



To the point!

Cross-Asset- and Strategy-Research

Football economics

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June 14, 2024

An entirely unserious analysis of the UEFA European Championship

So, the ball is at last rolling again. Later today, the European Championship kicks off in Munich with the classic match Germany against San Marino. Or is it Scotland? Whatever, “whether San Marino or Scotland, as long as it’s Austria!” (loosely based on Andreas Möller’s famous verbal foul).

The Euro as an economic factor? Hardly.

Such tournaments are not just a major sporting event; they can also be seen as an economic factor. Yet, a recent study by the Halle Institute for Economic Research offers little hope for Germany for an economic UEFA booster. That’s partly because Germany has low investment needs for the event – the necessary infrastructure was largely in place beforehand. The estimated 650 thousand fans from abroad are expected to spend €250 million in Germany (a special cheers to the fans coming all the way from Little Britain: “I spent a lot of money on booze, birds, and fast cars. The rest I just squandered,” George Best). For an economy the size of Germany’s, this is negligible.

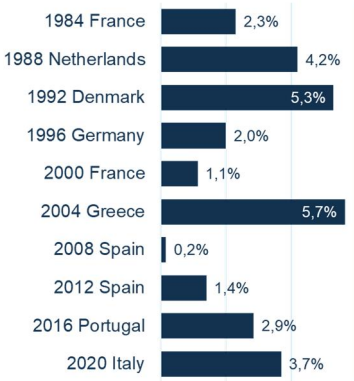
The winner takes it all

While host country should expect no significant economic benefits from the Euro, it’s quite different for the winner: LBBW Research has calculated that economic growth looks very robust in the year after next following a title win (see right). We have no explanation beyond statistical coincidence. Maybe the series will hold, but I’m with Paul Gascoigne on this: “I never make predictions, and I never will.” But should “Die Mannschaft” emerge victorious “I can see the carrot at the end of the tunnel” (Stuart Pearce) for the German economy. Therefore “it is the most important that we win. Everything else is primary.” (Hans Krankl).

"There is only one possibility: win, draw, or defeat."

Franz Beckenbauer

GDP growth two years after winning the European Championship



Source: World Bank, LBBW Research  
Note: Definition = GDP growth in the second year following the tournament year T. Clearly, T+1 would have been a more logical reference period. But that didn't produce such pretty results. That's why I didn't want to show them.

Let's just hope that the great Gary Lineker is right: "Football is a simple game; 22 men chase a ball for 90 minutes and at the end, the Germans always win." Germany's economy could use it. Just thinking about it "gives me goose bubbles!" (Jens Lehmann). The squad will have to patiently wait for its chances. After all, "football is like chess, but without dices" (Lukas Podolski). But what if the campaign ends up as disastrous as the last World Cup? Let's discreetly draw a veil over that. After all, "you shouldn't talk everything down as bad as it was" (Fredri Bobic).

In any case, the stakes go beyond the mere economic payoff from being a winner. We know this from the timeless wisdom of Bill Shankly: "Some people believe football is a matter of life and death. I am very disappointed with that attitude. I can assure you it is much, much more important than that."

Full employment on the football pitch

It's definitely encouraging that football is a rare industry which apparently still doesn't suffer from a shortage of skilled labor. Germany's head coach Julian Nagelsmann has managed to fill all eleven positions! And it seems to be "a well-intrigued group" (Lothar Matthäus), "physically and bodily top fit" (Thomas Häßler). Nagelsmann has even a few extra specialists up his sleeve. They will initially be sitting idly by the side of the pitch. But surely, one of those sadly underemployed will at some stage emerge just as joyous as Steffen Freund did many years ago: "It was a beautiful moment when the coach said, 'Come on, Stefan, get your clothes off, it's starting now!'"

Enjoy the games and keep your fingers crossed!

I wish you all an entertaining European Championship. Given your indulgence with this somewhat unusual column, I say good-bye for today with "just one word: Thank you!" (Horst Hrubesch).

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I've got a good feeling about this, just feeling-wise"

Andy Möller

"I would not be bothered if we lost every game as long as we win the trophy."

Mark Viduka