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FOOTBALL AND SOCIOECONOMIC DEVELOPMENT

FOR THE GAME, FOR THE WORLD
JOSEPH BLATTER

A FOREWORD FROM THE ATHLETE OF THE 20TH CENTURY
PELÉ

INTERVIEWS WITH
ALDO REBELO
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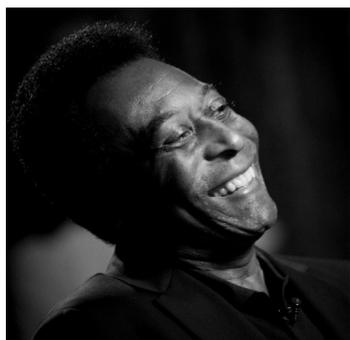
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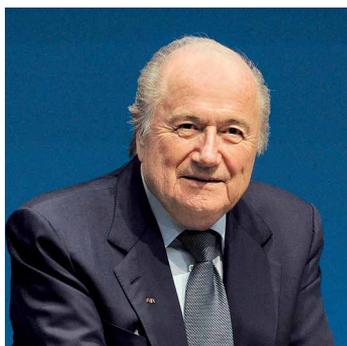
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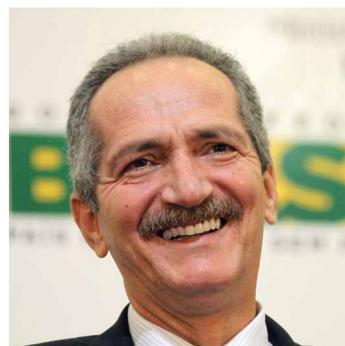
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EDITORIAL

Cesar Cunha Campos

Football is the most popular sport in Brazil and one of the most popular in the world, capable of attracting large crowds from a variety of countries and very different cultures. It is not only an abiding passion, but today it has important economic and social aspects.

In 2010, three years after Brazil was confirmed as the host country for the next World Cup in 2014, we launched the first edition of *Cadernos FGV Projetos* on the theme of Football and Economic and Social Development. At that time there was still some discussion as to the best model for organizing the event.

Now, with the imminence of the 2014 FIFA World Cup in Brazil, we are deep into the preparations and implementation of the chosen models, particularly in infrastructure, logistics, stadiums and security. The rapid economic, social and cultural changes that Brazil has gone through, together with enormous technological changes at the global level, have influenced not only the planning of the world championships but football itself.

Important testimonials from leading individuals who have followed these changes has been supplied to us for this edition by Pelé, Joseph Blatter and Celso Grellet. We present an interview with Aldo Rebelo, the Brazilian Minister of Sports, who discusses the efforts that have been made, the coordination between the various institutions and federal entities in this process, and the importance of ‘nationalizing’ the Cup, so as to transform it into an opportunity for social and cultural inclusion. Carlos Alberto Parreira, the technical coordinator of the Brazilian squad, underlines the importance of planning in the search for a successful team and reminds us that the preparation of a group requires a lot of advanced effort.

Dealing with football as a business, the article by Antônio Carlos Kfoury Aida and Evandro Faulin discusses revenue generation and the

professionalization of clubs, while Carlos Geraldo Langoni analyzes the impact of recent socio-economic changes on Brazilian football and the challenges involved in overhauling its management. The article by Fernando Blumenschein explains the football production chain, stressing the importance of understanding the dynamics for the effective functioning of the sector.

In the area of infrastructure, Marco Polo Del Nero presents an overview of the challenges which Brazil has been facing, particularly regarding to transport, with the hosting of the Cup as an opportunity for growth. Daniel Fernandes looks at the influence of the new stadium infrastructure on the football production chain, leading to opportunities for new undertakings and giving an impetus to entertainment in the country.

As important as discussing the holding of the World Cup is talking about football as a sport and an activity involving not only the clubs, but the fans and society in general. In this context, the article by Pedro Rubim Borges Fortes looks at initiatives to diminish the violence between organized supporters’ groups both in the stadiums and outside them. Bernardo Buarque de Hollanda rounds off this edition by relating the history of the term football-art, within a Brazilian social context, which would culminate in the definition of Brazil as the “country of football”.

On the basis of this wide-ranging approach by a team of specialists on the subject, this edition turns the spotlight on a discussion of questions relating to football as an activity and on the place it occupies in the social and economic development of the country. *FGV Projetos* hopes it will contribute to this moment of great importance that Brazil is experiencing.

Enjoy reading!

Cesar Cunha Campos is director of FGV Projetos



FOREWORD

When I was 15 years old I left my home town, Bauru (São Paulo), where I had a very simple life. I started to play football for Santos in 1956. At that time people listened to the radio and the broadcast of games was still unreliable. To speak to my family, who remained in the interior of São Paulo state, it took two days just to place the call.

I took part in a World Cup for the first time in 1958, in Sweden, and from then on the N° 10 jersey became a reference, after being worn by Pelé. Subsequently I travelled all over the world, and had the opportunity to witness the enormous changes in both football and the economy. As the “athlete of the 20th century”, I have been following and living these changes at close quarters.

Especially since the 1980s and 1990s, these changes were very significant regarding the management structure of the clubs, in particular considering the financial resources, then allotted to football, at a level far greater

than anything during my time. These resources have been producing great wealth, and need to be used wisely so that it does not simply lead to inflation in the world of football. My dream is to see all these resources – material, financial and economic – used to produce improvements in the quality of football as a whole, which I hope goes well beyond just expensive equipment and high salaries.

The 2014 FIFA World Cup in Brazil is an opportunity for what is new and good in football management practices to take root. In this context, this publication from FGV Projetos, which has always been at the forefront of efforts to modernize the management of Brazilian football, is a main part and a catalyst for these changes.

My dream of seeing Brazilian football as great beyond the pitch as it is on it can come true with the hosting of the World Cup and all the obligations and responsibilities it entails.

A large, stylized handwritten signature of Pelé in black ink, written in a cursive script.

Joseph Blatter

FIFA President

Joseph Blatter was born in 1936 in the Valais region of Switzerland and played football at amateur level for more than 30 years. He is an economist and qualified public relations professional, having graduated with a degree in Business Administration and Economics from Lausanne University. He started his professional career in public relations and then went on to work in sports administration in ice hockey and football. He also worked in private industry at Longines before joining FIFA in February 1975. At the world's governing body of football, Mr. Blatter held the posts of Director of Technical Development Programmes, General Secretary and Chief Executive Officer before being elected President. He is currently serving his fourth term as FIFA President.

Abstract

Brazil, as an increasingly powerful economic and political force, is an ideal host for the 2014 FIFA World Cup. It is a great opportunity for Brazil on many levels. There is debate over how much of a boost such an event gives to the host economy but, with careful planning, a lasting legacy is within reach. Improved infrastructure and tourism facilities in diverse cities offer the promise of development across Brazil. There is evidence to suggest we can expect a positive impact on Brazil's brand and image. An influx of visitors will bring money. But we must not view the impact of the FIFA World Cup in purely economic terms. FIFA is working hard to ensure a legacy of football development as well as economic and environmental sustainability. Above all, the FIFA World Cup is a festival of football that brings nations together and that many Brazilians will never forget.

TESTIMONIAL



A dazzling and diverse nation, Brazil can already hold its head high among the world's most vibrant economic powerhouses. It enjoys an increasingly broad sphere of influence on the global stage and can surely look ahead to an even brighter future of prosperity.

It is only fitting that such a dynamic nation should be next in line to host one of the greatest sporting spectacles on the planet – the FIFA World Cup.

FIFA is committed to taking the World Cup and the magic of football to all corners of our planet. We silenced all doubters in 2010 with a hugely successful tournament in South Africa, which showed that emerging economies are just as capable as anyone of hosting a global sporting event. As we shall see, South Africa has reaped the benefits in more ways than one.

After Brazil next year comes Russia in 2018 – another strong and influential economy.

The FIFA World Cup will put Brazil firmly in the global spotlight. It is a chance for Brazil and all Brazilians to shine.

The tournament will not only bring with it the world's stars of the beautiful game, fans from all continents and a promise of four weeks of drama, entertainment and skill. It will also bring opportunities – the opportunity to invest in and to attract investment in the Brazilian economy, the opportunity for social change, the opportunity to set an example to the world in sustainable, eco-friendly development and the opportunity to redefine perceptions of Brazil.

If handled the right way, staging the FIFA World Cup can create some lasting economic benefits for Brazil. Of course, economic benefits are just

one aspect of the potential rewards from hosting a global sporting event. I will explore some of the other benefits later in this testimonial.

There is much debate over exactly what economic impact such events have on the host nation and host cities - whether they bring lasting benefits or whether they can be a drain on resources and prove a disappointment.

But in spite of that debate, the many economic opportunities are clear for all to see. It is just a matter of harnessing them.

The internal investment required to host the FIFA World Cup is considerable: new, state-of-the-art stadiums and upgrades of existing arenas to give the best match experience possible, improved transport systems to cope with the increased demand and investment in tourist facilities to accommodate football fans from every corner of the globe.

According to an Ernst & Young report¹, hosting the World Cup could inject an extra BRL 142 billion into the Brazilian economy between 2010 and 2014, generating 3.63 million jobs per year and more than BRL 60 billion of income for the population. Well over BRL 20 billion will be invested in infrastructure and around 3 million extra visitors will create an additional income of nearly BRL 6 billion for Brazilian companies.

This investment and injection of spending in various cities across Brazil would arguably not be happening without the FIFA World Cup. It will leave a legacy which, if managed well as part of a prudent national plan, will provide a solid platform for future economic opportunity. I know that this is the ambition of the federal government of Brazil.

¹ Brasil Sustentável: Impactos Socioeconômicos da Copa do Mundo 2014. Available at: <<http://fgvprojetos.fgv.br/publicacoes/brasil-sustentavel-impactos-socioeconomicos-da-copa-do-mundo-2014>>.

The World Cup should boost Brazil's ability to host further sporting or cultural events, such as the Olympics in 2016, and there is evidence to suggest that it will make Brazil more attractive to tourists. Eight out of ten foreign visitors to South Africa for the 2010 World Cup said that they intended to return there.

Furthermore, all of the evidence tells us that we can expect the World Cup to have an extremely positive impact on the population of Brazil. More than nine out of ten Germans felt that hosting the World Cup in 2006 was the right thing to do. A similar number in South Africa had a higher appreciation of their country after the World Cup.

That boost to the national mood should not be underestimated in terms of economic value. The FIFA World Cup in Brazil, a nation brimming with a love for football, promises to give a significant boost to consumer and public confidence, especially in the 12 host cities of Belo Horizonte, Brasília, Cuiabá, Curitiba, Fortaleza, Manaus, Natal, Porto Alegre, Recife, Rio de Janeiro, Salvador and São Paulo.

The Mayor of Berlin, Klaus Wowereit, said that the 2010 FIFA World Cup gave "a boost to the image of Berlin which no amount of money or advertising could hope to achieve".

The question going forward for policymakers and businesses is how to sustain that feel-good factor so that it translates into something more tangible.

Thousands upon thousands of visitors will flock to parts of Brazil that some of them may never have heard of before to experience the magic of the FIFA World Cup, injecting foreign cash into local economies.

South Africa saw an 82 per cent increase in foreign Visa card spending compared to the year before the 2010 FIFA World Cup.

The brand of Brazil will enjoy a windfall of free, global advertising. The name Brazil will be everywhere, as will the names of its cities. Investors from Asia to North America will see a nation brimming with potential. A study by TNS Research Surveys estimated that the brand of South Africa benefitted from nearly 300 million US dollars in additional, free advertising from hosting the World Cup on top of the nation's own promotions and investment.

Football, a game which Brazilians play with such poetry and passion, will put Brazil in an unrivalled position to attract future visitors, direct foreign investment and events.

German firm Rako Labels, which has invested millions of dollars in a new facility in Cape Town, said that the World Cup had helped improve South Africa's image in the eyes of foreign investors.

THE FIFA WORLD CUP IS A
CHANCE TO DRIVE FORWARD
THE DEVELOPMENT OF
FOOTBALL, TO GET PEOPLE
INTERESTED IN THE SPORT
AND TO IMPROVE STANDARDS.

Those are the short, medium and long-term implications of hosting the FIFA World Cup from an economic perspective.

We should never try to overstate these implications, however, and the World Cup must be recognised as something far more profound than a chance to spend money on big infrastructure projects, draw in tourists and build a global brand.

The FIFA World Cup cannot address any underlying problems in an economy and it should not be viewed as a miracle cure for any economy. Nevertheless, as part of a vision for sustainable development, there is every reason to believe that a global sporting event can inspire a meaningful and lasting improvement in public and investor confidence.

For FIFA, however, the World Cup is far greater than the sum of its economic parts. The positive impact the World Cup can have on the host nation and the rest of the planet should never be measured simply in financial terms.

The FIFA World Cup brings people from all walks of life together through the simple but enduring power of football.

For one month, people from different nations put aside their differences and come together as one to celebrate the beautiful game. For one month, the greatest players in the world come together to showcase the very best of football and to inspire a new generation of talent. For one month, the host nation experiences the sporting festival of a lifetime.

Memories can be made. Worries can be forgotten. Football gives us a lift. For one month, the world will be “all in one rhythm”.

Just as important, for the world’s governing body of the game, the FIFA World Cup is a chance to drive forward the development of football, to get people interested in the sport and to improve standards.

We talk of the importance of economic infrastructure in fostering growth. Investment

FOR THE GAME. FOR THE WORLD.

in football infrastructure is crucial for the development of the game. It must be a lasting legacy from the 2014 FIFA World Cup.

Host cities in Brazil will boast fantastic new facilities which will inspire their players and their fans. We hope the tournament will inspire more young people to join local clubs and that the professional domestic game in Brazil will find a more prominent position in the big leagues of the world.

FIFA is also actively working to leave a lasting World Cup legacy of social development, environmental sustainability and an enhanced platform for football across Brazil and the South American continent.

The World Cup will bring many opportunities, none more valuable than the opportunity for people from different cultures to spend time together enjoying one of the greatest festivals of sport the world has to offer.

For football, the World Cup in Brazil promises to be a blockbuster of a tournament. For fans of the game, it is a chance to visit one of the spiritual homes of the beautiful game. For Brazilians, it will be a once-in-a-lifetime experience to savour with pride. For Brazil, it is a golden opportunity to rise even further in the eyes of the world.

For the Game. For the World.



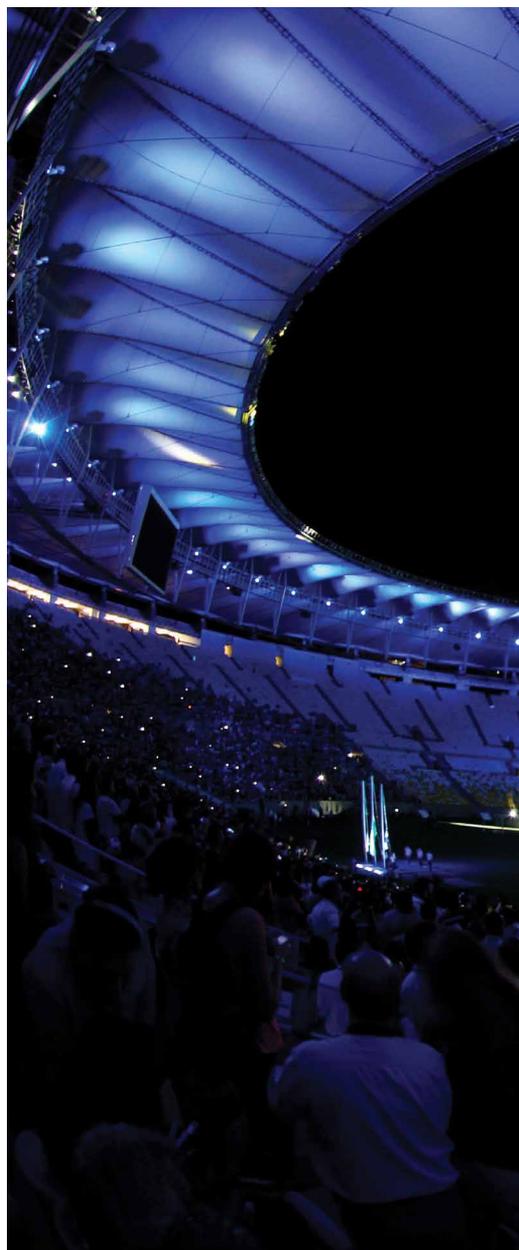
Celso Grellet

Partner of Pelé in the Campus Pelé project and
Member of the board and representative in Brazil of Sports 10

Celso Grellet holds a graduate degree as well as a post-graduate degree in Business Administration from FGV Foundation. He also has a degree in law from Mackenzie University. He was the first Counselor and Marketing Director of the São Paulo F. C. football team and the first Marketing Director of the Clube dos 13 when it was established in 1987. Currently he is partner of Pelé in the Campus Pelé project and Member of the board and representative in Brazil of Sports 10, the International Company that holds all Pelé commercial rights.

Abstract

After 64 years, the World Cup will be held again in Brazil. The arrangements have been on track since 2007, when the country was chosen to stage the event. In this testimonial, Celso Grellet reflects on the long-lasting effects that holding the World Cup in Brazil can bring to football. He also emphasizes the changes that have historically occurred in the sports marketing field and in the sources of income of the football teams, highlighting the new sports stadiums and the enhanced treatment given to the fans, now seen as clients, as the main legacies.



TESTIMONIAL



Maracanã's first test event on April 27th 2013

In October 2007 the Executive Committee of FIFA confirmed Brazil as the host for the 2014 FIFA World Cup – seven years, therefore, before the event itself.

No other country has had so much time to prepare. There has been criticism of the decision to stage a tournament of this magnitude as well as the Olympic Games of 2016, particularly because of the costs involved. The country committed itself to endow the host cities with modern facilities so as to meet the list of requirements of the governing bodies – FIFA in the case of football – at enormous cost, provided entirely by public funds.

Add to these criticisms the delays in the works and the promised improvements in infrastructure which will not be fulfilled. There is no point in arguing any more. The 2014 World Cup will be held in Brazil after an absence of 64 years. What will the holding of the tournament in Brazil mean for Brazilian football apart from being a sporting spectacle which will be over in less than a month?

Brazilian football became famous and admired all over the world through the quality of its players, that is on the field of play. Off the field, administration was never its strong point. This was of no great importance before the 1970s, when football meant merely a sporting contest without much administrative sophistication. But the changes brought on largely by technological factors outside football, such as the arrival of television, particularly pay television by cable or satellite, transformed the position radically. In its wake came sports marketing, with all its paraphernalia, advances in sports medicine, and methods of physical preparation which were different from the existing ones. It was a revolution which made football more than just a sporting contest and transformed it into part of the so-called entertainment industry.

The fan has become a consumer of the product football and must be treated as such if football wishes to prevail over other forms of

entertainment. Football grounds are now called arenas and their customers are becoming more and more middle class, turning upside down the traditional relationship of purchasing power. Previously the stadiums were frequented by the lower income groups and games were watched on television by the higher income classes, those who had sufficient disposable capital to purchase TV sets. Subsequently this picture changed; the stadiums became comfortable and sophisticated arenas and television, the cost of which had fallen, became within the reach of the majority.

These changes, which took place primarily in Europe, eventually arrived in South America without the accompanying measures being adopted. Our fixture lists were, generally speaking, badly devised, and our stadiums were old and ill prepared to meet the demands of the consumer. The management of our clubs and federations failed to keep pace with the changes which were taking place in the football world.

In 1987, I was the first marketing director of the recently formed Club dos 13, an organization which was intended to modernize the management of Brazilian football and which was in some ways a pioneer, anticipating what was later achieved by the principal European leagues. The same year saw the holding of the Federal Cup, whose rules, sponsorship, television contracts etc. were dealt with by the clubs themselves without any interference from the Brazilian Football Confederation. At the same time and gradually, marketing tools began to be employed by football clubs, albeit slowly. But the distance between what was practiced in Brazil and what would come to be practiced in the principal European leagues was still enormous. The economic differences between Brazilian football and European football showed themselves principally in the absence of star players. The leading players no longer played in Brazil, because salaries were much higher abroad, and their transfer fees were the principal source of revenue for Brazilian clubs. A vicious circle was thus

created where money was made by selling the stars and not the show. It was as if Disney were to sell the rights to its characters, instead of making money with them by selling the show.

Recently, changes in the economic situation have meant that the gap has begun to close a little. The amounts from shirt sponsorship, merchandising and television contracts have been increasing at almost exponential rates in Brazilian football. But in one item the gap continues to be extraordinarily wide; ticket sales.

There are three principal sources of revenue for clubs: television, merchandizing and ticket sales. In Brazil the last named has figured as the least important. As opposed to the main European leagues, ticket sales in Brazil are not generally very significant. The average crowd for the Brazilian championship, which is the country's principal competition, has rarely been more than 20,000, a smaller figure than, for example, the figures for Major League Soccer, the American professional football league.

The reasons for the low average attendance are numerous: lack of comfort, security, times of games, badly arranged fixture lists, the absence overseas of star players, among others. This is what could be exploited. Of those reasons for the low attendance figures in Brazil, it would seem that the World Cup will mean a change in only one item: comfort. Twelve new arenas are being constructed for the Cup and others are being refurbished or renovated, such as those of Palmeiras, Grêmio and Morumbi. The concept of spectator/consumer comfort will finally be adopted as a requirement of FIFA. It does not matter now how much it all cost and how much public money was involved. Now that it is done, football must take advantage of this opportunity. Finally supporters will begin to be treated as consumers as regards comfort in the stadiums where games are played.

This new treatment, with the new arena stadiums, is a big change and perhaps the greatest legacy of the 2014 FIFA World Cup for Brazilian football. However, the arenas are

essentially the hardware of football. It is also necessary to look after the software. The arenas by themselves are necessary but not enough. Their content must also be improved with a better quality of internal services. Fixture lists must be better organized, television contracts must be better drafted, with priority given to the times of games, star players still in Brazil must be kept here etc., and finally attention must be paid to transport and the area surrounding stadiums. A good example of decent hardware combined with very poor software is Engenhão, where championship games are held, which are badly programmed and where the surroundings and access are terrible. As a result, ticket sales at Engenhão are very low.

The opportunity which is being offered to improve Brazilian football starting with the 2014 FIFA World Cup is for the moment limited to the construction of new sporting facilities. But it is also necessary to improve the administration of our football to complete the process, in which the new sporting arenas and the new treatment of supporters represent a first step.

THE ARENAS ARE
ESSENTIALLY THE
HARDWARE OF FOOTBALL.
IT IS ALSO NECESSARY
TO LOOK AFTER THE
SOFTWARE.





INTERVIEW





Aldo Rebelo

Brazilian Minister of Sports

Aldo Rebelo was born in Viçosa, in the state of Alagoas. He was a federal Congressman for São Paulo, during six terms. In a political career spanning more than 30 years, he has been President of the Chamber of Deputies and the CPI of CBF/Nike, as well as being the Rapporteur of the Special Commission on the Brazilian Forest Code and the Law of Bio-Security. He was also Minister of State in the Department for Political Coordination and Institutional Relations. He has been Minister of Sports since 31 October 2011.

Abstract

In the next few years, Brazil will host the 2014 FIFA World Cup and the 2016 Olympic and Paralympic Games. In order to prepare the country for events of this magnitude, many structural changes will have to be carried out. In this interview for FGV Projetos, Minister Aldo Rebelo presents the challenges facing the Ministry of Sports at this time and explains the role of the Ministry and the range of investments made to date and those still to be undertaken. Taking a humanist view, he also stresses the need to ‘nationalize’ the World Cup and the Olympics, which should go hand, in hand with social inclusion programs, so that the legacy of the event will be shared by the entire country. In his words, the World Cup should be an opportunity to “show the world that you can construct a social project that unites people of different national, ethnic, racial and religious origins, but with a high degree of tolerance”.

FGV PROJETOS: FOR THE FIRST TIME IN 64 YEARS, BRAZIL WILL HOST THE 2014 FIFA WORLD CUP, AND MANY CHANGES HAVE OCCURRED SINCE THE LAST TIME BRAZIL HOSTED A CUP. WHAT ARE YOUR VIEWS ON THE PERSONAL CHALLENGE OF BEING MINISTER OF SPORTS AT THIS TIME?

MINISTER ALDO REBELO: I look on it as a mission and also as a challenge. Football is very important for Brazil; it is much more than a sport. Football has put down roots – it is adored by the Brazilian people – because it has also been a platform for social struggles and for ideas in Brazil, a platform for social inclusion. It arrived in Brazil as a sport played by the elite of our principal cities, forbidden to poor and black people, who fought to take part in this world of football. There were well known cases in Rio de Janeiro, such as Vasco da Gama, who were actually expelled from the League, and Fluminense, because they accepted blacks on their teams. And in São Paulo, Palestra Itália, now Palmeiras, also suffered discrimination because it was a club of Italians, who constituted the majority of the poorer classes in the city in the 1920s and 1930s. Football gave poor and black people in Brazil their first celebrities. Poor people saw one of their own recognized, admired, and celebrated for his talent. This was a young man from the town of Codó in Maranhão called Fausto, who went to the World Cup in Uruguay and was known by the Uruguayan press as the Black Marvel for his talent and for the way he publicized football.

So Brazil holding the World Cup means that the event is taking place in a country where football has always been very prominent. Football would probably not be what it is today without the participation of Brazil, which helped to promote it. It would perhaps be just one more of those Anglo-Saxon sports played by a small group of important

countries, but without the universal appeal it has today. The game known as American football is a sport which is very popular in the United States, but not worldwide. Rugby is also a very popular sport in other countries, but it is not a sport which is popular all over the world. Football is universal and Brazil has played an important part in this universalization because once it became very popular in a non-European country, it made it easier for it to become popular everywhere. We should accept the World Cup in this spirit of responsibility and of pride. People expect this from Brazil: no one pays football more attention than we do because although football may have been born in England, it found its most natural home here.

WHAT ARE YOUR VIEWS ON THE PRESENT MANAGEMENT OF BRAZILIAN CLUBS, OF THE CHANGES THAT HAVE TAKEN PLACE, AND OF THE ROLE OF THE MINISTRY WITH REGARD TO THESE CLUBS?

>> The relationship of the Brazilian government to football goes back to the Vargas period, when, in order to establish certain bonds between the state football federations and the Brazilian national team, it was made obligatory for players to be available for national selection. At the first World Cup, we had almost no players from São Paulo. Only players from Rio de Janeiro responded to the selectors' call. After the return of democracy to the country, sporting bodies became completely autonomous. The state lost its ability, its power, to interfere. This was done because of the return of democracy to the country: to exclude the state from any role in these bodies.

The clubs, which are important institutions more than 100 years old, remain under amateur management, while football today is highly professional and no longer the almost artisanal activity of the 1950s, 1960s and 1970s. The clubs today are dealing with

THESE TWO EVENTS ACTUALLY PRESENT BRAZIL WITH TWO OPPORTUNITIES. THE FIRST IS TO IMPROVE AREAS WHERE THE COUNTRY IS ALREADY PERFORMING WELL BUT COULD DO BETTER. THE SECOND OPPORTUNITY IS TO OVERCOME OUR DEFICIENCIES.

market forces, and negotiate sponsorship contracts, player contracts, and contracts with the holders of broadcasting rights. These are complex contracts, but the clubs are amateur in their methods and their structures are very precarious. I believe that for the clubs, and for football itself, it is almost a scandal that the country which has produced the greatest number of football stars, which has won the football world championship five times, and which has the greatest goal scorer and the greatest striker in the history of FIFA football championships, has a small share in world football GDP compared to European countries. I think this is an unacceptable situation. Many of the existing challenges are connected precisely with the management modernization of the clubs, the better exploitation of the potential of the major clubs of mass support in Brazil, which are among the most important in the world. It is a matter of providing the clubs and other bodies connected with sport with an institutional structure that will endure and be predictable, because today the board of a club is elected in a way calculated to ensure that it continues in power so long as the articles of association are not altered. We need to place a limit on the terms served by the directors and limit the number of terms they can serve. I believe this would give football greater credibility and would place a greater value on the image of football, of our clubs, and of the national team. We must take advantage of the occasion of the World Cup in Brazil to take steps in this direction.

HOW CAN WE TAKE ADVANTAGE OF THE GREAT VISIBILITY BRAZIL WILL HAVE DURING THE GAMES?

>> The fact that the World Cup is taking place in Brazil generates great curiosity in the world and great expectations. It is an important event for any country in which it is held, but, being in Brazil, it creates greater expectations among people, not only because of the football which is played here, but also because Brazil has a certain fascination because of its size, its environment, and its natural features. For example, out of all the Formula 1 Grands Prix, the most viewed is the Brazilian Grand Prix. So the World Cup has an extra dimension due to its being held in Brazil, and we must take advantage of this to encourage the practice of physical activity, to educate the people in the practice of sport, to create an infrastructure for sport and to send a message to the world about our country – that it is an optimistic country that is making every effort to build its own future and to create social harmony and tolerance. The world is passing through difficult times of religious, national, racial and ethnic intolerance, which are either unknown in Brazil or not as serious as in the rest of the world. It is important to show the world that you can construct a social project that unites people of different national, ethnic, racial and religious origins, but with a high degree of tolerance, which is the case in Brazil. There are Europeans here who could hold a passport from any European country; there are Brazilians who could hold a passport from any African country, any Asian country; there is a mixture of indigenous blood. We think this is a good thing, we do not have a negative view of this miscegenation, this mixture which is not only a mixture of blood but of culture. The world does not always understand this very well. Brazil needs to show that this is a good thing and that we live with it successfully.

ARE WE PREPARED FOR IT, BEARING IN MIND THE HISTORY OF OUR FANS? AND HOW ARE WE TACKLING THE QUESTION OF PREPARING AND TRAINING THE PARTICIPANTS AND WORKERS FOR STAGING THE CUP?

>> We have had problems with certain sectors of the so-called organized supporters' groups. I am not against these organized groups. I am not against any form of organization. But as soon as they resort to violence, they are rejecting football, sociability. People play football to get together, not to engage in confrontations. I believe that at the World Cup, there will be no place for this, but we are going to take precautions to restrain the behavior of these people. The same goes for violent fan groups from other countries.

Brazil should also take advantage of the Cup to welcome visitors. Our country has always provided a warm and embracing welcome to foreigners, because, in a way, all of us are half-foreigners – the indigenous were here when we arrived, and no doubt when the indigenous first arrived there were other people already here. We have a very open attitude, we celebrate the presence of foreigners, and I think that foreigners do not always expect this from other countries, because sometimes they arrive in a country thinking that the fact they are foreigners breeds a kind of hostility.

Certain things are not material, they are intangible. Obviously, tourists and other visitors are looking for decent standards in hotels, services, comfort, security and hygiene. But they are also looking for a welcome: they want to be well treated, with a smile, a gesture of good will. This is also very important.

As regards preparing workers for the staging of the Cup, there are full programs organized by the Ministry of Labor (Workers Support Fund – FAT Turismo), by the Ministry of Tourism (Pronatec Copa), and by the states and the host cities. Efforts are being made in the preparation and training of the existing labor force in the hotel sector, in bars, in restaurants, and in transport services. There are various training programs and efforts are also being made to train extra workers because there will be an increase in demand for these services, mainly in the host cities. So the preparation of this labor force is also important and leads to a search for greater qualifications, even on the part of workers who will not be directly involved in providing services during the Cup. People feel that they need to

learn a new language, or improve their skills in languages in which they already have basic knowledge, or improve other skills. The federal government, state governments, and institutions concerned with such training also have full projects for the 2014 FIFA World Cup and the 2016 Olympics.

WHAT IS THE CURRENT STATE OF PREPARATION AS REGARDS INFRASTRUCTURE AND COMPLYING WITH SCHEDULES FOR THE CONSTRUCTION?

>> The Cup and the Olympics are events which have already been held many times. This Cup is the 20th World Cup, which has been held regularly since 1930 except during the period immediately following the second World War. The Olympics have been going since 1896. So there are no secrets, there is no mystery. Obviously, each event undergoes a process of change because of changes in the conditions under which it is held, but there is a model, there is a standard. There is a lot of work that goes into these events, and what remains is not a mystery or a secret.

A World Cup has its sporting infrastructure, properly speaking, namely the stadiums, which are not the most complex of constructions. Our construction companies are very experienced, and the stadiums are not even the most important projects they are responsible for. They may be the most visible and of the greatest consequence, but they are not the biggest or most complex works. However, we are dealing with urban projects of a very high level of excellence in civil and environmental engineering, and for this reason they are being managed by the leading construction companies of Brazil. Our stadiums have won prizes for sustainability because they are being built to advanced standards, not only as regards the use of renewable energy, but also as regards a business management model for profiting from this energy. Although the energy is more expensive, there are advantages such as in Paraná, for example, where solar energy will be supplied free of charge to the stadium and the excess energy will be sold by the state energy company (Companhia de Energia do Estado do Paraná - Copel). This means that the stadium will have a great advantage because it will not pay for its energy, and the state energy company will also benefit because it will sell the surplus.

There are also the works connected with urban mobility, which are the essential works

for access to stadiums, to hotels, to airports – facilities that need mobility to be guaranteed, easy and accessible. But additionally, there are also, in the Responsibility Assignment Matrix of the federal government, the states and the city administrations, certain works of the Accelerated Growth Program (PAC) that we have brought forward and have included in the Responsibility Assignment Matrix because, if they are ready, they will facilitate the realization of the Cup in the 12 host cities. Almost all of them are on schedule. Where this is not possible, the state or city administration requests the work to be withdrawn from the Responsibility Assignment Matrix and the work will continue so that it can be delivered after the World Cup. I have visited all the host cities every three months and have talked to the engineering and management groups overseeing the timetables, and we have been assured that these works will be delivered on schedule.

HOLDING A WORLD CUP MEANS MANY RESPONSIBILITIES WHICH ARE SHARED BETWEEN VARIOUS MINISTRIES OF THE FEDERAL GOVERNMENT. HOW IS THE MANAGEMENT PROCESS FOR THE CUP BEING HANDLED, BOTH WITHIN AND OUTSIDE THE GOVERNMENT? HOW IS THE COORDINATION BETWEEN THE MINISTRY OF SPORTS AND OTHER FEDERAL ENTITIES, THE LOCAL ORGANIZING COMMITTEE FOR THE CUP AND FIFA, IN TERMS OF PREPARATION?

>> It is a relationship of cooperation. The World Cup demands a multilateral effort. The presiding body and the holder of the rights is FIFA, which is an institution that is very representative, with more member nations than the United Nations (UN), and is very effective in dealing with geopolitical challenges. It is an efficient and capable organization, and we are cooperating in order to make the World Cup as good as it can possibly be. When differences arise, they are always discussed with the most important factor in mind, which is the Cup. Obviously FIFA is a private body; it deals directly with sponsors and looks after the interests of the sponsors, which is legitimate and understandable. We in the Ministry look after the interests of the public, the national interests. When there is any conflict between these interests, we look for a suitable solution, and the role of the government is to defend the interests of the public as well as national interests. We are working well.

FIFA is represented here by the Local Organizing Committee for the Cup. We also work with the state governments, which have a high degree of responsibility regarding preparations for the Cup. We also work with the city administrations, which again have a lot of responsibility. And we have a relationship with the sponsors, with whom we have meetings to discuss matters and show what the government would like, and work hard to maintain a relationship of cooperation, even when there are differences of opinion or in objectives.

THE MINISTRY FOR SPORT IS COORDINATING THE STRATEGIC PLAN FOR GOVERNMENT ACTION FOR THE CUP (CGCOPA 2014). IN THIS CONNECTION, WHAT HAS BEEN DECIDED FOR THE CONFEDERATIONS CUP AND WHAT REMAINS TO BE DONE FOR THE WORLD CUP 2014?

>> As regards the Confederations Cup, we are at the final stage, which is the execution of the operating plans and the integration of all those bodies which have responsibility for the realization of the World Cup in 2014, into the Operating Plan: the federal government bodies and their agencies, the Ministry, the Civil Aviation Department, Infraero (national and local, which operates in each one of the cities), ANAC (National Civil Aviation Agency). Security, for example, is a shared responsibility between the Federal Police, the Ministry of Defence, the state police and the civil police, and we are coordinating among those responsible in meetings that we are holding at this moment. We have already had meetings in Brasília, Rio de Janeiro, Fortaleza, Recife, Salvador and Belo Horizonte, in which all the programs and information were passed on with regard to the preparations for airport operations during the Confederations Cup. These meetings also defined the responsibilities and steps that need to be taken in the areas of security, telecommunications, urban mobility and transport, which are essentially the responsibility of city authorities but which we support along with state governments.

So these plans are being passed down the line, and for the World Cup, there is still the construction of the stadiums, which have not yet been handed over and will not be used for the Confederations Cup – there are only six; the other six are scheduled for delivery by December. There are also still the works of airport expansion and there is an additional program, which is the

improvement of airport operations. It is not enough to change the capacity of the airports to receive more or fewer passengers if the airports cannot operate satisfactorily, if there are queues, delays in the delivery or dispatch of baggage, or bathrooms that are not up to the expectations of passengers. So changes in the operation of airports – in infrastructure and in capacity – are important aspects which are also included in the security plan.

WHAT IS THE RANGE OF DIRECT INVESTMENT IN THE ORGANIZATION OF THE 2014 FIFA WORLD CUP? WHAT IS THE MINISTRY OF SPORTS DOING TO GUARANTEE THAT THIS INVESTMENT WILL BE MADE EFFECTIVELY?

>> The World Cup and the Olympics are great opportunities for the country in terms of investment. There is a study¹ which gives figures for this potential investment. There are those who say that Brazil can create up to 3,600,000 jobs from these two events, that for each dollar invested by the public sector, 3.4 dollars will be invested by the private sector, and that there will be an increase of 0.4% in the GDP of Brazil by 2019², purely on account of the World Cup. I have received visits of delegations from various countries interested in the business opportunities that the Cup and the Olympics offer. The tourist industry is already looking forward to possible investments which we would probably not have without these events, not only in the traditional destinations such as São Paulo and Rio de Janeiro, but in other places which people are curious to visit, such as Manaus or Cuiabá.

Brazil would be investing in airports irrespective of the Cup. We would be improving urban traffic routes in the big cities and we would be expanding the subways irrespective of the Cup. These are not investments for the Cup per se; they are investments for the development of the country. Even the investments in hotel accommodations which the private sector are making are not directly linked to the Cup – no one builds a hotel solely for the World Cup, which lasts little more than a month. A hotel is not a carnival float that you use during the party and afterwards store in a warehouse; it remains and has to be viable in the medium

term. The provision of BRL 1.9 billion of public money in this investment is not because of the Cup; it is because the country has grown and has expanded its role as a destination for business tourism and for events, conferences, and trade fairs. The hotel network is also increasing because of this, and not just because of the Cup or the Olympics.

As far as telecommunications are concerned, here too Brazil needs to modernize. The country needs to because the people, business, trade and industry need to. So the World Cup and the Olympics hasten and bring about solutions and problems with which we might have had more time to deal with, and which challenge us to resolve them. These two events actually present Brazil with two opportunities. The first is to improve areas where the country is already performing well but could do better. The second opportunity is to overcome our deficiencies. It is as though it were an examination: to pass, it is necessary to improve what you are already good at and try and improve in the areas where you are deficient. Like any country, we have aspects where we are good and we have aspects where we are obviously lacking and we are going to deal with these two aspects at the World Cup and the Olympics.

AFTER THESE GREAT SPORTING EVENTS, HOW DO YOU SEE THE SCENARIO FOR SPORT IN BRAZIL? WHAT IS THE STRUCTURAL LEGACY AND THE SOCIO-CULTURAL IMPACT THAT THESE EVENTS CAN LEAVE FOR THE COUNTRY APART FROM THE HOST CITIES?

>> The idea is to ensure that these two events enhance the practice of sport as an education. Not only high performance sports, not only sport as a business, although these are also important, but sport as education, entertainment, leisure, and social inclusion. This depends on an infrastructure which is still very precarious in Brazil and needs to be improved. There is currently few sports equipment in our schools and the government has a program to cover 5,000 courtyards in public schools, to build courts where they do not exist. We have a lack of high-performance sport in many large metropolis. Most Brazilian stadiums do not

¹ Study produced by Ernst & Young and FGV Projetos, entitled "Brasil Sustentável: Impactos socioeconômicos da Copa do Mundo 2014". Available at: <<http://fgvprojetos.fgv.br/sites/fgvprojetos.fgv.br/files/922.pdf>>.

² According to studies by Ernst & Young/FGV Projetos, by Value Partners Brasil and by Itaú.

have a swimming pool or an official athletics track, and this is something we need to confront and overcome.

We have adopted a program for the ‘nationalization’ of the Cup and the Olympics. As regards Olympic sports, a program was launched in February for Centers for Introduction to Sport (CIE). As part of the Program for Accelerated Growth (PAC 2), the first stage encompasses towns with more than 100,000 inhabitants in the South and Southeast regions and with more than 70,000 inhabitants in the other three regions. The Brazil Medals 2016 Plan, launched in September of last year and aimed at high-performance sport, provides for investment in the construction or renovation of 22 training centers.

‘Nationalizing’ the World Cup means that other cities must have the same experience as São Paulo, our most cosmopolitan metropolis, the one most linked to the rest of the world, which has three major stadiums – Palmeiras, Corinthians and São Paulo –, and which will also carry out the work of covering the Morumbi stadium, a beautiful design by Vilanova Artigas, as well as constructing a convention center and a hotel. In the same way, Palmeiras will have a multi-purpose arena, and Corinthians will have one in Itaquera. In other words, in an area of 4 million inhabitants with the lowest Human Development Index in the city of São Paulo, there will be a complex which will not only be for sport, but will house a university, a federal technical institute. This means that we will have in the same area as the arena of Corinthians important sporting and educational facilities. But it must not be only São Paulo.

We also want to see Boa Vista, in Roraima, with its own important sports facilities. We are helping to finance the construction of a stadium there. In Amapá, we want to open two centers for indigenous Olympic canoeing, two more in Roraima and two in Amazonas, as a start. We are carrying out surveys with the local university, with the Armed Forces and with departments of education to discover the indigenous villages with the greatest tradition of canoeing, because we want the indigenous technique of canoeing, a very sophisticated technique, to be applied in competitive, high-performance canoeing. Previously there were no athletes from Acre, for

example, in the Athletics Grant Program³ so we made an effort to remedy this situation.

Brazil is a very rich country, with many civilizing and spiritual virtues and qualities, but it is also a country which is very unequal, distorted and unbalanced. If the state does not act to reduce these imbalances, they tend to become worse and the chasm becomes deeper. We must take advantage of all the enormous potential of Rio de Janeiro and São Paulo, but we must consider Brazil as a whole. We cannot at a moment like this forget that Amazonia represents 60% of Brazilian territory and that region is more than just territory; it is part of Brazilian civilization and it is where our imagination, our culture, our cosmopolitanism, and our identity as a people lie.

We must remember, when looking at the country, that we have Amazonia, with its forests, its rivers and its indigenous populations. For this reason I told FIFA that we could not conceive of having a World Cup game in Manaus, looking up at the terraces and not seeing a single indigenous; this would be unacceptable. We must be able to look at the terraces and see our indigenous represented there. So our responsibility is to help this to happen and support it. We must also consider the representation of the poorest sections of the population at the World Cup.

And when the World Cup and the Olympics are over? São Paulo will have its beautiful stadiums; Rio de Janeiro will have an Olympic Park and an Olympic Village. And Roraima, Acre, Amazonas, Amapá and Tocantins will have what? We have to think about all this.

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³ Run since 2005 by the Brazilian government, the Athletics Grant is a program for the individual sponsorship of athletes that currently comprises five categories of grants offered by the Sports Ministry. Priority is given to athletes in sports which form part of the programs for the Olympic Games and Paralympics, and after these to athletes in non-Olympic sports who have obtained good results. Those benefited by the program receive help for one year. See: <<http://www.esporte.gov.br/snear/bolsaAtleta/sobre.jsp>>. Accessed on 02/04/2013.

INTERVIEW



Carlos Alberto Parreira

Technical Coordinator of the Brazilian National Team

Carlos Alberto Parreira graduated from the National School of Physical Education and Sports. He served as Technical Manager of football teams (São Paulo, Internacional, Santos, Fluminense and Atlético Mineiro) and of the Brazilian national team. He also trained the national teams of Saudi Arabia, the United Arab Emirates, Kuwait, South Africa and Ghana. Under his leadership, Brazil won the 1994 World Cup. He is currently the Technical Coordinator of the Brazilian national team.

Abstract

In this interview, Carlos Alberto Parreira reflects on the factors that bring success when selecting teams and about the administrative structures he encountered in a career spent managing five Brazilian clubs and six national squads. He also discusses the tactical changes that have occurred in football since the 1958 World Cup and about people that inspired him throughout his career in football, in Brazil and in other countries.

FGV PROJETOS: YOU HAVE A GREAT EXPERIENCE IN WORLD CUPS. HOW DOES PREPARATION INFLUENCE THE SUCCESS OF A TEAM, AND WHAT TYPE OF PREPARATION IS BEST? IF IT IS POSSIBLE TO IDENTIFY THE MOST IMPORTANT FACTOR, WHAT WOULD IT BE?

CARLOS ALBERTO PARREIRA: I see no other way than a strategic plan, a very well prepared plan for the Cup, made six, seven or even eight months beforehand, if possible. The work for a World Cup lasts four years and begins when the previous tournament finishes. At that moment the team already begins to prepare for the next Cup. This planning is essential in thinking about the work up to through final result, which is victory. I worked with the Brazilian team in four World Cups and it is true that the ones that were well planned were the most successful. Not that the ones we lost were not well planned, but there were certain factors that did not aid our work in the same way as in the two successful ones. It was not by chance that Brazil won in 1970 and it was also not by chance that it won in 1994. In the same way, it was no surprise we lost in 1974 and again in 2006.

So the chief factor for victory is planning, which aims first to win the off-field battle and covers everything you could imagine with regard to the preparation of a team. There are the financial and administrative resources, selecting the technical commission and the teams, the friendlies, the preparation, the games. It also involves the existence of a settled playing philosophy, with objectives, that allows everything to be planned. So winning the off-field battle is essential and we now know that it is necessary to plan for this. We now know what we will be doing

in one year's time with regard to planning: the accommodation, the hotels, the training locations; the make-up of the technical commission, the staff; what we expect from each member of the technical commission; the places we will work; the equipment we will use; the travel arrangements; the chartered planes; the food; and the motivation that makes the group stay focused.

Planning and the selection of teams are endless subject. There are many conferences about team building, but every coach has an angle on this, bearing in mind the human, financial and administrative resources that are available. Selection happens in the same way. You can have the best coaches, the best physical therapist, the best goalkeeping coach, the best doctor, the best players, the best financial resources – the Brazilian Football Confederation (CBF) has resources, we can choose where we train -, but it is very important to fine-tune all these aspects.

All this is part of winning the off-field battle. The Brazilian team has never lacked quality, but it is important that this quality is used in the service of the team. Because, more than just bringing together a group, it is a matter of assembling a team, of uniting different talents imbued with the same aims and objectives. A single player can decide a game, but a tournament is won by the team as a whole. Our objective is exactly this: to form a team with a well-defined aim, focused on a single objective: to win the 2014 FIFA World Cup. We know from the beginning that there is no plan B; we have to win the Cup.

We are the only team in the world out of the major playing countries that has never won a World Cup at home. Italy and Germany have each hosted two World Cups. They each won one game and lost the other. We played one game at home and lost it, so this is our turn to win.

YOU CAN HAVE THE BEST COACHES, THE BEST PHYSICAL THERAPIST, THE BEST GOALKEEPING COACH, THE BEST DOCTOR, THE BEST PLAYERS, THE BEST FINANCIAL RESOURCES (...), BUT IT IS VERY IMPORTANT TO FINE-TUNE ALL THESE ASPECTS.

HOW IS THE PSYCHOLOGICAL MONITORING OF THE TEAM DONE? ARE THERE PSYCHOLOGISTS IN THE GROUP?

>> Producing psychological profiles of the players helps a lot, but we do not have psychologists monitoring the team. In my view, a football team is a very diverse group, made up of very complex individuals. In the process of psychological monitoring it is necessary to penetrate the core of a person, and this takes time and dedication on the part of the person being monitored as well. And we are not dealing here with a marriage in crisis, but with people with very different life histories. I believe that with a team, it is best to have a motivator, and the best motivator is the manager. In 1994, we had a good experience with Evandro Motta, who gave some motivational talks with some important messages. This helped considerably.

BESIDES BRAZIL, YOU HAVE MANAGED FOUR OTHER TEAMS (SOUTH AFRICA, KUWAIT, SAUDI ARABIA AND THE THE UNITED ARAB EMIRATES) IN WORLD CUPS. WHAT DIFFERENCES EXIST IN MANAGING ONE OR OTHER TEAM?

>> I'll give you an example. I managed the South African team for almost four years. When I arrived in Johannesburg, I made a four-year pyramid with regard to the team, a report. The first and second years were to

observe the players; it was a period of study to get to know football there. The apex of the pyramid was the World Cup. These years were for bringing together the basics of the team – getting to know the technical aspects, the style of football, the manner of playing, the structure of the clubs, how they trained -, visiting the places where we would be training.

In South Africa, everyone has a training center. Gradually, we brought together the basics of the team, and began to choose the players and to play games. At the same time, we organized competitions and tournaments so as not to depend just on the calendar of FIFA. Once a month, I got the local players together to play a game against a team from the second division.

There we played friendly matches where the players arrived on Monday morning, played in the afternoon, and went back in the evening – which didn't interfere with their programs at their clubs. We expanded these basics and later, at a time nearer the Cup, took part in the preliminary games for the Africa Nations Cup. We played in the final stages and didn't win, we had a young team so as to gain experience with the World Cup in mind. Afterwards, in the final year before the World Cup, we did two important tours. The first was a 35-day tour in Brazil, in São Paulo, where we played eight games and didn't lose any of them. After that we went to Paraguay, and then returned to Rio to play against Botafogo with a mixed team. Loco Abreu, Aleksandro, played in this game and we won 1 – 0. From there we went to Germany, where we stayed for 20 days at the Adidas training center and played two games, returning to Africa at the end. There we played against Colombia, against Bulgaria and against Denmark; we won two games and tied in the other. This created a very good atmosphere and we went for 18 games without losing, up until to the Cup. In more

than 20 games, the only one we lost was against Uruguay. The preparation was good, with the pyramid ending in a peak, and our plans were carried out to the letter. But to bring a strong team together, you need to get the best players.

YOU HAVE BEEN AT VARIOUS CLUBS DURING YOUR CAREER. WHICH WAS THE BEST ADMINISTRATIVE STRUCTURE YOU EXPERIENCED AND WHY?

>> I was at São Paulo, Internacional, Santos, Fluminense and Atlético Mineiro. As regards national teams, I have managed South Africa, Kuwait, Saudi Arabia, the Emirates, Brazil and Ghana.

The best club structure I encountered in Brazil was São Paulo, on the administrative and bureaucratic side. They created Cotia 2, which is said to be excellent, and they also have their Training Center. No one has this in Brazil. I would also mention Internacional, Atlético Paranaense – which is very well structured – Cruzeiro, and Atlético Mineiro – which has a wonderful training center. In Rio de Janeiro, we should already have had a training center a long time ago, but no club there has one.

Talking about national teams, the Brazilian setup was always very good because it has Granja Comary. Out of those where I have worked, I should also mention South Africa, where the stadiums are good and the training centers are excellent. There was no structure in Kuwait, but we used the clubs, and we used the national stadium to play matches.

WHICH MANAGERS DO YOU ADMIRE IN BRAZIL AND ABROAD AND WHICH TEAMS DO YOU THINK WILL BE THE STRONGEST AT THE WORLD CUP?

>> In my opinion, one of the best managers in the world is Zagalo. I have met all the national team managers. There are good managers in Europe, and José Mourinho, whom I admire greatly, is one of them. He has won championships in the four countries where he has worked in Europe. Fabio Capello is another. Josep Guardiola did an exceptional job at Barcelona. He took advantage of the whole structure, laid down by a marvellous trainer, who did an exceptional job. A short

time ago there was an under-15 tournament which Barcelona won by 8 – 0 against a team from Brazil.

The strongest teams for the Cup are Spain and Argentina, which has some very good players. If Messi is on form, we will have to take our hats off to him. We have seen this. We lost a game in Qatar to a goal from Messi. We lost 4 – 3 in the United States, with three goals from Messi.

Italy is improving. Cesare Prandelli is doing a very good job of renewal. It's a team which is lighter, freer, more technical; a team whose mission is to defend and knows how to do it. They are never going to lose this defensive characteristic. When they lose the ball, nine players run after it. When they come out of defense, they come out with more quality, with a passing game, not just with a hoof forward. England has something as well, which is not a novelty for us here: when they lose possession, there are ten players fighting for it – one up front and sometimes all ten come back. Everyone is pressing and marking, they know how to defend very well, and when it's time to play, you can see that they've really learned to play.

Sepp Herberger, the coach of the German team at the 1954 World Cup, is considered the creator of the German school of coaching. I remember a few articles that he wrote. The first of them said that you must attack and defend with maximum effectiveness. You must remember that this was written 60 years ago! It is a visionary concept that will probably not change for the next 100 years. It doesn't matter whether it's first, second, or third division, men's or women's football, Africa, Europe, Asia, South America... It is the essence of football and does not depend on the system – whether it's 3x5x2, or 4x2x3x1, or 4x4x2, or 4x5x1 is irrelevant. It is a philosophy, a concept, and this is what the whole world is doing now: defending to the maximum and attacking to the maximum. There is no winning team that doesn't do this. If you only defend, you won't win anything; but if you only attack, you won't win either. So it is necessary to seek a balance between defending and attacking. This is the essence of football: you have to adapt and mold your play. Brazil was only the world champion when it learned to defend. The same happened in volleyball; Brazil only improved when it started to block.

SINCE YOUR FIRST EXPERIENCE WITH THE NATIONAL TEAM, AS FITNESS TRAINER IN 1970, IS PHYSICAL PREPARATION PERHAPS THE THING THAT HAS CHANGED THE MOST, OR NOT?

>> With the improvement in physical preparation, players have started to run more. So, I don't know if it was the need to run more which improved the physical preparation, or if better physical preparation resulted in the players running more. The tactical change in football came at the World Cup in 1966. Because up to 1962, football was played at a very slow pace, individual quality was to the fore, technique was to the fore – defenders simply defended, midfielders just organized, and attackers only attacked.

This combination of everybody defending and everybody attacking, this multi-functional versatility started at the 1966 World Cup, which changed football. It is a historic date: we can talk about before 1966 and after 1966. It was “play and do not let play”. What was it then? An increase in the speed of the game and a closing down of spaces, and this is what prevails up to now, with greater and greater intensity. The speed of the game has increased a lot and the spaces have grown less, so it has become more difficult to play football. Before the 1966 World Cup, Brazil played against Italy and played three or four games in Europe. One player told Ernesto Santos, who was the “professor” at our physical training school and our supervisor, something that was emblematic: “Please, professor, I want to play and they won't let me”. Now that is incredible! Players who were used to playing here in Brazil got the ball, looked around, and nobody challenged them. In 1962 it was like this. We would only change at the Cup in 1970, so much so that we lost the Cup in 1966 when we went out at the group stage. All the South American teams went out, and the four semi-finalists were all European.

REGARDING TACTICAL CHANGES, WHAT DIFFERENCES DO YOU SEE BETWEEN THE VARIOUS WORLD CUPS?

>> The coach of Spain used a phrase which I also use and like: football is a game of moments. And, in fact, life is like that. I was invited to manage the national team on three occasions, and on these three occasions I was at the forefront.

1958 saw the consolidation of 4x2x4. In terms of tactical evolution, individual quality prevailed in Brazil. It was the beginning of football-art. This term started to be applied to football in 1958, which is something which few people know. It began with L'Équipe, a very well-known newspaper, then accustomed to those heavy, robot-like Russian and English teams. When Brazil appeared with Garrincha playing, with Pelé floating like a balloon, playing the ball on his chest, dribbling...

That was pure art; and those who couldn't define it said: this is art.

In 1962, it was the consolidation of 4x2x4, which changed to 4x3x3, and Zagalo explains it very well. Nilton Santos was 37 or 38 years old and clearly couldn't run. Zagalo went back to help Nilton Santos in midfield, something which he had also done, more or less, in the Cup of 1958. It was not really a 4x2x4. So it was a consolidation of 4x2x4, reinforced by a 4x3x3, and, above all, by experiment. There were no tactical innovations.

It was 1966 which saw a change, when “play and do not let play” appeared. The Europeans, realizing that they could not match the individual quality of the South Americans, thought up a way of stopping it, which was this pressing. So there was pressing in every part of the pitch – lose the ball and start pressing; play and don't let play. Play when you have the ball, and when you lose the ball, don't let them play. It was football played hard, the English marking was hard. It saw the creation of a system that is the most long-lived in the history of football, 4x4x2, which is still dominant today. The 4x1x4x1, 4x3x2x1 or 4x4x1x1 which we see today are all variants of 4x4x2.

In 1970 we had Brazil, with a team effort, and an exceptional preparation, almost five months of training. It is even difficult to define Brazil's formation at this Cup; there was only Tostão up front, with Pelé, Gerson, Tostão, and Jairzinho we were practically playing a 4x5x1.

In 1974 it was the Dutch revolution, but they lost to a German team which was pragmatic but good. They had Hölzenbein, Beckenbauer, Müller and Maier in goal, playing at home. It was a very good German team which prevented the coronation of the Dutch. Really they created the so-called carousel, the

rotation of the ball, that versatility. They had a lot of quality, which stamped that Dutch team as a golden generation. Eight players from Ajax were European champions three times – it was a team that arrived at the Cup almost ready-made. Afterwards the Dutch themselves never repeated it and no one succeeded in imitating them.

In 1978 the champions were Argentina, who displayed nothing new. They played the attacking football of Menotti, a 4x3x3 with three attackers, playing at home, with the support of their fans. Crazy support from their fans ... I was at this World Cup, my God! That game with Peru was really frightening. Many people said it was a sell-out, but it was fear of getting killed there. Imagine, the game was in Rosario, we were in Rosario. We heard the people shouting furiously: Argentina, Argentina! It was really frightening, I had goose bumps. It was the time of the military dictatorship and the only way they could express themselves was through football, and it was a point of honor for the Argentinian government to win the Cup, which they did playing 4x3x3. They were a good team.

In 1982, Brazil was really the best team in the Cup, and was also knocked out by a pragmatic team. Italy beat Germany in the final to become champions. Brazil had a team based on individuals, not based on team effort. It was individuals who captivated the world: Socrates, Falcão, Zico, Cerezo. But the team did not have the consistency of a team and were not too effective at defending. Obviously they enchanted people with the individual quality of these players and it was a team which put its stamp on the Cup. But Italy played an impeccable game against us. I saw that game, I was there. It was a pity, because our team was the best in the Cup, it played the most beautiful football. But in that game we made errors, and in a World Cup you cannot make mistakes.

In 1994, what was the great merit of that team? We hadn't won for 24 years, there was a lot of pressure, so we began to ask ourselves questions. The best football team in the world hadn't won for 24 years, hadn't even reached the final. We came to the conclusion that it had to be zero mistakes and maximum efficiency and we instilled this into the players. Those motivational talks aimed at exactly this: the World Cup is not a league championship, it is a short competition; if you make a mistake, you go home. You can only lose a game in the group phase. From then on there are four risk games; the loser is out.

At this Cup, certain players surpassed themselves in an incredible way. Aldair played a perfect World Cup. As did Taffarel and Márcio Santos, who was not even a first team member and played well in all the games. The same with Mauro Silva. They had different abilities and different tasks to perform, but with one aim in common. Mauro was only a defender; Dunga was a defender and a sweeper; Zinho was a sweeper and a defender; Romario and Bebeto got the goals. You need to have all this, the chemistry. That goes for everything in life – love, marriage, work, if you don't have that chemistry. And you can't explain this chemistry, it's a look, a gesture. Football is the same: you've got 11 players, if you take one away, you destroy everything. Change something quite small, a player's position, a tactic, and you destroy everything. And it's difficult to achieve this chemistry; when you've got it, that's the moment of realization.

The task of the manager is to achieve this molding, to take these different talents and get them to act as a team; this is the great challenge. And it's for the manager, especially in Brazil, to get the players to play without the ball. The moment we learn to play without the ball, that's when we've already got one hand on the Cup. It's not only about defending and being defensive, it's about learning to defend as well. Because we know about attacking and scoring goals; we're always going to be able to do that.

HOW DO YOU SEE THE INFRASTRUCTURE SCENARIO IN BRAZIL IN THE CONTEXT OF THE WORLD CUP?

>> On this aspect of the infrastructure of football, we will always lose out to the developed countries because ours is very precarious, even after these renovations. At present, a year and a half away from the World Cup, Rio de Janeiro does not have a training center for the teams which will be coming from abroad. In South Africa and in Germany, there are eight or ten training centers in every city, training centers specifically for football training. Here they are going to prepare São Januário, Engenhão, football stadiums. This is because there aren't any training centers. It's a pity, because this would be a legacy that would remain for the future.

The stadiums will be ready, but the Cup is not just stadiums. The Cup is also urban mobility, it's airports. When Brazil was chosen for the World Cup, I was happy because we would have better airports, new or modernized, greater urban mobility and better roads. Carlos Heitor Cony wrote a marvelous article in *Veja* some time ago. Let's assume that the airports are ready - rebuilt, renovated or new. But when you leave the airport, where are you? In London or Paris, if you want to go to the center, you can choose whether to go by subway, bus, taxi, car or train. Here there's no choice. When you leave Galeão International Airport, there are those old taxis which get stuck in traffic. And let's say you solve the problem of transport from the airport, you've still got these roads. It's a complicated sequence of problems.

As for urban mobility, I've already given up hope, because not a single new airport has been built, no renovation works have been started up till now. We were chosen for the Cup seven years ago. When I arrived in South Africa, at the end of 2006, they were already renovating

OUR OBJECTIVE IS EXACTLY THIS: TO FORM A TEAM WITH A WELL-DEFINED AIM, FOCUSED ON A SINGLE OBJECTIVE: TO WIN THE 2014 FIFA WORLD CUP. WE KNOW FROM THE BEGINNING THAT THERE IS NO PLAN B; WE HAVE TO WIN THE CUP.

Johannesburg airport, which was already a good airport, but which became much better. What will be good will be the stadiums, but the Cup is not only about stadiums, it's the area around the stadium, it's the approach, it's urban mobility. We are losing a unique opportunity, not so bad for Rio de Janeiro compared with the rest of Brazil, because Rio de Janeiro has got the Olympics after, and the city will benefit a bit from that event. Now, I think of what the legacy will be for the other host cities – and I've been to some of them – and it's going to be practically nothing.

CAN THE FACT OF HOSTING THE 2014 WORLD CUP LEAVE A LEGACY FOR BRAZIL AND FOR OUR FOOTBALL?

>> It's a unique opportunity we have to show our country to the world. There is nothing bigger; the whole world will be here, the whole world press will be here. We have to show the good things here – the social side, the cultural side, the arts, music, handicrafts, cooking, everything there is to show. It's a unique opportunity! So the government should be aware of this. And the advertising is virtually free, spontaneous. We can't miss this opportunity. I hope this is being considered when they create festivals, shows, exhibitions of Brazil. I think it is necessary to organize all this.

COMBINING TALENT ON AND OFF THE PITCH:

ECONOMIC TRANSFORMATIONS
AND STRUCTURAL CHANGES
WITHIN FOOTBALL



Carlos Geraldo Langoni

Director of the World Economy Center of the FGV Foundation and President of Projeta Consultoria Econômica

Carlos Geraldo Langoni holds a PhD in Economics from the University of Chicago. He was the youngest President in history of the Brazilian Central Bank. He is currently Director of the World Economy Center of the FGV Foundation and President of Projeta Consultoria Econômica, which supplies strategic consultancy services to major corporations and publishes the weekly Aide Memoire/Brazil Memo on central aspects of the Brazilian economy. He is also President of the Financial Committee of Flamengo football club.

Abstract

In this article, Carlos Geraldo Langoni reflects on the recent social and economic changes' impact on Brazilian football. At the same time he discusses how the 2014 FIFA World Cup can contribute towards hastening structural alterations and changes in the management of the clubs after the period of the world championship. Finally he highlights the challenges which still need to be resolved in order to modernize our football.

SOCIAL AND ECONOMIC CHANGES AND FOOTBALL IN BRAZIL

Brazilian football is currently passing through a structural transformation which is the consequence of two important changes. The first of these is the growth of the Brazilian economy, especially the strengthening of what Minister Marcelo Neri, head of the Secretariat of Strategic Affairs of the Presidency of the Republic and an economist at the FGV Foundation, has called the “new middle class”. The high degree of social mobility has been responsible for an internal process of great expansion which, besides resulting in quantitative growth and in an increase in real incomes, has also produced, as a result, a natural increase in the demand for leisure. Besides the privilege of enjoying the country’s exuberant nature, there is a growing and diversified choice of cultural and sporting activities in the country. Football, however, continues to be the great national passion. In this sense, with the growth in internal consumption, a great part of the demand for leisure ends by benefiting the sports sector in general and football in particular.

There are two ways of measuring these changes. One of them, slightly distorted in the case of Brazil, is the custom of going to the football ground and watching the game live. This public has not increased, which is a reflection of management problems (the formula of the championship) and of structure problems (obsolete stadiums), besides the keen competition provided by pay TV. It is very interesting to note that, while there has been stagnation as regards the public who frequent Brazilian football grounds in recent years, there has been an increase in pay TV averaging 20% per year. Transmissions of football matches, along with TV soap operas, form part of the basic content and have already become a part of Brazilian daily life. This trend shows that it

THE OCCURRENCE OF THE WORLD CUP AND THE GROWTH OF SPORTS MARKETING WILL MAKE A NEW MANAGEMENT MODEL FOR THE CLUBS MANDATORY.

is necessary to analyze the evolution in the demand for football by considering not only the public in the stadiums but also the pay-per-view phenomenon, which now embraces social classes C and D, reflecting the reduction in inequality. It is currently the biggest source of revenue for Brazilian football clubs.

The second important change is the explosion of expenditure on sports marketing, which is another dimension of the structural transformation of Brazilian football. This trend is the counterpart of the emergence of the major national and international brands, especially in the last 15 years, when the economy started on a path of sustainable growth, monetary stability and intense social mobility. Major Brazilian and international companies compete for their share of a domestic market which is steadily expanding.¹ Sports marketing plays a very important part, arousing interest in all sport by means of massive advertising – and particularly in football. The clubs, following the example of the national team, now count on sponsorship involving amounts significantly greater than in the recent past. It is the way towards financial viability which, in the medium term, will make our clubs more competitive at a global level, breaking the vicious circle of unsustainable indebtedness.

¹ It is interesting to point out that the Brazilian GNP has shown quite a low development level for the last two years, though the private family consumption has been raised by 8% per year. Therefore, it is possible to remark an asymmetric process in Brazil consisting of low development while its domestic market remains fairly solid, with a significant expansion secured by a dynamic labor market and by this virtuous process of social mobility.

IMPACT OF THE WORLD CUP ON BRAZILIAN FOOTBALL

Regarding football, we should also consider the impact of the 2014 FIFA World Cup, as it will affect two basic sectors: sports infrastructure and tourism. A major flaw in Brazilian football is the obsolescent nature of the stadiums. The holding of the World Cup in the country will result in at least 12 new or totally renovated stadiums in the host cities. There are also the investments that are being made by clubs, such as Grêmio in Rio Grande do Sul and Palmeiras in São Paulo. In future years we will have multi-purpose sports arenas, which will host not only football, but also other sports and cultural events, reproducing a concept which has already been successful in the United States and Europe. This new type of stadium will offer standards of comfort and safety which should bring in the public – an important part of the show. For television viewers, watching a game in an empty stadium does not arouse the same emotions as the noise of thousands of supporters. We need to go the European way, where pay TV customers are no obstacle to the massive presence of the public at big matches and tournaments. In reality they complement each other.

The make-up of the public attending matches will also undergo significant changes. At various World Cups (United States, France, Japan, Germany, South Africa), it has been noticeable that families attend matches. In Brazil, due to problems involving security, difficulty of access and lack of basic infrastructure (numbered seats, restaurants, etc.), the female public has stayed away from football and children are rarely present. The movement to bring the public back to the stadiums will get a great impetus from the 2014 FIFA World Cup, producing an important qualitative change. In this sense, one of the legacies of the event will be to contribute towards bringing back fans to football grounds and diversifying their profiles so as to strengthen a future trend of expansion of both public and ticket sales – which could revert to being an important source of revenue for the clubs.

Another consequence will be a revolution in the management of football stadiums in Brazil. The modernization of the Brazilian economy, with a few rare exceptions, has failed to reach its football clubs. There is a paradox in that we have the best football but, perhaps, some of the worst clubs from the point of view of management. The new arenas, where investment has come primarily from the public sector, will be subject to a model of private management which will be certainly more efficient, especially as regards the multi-purpose concept. The search to maximize revenue from these arenas will accelerate the process of change in the management of the clubs themselves.

The Brazilian economic crisis of the recent past coupled with the poor management of the clubs helps to explain the phenomenon of the massive exodus of leading Brazilian players abroad. Currently there is no longer any reason, from a purely economic point of view, for this trend, particularly during the critical stage of training. The export of sporting talent could occur within an atmosphere of healthy competition. After all, human resources of whatever nature must have the mobility to exploit the best opportunities. So just as you cannot forbid a brilliant doctor, an economist or an engineer from working abroad, so a footballer has the right to choose the best professional option. In the case of Brazil, however, there are distortions which make this process unbalanced and very often premature, which in turn does not allow clubs to benefit from the investment they have made in training young talent. Today, with the growth of the Brazilian economy in a sustainable manner, the interest of the major brands in investing in Brazilian sport and the expansion of pay TV, this picture is beginning to change – salaries of players in the domestic game are becoming more and more competitive.

Through more professional management, it will be possible to invest in the principal assets of a football club – the players. Such investment ought to start with the training of future stars, not only physically and technically, but from the point of view of their social behavior. A football player, because of his public exposure, has an enormous responsibility to society and should reflect a set of ethical values, which will become a reference point for others, particularly for youth.

There is, therefore, a social dimension to the training of players which goes beyond their performance on the pitch. The case of Flamengo is a good example: a new model of professional management is being implemented without altering the social club structure. In Europe there are various models: some clubs are owned by a single businessman, such as Chelsea, others have shares on the market, like Manchester United, considered the most valuable brand in the world. Other clubs, such as Flamengo and Corinthians, do not necessarily have an investor who might increase their capitalization. This is a similar situation to those of Real Madrid and Barcelona, who, however, have adopted a business management model. The absence of an investor does not make it impossible to have effective management which can make optimum use of all the external circumstances arising from the modernization of the Brazilian economy, the new internal market and the benefits associated with the World Cup.

The external circumstances created by the Cup will benefit Brazilian football clubs. In addition to the new and modernized stadiums, there will also be all the positive results of the publicizing of Brazil, not only as a modern country, but one which is extremely attractive from the point of view of tourism. In this case, the impact of the big event will be direct. According to the study *Brasil Sustentável*, produced by the FGV Foundation and Ernst & Young, the flow of tourists could increase after the World Cup.² The holding of a World Cup will publicize the country as a whole, as well as the cities where the games will take place. It is a unique opportunity for the world to get to know Brazil and the diversity of its regions, helping to increase the influx of tourists from its present level, which hovers around the 5.5 million mark per year.

Another positive point arising from the staging of the Cup results from the establishment of strict time limits for the critical public investment in the area of infrastructure to be done. It is interesting to note that, for the World Cup, the government changed the model of bidding for public investments. As far as infrastructure is concerned, two sectors will be particularly benefited: energy and telecommunications. The holding of a World Cup requires an assured supply and a surplus of electrical energy. The installation and expansion of the broadband internet network, and particularly the 4G network, are included in this process. The speeding up of these changes is being brought on largely by the timetable for the Cup. It is true that other infrastructure projects, such as urban mobility and airports, are still clearly behind schedule and many will not even be realized. In certain cities, however, such as Rio de Janeiro, perhaps the greatest legacy will be the qualitative leap in public security policy, with the installation of the Police Pacification Units (UPPs).

THE CHALLENGES OF FOOTBALL: THE MODERNIZATION OF THE CLUBS AND A CHANGE IN THE BEHAVIOR OF SUPPORTERS GROUPS

With specific reference to football, the occurrence of the World Cup and the growth of sports marketing will make a new management model for the clubs mandatory. The fact that the stadiums will be managed by private groups who will seek to make optimum use of the capacity of the arenas will result in the actual competitive format of the Brazilian championship, which is the most important competition for the clubs, evolving into a mixed system. Currently we have a model which is entirely based on points won, the all-against-all system,³ and it is possible that we will go in the direction of a hybrid system which will include play-offs, which are widely used in the United States. This is a system which means that at the end of the tournament, there are four or eight clubs chosen to dispute the championship on an elimination basis. This so-called “elimination round” increases public interest and gives more scope for the generation of sponsorship revenue, newly linked to the financial situation of the clubs. It is also a sure formula for reversing the recent trend towards a worrying fall in the average public attendance per game.

² *Brasil Sustentável: Impactos socioeconômicos da Copa do Mundo 2014*. Available at: <<http://www.fgvprojetos.fgv.br/sites/fgvprojetos.fgv.br/files/922.pdf>>.

³ In the qualifying system, or all-against-all system, each competitor plays against all other teams, and the one with the highest score is the champion.

These changes will happen on the basis of the actual trends in Brazilian football following the World Cup. Despite a more positive scenario, the weighty inheritance of accumulated debt by the clubs is a huge challenge. At Flamengo alone the debt is around BRL 700 million. Even with revenue flow significantly increasing through sponsorship, pay TV, shareholder supporters, etc., the financial readjustments will be complex and long-lasting. There is still a long and painful process of restructuring the inherited debt, which will require professional management and time. The clubs, some of which now have a turnover of around BRL 300 million per year, cannot be managed simply by volunteers, however well-intentioned. Clubs need executives who are paid to manage their resources effectively and are judged by results.

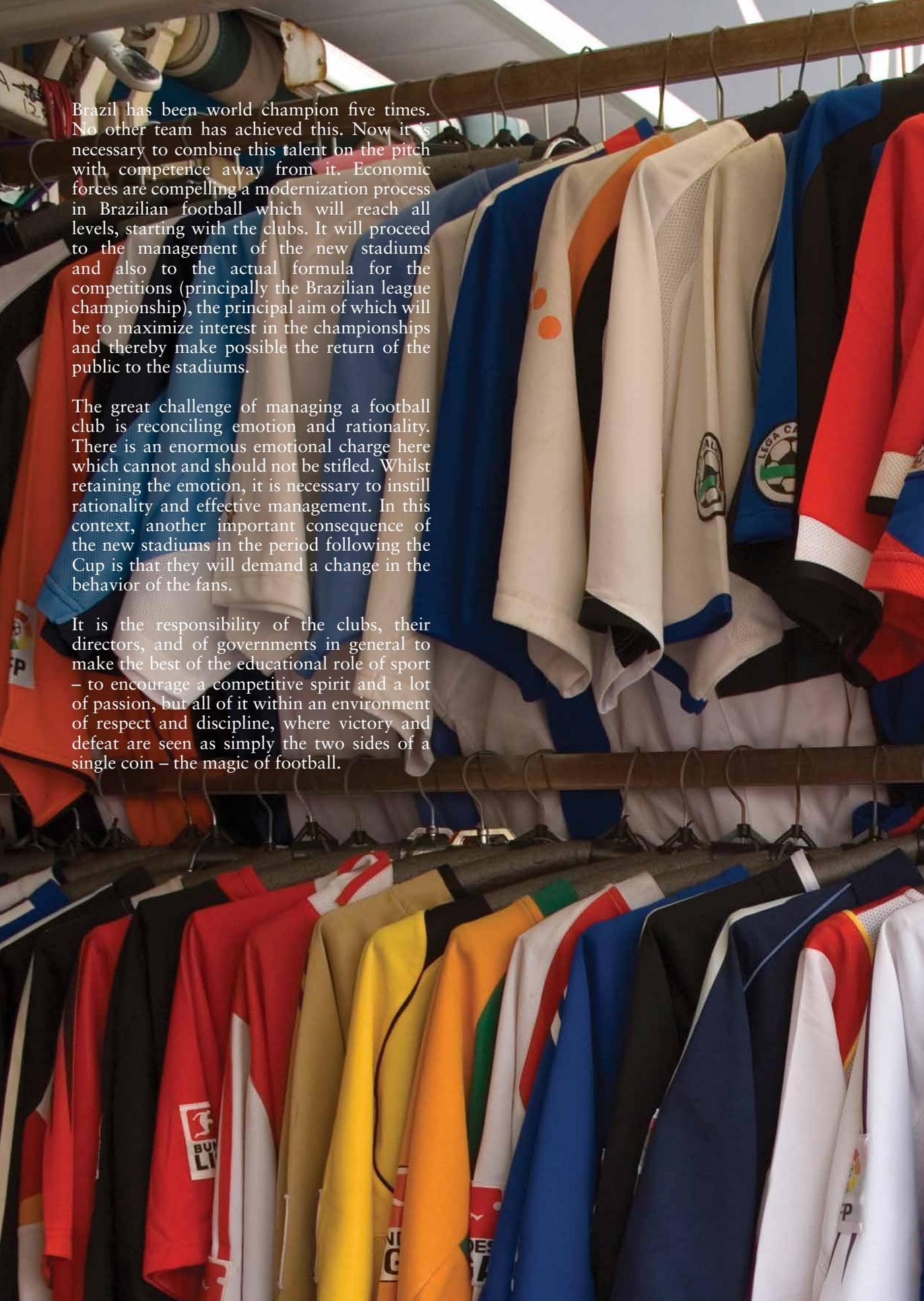
It is important to emphasize that the changes in management models would occur irrespective of the World Cup, and one of the reasons for this is the emergence of major sponsors of football clubs. These companies demand from the club performance, results and most of all major trophies. A public institution, for example, cannot sponsor a club which owes money to the Federal Revenue Service. There are therefore active economic forces which oblige the clubs to improve their financial management.

Any company, even when it makes an indirect investment in a club, starts to demand absolutely transparent standards of management, including ethical attitudes and external audits.

In summary, in the case of Brazil, the priority now must be to increase revenues, control costs, and rationalize and restructure debt, so as to create the conditions for football to be competitive and financially sustainable. Only in this way will it be possible to reduce the current dependency on businessmen or intermediaries which is always so criticized, including by FIFA: their dominant role is the counterpart of the economic weakness of the clubs. They function as an imperfect mechanism for the capitalization of these institutions, permitting investment in the most critical asset – quality players.

It is not a matter of creating any kind of restrictions on the movement of players between different markets. It is the clubs who need to establish legal bonds, especially with young talent, so that when they are sold to clubs abroad or when they wish to seek new professional and financial opportunities, the clubs which have nurtured their talent are reimbursed for the investment they have made and can record a capital gain in their accounts. It is a question of corporate management which demands a basic level of competence: protecting your principal assets – the increase in value of a future star, which up till now has rarely been done effectively.

THE PRIORITY NOW MUST BE TO INCREASE REVENUES, CONTROL COSTS, AND RATIONALIZE AND RESTRUCTURE DEBT, SO AS TO CREATE THE CONDITIONS FOR FOOTBALL TO BE COMPETITIVE AND FINANCIALLY SUSTAINABLE.



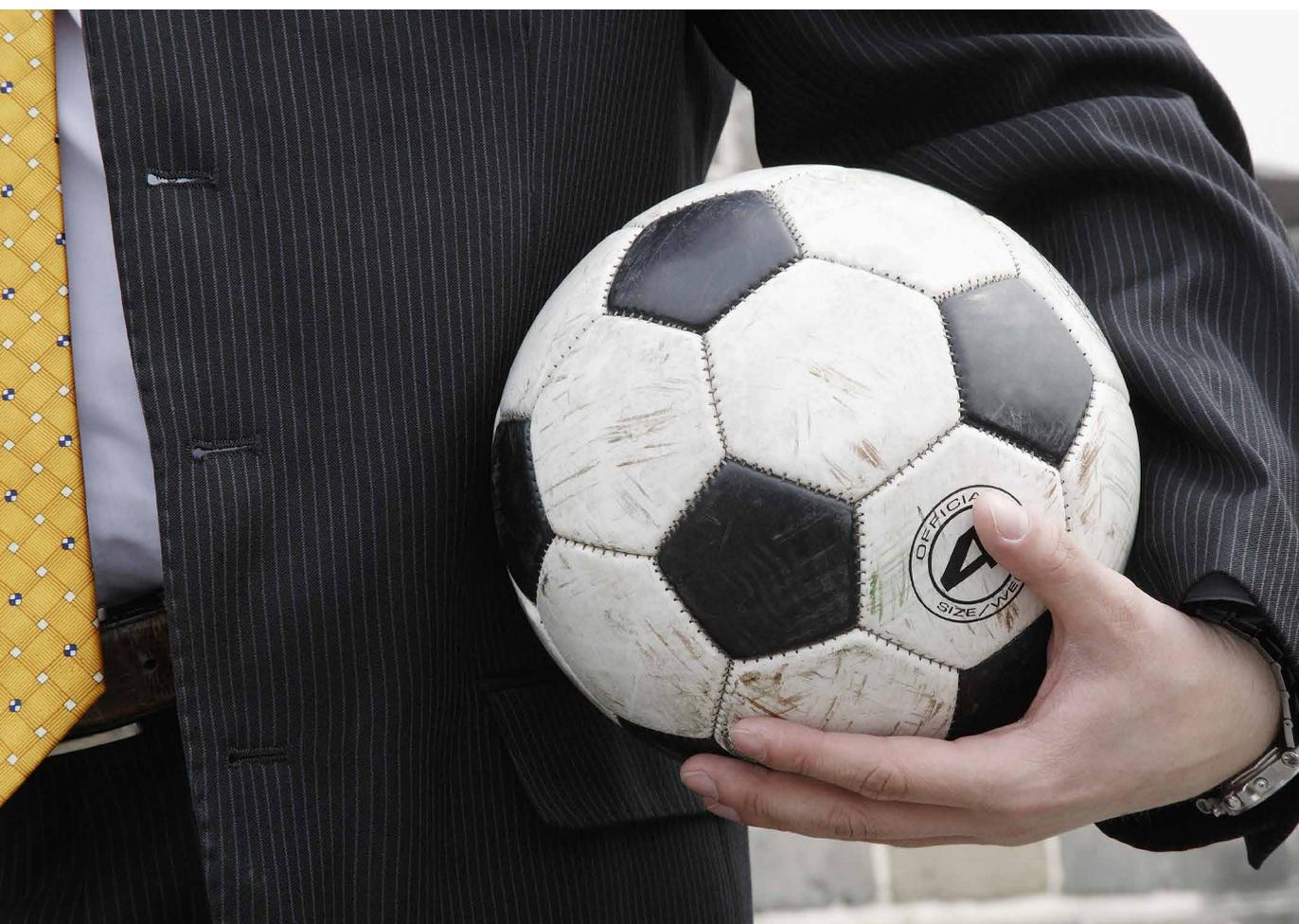
Brazil has been world champion five times. No other team has achieved this. Now it is necessary to combine this talent on the pitch with competence away from it. Economic forces are compelling a modernization process in Brazilian football which will reach all levels, starting with the clubs. It will proceed to the management of the new stadiums and also to the actual formula for the competitions (principally the Brazilian league championship), the principal aim of which will be to maximize interest in the championships and thereby make possible the return of the public to the stadiums.

The great challenge of managing a football club is reconciling emotion and rationality. There is an enormous emotional charge here which cannot and should not be stifled. Whilst retaining the emotion, it is necessary to instill rationality and effective management. In this context, another important consequence of the new stadiums in the period following the Cup is that they will demand a change in the behavior of the fans.

It is the responsibility of the clubs, their directors, and of governments in general to make the best of the educational role of sport – to encourage a competitive spirit and a lot of passion, but all of it within an environment of respect and discipline, where victory and defeat are seen as simply the two sides of a single coin – the magic of football.



THE FOOTBALL BUSINESS



Antônio Carlos Kfourir Aidar

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Abstract

This article takes football as a business. To this end, the authors present a short history of its development and the specific features of the elasticity of demand and the relationship among competing clubs in Brazil. Additionally, they approach the management of clubs and the generation of income, and finally suggest as a remedy the professionalization and the reconciliation between rationality and emotion to enhance their performance.

1. THE ONLY WORLDWIDE SPORT

There has been much discussion as to why football is the most popular sport in the world. There are arguments of every kind: sociological, psychological, economic, etc. In this context certain factors should be mentioned¹:

- ⚽ A high degree of unpredictability of results. Compared with other sports, whether individual or team sports, the occurrence of unexpected results is greater in football than in any other sport. Certainly, the fact that it is played with the feet (imprecision) is a contributory factor;
- ⚽ The simplicity of its rules. With the exception of the offside rule, even a person watching a game for the first time will immediately understand its mechanics;
- ⚽ Playing football does not require a specific biotype. Athletes with totally different biotypes, such as Maradona and Sócrates, are examples of this diversity;
- ⚽ Playing it is inexpensive. It does not require any equipment. A small area and a ball made of old socks are enough for a game; and
- ⚽ The contest involved in a game of football arouses the passions. Spectators from any cultural or social background behave most extravagantly during a game.

The value of a football club bears a direct relationship with the number of its supporters, the strength of their links with the club and their geographical range (local, national and international).² This value is known as “fan equity”. The construction of a stadium

takes generally two or three years, while an entire team can be purchased within a week. However, to increase the number and quality of a club’s supporters takes at least a generation. Once established, the loyalty of the supporters towards a single club becomes almost unshakable. During the last three generations, the football world recognizes only one team to have made the decisive leap from a “small” to a “big” club, conquering a large number of supporters, including the rare phenomenon of those who changed from their favorite team: the Santos of Pelé.

In order to understand the football business, we shall set out its specific characteristics with regard to elasticity – from the price of demand to the relationship between competitors. We shall also show how the football business has evolved in Brazil, the management models which are being successful in world football, and how Brazilian teams are developing in this regard.

Although economic factors have always been present – in the form of wages, construction and maintenance of stadiums, ticket prices, etc. – the phenomenon of football as a business is recent. The transformation of clubs from non-profit sporting associations into commercial companies, especially in Europe, took place during the 1980s and 1990s, culminating in certain football clubs becoming public companies with shares traded on the stock exchange.

Starting in Europe, and later in Latin America, those in charge of football (confederations, federations and clubs) came to realize that, in order to meet the rising costs of the sport – principally caused by the level of salaries paid to players -, new ways of attracting funds had to be found.

¹ This article has used the following basic bibliography: Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira; Oliveira, João José de (coord.). *A nova gestão do futebol*. Rio de Janeiro: Editora FGV, 2000.

² Salomon Brothers. *UK Football Clubs: valuable assets?* Global Equity Research: Leisure, November. London: Salomon Brothers, 1997.

THE SIZE OF THE FAN BASE IS THE MAIN FACTOR IN DETERMINING THE EARNINGS POTENTIAL OF EACH CLUB.

2. A BRIEF HISTORY

In order to explain the importance of professional management in football, it is necessary to understand its development. In this analysis, the history of Brazilian football can be divided into the following phases:

- ⚽ **End of the 19th century until the 1960s:**³ the introduction of football in Brazil. Amateurism prevails, along with a slow transition to professionalism. Wages paid to players are very low and commercial relationships are informal. Revenues are low, coming entirely from turnstiles.
- ⚽ **1960 to 1987:** a period marked by the strengthening of professionalism and by the rise of television. Transmissions of games are free, and later on available at very low prices. Some funds begin to be raised from sponsors. Wages are still low and relations very informal.
- ⚽ **1987 to 1998:** the rise of Club dos 13⁴ marks the beginning of a new phase, in which the clubs grew more powerful in their quest for their own commercial interests. Television becomes the most important source of revenue. Salaries increase. Europe is affected by the Hillsborough disaster (referred to below) in 1989 and by the Bosman Law⁵ in 1995.
- ⚽ **1998 to the present date:** end of the Transfer Law (Lei do Passe), with the enactment of the Pelé Law (Lei Pelé), following the Bosman Law. Great increase in salaries. Revenue from television and the sale of sponsorship rights increases exponentially. Management professionalization becomes vital.

During the first two phases – from the introduction of football in Brazil until 1987 – what might be called a subsistence economy prevailed in football. As figures were insignificant – wages were low and commercial relations were informal –, accounts were balanced with the club directors' own money. The business was similar to an undertaking between friends, and was of interest because being the director of a club brought prestige. In such a scenario there was never any risk of a club going bankrupt. The Transfer Law gave a club the power to retain a player, who had little recourse in the situation – he was a “prisoner” of the club.

The figures in the table ahead show why clubs survived even with amateur management.

³ This first phase could be subdivided, but for present purposes this is not necessary.

⁴ An organisation set up to promote the political and commercial interests of the 20 supposedly most important football clubs in Brazil. One of its functions is to negotiate broadcasting rights for games with TV and radio companies. The name “Club dos 13” comes from the fact that it was originally formed by 13 clubs.

⁵ The case known as the “Bosman Law” (or the Bosman Case) in which a Belgian footballer sued his club which retained him at the end of his contract, on the grounds that the transfer rules of the Belgian Federation and of the Union of European Football Associations (UEFA) had prevented his transfer to another club. The case compelled UEFA to change its rules on the contracting and transfer of players, bringing an end to the retention system and introducing a free agency system.

APPROXIMATE FIGURES FOR SALARIES AND TRANSFER FEES

SALARIES (US\$ THOUSAND)				
Player	Club	Year	Monthly salary at the time	Monthly salary at today's values*
Zico	Flamengo	1981	US\$ 10	US\$ 23.9
Sócrates	Corinthians	1981	US\$ 10	US\$ 23.9
Dario Pereira	São Paulo	1980s	US\$ 6	US\$ 16.7
TRANSFER FEES (US\$ MILLION)				
Player	Transfer	Year	Transfer fee at the time	Transfer fee at today's values*
Pelé	Santos - New York Cosmos	1974	US\$ 4	US\$ 18.7
Falcão	Internacional - Roma	1980	US\$ 2	US\$ 5.6
Zico	Flamengo - Udinese	1983	US\$ 4	US\$ 9.2
Careca	Guarani - São Paulo	1983	US\$ 1	US\$ 2.3
	São Paulo - Napoli	1987	US\$ 4	US\$ 8.1

*Figures updated by Consumer Price Index (CPI)

Source: Survey carried out by the authors.

Currently, no regular player at the so-called big clubs of Brazil earns less than US\$40 thousand per month. Among the “stars”, salaries in excess of US\$250 thousand are common. How much would Sócrates, Zico or Pelé earn today?

In the third phase, starting in 1987, everything changed. In that year, the big Brazilian clubs founded the Club dos 13, and television broadcasters began to invest more money in football. With that, and new stadiums, the revenue of teams increased.

1989 is viewed as the year in which football arenas were reborn. The events at Hillsborough stadium, in England, during the game between Liverpool and Nottingham Forest, led to the death of 96 supporters. The causes were found to be overcrowding, the poor state of maintenance of the stadium and non-compliance with safety rules. As a result, an official government report, known as the “Taylor Report”, required the transformation of English stadiums, with official funding allotted for this purpose.

In 1995, the retain and transfer system came to an end in Europe, as a result of the Bosman Law. In 1988, the Pelé Law ended the system in Brazil. The players ceased to be “slaves” and a modern era of football began. With these changes, the professionalization of management became indispensable if a club wants to survive.

This brief history explains how, for so many years, football clubs managed to survive without professional management or a proper business model. Does anyone doubt that Pelé, the King of football, would have been transferred to Europe during his career if conditions had been different? It should be remembered that the King retired from playing in 1974, and, in a subsequent marketing maneuver by Warners, was contracted by Cosmos of New York for US\$4 million (the equivalent today of around US\$19 million). What is today’s price for Messi, Cristiano Ronaldo or Neymar? The world of football moves at a different pace nowadays.

3. INELASTIC TO PRICE AND ELASTIC AS REGARDS REVENUE

The dream of any company is to have a product not subject to fluctuations in demand when its price increases and for which, at the same time, demand increases with the growth in revenue. In economic terminology, we say that the product should have low elasticity in terms of price and high elasticity in terms of revenue. Generally speaking, goods and services enjoy only one of these two characteristics.⁶

Basic goods, such as salt, normally have an inelastic demand in relation to price. The price increases, but demand does not change very much as a result. On the other hand, consumption of the same basic product is limited to the ordinary needs of the family unit. Demand for this type of product does not increase significantly with rises in earnings.

Non-essential goods tend to have high elasticity in relation to changes in prices and earnings. A typical example is family holidays. Demand here is highly sensitive to variations in price and in earnings. By way of illustration, the increase in the income of Brazilian families recorded in recent years, as a result of the country’s good economic performance, has led to a huge rise in the number of holidays abroad. Travel is one of the first items to show increased consumption when there is an increase in the income of middle class families.

With good management, football is capable of demonstrating both of these characteristics: low elasticity in relation to price and high elasticity in relation to income. You then have the dream product of the capitalist system. Why? The explanation given is that football is passion and football fans cannot live without it. Brazilian folklore is full of cases in which the heads of very humble families omit even to buy milk for their children so as to be able to watch a championship final.

If a game of football is treated as a good product, there can be no substitute for the fan, and it will become inelastic as regards the price

⁶ Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira. As leis econômicas e o futebol: a estrutura do novo negócio. In: Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira; Oliveira, João José de (coord.). A nova gestão do futebol. Rio de Janeiro: Editora FGV, 2000.

of a ticket or a pay-per-view. Let us look at, for example, the recent history of Corinthians. In 2012 the club recorded the highest figure for ticket sales in the history of Brazilian football (BRL 35.8 million). One of the factors which explain this figure is the price charged for a ticket, which is the highest average price among Brazilian clubs (BRL 39.50). Despite the high price, the average attendance at games in which Corinthians was involved was 24,000, the highest average in the country. Irrespective of the amount charged for tickets, fans could not miss out on seeing their team play in the *Copa Libertadores da América*, which at the time the club had never won. In the *Libertadores* Cup games, played in Pacaembu Stadium which provided very little in the way of comfort, the most expensive tickets were sold at BRL 650 and ferociously disputed – in other words, the price went up and demand increased. The previous record for ticket receipts was held by the same club, which grossed BRL 29.4 million in the 2010 season (when the club had signed Ronaldo “the Phenomenon” and Roberto Carlos). At the same time, effective marketing management will ensure that, along with increased revenue, supporters will spend more on food in the stadiums, club merchandise, etc.

Effective management can transform a game of football into a unique event. “Event games” will probably generate more revenue for the clubs. For this purpose, the stadiums must first of all be refurbished – this is already happening in Brazil, thanks to the 2014 FIFA World Cup – so as to afford greater comfort to customers, i.e. the fans. Many people do not go to football stadiums because of the lack of adequate toilet facilities, shortage of parking space and even lack of security. Football is the only instance in which the customer is badly treated but always returns! Queues to buy tickets are extremely long, access is difficult, seat numbers are not respected, “car parks” are dominated by “minders”, the food served is not acceptable, etc. Even so, we who love football always come back. In other situations, such as shops or shopping centers, this would not happen.

With the refurbishment of stadiums, ticket prices will go up. This will result in a new marketing problem, because less well-off fans cannot be excluded from the grounds. The solution lies in dividing tickets between cheaper areas and VIP areas, as well as the food sold within the grounds.

Since 2000, Old Trafford in England (the ground of Manchester United) has had the capacity to serve six thousand meals at the same time on match days, ranging from the simplest to the most sophisticated, served in the boxes. At the time, the then CE of Manchester United, Peter Kenyon, stated that he was against an increase in the price of a season ticket, because he did not wish to exclude the most faithful fans, who were of limited means. The solution was the institution of a draw for tickets.

At the present time, anyone who wants to see a Barcelona game in the Camp Nou will face difficulties, because by the time the season commences, tickets for all championship games have already been sold. Prices for season tickets⁷ could be much higher, but, again, considerations of loyalty will not allow this. Thus, an increase in revenue must be found from other sources.

Fans must also be offered club merchandise at a price within their means. Once again, the product football must be marketed bearing the customer in mind. This does not happen when a game of football of no significance to the championship table is played at 9:40pm on a Wednesday night, in a stadium with poor standards of comfort and access. Fans have various alternatives to such a product, such as a good soap opera on TV. It is easy to imagine the income generation potential of a *Libertadores* game (at a convenient time in the evening), with 50,000 spectators in a modern stadium, with good facilities for eating. It would not be difficult to reach BRL 1 million on sales of food.

The task of effective management is to treat the supporter as a customer. The number of games should not be so great as to detract from the special character of each game or create an excess of supply against a limited demand. This aspect is perhaps the most complicated and is now at a critical stage. The number of games needs to be reduced and the format of regional championships reviewed.

As opposed to most other markets, where companies devise strategies to literally eliminate their competitors, in football the success of one club is totally linked to the success of its rivals: the keener the rivalry, the greater the revenue. As the former president of Manchester United, Martin Edwards, used to say, the strength of a league is measured by the strength of its weakest team.⁸ If over a number of years the same team

⁷ The demand for season tickets was about two and a half times the supply.

⁸ Fynn, A.; Guest, L. For love or money: Manchester United and England – the business of winning? Ed. Macmillan Publishers Ltd, London, 1998.

wins the league without a real contest, the fans will lose interest in football. Final placings in the league have to be rewarded, for example by a place in the *Libertadores*, the South American Cup, etc. In this sense, the logic of competition in the football market is different from the logic in other markets. Rivals are of fundamental importance for the success of a club.

In team sports, as opposed to any other industry, competitors need each other in order to produce what they sell. This explains why the biggest part of sports teams activities is organized on the basis of a league structure, with an administrative body in charge of the rules. As an example, let us suppose that Microsoft were to get round the antitrust laws that it faces, and create a situation in which its operating systems were superior to those of its competitors, thereby forcing them into bankruptcy. Its shares would increase in value and its shareholders would be very happy. Such a situation could never be the aim of a football club. Let us suppose that Flamengo became the sole club in existence, having caused the others to go broke. Its economic value would be reduced to zero, because it needs its opponents (competitors) to exist and to be strong.

The economic laws that govern the product football are very special, combining low elasticity in price with high elasticity in earnings, a market structure which requires competition between the principal teams and the supply of products to the consumer-fan.

4. FAN EQUITY

The size of the fan base is the main factor in determining the earnings potential of each club. Players and other assets can be purchased, but the fan base is related to tradition, that is to say, there is a historic relationship between the fans and the club.⁹

With all the complexity involving agents and institutions representing “practice” and “consumption” in the field of sport – clubs, leagues, federations, confederations and marketing and sports goods companies - , it is

clear that there is need for a management model which is compatible with the entertainment industry, of which football is a part.

The amateur stage has passed and the starting point for the construction of this new model is the supporter, who is the key element in the formation of the main commercial relationships of football bodies. The supporter’s “passion” for clubs and national teams is the basis for a long term relationship. But how are sentiments to be transformed into consumption? At the end of the day, what kind of business is football? What are the organizations which govern this business? Who are its main customers?

All over the world, football functions as the best way to give people a sense of identity: whether through their origins which link them to certain groups, or because clubs are not the subject of sale or purchase, which keeps them tied to one spot, thereby reinforcing the bonds of identification. With rare exceptions, the supporter of a particular team has an immutable loyalty towards his club. He may change job, country, material preferences, even a wife or a husband, but he never changes his team, irrespective of the technical performance of the club.

We do not hear of cases of fans who change club because of failure to win the championship or relegation to a lower division. This fact, loyalty to a football brand, is of the greatest importance for its marketing. Loyalty to products or services in any other industry does not exist in the same way as in football. It is thus not a question of product satisfaction. It is an emotional relationship, in most cases one of suffering, which can be converted into, or even exploited as, a commercial relationship.¹⁰

The supporter-club relationship is an asset which can be valued in the light of the following variables:¹¹

- ⚽ Number of club supporters;
- ⚽ Return to a game;
- ⚽ Intensity of devotion for the club; and
- ⚽ Demographic expansion of supporters.

⁹ Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira. As leis econômicas e o futebol: a estrutura do novo negócio. In: Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira; Oliveira, João José de (coord.). A nova gestão do futebol. Rio de Janeiro: Editora FGV, 2000.

¹⁰ Taylor, R. As dimensões sociais do relacionamento comercial entre os clubes de futebol e suas comunidades. Text presented at 10 Congresso Internacional EAESP de Gestão de Esportes held by FGV Foundation. São Paulo, 1998.

¹¹ Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira. Evolução do futebol no Brasil. In: Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira; Oliveira, João José de (coord.). A nova gestão do futebol. Rio de Janeiro: Editora FGV, 2000.

When the primary connection between supporter and club is forgotten, the power of the fan base can lose its intensity, leading to a loss in the global value of the football market. This forms the first paradox of Brazilian football. How is it possible that clubs such as Flamengo and Corinthians, to name but two, which together have about 50 million supporters, do not have financial power at least equivalent to that of the leading European clubs? Flamengo, for example, has 10 times more supporters than Manchester United in England. As a proof that it is possible

to change this situation, in 2010 Corinthians started a process of modernization in which the results are already visible, having increased its total revenue by 83% between 2010 and 2012. If we look at the period between 2007 and 2012, the increase in revenue was 398%. A glance at the earnings of the biggest teams in the world shows that there is a lot of room for the major Brazilian clubs to increase receipts. Even taking into account the difference in per capita income between Brazil and Europe, there are basically two explanations for this difference in earnings.¹²

HIGHEST EARNINGS FOR CLUBS IN EUROPE AND BRAZIL*

CLUB	2011/12 (IN MILLION OF EUROS)
HIGHEST EARNINGS IN EUROPE	
Real Madrid	513
FC Barcelona	483
Manchester United	396
Bayern Munich	368
Chelsea	323
Arsenal	290
Manchester City	286
AC Milan	257
Liverpool	233
Juventus	195
HIGHEST EARNINGS IN BRAZIL	
Corinthians	94
São Paulo	82
Flamengo	74

*Excluding sales of players

Source: Deloitte

¹² Grellet, Celso. O marketing do futebol. In: Aidar, Antônio Carlos Kfourir; Leoncini, Marvio Pereira; Oliveira, João José de (coord.). A nova gestão do futebol. Rio de Janeiro: Editora FGV, 2000.

The first refers to the way in which supporters are treated. Taking English clubs as an example, Manchester United considers its supporters as consumers of the Manchester United product and consequently gives them the “red carpet” treatment, just like the treatment of the consumers of a profit-making brand. In Brazil, football treats its fans very badly. It is worth mentioning that Internacional of Porto Alegre, under the management of Fernando Miranda in 1999, carried out a pilot study, using focus group techniques among its supporters, with the aim of increasing its revenue. Such techniques are widely used by clubs in the developed world, especially English clubs.

The second explanation is the organization of which the clubs are members. The organization of the English Premier League is far more efficient and effective than that of the Brazilian Championship. The same goes for the UEFA Champions League, when compared with its South American equivalent, the *Copa Libertadores*.

Although there is this clear relationship between business value and fan loyalty, the transformation of potential into earnings involves the challenge of confronting the social tensions bound up in the sport. Football constitutes a safety valve for thousands of young people and adults, a kind of psychological nourishment which imparts a sense of victory, success, recognition and identity.¹³ It is not possible, therefore, to oust the people from the stadiums.

5. PROFESSIONAL MANAGEMENT, RECONCILING RATIONALITY AND EMOTION

Almost all football clubs began in the same way: groups of people getting together and setting up associations for the practice of sport, with no other aim but to play games and dispute championships. This model persisted for many years.

In the case of England, for example, it was only after people died in stadiums, such as in the Hillsborough disaster mentioned earlier, and the country was banned from European competitions, that changes in football were encouraged. England is a good case to take as an example, because in addition to football being its principal sport, it has faced problems in the past, which led to a general decline: stadiums of poor quality, falling ticket sales and losses.

Following American high-earnings sports – such as baseball, basketball, ice hockey and American football, which had already embarked on this course at the end of the 1960s – in less than a decade the clubs were overhauled, dozens of stadiums were renovated and events were restored.

The management of almost all football clubs in Brazil is carried out in a similar way to the parliamentary model of politics. Members of the clubs elect their consultative councils, which in turn elect their president and directors for limited terms, sometimes allowing re-election only once. Although this democratic model is to be found in most developed countries and is reasonably successful, when it is used in Brazilian football clubs it leads to administrative dysfunction which can be seen as a paradox of management. In most cases, the political factions of clubs who failed to win the most recent elections start to prepare for the next elections, in which the failure of the current management becomes vital for their return to power. It is as though a shareholder were to root for the company to lose money, so that he could then take power. In addition, there is no accountability. Irregularities are not challenged. If the law were stricter, providing for bad managers to be punished, the situation would be different.¹⁴

The simple fact that management appointments are for short periods has the result of discouraging medium and long term policies. A short term outlook and the impossibility of planning and management over a long period end up by forcing the managers of Brazilian

¹³ Taylor, R. As dimensões sociais do relacionamento comercial entre os clubes de futebol e suas comunidades. Text presented at 1o Congresso Internacional EAESP de Gestão de Esportes held by FGV Foundation. São Paulo, 1998.

¹⁴ Grellet, Celso. O marketing do futebol. In: Aidar, Antônio Carlos Kfour; Leoncini, Marvio Pereira; Oliveira, João José de (coord.). A nova gestão do futebol. Rio de Janeiro: Editora FGV, 2000.





Maracanã's first test event on April 27th 2013

clubs to go for the only really reliable source of funds, namely the sale of their star players. This results in a vicious circle, in which the club lessens its earning potential because stars who are important in terms of the entertainment industry have to be sold to meet expenses, because there are no other sources of revenue. Following this, other sources of revenue are difficult to exploit, because there are no stars. The artists are sold but not the spectacle – it is as if Disney sold the ownership rights to its most important character, Mickey Mouse, to a competitor. It should be said that there are some smaller teams whose principal business is the nurturing of players.

In Brazilian football, professionalization should not be confused with the “top hats”, members of clubs whose professional lives – as businessmen, industrialists or financiers – are divided between their principal income source and the management of a sporting undertaking. It is not enough simply to hire an executive who works full time for the club. The efficient management of resources, in an activity where cash flow is high but irregular, with seasonally dependent disbursing of capital and the limited nature of revenue sources, means much more than simply maximizing the use of resources. In football the challenge is greater, because in addition to generating surpluses, it is also necessary to win championships.

Efficient management of resources only exists when, at the end of the season, results involve both a balanced cash book and a good technical performance. The Achilles heel in the football business is the management of expenses on players – whether on transfer fees or salaries.

Fans can be sure that better players will get their team nearer to winning a trophy. For this reason, expenses on players are the most risky part of a club’s business. It is hard to imagine a customer of a large company protesting in a case where the company has decided to change its sales manager or its leading scientist. But the departure of a top player from a leading team can lead to aggressive demonstrations by the supporters, who are the end consumers.

Thus, the most difficult balancing act for a club is to reconcile the outlay of sufficient funds to assemble a competitive squad of players with policies which produce a surplus at the end of the season. Studies carried out during the 1990s¹⁵ confirm the importance of a positive relationship between expenses on salaries and league performance. In other words: exceptions occur, but in general the market for players is a good guide to determine the performance of the team on the pitch. This relationship between salaries and league position is fundamental. It is necessary to operate with a balanced budget, but still achieve results. Without a good sporting performance, management achievements will not be recognized. Hence the saying “the balance of rationality and emotion”. In contrast to other businesses (which only require rationality), football demands this balance between emotion and rationality.

Decades ago, the maximum reward for an unbeatable team was the receipt of more money from higher ticket sales, because more people were interested in seeing the team in action. Today, the team that scores the most goals and plays the most games appears more on TV, which leads to better sponsorship and merchandising contracts. And even the traditional sources of income at football grounds are worth more, because fans who see their team winning are not content with paying to see the games live: they want and have the means to buy the licensed merchandise launched by the marketing departments of the new corporate clubs. Professional management is vital for the success of this business. In a market where performance is directly related to revenue and salaries, but has a fragile connection with profit, the difference lies in the effectiveness of management.

Comparing Brazilian football with British clubs, it is clear that Brazilian clubs regularly show a loss, which culminates in debts owed to the banks and failure to pay tax and social security contributions. Separately or together, these features are almost universally present for the more than 500 clubs which comprise football in Brazil.

¹⁵ Deloitte. *Football Money League 1999*; Szymanski, S.; Kuypers, T. *Winners and Losers – The Business Strategy of Football*. England, Penguin Group, 1999.

Lack of more transparent accounts, despite recent improvements, makes it difficult to make a consistent assessment of the management strategies of the clubs. But it is clear that the inability to produce more revenue than expenses stems from the difficulty Brazilian managers have in reconciling the balance of rationality versus emotion at the time decisions are made. Signing a player without reference to any budget – often because it simply does not exist – or without calculating that revenue can be increased with a new player, are examples of what happens in the vacuum of strategies devised on the basis of emotion.

Both in England and in Brazil, teams are institutions with 100 years of history, containing political rivalries within their walls and fans on the terraces who demand victory. The political exploitation of a club, or political maneuvers within it, are part of the daily experience in football. In Brazil, for example, various administrators have made use of their football clubs to acquire visibility and obtain political office, as in the well-known case of the then vice-president of Vasco da Gama, Eurico Miranda, a federal congressman who was elected in 1994 calling himself “the congressman from Vasco”.

The multiple functions required today to manage a corporate club demand an administrator who is focused on the job on a full time basis. Obviously, in order to ensure full time dedication, presidents and directors of corporate clubs should be paid at market rates: it is accepted that such an executive does not have to be a supporter of his team. Although the theory of administrators without an emotional tie with their respective fan bases seems radical, it should be remembered that such a phenomenon already exists in football. When he formed part of the technical commission, for example, was Wanderley Luxemburgo a supporter of Flamengo, Santos, Palmeiras or Corinthians (all teams he had managed)? This is to say nothing of the players themselves, such as the midfielder Paulo Henrique Ganso, who recently moved from Santos to its rival São Paulo, or Romário, who started out as the idol of Vasco, proceeded to become the main attraction of Flamengo, before finally returning to Vasco.

To summarize: professionalism in management is worthwhile. Even accepting the premise that football is dead without the passion, it must be admitted that passion is for the fans, not for the board – a board which must be paid, full time, and focused on maximizing revenue, reducing costs and winning trophies. Management structure must follow that of a normal company, without a trace of amateurism.

At the present time, there are two successful business models which can be mentioned:

- ❁ Those in which there are no councils elected by the supporters and where the management structure is simpler, such as Manchester United; or
- ❁ Those in which the administrators report to supporters’ councils, such as Barcelona or Bayern Munich.

Both types involve professional management by experienced administrators. The second type seems to be the way forward for Brazilian clubs (see the recent efforts of Flamengo).

If in England professional management was there from the beginning, teams having been corporate clubs since 1896, in Brazil the term came to be associated with Law no. 9615/98, the so called Pelé Law, which regulated football in Brazil. Among the innovations introduced in relation to the previous legislation (the Zico Law of 1995) was the requirement for all clubs to be converted into companies or link their football departments with a private or publicly quoted company.

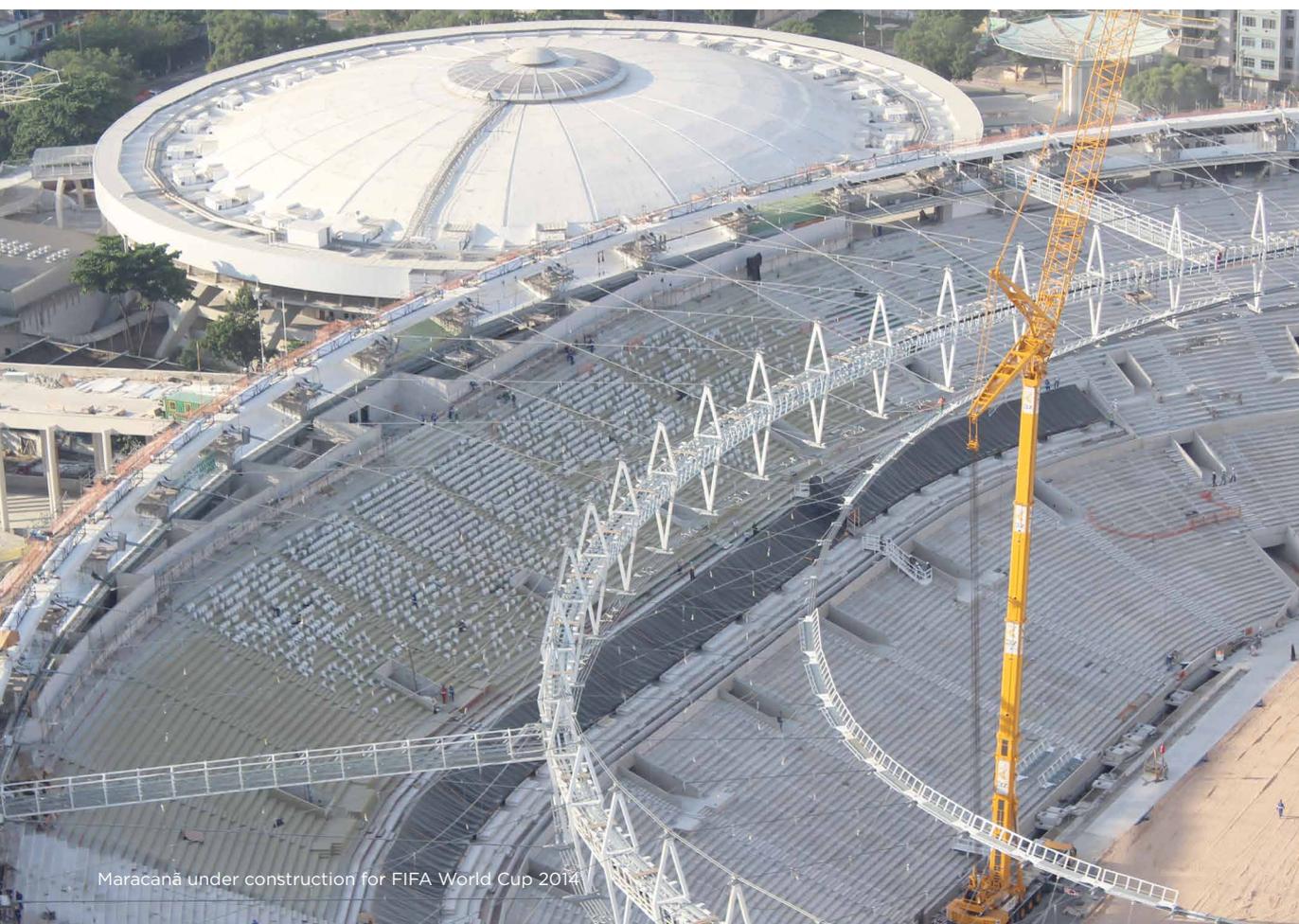
However, what forces football clubs in the direction of professional management is not any legal requirement, but the operation of market forces. The huge rise in the revenues of football clubs, brought about by the demands of TV and sponsors, on the one hand, and the increase in expenses represented by the high salaries of the players, on the other, had since the middle of the previous decade made the accounting side of football far too complex for “notebook” accounts kept by “weekend” clubs. The case of the partnership agreement signed in 1992 between Palmeiras and the food multinational Parmalat provides a good illustration. The agreement, signed six years before the Pelé Law, took the club from an 18 year drought without a single trophy to a team which dominated the Brazilian scene between 1993 and 1997.

At the same time as the growth of expenses and revenues, as a result of a greater variety of sources, football is experiencing a macro-economic context which is different from the years when cash surpluses made no difference and deficits were easily overcome. Since the credit crisis of emerging nations in 1982, Brazil has undergone an enormous economic transformation, culminating in 1994 – the year the Real Plan was launched – with the end of inflation and the beginning of a new phase of macro-economic stability. Less money, positive real interest rates and fiscal adjustment programs by the government turned off the taps of finance for football clubs. At the same time, the government began to focus more on increasing tax receipts. Taxes and contributions started to be charged, or at least shown in the accounts of clubs.

In such a context – growing expenditure, rising revenue, greater pressure from the government, and still dependent on their performance on the pitch – Brazilian football clubs continue on the path, whether forced or not, towards the professionalization of management. In the course of this process, some Brazilian clubs will become international brands. As for the rest, the intelligence of the fixture list will determine their survival. And, as with every development in the capitalist system, some teams will die – a process which is already in operation.



THE NEW ARENA INFRASTRUCTURE AND THE 2014 FIFA WORLD CUP: DRIVING THE ENTERTAINMENT BUSINESS IN BRAZIL



Daniel Hopf Fernandes

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Daniel Hopf Fernandes graduated from the Faculty of Architecture and Urban Planning at the University of São Paulo (FAU/USP). He is currently Director-President of Fernandes Arquitetos Associados, which is responsible for the planning of the Maracanã stadium and the Pernambuco Arena for the 2014 FIFA World Cup. Having worked on various infrastructure projects – the subway systems of São Paulo, Belo Horizonte, Salvador and Manaus, and Nacala airport in Mozambique, among others – he first worked on sport in 2005 with plans for the Pan-American Games. In the last five years he has developed feasibility studies and plans for another seven arenas in Brazil.

Abstract

The transformation of stadiums into sports arenas is a very recent trend, driven by the choice of Brazil to host the 2014 FIFA World Cup. This article deals with the way in which the new arena infrastructure affects the football production chain, giving rise to a demand for new products and services and representing an opportunity to realize the potential for new projects and associated business. Thus, the restoration of arenas as a catalyst for the growth and development of the whole chain connected with entertainment is shown as the principal legacy of the World Cup.

On October 30th of 2007, FIFA confirmed Brazil as the host country for the 2014 World Cup, and in May 2009 the twelve cities to host the games were announced. Brazil thereby took on the responsibility for providing 12 new stadiums which would reach the highest standards of quality in accordance with the recommendations set out in the FIFA list of requirements. At that time the market still did not know precisely what would be the results of holding the Cup and constructing the new stadiums, as it might affect the football industry, its culture and the “business” of the most popular sport in the country.

I am not concerned here with the direct impact on civil construction, or on the political climate for both new and old infrastructure projects, or with “visibility” gains for the future which an event of this size could generate, by giving an impulse to tourism and investment. These consequences could certainly be more easily predicted and there are professionals in these fields who are qualified to discuss how the economy has been or will be affected. Almost six years after the choice of the host country, we are finally discovering how, in fact, the new stadium infrastructure is affecting the football production chain. But for this we must recall the picture before the choice of Brazil to host the Cup, when certain features originated which are still to be found throughout the country.

INVESTMENT AND CHANGES IN STADIUM CONCEPTS: THE APPEARANCE OF SPORTS ARENAS

In general terms, we can say that the last major concentrated investment in the construction or refurbishment of stadiums occurred 60 years ago, precisely at the time of the 1950 World Cup which was held in Brazil. Since then, as regards concentrated and directed investment, Brazil has virtually stood still. Year by year, decade by decade, the stadiums – along with the football itself – have gradually deteriorated and become out of date. In Brazil we have witnessed a process which is completely the opposite of what has been happening in Europe and the United States.

The stadiums were transformed into a real burden for the clubs and the state and municipal governments. Instead of producing revenue they resulted in expense, becoming loss-making structures, which in some cases were a real risk to spectators. While the structures were falling to pieces, the average attendance at stadiums for the principal national championship fell drastically, from an incredible world record for attendance at match – which happened in 1963, during the Rio de Janeiro state tournament, between Flamengo and Fluminense, when 194,603 spectators were present – to an average of 12,983 in 2012 for the Brazilian championship.

This figure is near the average for third tier leagues, such as those of Belgium (11,743), Turkey (9,996) and Ukraine (8,943). In 2011, average attendance at stadiums was just 41%¹ of capacity, whilst the same figures for stadiums in England, Holland and Germany reached an average of 90%.

The reasons for this decline are attributed by some to television, to the organized gangs of supporters or to the lack of security. Irrespective of the causes, which are various, it is a fact that until a short time ago one was highly unlikely to come across private investors who were interested in constructing or refurbishing stadiums or prepared to enter into partnerships or joint ventures with football clubs. Stadiums simply did not figure on the lists of businesses likely to produce a profit, they were just the “homes of clubs” or meeting places for the fans.

The long period that has elapsed since the announcement of the Brazil World Cup has been a time of learning and maturing for the whole industry. Architecture, engineering, construction firms, suppliers, service providers and all the other parties directly or indirectly involved have undergone a major transformation.

The first great change might seem to be simply a question of semantics, but it is in fact a change of concept. The question is repeatedly asked: what, basically, is the difference between an arena and a stadium? Suddenly no one talks of stadiums any

¹ See: <<http://globoesporte.globo.com/futebol/brasileirao-serie-a/publico-brasileirao.html>>. Accessed on 16/04/2013.

more and all the new plans are for arenas. In fact, there is a big but subtle difference between the two. Stadiums are places almost exclusively for games of football, while arenas are designed to host a large variety of different events. Even if football is the main event, it is important to note that this does not necessarily mean that it will be the most profitable activity for the arena.

This change, which has been adopted almost immediately on all sides, is linked to another concept which has still not been taken on board by most of the parties involved – the idea that football is not a sport, but, first and foremost, entertainment. This truth has had an extraordinary effect on ways of thinking about the new arenas, because the viability of a new arena does not necessarily depend on the importance of the team, its position in the league or the size of its fan base – these are obviously important factors leading to the success of the undertaking, but they are not conditions for the viability of a project.

As regards the football clubs, it should be remembered that they will not be concerned in the management of the majority of these arenas. In some cases, the teams will share in revenue, but they will not control the administration of the arenas, at least for an initial period which may vary in each case. In other cases, the clubs will simply be users of the structure under partnership arrangements with the owners.

Another extremely important change has been the perception that arenas, along the lines of the new model which is being developed, have the potential to house associated projects, and that it is possible to achieve synergy and create added value through other businesses, such as event centers and trade fairs, offices and commercial and residential real estate projects. The setting up of multi-functional projects with other businesses associated with the arenas is still a cause of unease and concern in some sectors of the market, especially the real estate market. But, generally speaking, this idea has been evolving rapidly and almost all the new projects for arenas or stadiums envisage other businesses.

ALMOST ALL
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OR STADIUMS
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PLANNING THE ARENAS: MEETING THE DEMAND FOR NEW PRODUCTS

The arenas are becoming points of reference and attraction for new businesses and are ceasing to be factors leading to decline and devaluation, as was the case earlier in the areas of practically all the existing stadiums. The projects which have been developed for the new arenas will even have a positive effect in the urban renewal and transformation of the areas where they are constructed, leading to an increase in values in such areas and the entry of new businesses and projects.

The planning and construction of an arena to current standards requires specialist skills and technology and, even more, demands knowledge of this new business. It is not possible to plan a new arena without defining the products which will be offered there, along with their practicability and viability, and without considering who is going to generate content and administer the business as a whole. For many people, the mention of product may still sound strange. However, a new arena basically comprises a variety of products, which are fundamental for its viability. And each of these items requires a large number of highly specialized suppliers and service providers, who until now did not exist in most of Brazil. We are talking here of professionals in the fields of engineering and architecture, market research companies,



Maracanã under construction for FIFA World Cup 2014

financial consultancy services, development of business plans, brand exploitation and advertising, management of arenas, direction of content, and the whole chain of suppliers of materials, equipment and products.

To meet the immediate demand which had been created, the necessary raw materials (products and services) were initially sought outside Brazil. The example which follows may help towards a better understanding of the position. The covering of the Maracanã stadium, which is being undertaken for the 2014 FIFA World Cup, was planned by a German firm which specializes in this type of structure, owing to the lack of engineering firms in Brazil with the knowledge and experience of producing structures in tensioned membrane. At the same time, all the covering material, such as cable, membrane and parts, were imported, just as the key personnel involved in its installation came from outside Brazil. Obviously Brazilian companies were involved in support and development work, and this joint work resulted in an important transfer of knowledge and technology. Similar situations occur in other areas, such as catering, seating, technology, audio, video, security and turfing.

To define the products for a new arena, as regards quantities, content and pricing policies, it is necessary to have a good knowledge of the target public involved and to look at past experiences and a history which hardly exists in Brazil. The new products include season tickets, premium seats, boxes and business seats,² among other items, and they become more important when they are based on fan loyalty, because, once they are marketed they become a guaranteed source of revenue. We are basically

talking of the premium public in general, and, in order to get an idea of its importance, it is sufficient to say that it represents around 16% of the total capacity of an arena, but could be responsible for up to 70% of total receipts.

For the first plans developed in Brazil with regard to these new products, consideration was given to numbers and experiences based on the European market, and for this purpose the investors engaged firms which specialized in market research in these kinds of sporting events in order to define quantities and sale prices. Brazil is on the point of concluding its first batch of new arenas and only some of them will be actually operated by companies or consortia focusing on the return on investment and on commercial exploitation. It will therefore take some time before we have our own information base, which can be used as a benchmark for future projects.

It is a complex subject, because merely fixing the number of boxes, their capacity and their market price involves a large number of specialist professionals and companies. The decisions as to numbers, capacity and price depend on subsidies generated on the basis of highly specific market research. A decision on price, for example, involves the services which will be offered and, more importantly, their content. In addition to the games, a certain number of concerts and small and large events will form part of the package, which in turn will depend on an efficient operation run by a company with experience in the content of the entertainment. Each example will involve operating companies, companies which manage sporting and entertainment events, and consultants with knowledge of the

² These are in general names and products originating from Europe and US arenas.



market. Once more, the first steps will be taken through engaging or entering into partnership with foreign companies, such as the American giant AEG in the operating sector, which has reached agreements for various projects been developed in Brazil.

One consequence of the changes being introduced with the arenas is therefore the growth and development of new areas of the market. In recent years many companies in other areas have started up new businesses for entertainment, sport and content, most of which are looking for experienced professionals from other countries as managers, but which also require a body of other personnel to work in this area. Courses in the management of multi-purpose arenas have been created to train these new personnel, who are migrating from other areas. This is only the beginning of a process which is likely to expand enormously during the next few years, driven particularly by the entertainment industry, of which football is undoubtedly one of the principal attractions.

DEVELOPING THE ENTERTAINMENT CHAIN: THE WAY AHEAD

Perhaps the principal legacy of the World Cup will be the restoration of the arenas as an engine for the growth and development of the whole chain of business connected with entertainment.

The visibility, the scope and the opportunities offered by events such as the 2014 FIFA World Cup and the 2016 Olympics in the face of a whole series of weaknesses on the part of

Brazilian industry are attracting an enormous number of companies and personnel from all over the world. This upheaval is increasing competition with the domestic market and is creating a much more competitive environment, forcing Brazilian professionals and companies to reinvent themselves and to evolve. At the same time it is opening up new markets and making possible access to products and technology which, under normal conditions, would take much longer to reach Brazil.

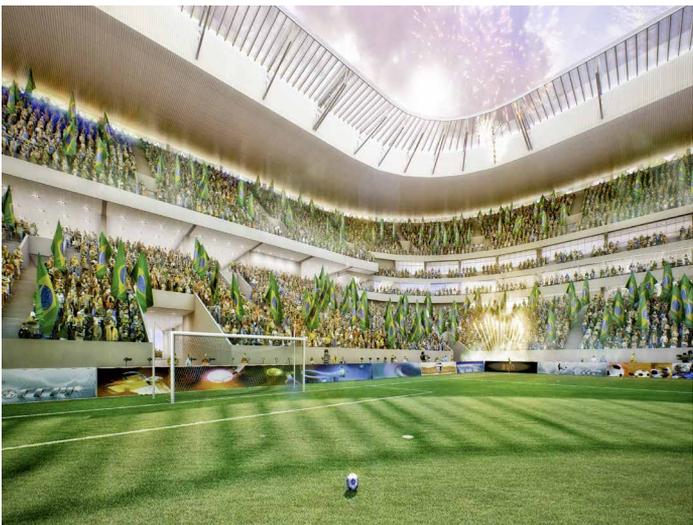
Many foreign producers of goods and services have already perceived that the best route to success in the Brazilian market is by forming associations with local firms, and this trend is currently very noticeable. Many suppliers, who four years ago tried without success to sell their products to the World Cup arenas, are today associated with Brazilian companies, which have brought down costs and led to technological development.

We are currently suffering the consequences of not having experienced, during the 60 years prior to the choice of Brazil as host country for the 2014 FIFA World Cup, a process of evolution, as was the case with European arenas. On the other hand, starting from zero means that there is a bright future full of promise and potential ahead. Foreign companies have already taken note of this and are taking decisive action to establish themselves right at the outset of the changes. It now remains for the Brazilian market to seize the opportunity and consolidate this process, taking advantage especially of the cultural changes resulting from the new arenas infrastructure. Without such changes it will be almost impossible to move forward.

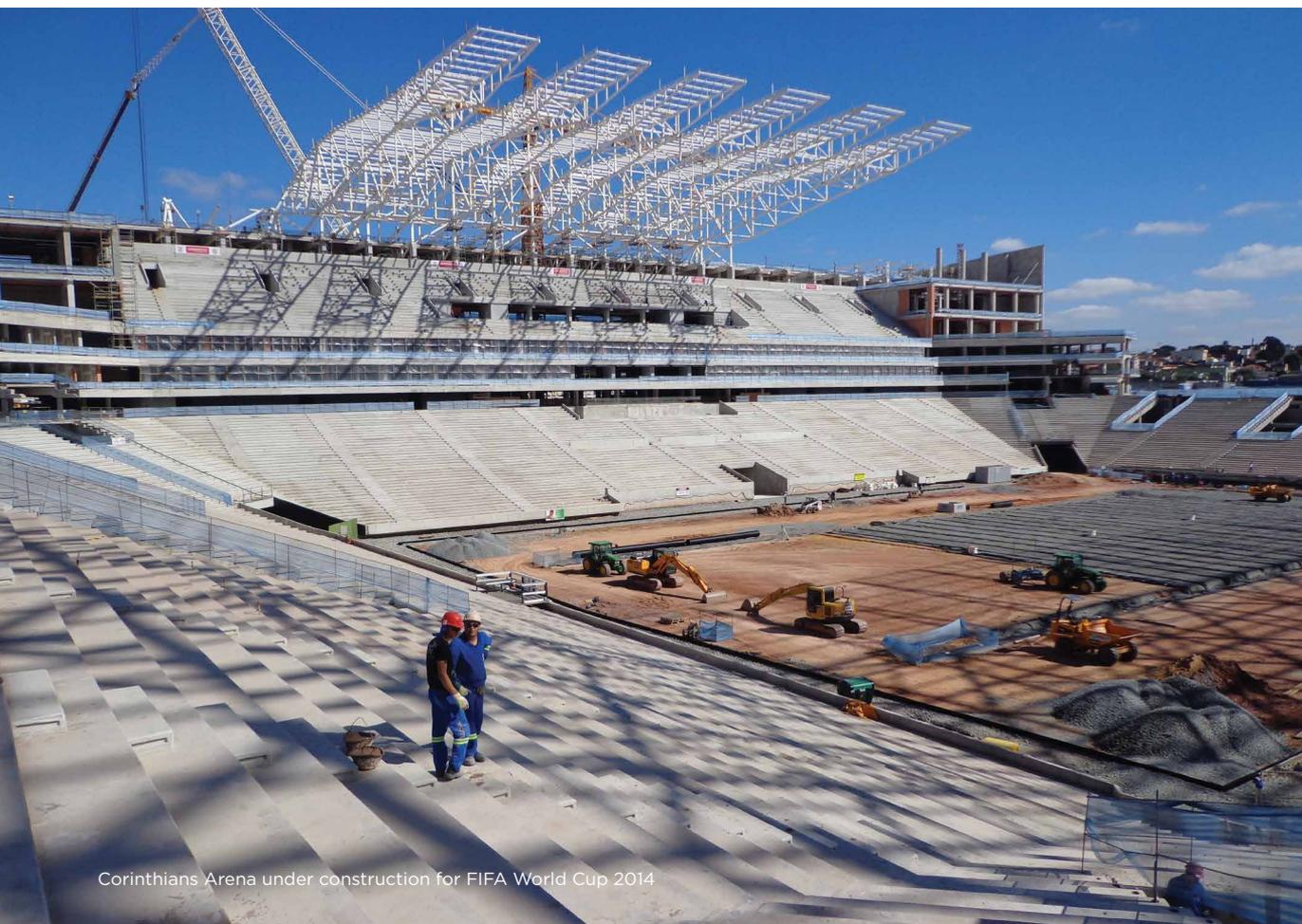
MARACANÃ



PERNAMBUCO ARENA



INFRASTRUCTURE IN BRAZIL AND THE 2014 FIFA WORLD CUP



Marco Polo Del Nero

President of São Paulo Football Federation and
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Marco Polo Del Nero graduated in Law at Mackenzie University, where he specialized in Criminal Law. Besides being a lawyer, he is currently President of the São Paulo Football Federation, Vice-President of the Brazilian Football Confederation (CBF), a member of the Executive Committee of the South American Football Confederation, and a member of the Executive Committee of FIFA.

Abstract

In recent years the Brazilian economy has grown and the country has increased its profile on the international scene. The 2014 FIFA World Cup in Brazil is an opportunity to build on this growth. In this article, Marco Polo Del Nero presents an overview of the challenges the country has been facing with regard to its infrastructure, particularly in the transportation sector. He then proceeds to consider the benefits which the world football championship is bringing and could still bring to the country in this area.

Expectations are high with regard to the 2014 FIFA World Cup, which will be held in Brazil. It is hoped that it will be a major stimulus to the economy and investment in the area of infrastructure is about to take off. It is estimated that around 250, 000 new jobs are being or will be created due to the event. Twelve cities will host the Cup and this will mean a spread of economic “leverage” throughout a large part of Brazil.

Brazilians are particularly passionate about football. Brazil is the only country to have won the World Cup five times and has shown the ability to combine victories with sporting displays which could be taken for works of art. In recent years the Brazilian economy has grown and the country has increased its profile on the international scene, and with the opportunity to stage a World Cup, the country’s elites – political, business and sporting – want to convey to the world an image of a country which is vibrant, organized and capable of managing an event of this importance with competence.

This article is divided into two parts. The first contains a brief outline of the problems Brazil has been facing in the area of infrastructure, especially in the transport sector. In the second part, there is an analysis of the benefits which the Cup is already bringing and will bring to the country in this field. There are many challenges, but the determination of the authorities along with the hard work of the Local Organizing Committee and of FIFA indicating that we will reach the target in good time.

THE WORLD CUP AND THE CHALLENGES OF INFRASTRUCTURE IN BRAZIL

Brazil is a country which lacks infrastructure. This state of affairs is generally recognized by the authorities, by business and by public opinion. The economy has grown substantially in recent years, leveraged by consumer spending during a much lauded process of increasing average incomes for the working classes together with a reduction in inequalities. The growth in consumer spending

has also meant an increase in travelling and greater use of energy, communications and other services.

On the other hand, the investment capacity of public authorities in this area is low. It is calculated that the three tiers of government in Brazil (the Federal Government, 27 states and around 5,550 municipalities) are responsible for about 1.6% of the Gross Domestic Product (GDP) per year. Simply by way of comparison, China, a country with one of the highest growth rates in the world, assigns approximately 13.4% of GDP to investment in infrastructure.

According to the Brazilian Infrastructure and Base Industry Association (ABDIB), investment needs in infrastructure would require 6% of GDP – or approximately BRL 225 billion per year, that is to say, more than three times the investment capacity possessed by public authorities in Brazil. Surveys indicate that the lack of adequate infrastructure is responsible for an annual loss to the private sector in the Brazilian economy of around BRL 160 billion per year.

Quite apart from the low capacity of public investment, the total level of investment in Brazil is equally low. It is estimated that Brazil invests annually around 18% of GDP, against 48% in China, 36% in India and 25% in Chile. This amount is obviously insufficient to guarantee significant rates of development along with sustainability. The lack of infrastructure and the inability to generate healthy investment has created a strange situation. At the same time that it boasts the seventh largest GDP in the world, Brazil is also poorly positioned in the rankings for productivity and competitiveness. At the World Economic Forum, Brazil occupied 58th place out of 144 countries analyzed. One piece of research carried out at the time of the Forum even showed that the inadequate infrastructure situation was the second largest problem in the Brazilian economy (17.5%) behind only the problem of taxation regulations (18.7%).

Dealing with the area of transport, which is perhaps the most critical, Manoel Reis, in a recent article,¹ lists the main difficulties as follows:

¹ Reis, Manoel. “Logística e infraestrutura no Brasil. In *Infraestrutura: investindo o desenvolvimento do Brasil*. Cadernos FGV Projetos, Rio de Janeiro, year 7, number 21, November 2012.

Roads

- ❁ Insufficient standards of maintenance and repair of roads;
- ❁ Lack of network capacity in developed regions;
- ❁ Inadequate nature of coverage in developing regions.

Railroads

- ❁ Insufficient network extension and coverage throughout the country;
- ❁ Excessive number of level crossings;
- ❁ Lack of bypassings in urban areas;
- ❁ Invasions of right-of-ways at trackside.

Ports

- ❁ Limited access by sea;
- ❁ Restricted access by land (road and rail);
- ❁ Shortage of reserve areas and berths;
- ❁ Out of date systems of port management.

Waterways

- ❁ Restricted navigation due to absence of locks;
- ❁ Draught restrictions;
- ❁ Lack of signs and buoys.

A World Cup will lead to an exponential increase in travelling, particularly by air, given that Brazil is a country with one of the largest national territories in the world. A classic example of the lack of investment in infrastructure in the area of transport is the fact that mobility has increased over recent years – an increasing number of journeys, a growing economy, increasing movement of goods - , all of which will be heightened by the Cup, while investment in the sector has been decreasing over time, as Table 1 shows.

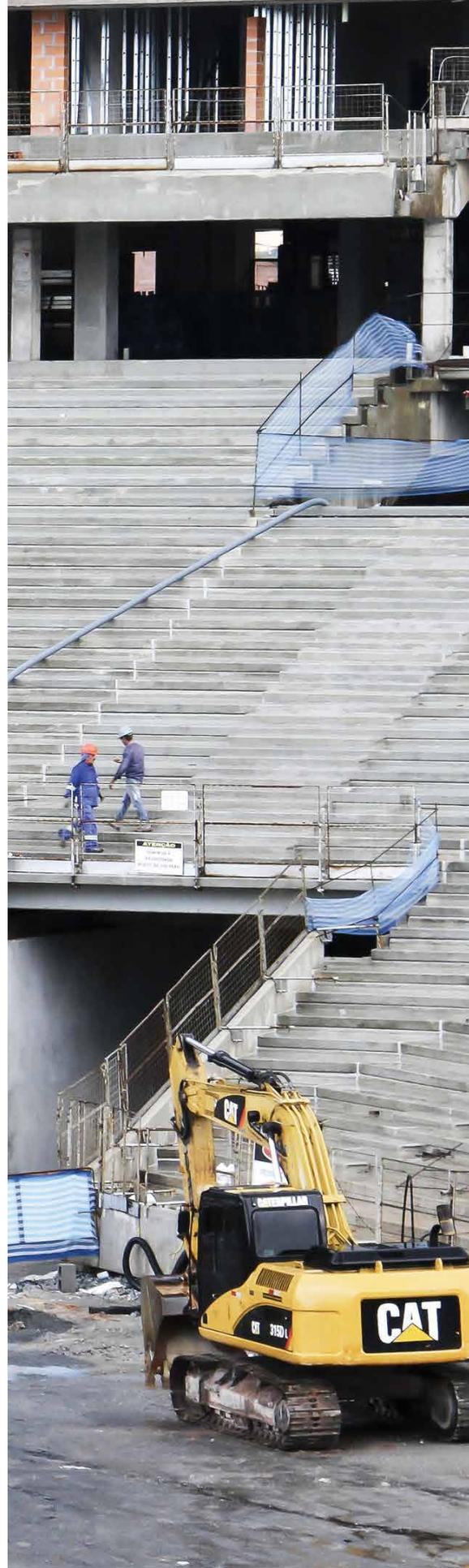


TABLE 1 - INVESTMENT IN TRANSPORT AS % OF GDP (1971-2010)

YEARS	INVESTMENTS AS % OF GDP
1971 to 1980	2,03
1981 to 1989	1,48
1990 to 2000	0,63
2001 to 2010	0,62

Source: O Estado de S. Paulo, January 2013.

THE WORLD CUP AND INVESTMENT

The announcement that Brazil had been chosen to host the 2014 World Cup underlined the need to increase investment in the area of infrastructure. The idea is to initiate a new cycle of investment, because it is important to take advantage of the high visibility guaranteed by an event of this sort to implant the idea of “brand Brazil”, in terms of a country which is developing in giant strides and deserves a new place in the world order. Furthermore, it is believed – and there are studies which afford good grounds for such a belief – that the event will move the Brazilian economy forward significantly in various areas, not only in the area of infrastructure. These areas, which will be revitalized with the approach of the World Cup, can be divided into four large groups:

1. International visibility

Improvement and consolidation of the image of the country abroad.

- ☛ Strengthening the idea of a happy country, with a friendly and hospitable people;
- ☛ Addition of new attributes to the image of Brazil, such as competence, organization, civility and development;
- ☛ Greater exposure for products and services, particularly those with a competitive advantage;
- ☛ Implementation and publicizing of green technologies: fuels.

2. Tourism

Greater exploitation of the potential for tourism in Brazil, which is very low at present.

- ☛ Advertising the regional tourist attractions of Brazil. Brazil is a country of many different attractions from the point of view of tourism, because it has beaches, the Pantanal, the Amazon region, and large urban centers for business tourism (such as São Paulo), among other features;
- ☛ A leap forward in the quality of services connected with hotels, restaurants, transport, etc.

3. Infrastructure

An improvement in the quality of services and an increase in the quality of life of the population, with the creation of new areas of development.

- ☛ More modern technologies in transport;
- ☛ A leap forward in the quality of Brazilian stadiums.

4. Institutional improvements

- ☛ Better control of public management;
- ☛ Greater integration between the regions of the country;
- ☛ Strengthening of pride in being Brazilian.

According to the study *Brasil Sustentável*,² prepared by Ernest & Young Terco and FGV Projetos in 2010, it is predicted that an additional BRL 112.79 billion will be injected into the Brazilian economy, as the direct and indirect result of the holding of the FIFA World Cup in the country. The sectors most affected, according to the study, will be civil construction, food and drink, services provided to companies, public services (including infrastructure in the transport, electricity, gas, water, drainage and urban cleaning sectors) and services connected with communications.

It is estimated that an additional amount of approximately BRL 8.14 billion will find its way into civil construction during the period 2010-2014. Stadiums represent the main item of the direct cost of the FIFA World Cup of 2014, amounting to more than half the estimated increase: BRL 4.62 billion. The cities in which these stadiums are situated are Belo Horizonte (MG), Brasília (DF), Cuiabá (MT), Curitiba (PR), Fortaleza (CE), Manaus (AM), Natal (RN), Porto Alegre (RS), Recife (PE), Rio de Janeiro (RJ), Salvador (BA) and São Paulo (SP).

Brazilian stadiums do not currently offer the same standard of comfort as similar stadiums in more developed countries. The expectation is that following the World Cup a new era will dawn for Brazilian stadiums, because there will be improvements not only as far as infrastructure is concerned – easy access to sporting events, visibility of the playing area, quality of the turf, working conditions for media professionals, etc. – but also as far as services offered to the public are concerned, such as numbered seats, hospitality areas, boxes, quality and variety of food and of other entertainment options, and the presence of private security personnel who are specialists in major events.

According to estimates from Value Partners Brasil Ltda, contracted by the Federal Ministry of Sports, the 2014 World Cup will add around BRL 183 billion to the Brazilian economy by 2019, made up as follows:

- ❁ Investment in infrastructure, increased expenditure by tourists and increased family consumption – BRL 47.5 billion
- ❁ Recirculation of money in the economy, increases in tourism and use of stadiums after the Cup – BRL 135.7 billion

According to the authors of the study, “investment for the World Cup was considered to be both the investment that will be made exclusively for the event (stadiums, for example) and the investment that is being accelerated or brought forward (such as airports). This concept was also adopted in assessing the economic impact of the Cup in other countries, making this study comparable with previous surveys.”

The study also points out that “these criteria do not however lead to complete uniformity in the areas of infrastructure considered, because the investment priorities of governments are different at each World Cup. Germany, for example, gave priority to investment in the road network for the World Cup of 2006. In Brazil, because of the distances involved, this sector was not defined as a priority”.

Investment has been divided up into the areas of urban mobility, stadiums, airports, ports, telecommunications, security and tourism. The amount of funds invested can be seen from Table 2. Of these total funds, 22% have been allocated from the Federal Government Budget, 33% will come from federal subventions to the states and municipalities, and 22% will come from the actual budgets of the state and municipal authorities. Public authorities will therefore be responsible for 78% of the total invested, while the other 22% will come from the private sector – of this latter figure, 10% will come from public financing of the private sector and 12% from exclusively private investment.

An unaware reader may well ask whether the cost of the World Cup as a whole is met by the public purse, on the basis of “written off funds”. This is not the case. The investment from public authorities represents an increase in public assets, and as such complies with their institutional obligations to the citizen and the taxpayer, who will enjoy the benefits of such investment, and it represents a potential source of revenue from the exploitation of concessions, collection of taxes, etc. In other words, everything which is achieved through public investment remains public property. There will be no transfer of public assets to the private sector, and no kind of exceptional concession of this nature. The same applies to private investment, the results of which will maintain their original nature. And the entire cost of the 2014 FIFA World Cup, as regards the competition itself, will be met by FIFA.

² Available at: <<http://fgvprojetos.fgv.br/publicacoes/brasil-sustentavel-impactos-socioeconomicos-da-copa-do-mundo-2014>>.

TABLE 2 - AMOUNT OF INVESTMENT BY AREA (IN BRL MILLION)

AREA	TOTAL INVESTMENT
Urban mobility	8.544
Stadiums	7.031
Airports	6.805
Ports	675
Telecommunications	371
Security	1.879
Tourism	212.5

Source: Federal Government

SUBSTANTIAL INVESTMENT
IN THE ROAD NETWORKS
OF THE METROPOLITAN
REGIONS IS ESSENTIAL.

As regards urban mobility, investment is urgent. The number of cars on the streets has increased dramatically with the consumer boom of recent years. In the great urban centers, the average traffic speed has fallen significantly, reaching the extremely low mark of 20 km/h during peak periods. Moreover, Brazil does not have a tradition of rail transport. The subway network is small and passenger trains are rare. For this reason, substantial investment in the road networks of the metropolitan regions is essential.

Another point which should be stressed is the institution, through Provisional Act, of the Differentiated Regime for Public Contracting (RDC), which is aimed at increasing the adaptability and efficiency of public contracting and also at encouraging the exchange of experiences and at providing incentives for technological innovation. These new rules, which represent an improvement over Law no. 8666, will be valid for the following sporting events and situations:

- ❁ Olympic and Paralympic Games of 2016;
- ❁ FIFA Confederations Cup 2013;
- ❁ 2014 FIFA World Cup;
- ❁ Infrastructure works and services contracting for the airports of state capitals up to 350km from the host cities of the World Cup; and
- ❁ Programs forming part of the Accelerated Growth Program (PAC).

By Law no. 12722, of 3 October 2012, the Federal Government extended the application of RDC to bidding processes and contracts required for engineering works and services in the field of public education.

Thus, the 2014 FIFA World Cup will bring – and is already bringing – to Brazil unmistakable benefits for the economy, infrastructure and the image of the country abroad. The closeness of the event has resulted in the federal government taking charge of a substantial effort at coordination between federal bodies, so that a significant volume of investment is channeled towards the works which are necessary for the competition to go smoothly.

In addition, we have seen the enactment of Law no. 12722, referred to above, which has met the concerns of public administrators and represents a visible institutional advance. This spirit of renewal and the collective effort involved assure us that the 2014 World Cup will be an event of special importance in the history of world competitions between football teams, ensuring that the Brazilian people will be proud not only of their deeds on the field, but also of their competence as managers and organizers.

The coordination of efforts between federal, state and municipal governments, the Local Organizing Committee and FIFA will certainly make the country conscious of what Brazil is capable of, when the elements of competence, efficiency, dedication and political will are combined. All this, without even mentioning the emotions and passions that will be aroused when the tournament finally kicks off.

Let us hope it will be so! It will be so!

THE FOOTBALL PRODUCTION CHAIN IN BRAZIL



Fernando Blumenschein

Project Coordinator at FGV Projetos

Fernando Blumenschein holds a master's degree and a PhD in Economics from Cornell University. He was professor in the Economics and Administration Department of the University of São Paulo (FEA/USP) and in the Higher Faculty of Economic Sciences of the Brazilian School of Economics and Finance of the FGV Foundation (EBEF/FGV). He coordinated the study *Brasil Sustentável*, produced by Ernst & Young and by FGV Projetos. He is currently Senior Economist and Coordinator at FGV Projetos.

Abstract

In this article, Fernando Blumenschein reveals the production chain of the football sector, describing the kinds of entities of which it is made of and its end products. In describing the flows within this chain, he identifies the suppliers and consumers of football products and outlines the monetary flows generated by these products, emphasizing the value of the specific entities production: the football clubs.

Football is one of the most popular sporting activities in the world, and has a particular social and cultural significance in Brazil. In this context, the practice and consumption of activities related to professional football is made possible by a significant chain of economic activities. An analysis of this chain of production brings to light economic flows, where direct and indirect impacts are to be considered for a better understanding of the role played by the football sector in the Brazilian economy.

At the very heart of the football production chain, there is a group of companies and institutions which could be regarded collectively as “football entities”. This group comprises entities which play a direct role in the country’s organization and administration of professional football, namely clubs, federations, players and their agents or stakeholders, stadium managements and other connected institutions. The economic activity of these entities can be summarized in terms of the production of five end products:

- ❁ “Federative rights” and prospective associated agency commissions;
- ❁ Sponsorship shares;
- ❁ Brand licensing rights;
- ❁ Broadcasting rights; and
- ❁ Turnstile receipts, profits from match day sales and supporter programs (“stadium receipts”).

While stadium receipts represent end consumer goods, the other products are intermediate goods, consumed by other companies and institutions. Foremost among these companies and institutions are communications companies – principally free-to-air and pay TV –, sponsors – who acquire sponsorship rights not only from clubs and competitions, but also from TV transmissions – and licensed companies – mostly sportswear companies –, as well as the football entities themselves – which purchase “federative rights” from each other, and negotiate transfers and premiums.¹ This group of companies and institutions is known as “the football sector”.

The production of these players is made possible by the intermediate consumption of goods and services which emanate from various other sectors, constituting the “indirect chain” of football. This chain features two groups of suppliers of raw materials which are particularly important, namely, the products for consumption within the stadiums (principally food and drink) and the raw materials for items sold under license (mainly textiles, but also plastic and other industrial materials). Finally, in terms of interaction with external markets, the most important flows relate to the import and export of “federative rights” and the export of Brazilian football broadcasting rights. The production chain of football and its products is shown in a diagrammatic form in Figure 1.

On the basis of this analysis of the football production chain, it is possible to identify the suppliers and consumers of football products (Figure 2) and outline the monetary flows produced by these products (Figure 3).²

¹ No account was taken of income from activities unconnected with professional football, such as amateur sport or social clubs.

² Certain “products”, such as brand exposure and broadcasting on free-to-air TV do not represent monetary flows and consequently cannot be quantified under the present methodology.

FIGURE 1. PRODUCTION CHAIN IN THE FOOTBALL SECTOR

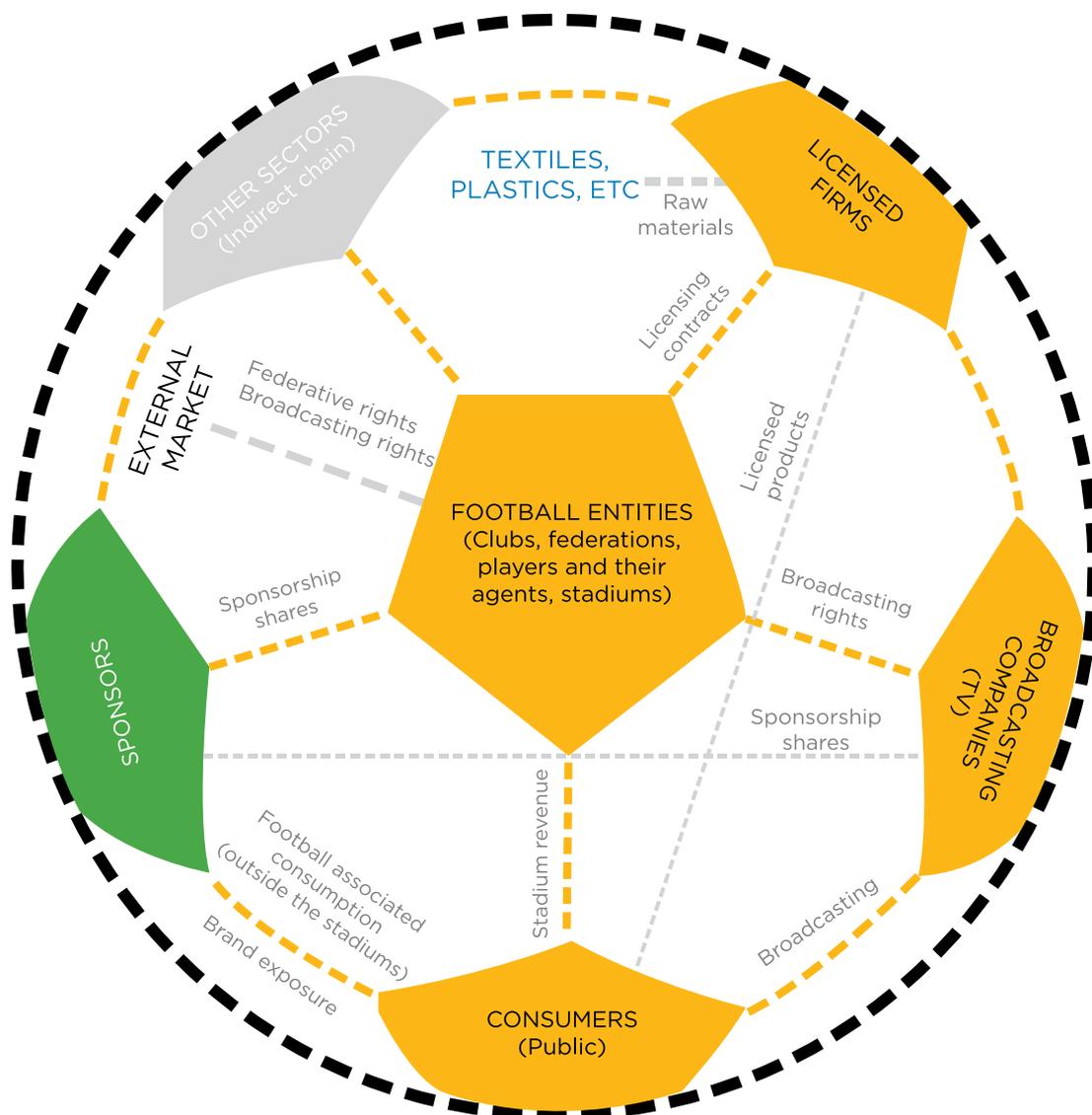


FIGURE 2. TABLE SHOWING FOOTBALL PRODUCT ORIGIN AND DESTINATION - CONCEPTUAL LAYOUT

		INTERMEDIATE CONSUMPTION				END DEMAND	
		Football entities	Sponsors	Licensed firms	Broadcasting companies	Consumers	Exports
NATIONAL PRODUCTION	Football entities	Federative rights	Sponsorship rights	Commercial contracts and licensing	Broadcasting rights	Stadium revenue	Federative rights Broadcasting rights
	Sponsors					Brand exposure	Brand exposure
	Licensed firms					Licensed merchandise	Licensed merchandise
	Broadcasting companies		Sponsorship rights			Broadcasting	Broadcasting
IMPORTS		Federative rights		Licensing rights	Broadcasting rights	Licensed merchandise Broadcasting	

FIGURE 3. TABLE SHOWING FOOTBALL PRODUCT ORIGIN AND DESTINATION - 2009 (BRL MILLION)

		INTERMEDIATE CONSUMPTION				END DEMAND		TOTAL
		Football entities	Sponsors	Licensed firms	Broadcasting companies	Consumers	Exports	
NATIONAL PRODUCTION	Football entities	257	271	38	673	561	348	2,148
	Sponsors	0	0	0	0	0	0	0
	Licensed firms	0	0	0	0	378	0	378
	Broadcasting companies	0	616	0	0	294	0	910
IMPORTS		21	0	0	0	0	0	21
TOTAL		278	887	38	673	1,233	348	3,456

As seen above, the monetary flows attributable to the Brazilian football sector amounts to BRL 3.5 billion annually.³ These flows are heavily concentrated among football entities, especially the clubs, whose production is responsible for more than BRL 2.1 billion annually, not to mention the important contribution arising from communications companies, which accounts for an estimated BRL 910 million annually.

Specifically, clubs production figures can be broken down into four groups, as follows:

- ❖ Clubs playing in Brazilian Championship Division A (“Division A”);
- ❖ Clubs playing in Brazilian Championship Division B (“Division B”);
- ❖ Clubs playing in Brazilian Championship Divisions C and D (“Divisions C/D”);
- ❖ Clubs which do not play in the Brazilian Championship (“Other clubs”).⁴

Following this classification, clubs production figures were split on the basis of information obtained from field research and from data from the National Register of Clubs and from state championships, as shown in Figure 4.

FIGURE 4. PRODUCTION ALLOCATION AMONG FOOTBALL ENTITIES

GROUP	NUMBER OF CLUBS	PRODUCTION (BRL MILLION)	SHARE (%)
Division A	20	1.438,33	67.0%
Division B	20	346,23	16.1%
Divisions C/D	60	163,39	7.6%
Other clubs ⁵	683	199,63	9.3%
Total	783	2.147,58	100.0%

³ Base year 2009.

⁴ In accordance with the tables for the 2009 season.

⁵ It should be mentioned that the economic importance of “other clubs”, in particular, can be underestimated, because of the high degree of informality in this category, which decreases the availability of information and its accuracy.

In conclusion, it is worth highlighting the importance of understanding these economic activities as production chains along which monetary flows dictate the dynamics of the economy at the sectorial level. In this context, the football sector is outstanding for the variety of its final products and its links with other important sectors. The structure of the production chain and the institutional arrangements between its principal components make for the uninterrupted progress of activities in the sector.

It should also be noted that the impact of the sector in quantitative terms is significant, which should underline the purely economic importance of the football sector as a hub around which employment, income and tax revenue are generated. Brazilian football thus goes beyond its symbolic and cultural value, and represents an important productive activity which contributes to economic growth and well-being in the country.

BRAZILIAN FOOTBALL
THUS GOES BEYOND
ITS SYMBOLIC AND
CULTURAL VALUE.



Brazil v Russia International Friendly Match - Brazil Global Tour 25th March 2013

WAR AND PEACE BETWEEN ORGANIZED SUPPORTERS GROUPS:

THE CHALLENGE OF ENSURING
SAFETY IN FOOTBALL STADIUMS



Pedro Rubim Borges Fortes

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Abstract

Violence between organized associations of supporters, which exists in Brazil and in other countries, harms football in general and hurts all supporters, whether they are members of these associations or not. In this article, Pedro Rubim Borges Fortes deals with the efforts that have been made in Brazil with the aim of reducing this violence, a process which involves, among others, the public prosecuting authorities, the civil and military police, the Federation of Organized Supporters Associations of Rio de Janeiro, the Sports Council and the Ministry of Sports. In this process, the Conduct Adjustment Agreement, signed in 2011, was a milestone. The monitoring of conduct and the raising of awareness on the part of fans and fan groups are vital steps in ensuring a permanent change of attitude.

In his masterpiece *War and Peace*, Leon Tolstoy warns us on various occasions of the limited impact of action plans decided on, whether by the generals of Napoleon Bonaparte or by the Russian army commanders.¹ However logical and strategic the ideas are beforehand, they become lost in the heat of battle and the soldiers act on their own initiative, often in disobedience to the orders issued by the high command.

Curiously, in the case of Brazilian football fans, the leaders of such fans always talk in similar terms, claiming it is impracticable for them to effectively control members and sympathizers, who behave in an independent manner. According to this line of argument, supporters groups are disorganized in practice and do not have the ability to monitor the behavior of their members.

In July 2010, the Supporters Defense Law underwent certain changes, with the aim of (a) organizing Brazilian fan groups (requiring them to be incorporated bodies and/or to have articles of association, depending on the number of members); (b) requiring registration of members (name; photograph; parents' names; identity and social security numbers; marital status; profession; address; schools attended); (c) making fan groups legally liable (with the possibility of requiring compensation or banning members from football stadiums for a maximum period of three years).

Following this and over a period of one year, the Public Prosecutor's Office held meetings with various organized supporters groups in Rio de Janeiro and reached an agreement to ensure the new law was complied with. It took more than thirty hours of negotiations to arrive at a fair agreement, which preserved the freedom of expression of fan groups as regards their songs and banners, ensured the right to a full defense before any collective suspension was applied, and recognized the Federation of Organized Supporters Groups of Rio de Janeiro (FTORJ) as an important

partner in the process of keeping the peace between rival fans. Finally, in June 2011, 36 groups signed the Conduct Adjustment Agreement (Termo de Ajustamento de Conduta, TAC) for Organized Supporters Groups.

At the first weekend following this, the authorities already faced a test. A group of Botafogo fans tried to attack Flamengo supporters. The police reacted quickly, arrested some of the fans and the organized supporters group was suspended for two matches. Since then, with every episode of fighting, vandalism or ambush, supporters groups were suspended, and the new rules have thus begun to be internalized by the group members.

The ambitious aim of this TAC is for fans to cease to feel compelled to behave properly just because of the presence of the police and to realize that they must behave in an orderly fashion in their own interests and the interests of society. As the philosopher Herbert Hart puts it, the inner motivation for human behavior is not just a question of semantics, but is an essential requirement for the effective rule of law in modern society. If the fan groups continue to be involved in incidents of vandalism, they not only cause enormous damage to sport and to Brazilian society² who loves football, they also put the actual existence of organized fan groups at risk.

Since the TAC came into force, the majority of supporters groups have already radically altered their behavior, avoiding involvement in confrontations and fights, and consequently avoiding suspension. Three fan groups only changed their behavior after suffering punishments, but became more united and responsible after a ban on entering stadiums with shirts, flags, banners or musical instruments. Two groups, however, continued to defy the authorities and were repeatedly involved in problems, as shown by Table 1.

¹ Tolstoy, Leon. *Guerra e Paz*. São Paulo: Cosac Naify, 2011.

² Hart, H. L. A. *The Concept of Law*. 3rd edition. Oxford, England: Oxford University Press, 2012.

TABLE 1 - COLLECTIVE SANCTIONS APPLIED TO ORGANIZED FAN GROUPS IN RIO DE JANEIRO

FAN GROUP	NUMBER OF PUNISHMENTS	TOTAL PERIOD
Torcida Jovem do Flamengo	1 punishment for major offence 6 punishments for moderate offences 2 punishments for minor offences	6 months ban 33 games suspension 2 warnings
Força Jovem do Vasco	1 punishment for major offence 5 punishments for moderate offences	6 months ban 15 games suspension
Fúria Jovem do Botafogo	6 punishments for moderate offences	25 games suspension
Young Flu	4 punishments for moderate offences	11 games suspension
Força Flu	2 punishments for moderate offences	5 games suspension
Raça Rubro-Negra	1 punishment for moderate offence 1 punishment for minor offence	2 games suspension 1 warning
Garra Tricolor	1 punishment for moderate offence	2 games suspension
Urubuzada	1 punishment for moderate offence	2 games suspension
União Vascaína	1 punishment for moderate offence	1 game suspension

The two most serious episodes involved members of *Torcida Jovem do Flamengo* and *Força Jovem do Vasco*. In May 2012, following a game between Vasco and Botafogo, a group of fans from *Força Jovem do Vasco* boarded a bus and came across a fan from *Torcida Jovem do Flamengo*, who was returning home to where he lived in a suburb of Rio de Janeiro. Owing to an old suburban rivalry, this supporter saw that he would be attacked and fled from the bus, but he was chased, surrounded and assaulted, resulting in his death three days later in hospital. In August, the *Torcida Jovem do Flamengo* decided to take revenge and killed a supporter from *Força Jovem do Vasco*. To escape the attention of the police, a bus which was coming from state's heartland was used for the attack on a rival supporter. According to the police, the target of the attack was an ex-leader of the rival supporters group, who was alone and vulnerable to attack because he had had a disagreement with the current leadership of *Força Jovem do Vasco*.

In response to these two episodes, the supporters groups were suspended for a period of six months. The Rio de Janeiro Civil Police investigated and arrested a total of around twenty fans who were directly involved in the two criminal acts. In Rio de Janeiro, efforts to combat the violence of organized supporters groups have been carried out in conjunction with public authorities. The day before matches, the military police hold a meeting with the fan groups, defining meeting points and routes to the stadium, so as to avoid confrontations. On match days, police escort the groups, monitoring their behavior and, if necessary, photographing or filming any illegal acts. In addition, the civil police carry out intelligence work, mapping possible zones of conflict and potential aggressors, preparing the ground for any investigation into crimes committed by fans. Success in preventing and repressing violence in the stadiums depends on the coordinated efforts between the Public Prosecutor's Office, the Military Police and the Civil Police, and it is vital that there is effective and non-bureaucratic dialogue between prosecutors, the stadium police commands (GEPE) and civil police superintendents.

In addition, the state Sports Superintendence (SUDERJ) and the Ministry for Sport are essential for providing logistical support. At

first, the Ministry for Sport had an ambitious project for the registration of supporters throughout Brazil. Identification of supporters would be made through the *Torcida Legal* (Legal Supporters Group) program which would create a unified data base with details of all members of organized fan groups, and electronic turnstiles would be installed in all the principal stadiums in Brazil. Members of organized fan groups would have their own areas on the terraces and would have to use their identity cards to obtain access to the stadium. However, this identification plan has still not been implemented, limiting the effectiveness of collective suspension of organized fan groups, because it is not practicable to identify individually those supporters prohibited from entering the stadium because they are members of a banned group. Currently, when a group is suspended, their symbols, flags, banners, shirts and musical instruments are forbidden. Unfortunately, while there are still no electronic turnstiles and unified registration of organized fan groups, their members will continue to have access to stadiums, even when the fan group is suspended.

It is important to stress that none of these initiatives have been taken in isolation. They all form part of a national policy commenced on the basis of a commitment assumed by the National Council of Public Prosecutors (CNPJ) and the Brazilian Football Confederation (CBF) in 2007. A National Commission for the Prevention of Football Violence was set up, whose members discuss and plan the best ways for the licensing and regulation of arenas and the control of organized supporters groups, and also the results of policies that have been implemented. The TAC between public authorities and organized fan groups, for example, was adopted as a pioneering measure by José Antônio Baêta in Minas Gerais. The work of supervision and control of security in the arenas carried out by Roberto Senise in São Paulo is also an example to the rest of the country.

One of the initiatives put forward by the Commission is the creation of supporters courts as part of the state courts system. The successful reference point in Brazil is the project led by Aguinaldo Fenelon in Pernambuco, with a multi-disciplinary team and a series of programs for the social rehabilitation of fans

THERE IS NO MAGIC FORMULA TO SOLVE THE PROBLEM OF HOOLIGANISM.

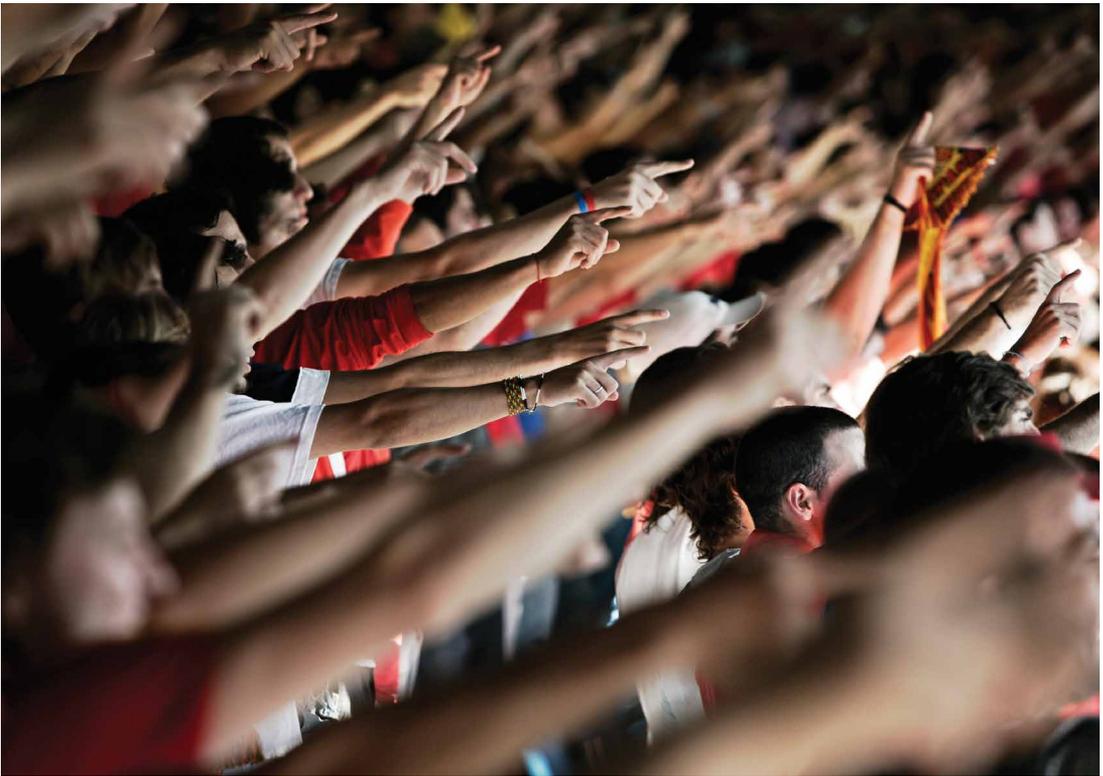
involved in violence. Besides having his case examined by specialist professionals, during the period he is banned from football stadiums, the fan must appear in the supporters court during the hours when matches are being played and take part in educational activities designed to raise his awareness of his obligations as a fan and as a citizen. The success of this supporters court has led to its extension to other big events and an “on-call” court functions during carnival in Olinda (Pernambuco) to resolve crowd conflicts which occur during the event, which sees two million revelers gather during the parade of the Galo da Madrugada block.

These courts currently exist within Brazilian stadiums at all matches with a large attendance, and have been essential in reducing violence in the arenas. Any fans involved in violence are immediately taken before a judge by the police, for a special hearing with a prosecutor and a public defender. Cases can be rapidly dealt with, with the imposition of a penalty (community service order, fine, ban on entering stadiums, etc.) in a flexible procedure along the lines of plea bargaining cases in the United States. This system, by itself, has drastically reduced fighting within the stadiums. In Pernambuco, however, the success has been even greater, because the Supporters Court supervises the suspended fan while he completes his punishment, and this procedure, which is important to prevent re-offending and encourage social rehabilitation, does not occur in the other states of Brazil.

The fact is that all the measures which have been adopted over the last decade have significantly increased security within football stadiums. Brazil has never experienced mass fatalities caused by hooliganism within football stadiums, such as the tragedies in Port Said, Egypt (79 deaths in 2012), Accra in Ghana (126 victims in 2001), Hillsborough in England (96 deaths in 1989) or Heysel in Belgium (39 victims in 1985). But in 2007 there was a tragedy in Fonte Nova, in Salvador, with people falling through a hole in the terraces, leading to the death of seven fans. One consequence of this episode was a change in the attitude of the CBF with regard to the licensing of football stadiums, and it is now necessary to produce current reports from engineers, fire brigade, military police and health inspectors in order for a stadium to be used. The Public Prosecutor’s Office carries

out a rigorous analysis of these documents and requires appropriate maintenance, renovation work and safety plans. Throughout Brazil there have been various cases of matches played before a reduced capacity crowd or even behind closed doors in order to avoid accidents, on the recommendation of prosecutors.

There remain problems with the fans commuting to stadiums, as well as with their return home after the game. At least in the case of Rio de Janeiro, however, the problems occurred in areas which are far from the places where the matches happened. Currently the main locations for conflict between supporters are in São Gonçalo and in Jacarepaguá (which are, respectively, 30 and 20 kilometers from the main football stadiums in the city). Because there are criminals linked to the organized supporters groups, it is in these suburban districts, according to the police, that violent confrontations can occur, because there is only one route to the football stadiums. It was precisely because of one of these encounters that the death of a fan occurred in May 2012, when he was returning to Jacarepaguá by bus. These tragedies are a stain on the reputation of Brazilian football and have negative externalities for the organizers, the clubs and the sponsors, in so far as potential customers are influenced by such news and stop going to matches. Media researchers in the United States, however, have demonstrated the existence of a cultivation effect among television viewers, who are affected by news of violence and end up by believing that we live in a perverse world which is more violent



than it actually is.³ In reality, Brazilian stadiums have never been so safe, but the publicity given to crimes and fights between supporters occurring a long way from the stadiums provides a false view of reality for most people. The Supporters Law sets out objective conditions for making organized fan groups legally liable, but damage to the actual image of football is difficult to quantify and is in practice not indemnifiable.

In addition to the incidents between hooligans, there was a case of a serious threat to a player by a president of the organized supporters group Young Flu. The player Fred was chased after being caught in the Astor Bar (Rio de Janeiro) in the small hours drinking a number of caipirinhas. When the leader of the organized fan group arrived, Fred left the bar and his car was followed. The following day he reported the case at the police station, and, feeling the psychological pressure, said he would no longer play for Fluminense and requested a transfer to another club. The case was investigated by the Public Prosecutor's Office, and when the fans refused to commit themselves to change their behavior, a public civil action was filed. As a result, the president of the Young Flu group was banned from football stadiums for six months, an order that was duly enforced by the police. In the end the supporters group signed a commitment not to harass, threaten or assault players, damage their property or invade training sessions, under penalty of being banned from stadiums for up to three years. Since then, no supporters group has threatened any player in Rio de Janeiro and protests against poor performances have been peaceful. The violent supporter became ineligible for a period of eight years in the organized group. On leaving the hearing, the ex-president of Young Flu challenged the role of the Public Prosecutor's Office, quoting Discipline and Punish by Michel Foucault⁴ in order to criticize the punishments imposed on organized supporters groups.

In reality, the work of the Public Prosecutor's Office is not repressive, but regulatory. It does not seek to abolish the organized fan groups, but to regulate their conduct, minimizing the acts of violence and reducing the risks to society and the damage caused by the violence. And in addition, it is a pragmatic task, a daily exercise

in controlling collective offending, imposing sanctions on the violent and rewarding the peaceful with full access to the stadiums. We have already been criticized for being too mild. The journalist Zuenir Ventura, for example, advocated the abolition of supporters groups,⁵ but it seems a better option to monitor and control these groupings than to prohibit their existence under the illusion that this alone would end the social phenomenon.

We were also criticized for being too harsh. Professor Maurício Murad favors only individual punishments for violent fans, and is against the collective suspension of supporters groups.⁶ It is odd that a sociologist should ignore the fact that violence is a social occurrence which is provoked by the collective nature of the group and that, as a rule, the leaders of the groups send out junior members to commit crimes. This was the case, for example, in the revenge attack by the Torcida Jovem do Flamengo against the Força Jovem do Vasco, when the leaders were at the stadium under police surveillance while a bus coming from state's heartland took other fans to kill the Vasco supporter. Both the individual fans and the organized supporters group were responsible for the killing.

There is no magic formula to solve the problem of hooliganism. Yet, we are learning from successful experiments, in Brazil and abroad, to deal with the problem,⁷ seeking a fine balance between freedom of expression by supporters and the need to ensure adequate standards of behavior when going to the football stadium, attending the match, and returning home afterwards. The concrete results obtained in recent years are promising, but it is necessary for institutional cooperation to be permanent and for incidents of violence to be further reduced. Arrests and collective suspensions should interrupt the cycle of vengeance between rival groups and make episodes of hooliganism which mar the spectacle increasingly rare.

During the World Cup, the authorities will have to face the challenge of dealing with violent supporters from other countries. Moreover, the main challenge will not be in the stadiums,

³ Gerbner, George. Cultivation analysis: an overview. *Mass communication and society*, 1(3-4), 175-194, 1998.

⁴ Foucault, Michel. *Surveiller et punir: naissance de la prison*. Paris, França: Gallimard, 1975.

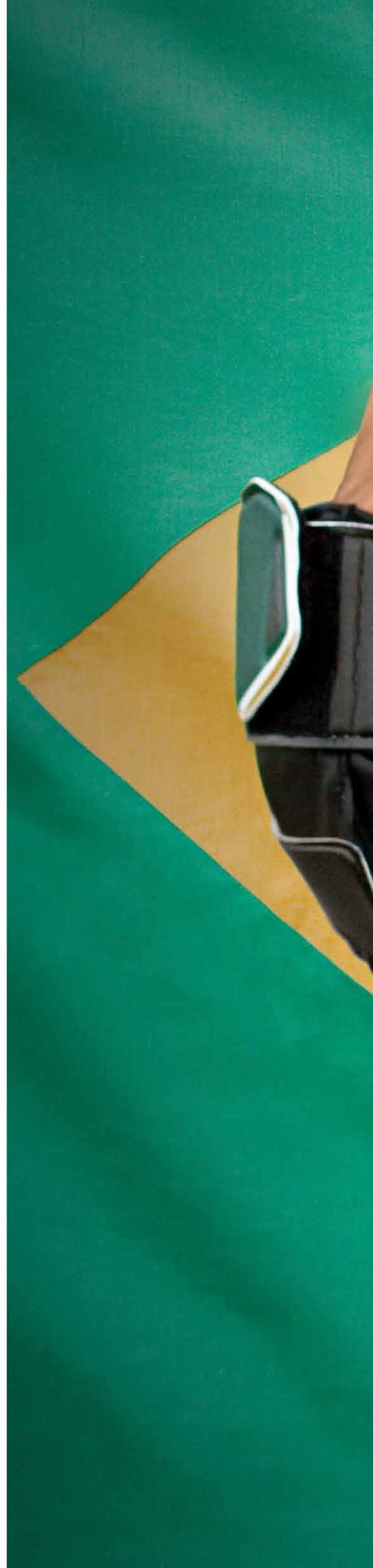
⁵ Ventura, Zuenir. *Torcidas do mal*. O Globo, 01/09/12.

⁶ Murad, Maurício. *A violência no futebol*. São Paulo, SP: Benvirá.

⁷ Fortes, Pedro. *Brazilian sports fans statute: an introduction for a British audience*. *Entertainment and Sports Law Journal*, 2013, forthcoming.

owing to the enormous security apparatus, the ban on club symbols and the variegated public attending the World Cup. The principal concern of the Brazilian authorities will be managing the crowds in the streets and at the Fun Fests. At the World Cup in Germany, English police officers were present to monitor the hooligans from their country. Before one game, the English authorities recommended to the Germans that a flight of steps in a square should be sealed off, because it would certainly serve as a meeting point for the hooligans and as a platform for provocations and fights with rival supporters. The mayor of Stuttgart would not countenance the possibility of sealing off a public space, and at the end of the day the square had been destroyed and 375 English supporters had been arrested. So certain principles must yield to pragmatism and practical experience. This is the attitude that we have adopted in preventing and combatting the violence in Brazilian football and which we must follow during the greatest event in world football.

The experience of preventing and combatting the violence in football stadiums appears to contradict the ideas of Leon Tolstoy. As opposed to the situation in *War and Peace*, organized supporters groups are putting the ideas of their leaders into practice. In this process of pacification, the role of the FTORJ has been vital, where the leaders meet with members of the main fan groups and raise awareness of the need to change attitudes. Despite the success that has been achieved in the short term, the effectiveness of the Conduct Adjustment Agreement signed by the organized supporters groups and of the cooperation between the Public Prosecutor's Office, the Sports Council, the Military Police and the Civil Police can only be evaluated over the long term. For the good of the spectacle, we sincerely hope that the changes in the behavior of the organized fan groups will prove to be permanent.





GILBERTO FREYRE AND THE INVENTION OF FOOTBALL-ART



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Bernardo Buarque de Hollanda graduated in Social Sciences at the Federal University of Rio de Janeiro (UFRJ), and obtained a master's degree and PhD in the Social History of Culture at the Pontifical Catholic University of Rio de Janeiro (PUC-Rio). He held a scholarship at the École des Hautes Études en Sciences Sociales, and undertook post-doctoral work at the Maison des sciences de l'homme, with a scholarship at the Centre National de la Recherche Scientifique, where he carried out comparative research on organized football supporters in Brazil and in France. He is currently Professor and Researcher at the School of Social Sciences and History at FGV Foundation (CPDOC/FGV). He is the author of *O clube como vontade e representação: o jornalismo esportivo e a formação das torcidas organizadas de futebol do Rio de Janeiro* and *O descobrimento do futebol: modernismo, regionalismo e paixão esportiva em José Lins do Rego*.

Abstract

In this article, Bernardo Buarque de Hollanda looks at the origin of the terms “mulatto football” and “football-art” to describe the playing style of Brazilian footballers. The terms were coined by Gilberto Freyre, one of the people most responsible for defining the modern concept of “Brazilian culture”. Taking sport as a laboratory for demonstrating his theories on the social formation of Brazilian society, his ideas are thus fundamental for considering the connection between sport and art in Brazil. Although football was originally considered as a “refined” sport, its democratization bypassed, at the symbolic level, social, racial and economic barriers, to the point where Brazil became universally known as “the country of football”.

It is a little known fact that the sociologist Gilberto Freyre (1900-1987) was one of the first Brazilian intellectuals to comment on the Brazilian football team from an artistic and cultural point of view. His “discovery” of football came at the 1938 World Cup, held in France, where the Brazilian team came in third.

While following the games that year in Recife, his academic education in the United States and his literary and philosophical training encouraged him to create artistic imagery capable of explaining the green-and-gold phenomenon on European pitches. At the time, Freyre made use of categories he found in the aesthetic thought writings of the young Friedrich Nietzsche to characterize the playing style of the Brazilian team.

For the purposes of this brief article, it is appropriate to ask: up to what point are such images valid in the invention of the Brazilian style of play? To what extent do such exalted images still correspond to reality for today’s Brazilians? What is the role of such intellectuals in the construction of this “myth of origins”? It is also worth asking: are not the views of this writer from Pernambuco a little too exotic when he sees Brazilian footballers as authentic ‘naïve’ artists? On what basis can we accept the use of artistic metaphors in our understanding of a sporting phenomenon? Can it be said that football is an art, or does it simply produce episodes whose effects are similar to the aesthetic appreciation of a fine painting?

In posing these questions, I am proposing in what follows to place the ideas of Freyre in their proper football context in the 1930s and seek the fundamental basis for his views. They are important for the establishment of a dialogue to consider the validity of this linkage of sport and art.

We all know that during the 20th century, with the organization of these international tournaments by FIFA, Brazil became known all over the world as the “country of football”, in a way which was at the same time mythic and historical, both the truth and a stereotype. My efforts here revolve around the separation

of the myth from history and the re-tracing, in a historical context, of the evolution of such imagery which shows the role of intellectuality in the construction of the national imagination.

Although there is little discussion on the point, because his references to football appear in newspapers of the time and in notes for lesser known books, the Brazilian sociologist Gilberto Freyre was one of those principally responsible for the definition of what came to constitute the modern concept of “Brazilian culture”. He was one of those responsible for the adulation of mixed race and for inventing the terms “mulatto football” and “football-art”.

The best known and most controversial work of Freyre, *Casa-Grande & Senzala*, dates from 1933 and is a reconstruction of intimate family life from the colonial period. Here he devotes himself to showing the importance of polygamous relationships between whites, blacks and indigenous, especially between the owners of sugar mills in the North East of Brazil and their slaves of African origin.

Instead of a history along traditional political and economic lines, Freyre, under the influence of the anthropologist Franz Boas, under whom he studied in the United States, emphasized the cultural aspect, and also showed the part played by sex in relationships of economic dominance.

Evidence of the presence of Freyre in the image of Brazil lies in his reception outside Brazil. In the 1950s, a French translation of *Casa-Grande & Senzala* was made by Roger Bastide and included in a South American collection edited by Roger Callois. Praised by Roland Barthes, the French edition had a foreword by the historian Lucien Febvre: “Brazil, land of history”, a play on words alluding to the book by Bastide, “Brazil, land of contrasts” and the famous work by the Austrian writer Stephan Zweig, “Brazil, land of the future”.

One should also recollect the closeness of the author of *Maîtres et esclaves* with the French historian of the second generation of the ‘Annales’ school, Fernand Braudel, with whom he shared the concept of “material culture”.

If Freyre was well received in France, in Brazil, by contrast, historians and sociologists of the University of São Paulo at the time considered the book to be a defense of “racial democracy”, as well as an elegy to the legacy of the Portuguese colonial period.

In contrast to the colonial experiences of Spain, England and France, Freyre argued that the Portuguese were themselves of mixed race at the time of the Discoveries, standing between North Africa and the rest of Europe. Showing flexibility and adaptability, the Portuguese intermingled with blacks and indigenous and produced a new and original culture in the tropics.

Five years later, in 1938, the same Freyre appears at the time of the World Cup in France, which is followed on the radio with great enthusiasm by the Brazilian people. Despite only coming third, the nation pays tribute to the performance and celebrates the forward Leônidas da Silva, the goal scorer of the team, known as “the black marvel”.

The warm reception met with by the returning team turns the players into veritable national idols, as had happened with South American tournaments in the 1920s and 1930s. On the back of these events in Europe and in Brazil, Gilberto Freyre writes in the press and coins the phrase “football-art” to describe the Brazilian style of play. As we know today, this style was to prove surprising and creative, based on individual skill, the swerve or feint and the angular effects traced by the ball curving path.

This style was contrasted with what was considered to be European “scientific” football, in particular the styles of Eastern Europe – Czechoslovakia and Poland, among others – based on team play, methodical training, adherence to tactical systems (the recently invented WM) and passing the ball in a straight line.

Thus Freyre, a reader of the Nietzsche of “The origin of tragedy”, made use of artistic metaphors and for Gustave Flaubert’s “art for art’s sake” substituted “football for football’s sake”.

The author took sport as a laboratory where he could demonstrate his theories on the development of Brazilian society. These theories could be confirmed if one looked at what was happening in football. His originality was not concerned with past epochs frozen in time, but with potential developments in the present and in the future. The social rise of the “mulattos” through sport came to be known as the most perfectly worked out of his theories.

Freyre used to say that the ability of the Brazilian players seen in France could only be explained by paying close attention to the origins of these “bodily skills”, which descend from African traditions and which in Brazil have been molded into popular dances, such as samba and capoeira.

This style of playing transformed the roots of football, as conceived in England, from top to toe. The disciplined game of British schools went from an ethical basis – education through sport – to an aesthetic basis – fine movement.

The explanation of the phenomenon is, therefore, not so much physical education, more the simulation of dance patterns of African origin, transplanted to the rectangle of the football field.

It was precisely in those far-off days of the 1930s that the unexpected spread and popularization of the sport in Brazil brought the working classes from the suburbs and the terraces to the heart of professional football.

Originally a “refined” sport for foreigners and students from the most well-heeled sections of society, democratization broke down social, racial and economic barriers, at least at a symbolic level, according to Freyre, in the world of football.

The transformations of football in Brazil were not, however, simply the result of a benevolent concession by the local elites. They can only be understood in historical terms, which are connected with certain aspects of migration typical of the 1930s.

Preparations for the second World Cup in Italy, in 1934, featured the direct involvement of the Italian government. The efforts of Mussolini had repercussions in South America, with the return of emigrants who had played in Brazil.

Various players of Italian origin in Rio de Janeiro and São Paulo, who had been members of the Brazilian team, were recruited and ended up wearing the blue stripe of Italy in the World Cup of 1934.

The traditional clubs of the elite were therefore facing a vacuum in their teams and were in part obliged to replace these athletes by players from the lower classes, who were mixed race, working class or black.

This being so, it will be seen how the theories of Freyre became for Brazilians a self portrait of their own mixed race origins. But when the term “football-art” is used, we need to pay attention to the origin and the historical context of the expression.

This means that the moment artistic football is contrasted with scientific football, a style that emphasizes spectacle against a style that emphasizes competition, what Freyre does not mention is the rhetorical strategy underlying this idea.

This is the idea that art is a free and disinterested action, without practical or utilitarian purpose as defined by the philosopher Immanuel Kant in his *Third Critique*, and that its spirit is present on the field of sport wherever there is an aim which, even more than winning, seeks to delight the spectators.

Of course this theory cannot ignore the question: what had Brazil won at the international level up to 1938? Almost nothing.

What, in contrast, was happening with neighboring Uruguay? The country had already been victorious at two Olympic Games and had also won the first World Cup in 1930. Argentina, also, was seen as more developed than Brazil, and a genuine model to be imitated in terms of technique and tactics.

It should be acknowledged that Brazil felt itself inferior to Argentina and Uruguay in terms of results and titles. These were both countries where immigration and social developments had contributed to the more rapid growth of football.

Brazil’s only advantage, therefore, as Freyre saw very well, was to exploit the technical and ethnic differences, to despise the result, and to value the effect of black footballers on the thousands of European spectators watching the games.

The relationship between cultural habits and sporting practices existed not only in Brazil, but in most countries of the so-called periphery.

It was the Argentine anthropologist Eduardo Archetti who stressed the connection between music, dance and sport in various countries in Latin America. At the beginning of the 20th century, as Europe was exporting its sporting practices, South American countries were forging links between their local traditions – tango, samba, salsa – and the sport of Breton origin.

It was in this way that Brazil invented the Brazilian style, directly descended from Carnival, the product of a certain physical suppleness, which aimed to practice football-art, played not to win but to produce delight. So the emergence of “football-art” should be understood in a historical context when the Brazilian team was far from being victorious or superior in terms of gold medals.

There were ambiguities in such a situation: it could produce positive feelings, resulting from the ability to conjure up individual flashes of skill; or it could unleash feelings of inferiority, with the defeats of 1950 and 1954 seen as the expression of a defective collective psychology, which reflected the emotional instability of the Brazilian people, represented by a mixed race team on the football field.

This ambiguity remained and would only be overcome twenty years after the success of Leônidas, the “inventor of the bicycle kick” in 1938, when another “black marvel” burst onto the scene: Pelé.

The victory in Sweden in 1958 saw the beginning of what was termed the Golden Era of Brazilian football, culminating in 1970 with a third World Cup victory in Mexico. The artistic style was not only pure, it was also highly effective. The aesthetic effect was now the result not only of isolated episodes of brilliance, but of the play as a whole, of collective skill, of delightful football leading to a whole series of victories at international level.



World Cup of 1970: Final Brazil vs. Italy 4:1





