

UNIDAD EDUCATIVA PARTICULAR JAVIER

BACHILLERATO EN CIENCIAS

MONOGRAPH

**THE FIFA WORLD CUP: ECONOMIC, SOCIAL AND CULTURAL IMPACTS IN
THE HOST COUNTRIES**

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THIRD OF BACCALAUREATE - COURSE A

2019 – 2020

Gratitude

First of all, I want to thank God for giving me the chance to live and my parents for everything they have done to me, my relatives that are always there for me and Mrs. Claudia Lossa and Mrs. Patricia Sanchez for teaching me and helping me to build up towards this monograph and making me a more intellectual and responsible person.

Summary

As we know, the world cup has an absurd amount of viewers and it is recognized worldwide, this monograph is an investigation of the impacts that a World Cup makes not only in the host country even in football fans who desperately wait four years for the World Cup.

The economic impacts that a World Cup makes are huge not only for who is organizing it, the FIFA, but for the host country who makes a huge return of the initial investment, it has been a success for over 80 years and it represents in what has become in the present.

The corruption that FIFA has dealt over the years are very scandalous, contracts highly priced, illegal payments from participants to be the host country, checks from different organizations as television channels, contracts in publicity, contracts from different organization as DATISA who was involved in the most famous case of corruption "The FIFA gate". The election of the host country is very strict and it involves a lot of requirements from the FIFA, these elections have been illegally done in the past but have never been investigated.

Football can also cause emotionalism in a person since it has been proved that what someone feels for his or her football team is parallel to the bond when we are in love with someone, but the bond for football can never be broken or fall apart but as when we are in love it can easily break apart.

The World Cup is the most famous event around the world and is the most prolific one if we take in consideration the money it makes, the tourism that causes in the host country

and the emotions that causes in the football fans it makes it so important for our society and the progress of some countries.

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Introduction

The following monograph is an investigation of *The economic, social, and cultural impacts in a host country of the FIFA World Cup*, which has the purpose to acknowledge the history of this event and the relevancy that has in our society to be considered the most famous event around the world, the idea of creating the World Cup was thought in 1914 and the first World Cup was played in 1930 in Uruguay and it has lasted for over 80 years being a successful event.

The relevance that the World Cup has around the world is immense, over half the world's population watches this happening and it reunites people from every single part of the world that go to the host country to watch their country compete and be crowned as the world champion of football. The objective of this monograph is to investigate the impact that the World Cup does on Earth when is happening. Apart from the statistics of the World Cup it turns people's emotions to another level of satisfaction or disappointment depending in the result of the country supporting. Also one of the purposes of this event in our society it's been solving country's economic problems as it makes a huge amount of profit from the initial investment, also it promotes tourism in a country which it can lead in a famous destination for over half a million persons.

Various football fans have been writing books about what they love about these event and even players who have competed write about their experience playing in a World Cup final and what it feels like, people like Glanville who wrote the book *"The history of the world cups of football"* and even players like Deschamps who won a final with France write about what it feel like and every background story about France 1998.

These famous books have been an excellent example writing this monograph as it sets an idea of what the World Cup is from an inside point of view.

The world cup has been played since 1930 and it has a stoppage of four years, in which new players have the opportunity to develop and better themselves to win as a country. The World Cup has being played for over 88 years and it will continue for the eternity of human's history. It has reunited over 500 thousand visitors from different countries, it has engaged over half the worldwide population to watch a single 90 minute match, and made an uncountable amount of money for the FIFA, countries participating and the hosts country.

This monograph has three chapters in which: the first chapter is an investigation about what football is and what it means to its fans, also it has the story and the creation of the first World Cup; the second one is an investigation about the economic impact that a World Cup makes in a host country and advantages of being a host country in an economic point of view; and the final chapter, corruption accusation to the FIFA, what it requires to be elected as hosts of a World Cup, and the process of the election for the host country.

Number of words: 530

Chapter I

The World Cup

1.1 History of the FIFA world cups

Winning the World Cup was very special because it meant so much to so many.

The smile brought to people's faces was the thing I shall always remember. It reminded me, reminded all of us, of our importance to the lives of Brazilian people
(Pele, 1971, p.1)

This quote represents the meaning and the value in people's lives and feelings that a simple tournament of football can make, its history has a lot of backgrounds and stories that are passed generation by generation.

This sport started, way back ago, in England around the nineteenth century, it was a variation of rugby and slowly the Englands started creating rules for this new sport, at its start it was played without any dribbling and it was a more violent sport, the rules started to emerge around 1820, but this time hands were permitted and the ball can only be passed back as it is in rugby. By the time new rules came up, and football gained popularity, people wanted to go professional on this sport and that is how teams and association were created, then this sport was spread around Europe and South America, and it was well accepted around the world.

The International Federation of Association Football (FIFA) was formed in Paris with seven countries, this included France, Belgium, Switzerland, Denmark, the Netherlands, Spain, Sweden. Later in Germany joint in, this association has been the most important for soccer as it organizes every tournament around the world. And this is the history of the most famous sport around the world and how the FIFA World Cup was created.

1.2 The world cups during from 1930 to 1958

In 1930 took place the first world cup organized by FIFA, it lasted twenty seven days and the preparation for this tournament was difficult as the organization did not have the funds neither a place to make it

At the 1924 Congress, FIFA agreed to assume responsibility for the organization of the Olympic Football Tournament by ratifying the proposal on condition that the Olympic Football Tournament takes place in accordance with the Regulations of FIFA, the latter shall recognize this as a world football championship (Piaget, 2008, p. 22).

FIFA asked for help to the International Olympic Committee to include football as a sport that was played during the Olympic games, they did not accept it and the FIFA organized itself, countries immediately sent proposals to be the host countries and the president Jules Rimet decided to choose Uruguay as it was a country out of the second world war and to be a symbol of peace, it was played by thirteen countries (seven from South America, four from Europe and two from North America).

Piaget (2008) affirms on his book:

Participation in a World Cup taking place overseas, involved a long sea journey. For the clubs it meant they had to renounce their best players for two months, more and more European associations broke their promise to participate. Thanks to Rimet's personal efforts, at least four sets off on the long journey. (p.30)

Countries form South America were: Brazil, Argentina, Bolivia, Peru, Chile, Paraguay and the host Uruguay, from Europe: Belgium, France, Yugoslavia and Romania, from North America: Mexico and the United States. These thirteen participants were

divided into four groups with three countries in each one except for the first group with four, only one country made it to the semifinals.

Piaget (2008) says in his book: "The World Cup; opener at the Estadio Centenario on 18 July 1930, became a remarkable success, both in a sporting and financial sense"

(p.31) The first group was made by France, Argentina, Chile and Mexico with a controversial match Argentina made it through in their last match against Chile by winning 3 to 1. The second group was formed by Bolivia, Brazil and Yugoslavia, surprisingly Yugoslavia made it through as Brazil were favorites. The third group was formed by Uruguay the hosts, Peru and Romania, Uruguay passed to the next round easily. The last but not least group was made by Belgium, Paraguay and the United States, the United States barely made it through to the next round.

The semifinals played by Argentina, Uruguay, USA and Yugoslavia had the same score in both matches, the score was 6-1 with Argentina and Uruguay going to the grand final played in the Centenario. The final was an overcrowded event with 95.000 people attending to the football match, Uruguay scored the opener as Argentina quickly responded with an equalizer, as the second half started Argentina scored another goal, but Uruguay tied it up to later win it 4 to 2 crowing themselves champions of the World in their own stadium. The first world cup was a utter success for the FIFA and the fanatics of football.

The 1938 World Cup was one controversial world cup, was held in France from the fourth to the nineteenth of June, the qualification involved anger from the South American countries since it was the second occasion a World Cup was organized in Europe

“Argentina, who had expected to be the host as part of alternation between South America and Europe, refused to travel. Uruguay were still staying away, leaving Brazil as Latin America's sole representative” (Deschamps, 2004, p. 50). Sixteen countries qualified for this tournament however fifteen played after Austria withdrawal because of Anschluss that was the annexation of Germany and Austria. There was a draw to organize the matches and it ended up in: Italy vs Norway, France vs Belgium, Brazil vs Poland, Czechoslovakia vs Netherlands, Hungary vs Dutch East Indies, Switzerland vs Germany, Sweden vs Austria and Cuba vs Romania. From these countries Italy and Hungary classified to the final and Italy was crowned champion for the second time in a row. The controversy with this world cup is with the champion Italy, this country was being controlled by dictatorship called Fascist Italy, it involved a salute in every match they played, the players were controlled by Benito Mussolini who at that time was Italy's president, if someone was against these actions was kicked out of the team. Down Mussolini orders Italy wore black shirts instead of the white that was proposed representing the symbol of fascists and they had to make the fascist salute before the star of the match (Piaget, 2008).

Chapter II

The impacts of football

2.1 The Impact of football in society

Football is the famous sport around the world and at least three quarters of the world has played it, it is the only sport that can bring millions of people in the same place just to watch games, and in my opinion it is the only sport that can make you feel passionate about what they are watching, it creates thousands of emotions in just 90 minutes. In a high school when the internal games take place, everyone has that passion to support their friends in the football game. In South American countries like Brazil and Argentina every kid dreams to become a soccer player and be successful at it, for example, teenagers that live around poverty, drugs and gangs, this is the only way to stay out of it and concentrate on a responsible life. "Football arouses emotions, sometimes irrational, that cross the border between tribal love and fanaticism, the fans live in a permanent state of love" (Deschamps, 2004, p. 78).

It was certified by a psychologist that football can be related to love, feeling excited, fascinated, and loved can be parallel to what people get when they attend to a football match or by watching on a simple television. Psychologists say that the bond between a fan and football can never be broken as when we are in love this feeling can easily break apart, Football leads you to live a passion which is always young and it's eternalized (Dioro, 2017). It has changed thousands of lives around the world, it brought happiness to millions of people but at the same it sadness or disappointment when they team losses, it gave an opportunity in life to unfortunate individuals, also millions of people either work as reporters, football analyst, in clubs, trainers or being a soccer

player, I think everyone that likes football would love to become one but not everyone has the opportunity to be born with those abilities and skills.

2.2 The economic impact of the World Cup

Since the start of the World Cup in 1930, it was very obvious how famous it was going to become and how many people will get to reunite to watch their country compete in this event. If we bring statistics about the popularity of the last World Cup, around 1.5 million people went to Russia just to be there and attend the games, about 2,75 million tickets were sold, and around 3200 million people were watching at home and that is half of the population worldwide.

This event of a sport is becoming more a business from the FIFA and the host countries as each country is trying to host it since it makes a huge profit, Russia invested \$5940 million for the preparation of the World Cup as they had to spend money on their stadiums, Russia built 8 stadiums in total for the World Cup as they had to follow certain rules the FIFA established, the stadium that hosted the final and the first game had to have a minimum capacity of 80.000 spectators, the rest of the 11 stadiums in order to be accepted by the FIFA, had to at least have a 40.000 capacity. The investment that Russia made was enormous, the money spent in Russia has surpassed every other World Cup, the host country gained about \$782 million from the tickets, initially the money from the sale of the tickets is kept by the FIFA but every year the committee determines the percent of the profit that the FIFA gives to Russia in this case. Another big part of this business are the sports channels, these companies have to pay extremely large amounts of money in order to transmit the World Cup to their customers, this amount of money is kept by the FIFA and it is impossible to know the exact number of these contracts.

“But not everything is a direct income from the event, the organizing committee of Russia 2018 indicated that in the construction of the stadiums, the hotel industry, tourism and other related work, approximately 220 thousand new jobs were created, which was reflected in an increase in the income of the Russian population in about 7,000 million dollars and the GDP increase by 1% in the last 5 years” (Blanc, 2010, p.72).

If we break apart these numbers we can visualize the huge amount of money and opportunities the World Cup brings to the host country, about 22 thousand people benefited directly from this event since they got a new job. The economy of Russia increased in just 2 months that is what the world cup lasts and in a huge part.

But everything has a dark side and in this case is what happens when the world cup ends and it is very frustrating for the host country since every business that was established for this specific event has to shut down, also the country enters in recession which is very dangerous for a country that is not capable of resisting the recession, since everything has been raised in price, companies have to let this prices take a huge dip because Russian people cannot afford what companies used to offer to tourists. Also, the government has to take action in this situation as many people lost their jobs, maintaining the stadiums is highly priced and if they have no intention to pay for the maintenance, the stadium becomes like in Brazil a parking lot for buses, in which the country paid about \$500 million to build.

The mafia also takes a big part in this business as they use this event for an opportunity to money laundering their illegal money, also contracts with highly raised priced materials for stadiums, fake contracts, the investment of drug dealers come to place and

all the corruption that the FIFA and the host country are part of in order to gain extra money from those associations

In conclusion, the World Cup is a viable way to benefit from it since it makes a huge return from the investment that was initially made, but if the country is not prepared for what happens after it could become a catastrophe for the host country.

Number of words: 1042

Chapter III

The organization of the World Cup

3.1 The election of the World Cup

In the first World Cups, the decision is taken at FIFA meetings, which led to controversies and boycotts between South America and Europe. To avoid boycotts, from 1958 to 1998, FIFA was alternating the hosts between America and Europe. That trend broke in 2002 and the World Cup was held in South Korea and Japan together. In 2010 it was held in South Africa, and in 2014 in Brazil.

The host election is currently held by a vote of the FIFA Executive Committee, voting is done through a single transferable voting system. Football associations in countries that wish to host receive a FIFA "Host Agreement", which explains the necessary steps and requirements, and a form to officially confirm the application. After this, FIFA designates a group of inspectors visiting the country to determine what meets the requirements to host the event. The decision on who will host the Cup will be currently six or seven years before the tournament.

The rotation policy was published after the policy surrounding Germany's victory over South Africa in the vote for the 2006 tournament. However, this continental rotation policy did not continue in 2014, so any country, except for those belonging to the confederations that hosted the two previous tournaments can offer themselves as hosts of the World Cup.

3.2 Requirements to be elected as the host

In order to be elected as host FIFA requires certain rules to be chosen:

Government endorsement and backing. The country and FIFA must have the total help of the government for the acknowledgment and association of the World Cup.

Security is one of FIFA's fundamental concerns and one of the keys focuses on the choice. The countries that expect to host must have security plans.

The nation must have at least twelve present day stadiums with a capacity of 40 thousand individuals for the primary stage and 80 thousand for the second.

Infrastructure quality. Preparing spaces are required for teams and press centers that have the necessary innovation.

Economy and stable society. This is mentioned to appreciate an occasion free of issues or difficulties that may influence individuals.

Hotels foundation. This is a significant point for FIFA because , since a large number of travelers go to the World Cup, nations are mentioned to have a specific hotel capacity and high caliber. It should consider the space for visitors, players, press, and directors among others.

Sports and organizational experience of the country. Different investigations are done on how the nation's association with football is, the nation's involvement as an organizer of sports tournaments.

Medicinal services. You should have accessible and quality medical, considering all outsiders and the proximity between hotels, resorts, and stadiums.

Financial limit. Every country must have a money related arrangement for the occasion and afterward present it to FIFA, you should have financial projections and the number of tickets that are expected to be sold.

Communication systems. It is fundamentally, l that the host has coverage and capacity with regards to the millions of individuals who meet. At the very least, FIFA is

mentioning TV, web and an uncommon satellite so the coverage arrives at the whole world

3.3 FIFA Gate, the most famous case of corruption

The case of corruption in FIFA (International Federation of Associated Football), also called in the media discipline as FIFA Gate, is a sports scandal, after the Swiss government abruptly broke into a hotel in Zurich as a result of years of several investigations of corruption instances in which the FIFA has been involved. The expenses for which they're accused consist of bribery, fraud and money laundering. The criminal research finished by using the New York Prosecutor's Office with the attribution of media rights and advertising and sponsorship rights for the US and South America of competitions prepared through FIFA.

Fourteen people, which includes nine associated with the governing of FIFA, had been charged in May 2015, in connection with an investigation with the aid of the USA Federal Bureau of Investigation (FBI) of fraud, organized crime and cash laundering that has lasted several years (Schulz, 2016). Seven FIFA officials have been arrested at the Hotel Baur au Lac in Zurich on May 27, they had been preparing to attend the 65th FIFA Congress, whose application included the election of FIFA president among applicants, former president Joseph Blatter and aspiring Prince Ali bin Hussein.

The detention center on the alleged use of bribery, fraud and money laundering, to corrupt the outlet of the media and commercialization rights of FIFA games in America, anticipated at 150 million dollars, it consists of as a minimum \$ 110 million in bribes related to the Copa América Centenario, which was played in the United States in 2016. In addition, the accusation alleges that the bribe changed into used in an attempt to

influence sponsorship contracts of clothing, the selection system for the 2010 FIFA

World Cup host and the FIFA presidential election in 2011.

Chuck Blazer, a former CONCACAF football respectable, has provided studies assistance, after his mystery guilty plea, in a 2013 court case.

“The records of bribery, paid to the leaders of the South American Football Confederation (CONMEBOL), is also investigated to ensure television rights of the next four versions of the Copa América, including the celebrated in Chile in 2015” (Klostermann, 2017, p. 64).

“The corporation Datisa, might have made bills totaling one hundred million dollars in 2013, turning in 3 million to the president of CONMEBOL and the presidents of the institutions of Brazil and Argentina, five million to every, of the alternative seven presidents of the confederation, and 500 thousand dollars, for every other eleven CONMEBOL officials” (Klostermann, 2017, p. 68).

Eugenio Figueredo, former president of CONMEBOL, acknowledged that he and other managers of the organization, acquired money from television agencies to want them commercially, additionally admitted that the presidents of every federation, received monthly salaries that have been now not listed, inside the legitimate stability sheets.

Number of words: 996

Conclusion

- The World Cup is the most famous event around the world, over half a million people went to Russia to have the opportunity to watch a live game, and the final match was seen for over half the population worldwide.
- Football statistically is the most watched sport on Earth and has been a relevant sport for over 80 years since it was created by England.
- Football has changed lives and gave an opportunity to hundreds of people to succeed in life and be the person they wanted.
- In poor countries football becomes their only hope to have a better life, these countries suffer from gangs, drug dealing, and violence and sometimes football is the only answer to stay away from it.
- The first World Cup was a un utter success bringing football players from Europe in the decade of 1930 to 1940 was very difficult since it was a long trip. The success of this event brought the idea of organizing it every four years and the rest is history.
- The economic impact a World Cup in our world is immense, every four years, millions of dollars are made and every year the popularity increases. The economy of the host countries increases in a huge part, new jobs are created, the hotels in that country receive a lot of tourists, companies raise their prices of their products for their tourists, the ticket sales are a huge amount of money made and in every single aspect the World Cup benefits the host and the FIFA.
- The downside to this event is what happens after the World Cup, the country enters in a state of recession in which the economy is affected since everything

has to take a huge dip in their prices and if the country is not able to resist from this recession it could be a fatal catastrophic for the country.

- The mafia takes another part in this event since they use it to launder money and benefit from their initial investment.
- The corruption in the election of the host country is another downside of the event, FIFA gains illegal money from the participants in order to be elected, another corruption case caused by FIFA is when they organize the television channels able to record the World Cup.

Number of words: 380

Recommendations

- The recommendations after writing this monograph are that usually people do not think that in a sport corruption can occur but is way more easy to gain illegal money from these organizations since they are rarely investigated, when the FBI investigated the case of corruption of "Copa Centenario" every single person that was involved got caught and even the vice president of the FIFA was a part of this case of corruption.
- The recommendation to this issue can be that countries can investigate deeply in what the associations of football are spending money and from where and who they are receiving in order to control more the corruption not only in football but in every country.
- Another recommendation can be that the FIFA controls more the prices that a host country puts on the market when the World Cup occurs since they cannot be afford by a local person, these persons have to spend more money in what they did not usually waste just for the benefit of the some companies.

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