

## What can France gain from a World Cup final?

France, at 1.1 billion euros the highest valued team at the World Cup, will play in the competition's final for the first time since 1988. What might that do for the French economy?



French World Cup fans in Moscow, July 2017

20 years after the 1998 victory, “Les Bleus” are in a world cup final again. Hence the question, often asked, never fully answered: Just what could this bring to the French economy? While it might look ill-mannered to suggest there's a negative effect, it's not particularly easy to pinpoint a positive one either.

Even in 1998 when France actually hosted the World Cup, apart from some infrastructure investments, no aggregate positive effect on the economy appeared in the few serious studies subsequently published. It's interesting to note that other countries may benefit more, and this happens whoever is crowned the winner. Switzerland for example always registers a GDP jump (estimated to be 0.2pp for 1Q18 only) during large sporting events not least because Switzerland hosts the International Olympic Committee and UEFA which are paid billions in broadcasting rights. In France, the national TV channel TF1 will not contribute much to the service sector's GDP despite the record amount of viewers (with 19 million, the semi-final is already in the top 10 of most watched programmes in the last 30 years): the amounts transferred to Switzerland (65 million or

half what it spent in 2014) are such that even a final does not guarantee a break-even.

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In terms of economic activity, the effects are difficult to establish. Of course, there are more supporters, consuming more beer and other hospitality-related services, at the same time affecting cinemas, theatres and restaurants. The same holds for sporting activities; the 1998 World Cup significantly increased the number of amateur players in France in the following years, almost as much as the [2010 debacle](#) subsequently reduced. There will, therefore, be more activity in that sector in the coming years, compensated by less activity in other sports. In fact, one could even argue that in some cases, depending on the schedule of the matches in local time, a World Cup sometimes affects productivity at work, but it seems that this year in France the effect will be marginal as weekday matches were essentially in the late afternoon or the evening.

The only positive impact which can be registered relates to consumer confidence. In 1998, it was already on an increasing path. This year is different as consumer confidence was decreasing in the first half of the year despite an improving labour market. It could be that we see a rebound this summer that will help holiday spending.

President Macron could also benefit from this confidence sweet spot; in 1998, Jacques Chirac's popularity increased by around 15 points on the back of the World Cup victory. However, it is unlikely to change the path of French growth for 2018: stronger activity is expected for the second half of the year whatever the final's result, and it will have nothing to do with the world cup. This is, after all, all that should count. So take a beer, enjoy the match, and don't think about its effect on the economy, there is none to be seen.