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Ole, Ole ... Oh No? The Economic and Social Impacts the FIFA World Cup has on its Host Countries and how South Africa, the 2010 Host, May Be Affected

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OLÉ, OLÉ . . . OH NO?
THE ECONOMIC AND SOCIAL IMPACTS THE
FIFA WORLD CUP HAS ON ITS HOST
COUNTRIES AND HOW SOUTH AFRICA, THE
2010 HOST, MAY BE AFFECTED
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BY
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Introduction

Imagine a game involving two goals, each spanning an area of eight yards wide and eight feet tall with the use of one spherical object meant for recreational enjoyment. Now imagine this same game having the ability to bring long-time rivals together on the same pitch. In 1998, the national teams of the United States and Iran shared ninety minutes together in an arena surrounded by the support of their respective fans. Beginning with the exchange of white flowers as a gesture of peace for the American players and USSF pennants for each of the Iranian players, the game consisted of a battle not sparked by political disagreements or longstanding rivalries, just each individual player's passion to succeed (Iran Tops U.S. 2-1, 1998). The Cameroonian player, Samuel Eto'o, states "[Soccer] is pure sentiment and a spectacle that transcends all borders. It's the best weapon against political conflict. It would be hard to see Iran and the United States seated at the same table, but it's perfectly feasible to see them playing a game of soccer." (Carlin, 2010, 5)

The sport of soccer (more commonly referred to around the world as football) has players and enthusiasts residing in various regions spanning the globe. The World Cup, its biggest event, hosted by The International Federation of Association Football (FIFA), attracts a record breaking number of viewers. Comparing single-game viewership, the championship game of the 2006 World Cup surpassed the second place event, the Super Bowl XLIV, by over 600 million viewers (Carlin, 2010). Players proudly wear their country's names and approach the field while their thoughts are drowned out by thousands of fans yelling national chants. Players and residents of the host country are instilled with what is referred to as the "feel-good" factor (Kavetos and Szymanski, 2010). Politicians are hopeful that the media attention and widespread publicity of the event will help reflect positive images of their country. Unfortunately, these feelings have been proven to be short lived. Once the event is over and the confetti is cleaned off, what's left is a country that is forced to revert back to its original, or sometimes an even worse, economic state.

Claimed benefits of hosting the World Cup have been questioned and researchers have attempted to define the impact hosting has on a country's economy, the well-being of its residents, and its overall image. In the past, *ex ante* benefits of hosting the event have been overstated, and government funds are poured into stadiums instead of benefitting social programs or improving medical and education systems (Matheson and Baade, 2004). Promised urban development plans usually fail during the implementation stage and planning for the event can either further harm the urban poor or lead to an increase in crime.

Research has not shown any proven long-term positive economic impacts directly resulting from hosting the FIFA World Cup; however, the intangible "feel good" factor has been hypothesized to bring positive effects to a country and its individual residents. This is one variable that has shown to have some positive effect on a host country, but its benefit is usually short-lived and commonly overlooked by researchers (Kavetsos and Szymanski, 2010). If questions on how to measure this factor could be answered, researchers would better be able to address the overall economic impact. Based on analysis of the South African economy, South Africa, host of the 2010 FIFA World Cup, is doomed to experience similar economic and social impacts that have plagued previous tournament hosts.

Methodology

To answer these research questions and ultimately prove the thesis stated above, I performed extensive reviews of existing literature. A majority of my sources were found in economic journals using various databases such as Academic Source Premier, Business Source Premier, SportDiscus and Science Direct. The specific journals that have been most beneficial are *Urban Forum*, *South African Journal of Economics*, *Journal of Economic Psychology*, and *Labour Economics*. *Urban Forum* addresses the broad developmental issues of urbanization in the Third World, providing a distinctive African focus on the subject (Springer, 2010). Journal articles from the psychology sector provide a better understanding of how intangible factors such as the "feel-good" factor and residents' feelings toward their country hosting the mega-event can be measured. Along with this research, I will also use the FIFA website to determine what the regulations are for hosting the World Cup and how the bidding process is run. Finally, in order

to relate my findings to how it will affect South Africa specifically, I will research the South African economy and relevant actions taken during the bidding process and the tournament.

Literature Review

The purpose of this literature review is to summarize and analyze various authors' opinions of the effects of the World Cup on the host country. The argument is broken down by the positive effects and the negative effects. Within each positive and negative effect, situations addressing South Africa and the 2010 World Cup specifically are analyzed.

Positive Effects

One positive effect is the aforementioned feel-good factor. Researchers, including Stan Du Plessis, Wolfgang Maennig, Georgios Kavetsos, Stefan Szymanski, Caroline Newton, and Florian Hagn, were unable to conclude that hosting the World Cup leaves an overall positive impact on the host country regarding increased tourism or improved economic results. This suggests that residents believe there to be another important factor derived from hosting a mega-event such as World Cup, most commonly referred to as the "feel-good" factor (Kavetos and Szymanski, 2010). The effects of the feel good factor can also be attributed to the need of the government to gain public support (Coalter and Taylor, 2008).

Another positive effect is the belief that hosting a major event instills a sense of community belonging and national pride among the country's residents. Researchers Stan Du Plessis, Wolfgang Maennig, Fred Coalter, and John Taylor believe that hosting the World Cup gives the country widespread recognition, media attention, and an enhanced community image. A majority of countries fight to host this event because they believe it will increase national pride and instill a feeling of recognition amongst its citizens. The increased emphasis on these benefits also acts as a political tool urging the taxpayers to support the large event investment (Coalter and Taylor, 2008). To attract positive attention that extends beyond the few weeks of the event, newly built stadiums could be designed with elaborate detail or innovative features to create landmarks that increase the flow of tourists during and well after the event. The construction of new stadiums and infrastructure could inspire future urban development projects. In

this vein, Plessis and Maennig emphasize the idea of using “iconic architecture” to create unique structures that can become a recognizable symbol for the host country (2010).

Negative Effects

The view of using public funds for stadiums rather than public improvement projects is argued as a negative effect by Udesch Pillay, Orli Bass, Victor A. Matheson, Robert A. Baade, Stan Du Plessis, Wolfgang Maennig, Georgios Kavetsos, Stefan Szymanski, Caroline Newton, Fred Coalter, and John Taylor. Massive investments are required by the host country to build new or expand upon existing stadiums. The International Federation of Association Football (FIFA) requires host countries to provide at least eight stadiums with a seating capacity exceeding 40,000 (Matheson and Baade, 2004). Much speculation revolves around the idea of using government funds on entertainment facilities for foreign visitors rather than investing in useful projects to benefit the residents (Newton, 2009). This could suggest that either there does exist an intangible benefit (i.e. feel-good factor) of hosting that covers the opportunity costs of diverting government funds or that residents are in a sense tricked by politicians to think that investing in the event will lead to greater benefits and economic success in the future. It should be noted that taking government funding away from public improvement projects in order to host a mega-event such as the World Cup will have little benefit for those who are affected the most by diversion of public funds, the urban poor (Pillay and Bass, 2008). After the event, residents and local authorities are left to cover follow-up maintenance costs of the stadiums through taxes (Plessis and Maennig, 2010). Many researchers also point out the fact that these large stadiums have little use after the event has ended. A majority of the stadiums are left abandoned or underutilized and unable to cover maintenance costs (Kavetsos and Szymanski, 2010).

Another negative effect is the noticed trend of cost-benefit analyses performed prior to the tournament differing greatly from actual results. Research on previous World Cups shows there does exist a difference between *ex ante* (“before the event”) financial estimates and *ex post* (actual) results. The authors that argue this point include Udesch Pillay, Orli Bass, Victor A. Matheson, Robert A. Baade, Stan Du Plessis, Wolfgang Maennig, Georgios Kavetsos, Stefan Szymanski, Nicolas Büttner, and Marco

Messner. Countries bidding to host the World Cup should realize the difference between an idea and the execution of an idea. Realistically, a country's bid proposal is "endangered by finances, time constraints and politics" (Pillay and Bass, 2008, 339). Reasons for the difference in pre and post tournament figures are mainly because of exaggeration in tourist numbers (Matheson and Baade, 2004) and the money they spend being portrayed as a gross rather than a net measure (Pillay and Bass, 2008).

In the case of the 2010 World Cup, there is a costly difference between investment plans and what was budgeted for stadium investments in the country's host bid. At the time of construction, investment in stadia was budgeted at R8.4 billion and infrastructure fell between R6.7 and R14.9 billion. Originally budgeted was a comparatively small amount of R818 million (Plessis and Maennig, 2010). This shows poor cost estimation and lack of preparation for hosting the tournament by South African authorities. With every increase in the budget, financial and time constraints will put a heavy strain on South Africa's resources. As a developing nation, South Africa has less leverage and is more risk-averse than a more stable, developed nation. Improved infrastructure requires a heavy investment (Matheson and Baade, 2004) and taking government funds away from public projects will have a greater impact on society (Pillay and Bass, 2008).

Increased crime and the failure of countries to carry out promised urban development plans are argued as negative effects by Udesch Pillay and Orli Bass, André Horn and Gregory Breetzke, Victor A. Matheson and Robert A. Baade, Stan Du Plessis, Wolfgang Maennig, Fred Coalter, and John Taylor. Some countries hope that hosting mega-events will spark urban development schemes and show citizens that the government is focused on carrying out visions of economic growth and stability. However, many researchers agree that urban development plans included in country bid proposals to host the World Cup are rarely executed and the urban economic impact of the World Cup is "variable, intangible and ambiguous at best" (Pillay and Bass, 2008, 335).

The question of where to build stadiums and training facilities is affected by two factors. For urban development purposes, constructing stadiums and related infrastructure in underdeveloped regions is expected to improve the quality and aesthetics of the area. What some fail to realize is that improving

low-income areas will increase the value of the property and affect residents' abilities to afford living there (Pillay and Bass, 2008). The other factor of location is that government officials, along with FIFA representatives, fear a loss of visitors due to worries about safety and accommodation quality. With this in mind, authorities look to place visitor and athlete accommodations along with training facilities in low-crime areas. Following this plan, however, takes away the urban development benefit of hosting the tournament (Matheson and Baade, 2004). Horn and Breetzke claim that hosting a "mega event may potentially trigger a wave of crime and introduce crime types that in mutated form could become permanent features of ... society after the event" (2009, 20). This emphasizes the importance of implementing a solid crime strategy into a country's bid proposal to FIFA which includes more visible policing, improved personal responsibility, as well as an increase in police men and women (Horn and Breetzke, 2009).

In its bid to host the 2010 World Cup, South Africa discussed implementing programs in neighborhoods in need of improved medical service, sports, and community centers (Newton, 2009). South Africa's development agenda revolved around the idea of placing facilities in underprivileged areas so as to improve the area (Pillay and Bass, 2008). However, as stated earlier, this idea contradicts some officials' idea to promote safety and encourage visitors by building in already-developed areas. South Africa lacks a stable and localized strategy on crime and is forced to focus only on "hot spot" areas around stadiums instead of improving urban areas overall (Horn and Breetzke, 2009). Along with developments for the World Cup, South Africa also underwent the N2 Gateway project in an effort to improve deprived areas of Cape Town. Unfortunately, development efforts to improve the area, increase property value and push the poor out when they are unable to afford the housing (Newton, 2009). Overall, "it is doubtful whether the global intervention of promise of alleviating the poverty trap via the hosting of mega-events in South Africa will be realized" (Pillay and Bass, 2008, 339). As a developing nation, hosting the tournament in South Africa has some related benefits. More unemployed or

underemployed labor is available which means lower wages and leads to lower operating costs (Matheson and Baade, 2004).

Overall, a majority of researchers have found few positive economic effects of hosting the World Cup for the host country. However, the question remains as to why countries still fight to host this mega-event and residents continue to support it. A major factor to consider in this analysis is the extent of the feel-good factor benefits. While it is difficult to measure, there is a possibility that its impact could be large enough to make up for the negative economic and financial impacts of hosting the World Cup.

Findings

There is much evidence that suggests a country would be better off not hosting a mega-event such as the World Cup. This then raises the question of why countries get into bidding wars in attempts to win hosting rights. An explanation could be the existence of some other benefit that is commonly overlooked. Based on the existing research, little is said about the intangible effects of hosting the World Cup. This is due in part to the fact that they are hard to measure and also because most researchers do not place as much emphasis on their importance in comparison to the tangible, measurable factors such as employment rates and economic activities. The most recent World Cup, held in the summer of 2010 host by South Africa, is an interesting case study to analyze being that the host is a developing nation who's foreign policy initiatives for hosting the 2010 World Cup revolves heavily around the gaining intangible benefits such as enhanced country image and national pride.

What is FIFA's role in the hosting process?

The bidding process for the rights to host the World Cup begins years in advance and encourages a highly competitive environment full of lavish promises and plans of costly endeavors made by the hosting country's bidding committee and government officials (Humphreys, B.R., 2010, June 15). The FIFA organization requires the host country to provide "approximately 12 stadiums with minimum

capacities of between 40,000 for group matches and 80,000 for the opening match and final” (Bidding Process for the 2018 World Cup, 2009). Along with stadium investments, the host country must provide suitable technology, transport, and accommodation for the tournament operations. The costs of investments are taken from public funds at the expense of the country’s taxpayers (Newton, 2009).

FIFA’s objectives may strip benefits from the host country and conflict with the country’s own objectives (Cornelissen and Swart, 2006). Cornelisson and Swart address how this conflict will affect the South African economy: “FIFA’s regulation on how the event is organized may have repercussions on the South African government’s objectives with respect to using the Finals for developmental and nation-building purposes.” (Cornelisson and Swart, 2006). FIFA’s needs to generate a profit for itself will combat South Africa’s desire to use the World Cup as a catalyst for positive developmental change.

Through the control of TV rights, sponsorship and merchandising, FIFA will be able to generate a profit of £700 million (Szymanski, 2010). This means FIFA control of the World Cup, which has been described as the “most commercially successful tournament ever” (Desai and Vahed, 2010, 158), leaves little opportunity for the local community and businesses to benefit. Zones surrounding the stadiums are controlled solely by FIFA and are plastered with advertisements of FIFA’s stated partners and sponsors only.

An example of FIFA’s domineering role is explained: In one of its host cities, South Africa had planned on renovating an existing stadium rather than building an entirely new one. Not only would using this existing stadium reduce costs, it was also located in a “historically low income ‘Coloured’ township” which falls in lines with political urban development objectives. A FIFA representative, however, was quoted as saying: “A billion television viewers don’t want to see shacks and poverty on this scale.” (Desai and Vahed, 2010, 156) An alternative that could have triggered spending in an under-developed area while only costing South Africa R1.7 billion was ignored to build a R4.5 billion stadium

with its only added benefit being the eye-appealing backdrop of Table Mountain in Cape Town. The location decision was ultimately made by FIFA at the expense of the South African budget.

What are some positive effects of hosting the World Cup?

Feel-good factor

Although it is difficult to measure the benefits of this utility, it should be included when performing the cost-benefit analysis of hosting the tournament (Plessis and Maennig, 2010). Based on statistical analysis performed by Kavetos and Szymanski, it can be concluded that “it is not winning at the event, but playing the host, that creates the feel-good factor” (Kavetos and Szymanski, 2010, 159). This benefit cannot be allocated to one specific part of hosting the World Cup, but instead should be attributed to residents’ enjoyment while attending the event, volunteering at the event, cultural showcases, or simply being in proximity to the stadiums to experience the event firsthand (Kavetos and Szymanski, 2010). Hosting the event could even spark a feel-good emotion that is strong enough to excite residents about future events or prolong other relevant economic or social effects (Newton, 2009).

The idea of hosting the 2010 World Cup in South Africa reminds its residents of hosting the 1995 Rugby World Cup, during which it was indicated to the world that “South Africa had emerged from its year of racial oppression” (Matheson and Baade, 2004, 1095) merely through the image of President Nelson Mandela wearing the jersey of South African captain Francois Pienaar. With marketing strategies, South Africa hopes that hosting the 2010 World Cup will project a feel-good feeling among its residents and encourage them to support the hosting of future mega-events (Newton, 2009).

Enhanced global recognition and social cohesion

With its internationally known name and support from fans spanning the globe, an event like the World Cup has the power to bring out a shared sense of belonging and national pride among residents who are supporting a common team. Researchers question whether this community togetherness can

settle political or social rivalries or if the feeling is fleeting and ends shortly after the tournament concludes (Carlin, 2010). Developing nations especially hope that hosting the mega-event will positively showcase their country and residents and create a more equal footing amongst global competitors (Cornelissen and Swart, 2006). The decision to select South Africa as host for the World Cup was monumental not only because it is a developing nation, but, unlike previous tournaments, the 2010 tournament host is hoping in desperation for this event to become and remain a symbolic symbol of change for the battered continent (Desai and Vahed, 2010). The potential benefits of hosting the World Cup, as mentioned in 2003 by the South African President, Thabo Mbeki, are:

“the successful hosting of the FIFA World Cup in Africa will provide a powerful, irresistible momentum to [the] African renaissance... We want, on behalf of our continent, to stage an event that will send ripples of confidence from the Cape to Cairo – an event that will create social and economic opportunities throughout Africa. We want to ensure that one day, historians will reflect upon the 2010 World Cup as a moment when Africa stood tall and resolutely turned the tide on centuries of poverty and conflict. We want to show that Africa’s time has come.” (Desai and Vahed, 2010)

All of Africa, not just South Africans, see the 2010 World Cup as an opportunity to promote a new image for the historically racially-polarized continent and spark a new and intensified wave of national pride (Carlin, 2010). Along with economic results of poverty alleviation and job creation, the 2010 tournament focuses on ideals of eradicating stereotypes and “Afro-pessimism” (Desai and Vahed, 2010, 155).

The idea that visitors will return again after the World Cup has its complications. Coalter and Taylor suggest that “positive imagery” should be used to leverage the already existing tournament media coverage of the country in order to entice future visits (Coalter and Tayler, 2008). This aligns with du Plessis and Maennig’s argument for the creation of “iconic architecture.” Visitors will be inspired by elaborate stadiums and the image of surrounding cities will be enhanced. Creating an aesthetic focal

point will better project the country's image and entice visitors to come and see it for themselves (du Plessis and Maennig, 2007). However, this innovative, yet possibly "impractical" infrastructure comes at a cost.

What are some negative effects of hosting the World Cup?

Shift of funds from public improvement plans to stadium investments

Spectator-dominated mobile events such as the World Cup and the Olympic Games require heavy infrastructural investments and the addition or upgrading of proper facilities (Coalter and Taylor, 2008). The cost analysis of hosting the World Cup should not just include these investments. Instead, it should also encompass the opportunity cost of foregoing certain public improvement projects in order to prepare cities for this large event

The loss of public funds affects a developing nation more than a developed nation. For example, "the UK government spends about £80bn annually on education, whereas South Africa spends about £12bn" (Szymanski, 2010). The costly investment involved in hosting the World Cup is not as significant for a country like the UK, but could be detrimental to a developing nation such as South Africa. A Matheson and Baade argument mentioned by Pillay and Bass suggests:

"opportunity cost of capital may also be particularly high in developing nations. From an economic point of view, the cost of building a new stadium is not best described by the amount of money needed to build the facility but rather the value to society from the same amount of capital spend on the next best public project." (Pillay and Bass, 2008, 338)

This quote suggests the importance of considering the opportunity cost of diverting public funds away from making improvements that could leave a substantial, long-term impact on the economy. Kavetsos and Szymanski point out that government money could instead be used to fund hospitals and schools

which is proven to have a more direct effect on “generating job placements, enhancing well-being and human capital, and potentially increasing productivity” (2010, 160).

The current South African economy may be the ideal environment for hosting a mega-event that is estimated to cost more than two billion Euros (Newton, 2009). In its post-War expansion period with an economy currently growing at 5% per year (Bob and Swart, 2009), South Africa is experiencing domestic and external imbalances which has led the South African Reserve Bank to place restrictions on financial instruments and funding sources. Specific South African plans for stadium construction included five stadium upgrades and five new stadiums (Plessis and Maennig, 2010). As of January 2010, it was posted by South Africa’s Government Communication and Information System that, “The National Treasury has committed close to R33 billion towards stadium construction and refurbishment, and tournament-related infrastructural development.” (Ngonyama, 2010, 168) Because the financial burden is placed mostly on the taxpayers, “the decision to finance the construction of professional sports facility should depend solely on the value that taxpayers place on the consumption benefits flowing from professional sports.” (Coalter and Taylor, 2008, 29).

The cuts made from public expenditures affect those who would be least likely to benefit from hosting the event (Pillay and Bass, 2008). The cheapest tickets for the 2010 World Cup began at R150 (about US\$21). In a country with an unemployment rate (considering hunting wild animals and begging as employment) of 27%, it is highly unlikely that many residents will be able to even afford tickets to enjoy watching the game in the stadium. Regional ticket demand was also affected by surrounding resident’s limited access to the Internet to purchase the tickets (South Africa v. FIFA World Cup, 2010). While research has shown that stadiums and tournament facilities have little use after the tournament, in the case of the 2010 World Cup the stadiums were not even fully utilized during the event. Ticket demand was disappointing and some games were played to only half-filled stadiums (Szymanski, 2010).

To gain the support of citizens to use public funds, government officials must falsely advertise or exaggerate the benefits of hosting of the World Cup. Residents are expected to support this use of public funds because they are told they will receive, in exchange, a more united and globally recognized country. Along with these intangible effects, government officials stress the creation of jobs and the event's ability to stimulate the economy. In a developing nation such as South Africa, urban poor that are desperate for income will eagerly anticipate their country hosting the World Cup and the job opportunities that will ensure. However, residents who may be blinded by the sudden increase in jobs for World Cup preparation are unaware that the majority of these jobs will not last long-term (Bob and Swart, 2009).

A boost in infrastructure that can benefit the country is the development of the "Gautrain", Africa's first high-speed rail link. Rails run from the city of Johannesburg to the O.R. Tambo International Airport. While plans for its construction were implemented before receiving the bid for hosting the 2010 World Cup, revised plans in preparation for the World Cup fast-tracked development (South Africa v. FIFA World Cup). However, in terms of overall results, the Social Movements *Indaba* (SMI) "adopted a resolution denouncing the project as a serious misdirection of scarce resources for pressing social needs" (Ngonyama, 2010, 171).

An example of the trade-off of stadium investments for public improvement projects is that 20 billion South African rand budgeted annually over the course of four years could instead cover an additional 90,000 low cost houses each year. Simply said, after knowing this information would residents prefer the construction of 360,000 affording housing units within four years or the occurrence of a four week long World Cup tournament? (Ngonyama, 2010)

Differences between ex-ante and ex-post measures

Realistically, a country's bid proposal is "endangered by finances, time constraints and politics" (Pillay and Bass, 2008, 339). Negative financial impacts include price inflation and tax burdens (Bob and

Swart, 2009). For example, the United States experienced a loss of over nine billion dollars throughout the 13 host cities as a result of hosting the 1994 World Cup. The reason for this difference in pre and post tournament figures can be attributed to misapplication of the multiplier effect.

The multiplier is based on a “chain of spending and re-spending.” Construction spending for stadium and infrastructure spent in the local market then becomes income to other employees through wages who then use this income and create increased wages for other employees, and so on. Research has demonstrated limitations of using the multiplier effect and common misapplications (Coalter and Taylor, 2008). When calculating the economic impact, the spending of local spectators should not be included in multiplier analysis. Only the expenditures of those outside visitors that are attracted to the area and spend money there strictly because the event is occurring should be considered. There are obvious negative impacts of hosting a mega-event such as “increased congestion on business and tourism (before and during games), increased accommodation and food prices, environmental damage” (Coalter and Taylor, 2008, 12). Factors to consider when estimating tourist spending amounts include: substitution effect (national citizens who are simply redirecting their spending to a different region), time-switchers (visitors who would have come anyways just at a different date), casual tourists (those who would have visited at this time regardless of if the event was occurring), and the crowding-out effect (loss of income from residents who choose to stay away from that particular region because of the event) (Kavetsos and Szymanski, 2010).

An initial estimate for stadium construction and renovation in South Africa was R2.5 billion, which was increased to R8.4 billion in 2007 and increased again to a projected R10 billion by 2008, which is four times its original estimate. R400 billion was budgeted toward infrastructure improvements that may not have a long term impact because of intended usage revolves mainly around World Cup operations (Desai and Vahed, 2010). Economic stimulus was estimated at R55 billion. However, previous tournament results have proven these estimated amounts are usually largely inflated due to miscalculations of the multiplier effect (Szymanski, 2010). Visitor estimates were originally overinflated,

possibly to gain public support, but then they slowly began to decrease to more realistic numbers. In 2004, visitor numbers for the tournament were estimated to be as high as 600,000. As of 2009, five years after original forecasts, the event accounting firm, Grant Thornton, announced a forecasted 373,000 visitors (Szymanski, 2010). **This amount has practically cut originally planned visitors in half!** Host cities and surrounding countries that were preparing for the tournament relied on forecasted visitor amounts when making preparation plans. Businesses and community members planning on 600,000 were left disappointed and possibly experiencing a financial loss when this number was eventually revised downward.

In developing nations specifically, the resources and skilled labor necessary for stadium and infrastructure development projects are rarely readily available and require a heavy initial investment, which significantly lower the initial estimated economic stimulus forecasts (Szymanski, 2010). Pre-tournament estimates of economic improvements in South Africa began to look like empty promises. Predictions made by Grant Thornton expected a contribution of R55 billion to South Africa's GDP and creation of 415,000 new jobs (Ngonyama, 2010). Their research, however, did not state whether these employment opportunities would last past the dates leading up to the event. Most jobs that are created through the hosting of the World Cup are only short-term and have done little to adequately train workers for future employment (Desai and Vahed, 2010).

Failure to implement urban development plans

To gain the support of the tax payer and to make its bid proposal more appealing, government officials made promises to use the World Cup as a catalyst for urban development plans and to fast-track infrastructure investment and community improvement initiatives. Pillay and Bass (2008) suggest this belief of 'boosterism' should be seen as nothing more than political attempts to gain power and garner the support of citizens. For the 2010 World Cup, with a large percentage of South African citizens living below the poverty level, it was crucial that the government pushed ideas of urban development in the bid proposal to get their support. South African government claimed that hosting the World Cup had the

potential to stimulate economic growth and contribute to urban development plans. However, this vision of intensified development never materialized into anything that made a substantial impact (Pillay and Bass, 2008).

During the bid process, questions arose regarding the capabilities of South Africa and plans for urban development were thoroughly assessed. Hosting of a mega-event has the potential to fast track these developmental steps, but only if the agenda is followed properly. The development framework should correlate with the government's objectives. Any pre-existing development plans should be revised to align with newest set of ideas listed out in the bid proposal. A problem arises when various geographic regions within the country begin to compete and push each of their ulterior objectives. The formulation, revision, and implementation of these developmental plans should be constantly monitored by FIFA and the committee that is in place. Checks should be performed to see the developmental progress and how residents are responding (Pillay and Bass, 2008). South Africa failed in following its original proposed development plans and lost the opportunity to fast track developmental plans and ultimately to enhance the quality of the country.

FIFA's previously mentioned role impacted South Africa's ability to thrive in implementing its urban development schemes. By constructing facilities in disadvantaged areas, South Africa hoped to stimulate the surrounding community and improve its image (Pillay and Bass, 2008). However, FIFA, concerned only with aesthetics and what surroundings the viewing public would like to see, influenced South Africa's intentions. It is important to note, however, that developing a lavish stadium to improve an impoverished area has its consequences. The location of the stadium could lead to an increase in surrounding property values and possibly the inability of current residents to afford housing in that area. This could have the opposite effect of urban development and instead displace the poor (Pillay and Bass, 2008).

Increase in crime

Three waves of crime risk revolve around the hosting of the World Cup: the perceived risk of crime before a tournament, the actual existence of crime during the tournament, and the possibility of newly induced crime forms becoming a permanent feature of the stadium-surrounding communities after the event. Especially in developing nations, the fear of crime or unsuitable conditions could reduce the number of visitors (Horn and Breetzke, 2009). A successful crime strategy “should be developed that includes principles such as social development, facilities development, law and enforcement, criminal justice and correctional rehabilitation through integrated government” (Horn and Breetzke, 2009, 31).

Before their bid for hosting was accepted, South African officials were urged to implement a thorough security plan that would address tourism safety and the availability of security during the event. Horn and Breetzke state the two necessary components of a strong crime strategy, “a meaningful localized theory on crime and a medium term strategy embedded with crime information-led policing goals” (Horn and Breetzke, 2009, 21). Being that it is a developing nation; the proper crime strategy plan had not yet been established prior to the tournament. With little time to implement a localized strategy, the 2010 World Cup was left with a below-average plan in handling crime (Horn and Breetzke, 2009).

Finally, the desire to attract visitors by avoiding heavy-crime areas contradicts the country’s plan for urban development (Matheson and Baade, 2004). South Africa’s inability to capitalize on the opportunity to implement a crime strategy as well as its inefficiency in implementing desired urban developing plans shows there will be little long-term positive impacts derived from the formation of any stable or centralized processes.

Will the 2010 World Cup have a positive or negative overall impact on South Africa?

South Africa, as a developing nation, can benefit most from the implementation of a comprehensive urban development plan as well increased media coverage since they are constantly working to combat global stereotypes (Pillay and Bass, 2008). However, compared to developed nations,

developing nations usually have to make the heaviest investments to upgrade infrastructure in preparation to accommodate a large influx of visitors. This initial investment puts them at a disadvantage relative to a developed nation host. Developing nations, such as South Africa, also will suffer greater losses and may be unable to recover if the results are not what were anticipated (Matheson and Baade, 2004).

While benefits of selecting a developing nation as host exist such as lower wages and the greater availability of unemployed labor, overall concerns revolve around the developing nation's inability to manage capital-intensive projects while efficiently exposing the potential benefits of hosting a mega-event (Matheson and Baade, 2004). Since there is no overwhelming amount of evidence that suggests hosting the World Cup substantially improves long-term economic measures such as employment or GDP, researchers fear the costs of hosting will outweigh the benefits in the case of World Cup 2010 (Pillay and Bass, 2008). It appears that a developing nation as host can benefit most from the intangible effects such as improved national pride and positive global recognition, but will most likely experience negative tangible economic impacts. If beneficial economic impacts do appear, they will most likely only be short-lived.

Discussion of Findings

Regarding the history of World Cup hosts' successes and failures, a common conflict can be noticed between the tournament objectives of FIFA and those of the host country. FIFA views the World Cup simply as an operational plan that is run systematically every four years. But to the host country, it is much more than that. As mentioned throughout this paper, hosting the tournament has the power to fast-track urban development as well as confront negative global and domestic stereotypes (Desai and Vahed, 2010). Aligning the objectives of FIFA and the host country could positively benefit future host countries and make the hosting experience a positive one for all parties involved.

The experience can be improved beginning with the bidding process. The competitive nature of multiple country's empty promises and lavish developments should be relinquished and focus should instead be placed on sporting merit and how a country has positively contributed to the sport. This allows the host country to host at a lower cost which would please taxpayers, but yet still provide the FIFA organization with an outlet to showcase the globally-recognized sport (Szymanski, 2010). Another step that can be done is a systematic check-list of questions to be addressed regarding the current and needed resources and capabilities, resident support, as well as the alignment of a country's action plan align with its objectives before a bid is accepted (Coalter and Taylor, 2008).

In the following quote from an African publication, it can be noticed that countries battle for the opportunity to host this event in hopes that it will inspire national pride and "project" its nation to the world:

"One of the biggest impacts from hosting the 2010 FIFA World Cup will come from the phenomenal marketing and communication opportunity it offers to positively project South Africa and Africa to the world, to build pride, to enable African solidarity and to foster a climate that contributes to growth and development." (Newton, 2009, 103)

This intangible idea of respect and social cohesion is desired by most host countries but the actual realized benefits to the economy are difficult to measure. This is a major limitation to the cost-benefit analysis of the World Cup's economic impact on a host country. Another recognized limitation in the available research is the timeline of the 2010 World Cup. Because it has been less than a year since this tournament ended, it is difficult to observe the realized long-term impacts the tournament had on South Africa. Only hypotheses can be made based on previous tournament outcomes as well as forecasts of the noticed short-term effects.

Holding the World Cup tournament in a developing nation can help showcase those countries struggling to gain recognition. However, due to the instability of most developing nations to manage costs, the tournament should be held on a smaller, less-lavish scale that can benefit the economy rather than harm it (Szymanski, 2010). The 2010 tournament held in South Africa can be viewed as a test for developing nations to assess their ability to balance heavy costs and public disapproval in order to meet the ultimate goal of projecting the country positively on a global scope and encouraging social cohesion.

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