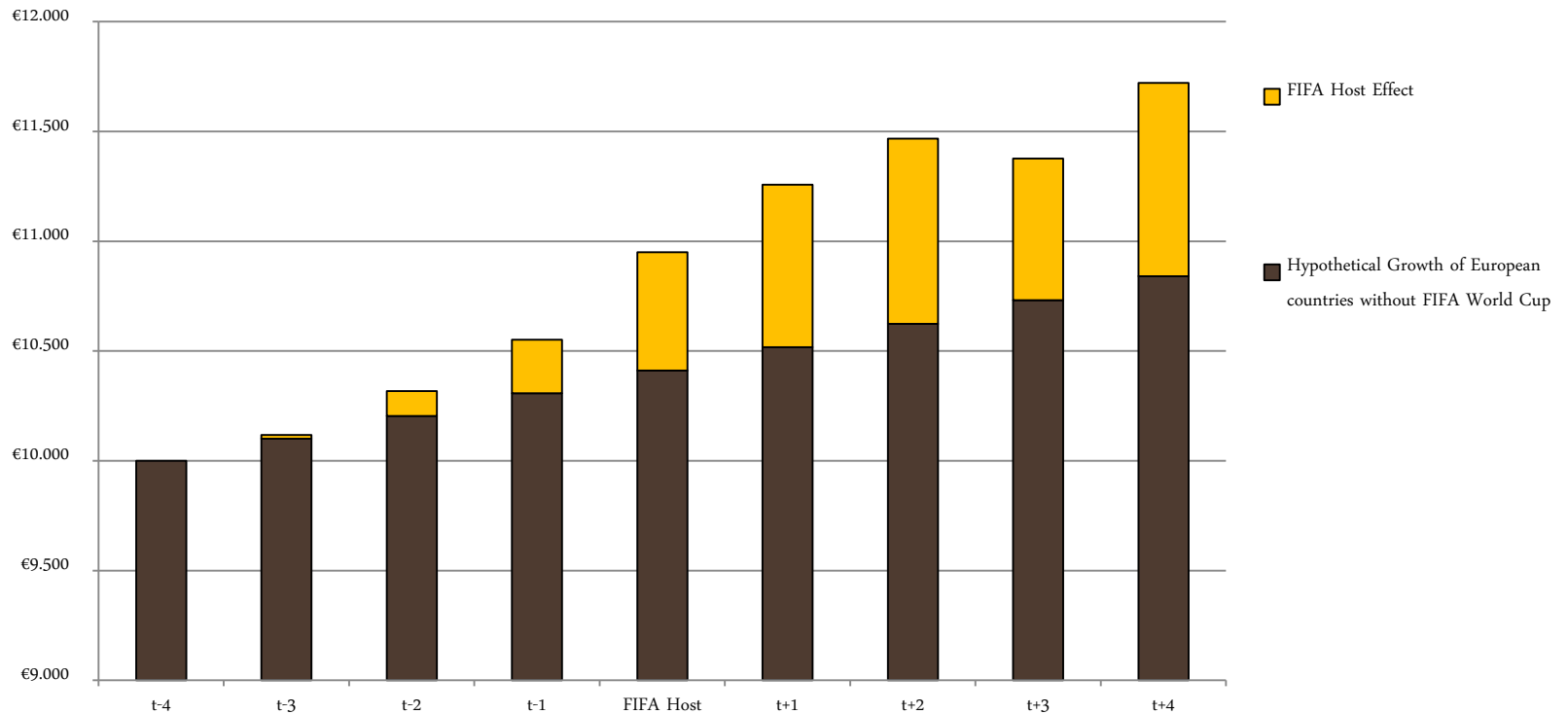
- ▶ 2 samples: European and Non-European countries
- ▶ time period:1991-2014

Results I

	European	Non-European
t-4	0.544	-1.345
t-3	0.166	1.004
t-2	0.960	0.992
t-1	1.257	-0.475
FIFA Host	2.752***	1.588***
t+1	1.804***	0.569
t+2	0.844	1.143
t+3	-1.804	0.620
t+4	2.011*	1.230**
constant	1.014	1.388

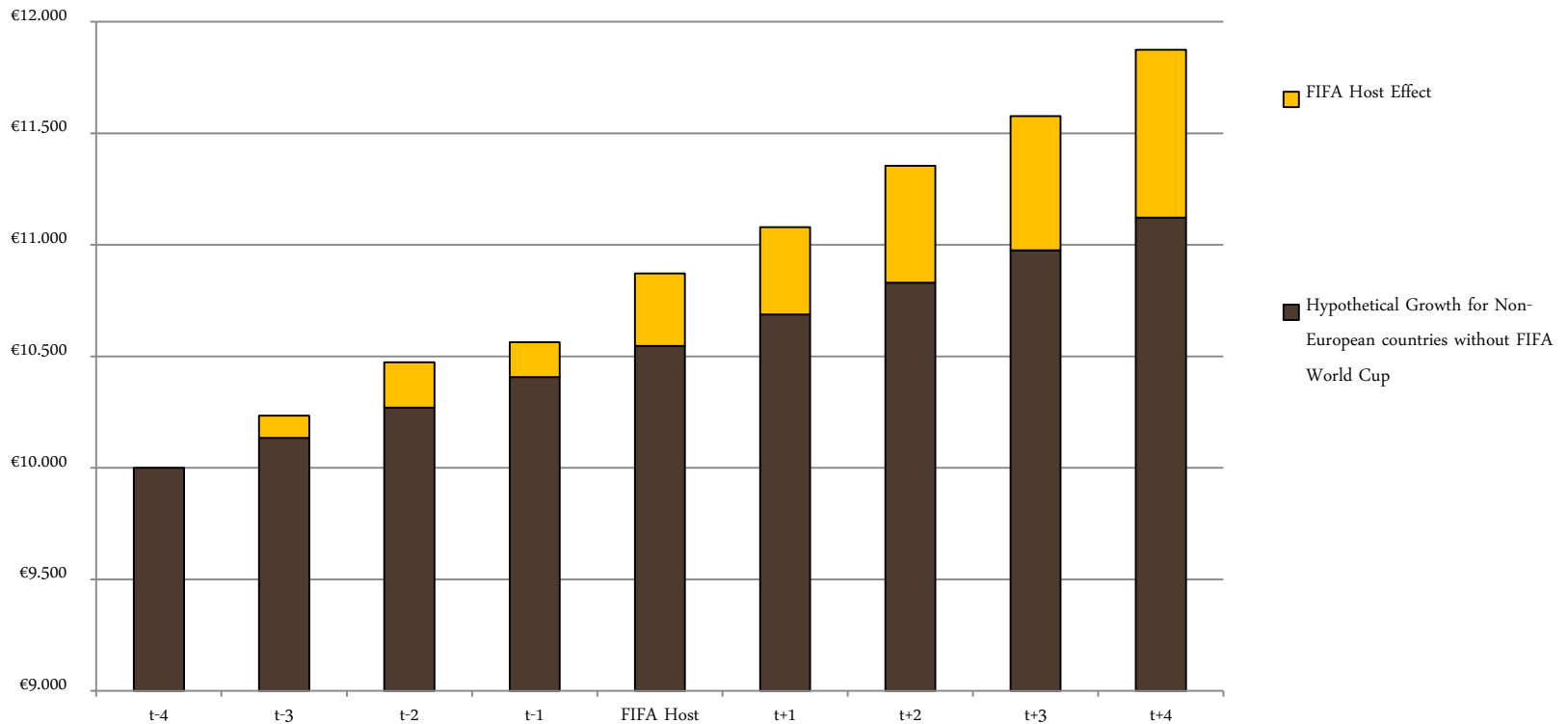
Results II

FIFA Host Effect for European Countries



Results III

FIFA Host Effect for Non-European Countries



Policy Recommendations

- Statement of IBSA Forum **cannot be rejected**.
- The contemporary belief that FIFA World Cups have no or negative effects on the economy **can be statistically rejected**, but only for the time after 1990.
- **Statistically significant positive** results can be incentives for bribery in the bidding process.

Thank you for your attention!

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