

THE LIKELY IMPACTS OF THE 2007 RUGBY WORLD CUP IN FRANCE

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THE CONTEXT

The aim of this contribution is to estimate the likely economic effects of the RWC 2007 in France. The R.W.C. is presented by the International Rugby Board as the third sporting event in size, according to the number of TV viewers and spectators. While it could be debated, it is obviously an hallmark event which has the potential to modify the economic and social situation of the host regions and countries, but what will be the size of these changes ? If it is a great opportunity from a commercial point of view, is it also a good thing for the community as a whole ? This impact is twofold:

- a monetary impact which will take place in the short (bidding and operating costs, visitors expenditures...) but also in the longer term (tourism development, businesses opportunities, ...),
- an increase in the population economic welfare which is a benefit of an intangible nature not expressed in monetary terms, so that it is difficult to value them (some sophisticated methods had been built specially for that purpose, as the contingent valuation method and the travel cost method). In fact, we'll have to deal with all the rugby world cup economic externalities which will modify citizens satisfaction.

SCIENTIFIC METHOD

The event will be analysed in the framework of cost-benefit analysis as there is now an agreement between economists on the fact that it is a more complete approach than an economic impact study. Benefits but also costs are considered, and for what is of benefits, monetary aspects are taken into account as well as welfare changes in relation with the event. The cost-benefit analysis relies on the basic premise that a desirable public project is a project which is useful for the population so that inhabitants attach a great value to it. An ex-post valuation will be undertaken by the author during and after the event, but obviously the results won't be known for the conference, since the event takes place from the 7th of september to the 20th of october. The paper will therefore summarise what could be expected or what is to be feared for host territories of the RWC in France, according to the results of previous valuation of the RWC 1999 in Wales and 2003 in Australia, considering french territory characteristics, and the way this event will be managed in France.

FINDINGS OF THE RESEARCH

This paper suggests that the short term economic impact of the RWC 2007 in France on the value added of the host regions, will not be so impressive as it could be expected by public decision makers. The reasons why it is so are presented. It appears that the financing structure is in a first place responsible for that. It is a commercial product that should earn as much money as possible for the IRB through sponsorship revenues and TV rights; this money is dedicated to help the expanding of rugby game all over the world, as there are only twelve countries that really have nowadays a "rugby culture". Only ticket sales are dedicated to the organisation of the event, and consequently it is difficult to finance the building of new big facilities. A 20 000 seats stadium called the Yves –du Manoir stadium was nevertheless built in Montpellier, as well as a huge car park under the motorway A86 close to the "Stade de France", and two giant screens were settled up in each stadium, but basically rugby matches will take place into the stadiums improved for the soccer world cup 1998. Furthermore, bidding expenditures are not so large than for the Olympic games or the football world cup. Indeed, there is weak competition because only few countries could be expected to organise the event. To finish, it is also a custom that the world cup is hosted in not only one country, so that the impact is in part escaping abroad. Therefore the potential impact is probably small and mainly associated with tourism expenditures.

In this context, the legitimacy of the world cup for the host regions and the country relies on the economic external effects which are mentioned in the table 1 thereafter. For each category of external effects, we tried to assess how large the impact would be, according to previous studies on the R.W.C., and specific data we had on the R.W.C. 2007 in France. We are speaking of a likely impact, because only a complete ex-post survey could allow a precise measure of what will really change.

Table 1: External effects of the rugby world cup 2007 in France.

Social and economic functions of the R.W.C. 2007	Positive externalities (An increase in inhabitants welfare because of ...)	Negative externalities (An decrease in inhabitants welfare because of ...)
Recreation Entertainment	+++ - Pleasure of locals attending the event - Pleasure of locals looking the event on TV - Entertainment provided by training matches prior to the event - Participation in the 1 500 sporting and cultural activities around the R.W.C.	- - Disappointment for those who could not get a ticket - Disappointment because usual TV programs were canceled - A decrease in the audience of other professional sports (soccer) - The beginning of the rugby national championships postponed
Social effects	++ - Reinforcement of the social link around rugby traditional values - Pride because of the ability to deal with an hallmark event - Feeling of excitement because of the event - Contribution to the youth education and delinquency decrease - Decrease of social costs	- - More injuries of amator players because of the RWC excitement - Increase of the membership cards price because of injuries - Hooliganism and violence at the occasion of rugby matches - Bad example given by professional players for youngsters - Tensions between rugby fans and the rest of the population (notably the imigrated population of Maghreb not interested in Rugby) - More prostitution around sporting venues - Increase of social costs
Economic growth	+ - Short term economic impact of expenditures - Improvement of the local entrepreneurial system - Strengthening of business relationship (RTH'07 programme)	- - Decrease of the turn over for competing recreational activities - Less customers in down-town shopping centers on match days because of security measures - An increase of imports to host the world cup - A risk of inflation
Image of the territory abroad	++ - Better knowledge of the territory abroad - A positive change of the territory image - The opportunity to sale new products abroad - Stronger attractiveness for tourists on the long run	-- - Problems in the management of the event giving a bad image of the territory (amateurism...) - Controversies about the way the event is organised - Lack of communication about the World cup - Scandals involving rugby institutions, teams, coaches or players
Expanding of rugby	+++ - Promotion of rugby practice and higher participation in this sport - Expansion of the rugby practice to new areas (outside of south west) - Location of professional teams in big cities all over France - More TV viewers during the main rugby events (Six Nations...) and national championships (Top 14, Pro D2) - Expansion of the rugby-business and a rise in broadcasting rights	- - Less participation in other sporting activities, notably collective sports - Lower audience and turn-over decrease of competing sports events (football in particular) - Forecasted difficulties to have a professional rugby team in medium size cities of the south-west in spite of their strong "rugby culture"
Improvement of professional rugby organisation	++ - A better acceptance of professionalism in rugby institutions - Changes in french rugby professionalism by looking at models and regulation systems that exists in the world - Promotion of the modern game of the south hemisphere in France - International moments of players / arrival of new talents in our clubs - Strengthening of the french position (FFR) in a rugby world (I.R.B.) dominated by anglo-saxons	-- - Discourages french clubs to have a strong training policy - Difficulty for young french talents to find a professional club - Tensions between the french rugby union and the professional league on the issue of international players (12EM compensation) - A longer fixture list for players, more injuries, and more substitutions made during a match - A risk of promotion of the less restrictive anglo-saxon position concerning doping
New investments and heritage	+ - Building of new stadiums (Yves-du Manoir in Montpellier, Jean Bouin in Marseille) - Location of a new car park close to the Stade de France - More attractive and comfortable stadiums for the Top 14 - Two giant screens positionned in each stadium of the R.W.C. - Securing a return on investments for stadiums of the 1998 soccer world cup	- - Damages to the environment because of the renovation works and the building of new stadiums (noise, pollutions...) - Congestion effect, increase of the transportation time on match days - Financial burden of the event partially supported by taxpayers

CONCLUSION

The Rugby World Cup is a typical case study which shows that it is not possible to usefully help policy makers in the decision process by resorting to the sole economic impact study, because most of the benefits which are intangible would be forgotten. The only way to assess these benefits is to make a contingent valuation method so that taxpayers could express their willingness to pay for the RWC ; thereafter the cost-benefit ratio can be established in a way to know if it worth it or if it is better to forget it in favour of a more legitimate project with a better cost-benefit balance.

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