

The economics of the World Cup

It is a common misconception that a country's economic situation is improved by hosting the FIFA World Cup. However, conclusive evidence has been presented that the US actually lost \$9.6 billion from hosting the World Cup in 1994, a \$13 billion difference between the \$4 billion profit that was predicted before the tournament. Likewise Germany broke even despite a flawless 2006 tournament and South Africa was in the red after figures from 2010 emerged. The general assumption is that hosting a World Cup *has* to be good for a country: it provides an increase in tourism, creates thousands of jobs and pumps billions of dollars into the country via ticket sales and sponsorship.

But the reality is that this is simply not true. The money spent on hosting the tournament, both the direct cost of setting up the infrastructure (stadiums and security for example) and the opportunity costs (money spent on hosting the tournament that could be used to boost the economy elsewhere) cancel out the revenue. In short, host nations who do an efficient job will be lucky to break even or make a small profit while inefficient or developing nations, such as South Africa, are likely to lose out.

What makes these figures even more astonishing is the fact that FIFA, the sport's international governing body, makes a lot of money for putting on the World Cup. Indeed, statistics at hand from South Africa 2010 show that FIFA earmarked the insufficient sum of \$482 million for assisting with hosting and left the tournament with a \$1.9 billion profit, primarily made via sponsorship. So while Brazil is counting the costs of hosting a tournament that was supposed to help their economy, FIFA will in all likelihood have left with their pockets full. That FIFA should be allowed to profit is another issue entirely but it all leads to the question: why do countries even want to host the World Cup?

To be frank and rather bleak, the answer to this question relates to the motives of each nation's bidding committee. Accepting a reliable conclusion that hosting the World Cup does not improve the economy of the host nation, the people in that nation who *can* benefit financially are those in power with a vested interest in football. In other words, the members of each nation's World Cup bidding committee, for instance former and current national team players, owners or partial owners of soccer franchises, commissioners of soccer leagues, etc. If a country's bid is successful and the profile of the sport is raised in the country, then those are the people who will benefit the most.

Of course, there would be no problem if these men benefited from hosting the World Cup if the average tax payer also saw some benefit. But the figures show that this is simply not the case, despite blatantly exaggerated claims from every World Cup bidding committee from Australia to Russia to Qatar that hosting the World Cup will improve the economy.

Whether the World Cup improved their economy was unimportant. Whether the street vendors who usually sold delicious local food for the equivalent of \$2 and local beer for \$1 were told to make way for FIFA-sponsored vendors who sold hot dogs and tournament-sponsored beer, Budweiser, did not matter. What mattered was for at least a month the people were happy that their country was the centre of the football world and as a result, essentially the centre of the world.

Adapted from SoccerLens.com

Ex. 1 Find the words or expressions in the text which mean the following:

- 1) in the same way: _____
- 2) to be published, to appear: _____
- 3) very much surprising: _____
- 4) to organize something: _____
- 5) available: _____
- 6) to devote money for something: _____
- 7) very probably: _____
- 8) a group of people who apply for something: _____
- 9) a situation in which you care about something greatly: _____
- 10) a business model whereby you may use somebody's logo but have to invest some of your own money first: _____
- 11) to improve the reputation of something: _____
- 12) to overstate something greatly: _____
- 13) a seller: _____

Ex. 2 Match the expressions from the two columns into logical collocations:

- | | |
|-----------------|--------------------------------------|
| 1) to break | out |
| 2) to be in the | jobs |
| 3) to lose | costs |
| 4) to pump | the economy |
| 5) direct | nations |
| 6) opportunity | red |
| 7) to boost | something out |
| 8) to cancel | costs |
| 9) developing | billions of dollars into the economy |
| 10)to create | even |

Ex. 3 Provide English equivalents of these expressions:

1) wyjść na zero	7) sprzedawca (lub dostawca)
2) mieć dług(i)	8) działalność gospodarcza „na licencji”
3) utracone korzyści	9) poprawić wizerunek czegoś
4) ożywić gospodarkę	10)tworzyć miejsca pracy
5) wykluczać się	11)dostępne
6) kraje rozwijające się	12)z dużą dozą prawdopodobieństwa

Grammar corner...

In the text you found a sentence *the sport's governing body*. It added extra information to what was being talked about and you may have known it as a reduced relative clause. Yet today, we will talk about something different. Why *the sport's ...* ? Does the author mention which one? Can you guess which one? Of course you can, it's soccer (or football, as it is known in Europe). The author assumed it, and that's why they used *THE* - one of the much hated articles in English. You have three options to choose from: A/AN, THE, and nothing. **A** essentially means ONE or ONE OF MANY, or ONE YOU HAVEN'T HEARD ABOUT YET. **THE** usually means THE ONE BOTH SIDES OF THE CONVERSATION KNOW ABOUT. Obviously, you knew which World Cup was being referred to by THE WORLD CUP. Everybody has known it, so there's no point specifying. You don't use articles for general or abstract ideas.

Ex. 4 Complete the sentences with a correct article:

- 1) The company hasn't been doing so well, so I guess several people will be given _____ sack quite soon.
- 2) He has _____ stake in the company, so he's entitled to a dividend.
- 3) _____ blue chip companies love sponsoring big sporting events.
- 4) Drugs are illegal and many people want it, so _____ business is very profitable.
- 5) He invested at _____ right moment and basically quadrupled his net worth.
- 6) Our company is in _____ process of being taken over by a rival.
- 7) Have you ever considered _____ career in consulting?
- 8) _____ FX or forex trading means dealing with foreign currencies.
- 9) As _____ shareholder, you can decide about the fate of the company.
- 10) _____ economy is so bad right now that only a fool would decide to have a baby.

GLOSSARY	
a misconception	błędne założenie
likewise	podobnie (jak)
astonishing	zadziwiający
to put something on	zorganizować
at hand	pod ręką
to earmark funds for something	przeznaczyć środki na coś
a bidding committee	komitet ubiegający się o coś
to have a vested interest in something	mieć w czymś interes
to break even	wyjść na zero
to be in the red (black)	być na minusie (na plusie)
to create jobs	tworzyć miejsca pracy
opportunity costs	utraczone korzyści
to be given the sack	zostać zwolnionym
to hold a stake in a company	mieć udział w spółce
to be entitled to something	mieć do czegoś prawo
a blue chip company	duża spółka notowana na giełdzie
to quadruple	zwiększyć czterokrotnie
somebody's net worth	wartość netto danej osoby
FX (or Forex) trading	handel walutami (w księgowości FX to również różnice kursowe, tj. wynikające z kursów walut)
to lose out	stracić (na czymś)
a vendor	sprzedawca (lub dostawca usługi)
a franchise	franczyza (działalność „na licencji”)
to boost the economy	ożywić gospodarkę

ANSWER KEY:

Ex. 1

- 1) likewise
- 2) emerge
- 3) astonishing
- 4) to put something on
- 5) at hand
- 6) to earmark funds / money for something
- 7) in all likelihood
- 8) a bidding committee
- 9) a vested interest in something
- 10) a franchise
- 11) to raise the profile of something
- 12) to blatantly exaggerate something
- 13) a vendor

Ex. 2

- 1) to break even
- 2) to be in the red
- 3) to lose out
- 4) to pump billions of dollars into the economy
- 5) direct costs
- 6) opportunity costs
- 7) to boost the economy
- 8) to cancel something out
- 9) developing countries
- 10) to create jobs

Ex. 3

- 1) to break even
- 2) to be in the red
- 3) opportunity costs
- 4) to boost the economy
- 5) to cancel something out
- 6) developing countries
- 7) vendor
- 8) a franchise
- 9) to raise the profile of something
- 10)to create jobs
- 11)at hand
- 12)in all likelihood

Ex. 4

- 1) the
- 2) a
- 3) -
- 4) the
- 5) the
- 6) the
- 7) a
- 8) -
- 9) a
- 10)The