Discussion: "Sectoral Labour Market Effects of the 2006 FIFA World Cup" by Arne Feddersen and Wolfgang Maennig

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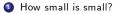
Sectoral Labour Market Effects 2006 FIFA World Cup

by Arne Feddersen and Wolfgang Maennig

- Labour market effects large sports event
 - Major sports events are costly (2006 World Cup: €3.2 billion)
 - Studies find little benefit ex post, ...
 - ... but effect may be too small for aggregate data
- Contributions of this paper:
 - Disaggregated (regional-industry) data
 - Flexible (non-parametric) DD-RDD approach
- Results
 - No or small effects on employment in aggregate
 - Positive effect hospitality sector, negative effect on construction

Discussion

- Result 1: No or small employment effects 2006 World Cup
 - Hard to believe! (cf 1992 Olympics Barcelona)



2 DD-RDD methods designed to argue there was an effect

- Result 2: Sectoral effects
 - Positive effect on hospitality sector seems plausible
 - Negative effect construction: Does public expenditure more than crowd out private expenditure?

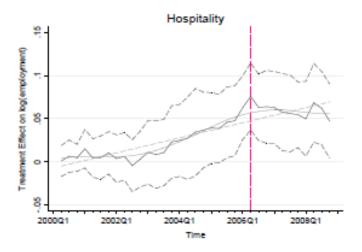
How small is small?

- To argue the effect is small, we need a benchmark
 - Rejecting an hypothesis is informative, failing to reject is not!
 - Statistically insignificant does not mean small (economics of Oomph)
- Some reasonable benchmarks
 - Do benefits exceed costs (for the tax payer)?
 - Does the project have positive net present value?
- How small was the effect of the 2006 World Cup?
 - Kurscheidt et al. 2008: benefits = \in 3.2 billion (costs = \in 3.2 billion) Fact that this is 'only' 0.14% of GDP seems irrelevant
 - This paper: 2,000 additional jobs in hospitality Is this really "a far cry from" the "up to 10,000" extra jobs predicted?

DD-RDD designed to argue there was an effect

- D: Compare counties with stadium (Berlin) to counties without (Düsseldorf)
 - Underestimates the effect if Düsseldorf reaps some benefits (spillovers)
 - Overestimates the effect if Berlin had ex ante higher employment
- DD: Compare Berlin after-before to Düsseldorf after-before (eq 3, 7)
 - Underestimates the effect if preparations generated jobs (anticipation)
 - Overestimates the effect if Berlin had ex ante higher job growth
- DD-RDD: county-specific time trends (eq 12)
 - Underestimates the effect a lot if preparations generated jobs

DD-RDD underestimates the effect



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- Spillovers across counties
 - Firms operate in neighbouring counties, labor migration
 - 'Feel good' effect, improved reputation of the country



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 - Firms operate in neighbouring counties, labor migration
 - 'Feel good' effect, improved reputation of the country
- Anticipation effects
 - Rome was not built in one day
 - Neither was the stadium in Cologne
- Why not use tradable industries as a control group?
 - Production of cars, machinery, chemicals not affected by the World Cup
 - More credible source of identifying variation than time or geography