

## Fifa World Cup Finals: Catalyst for Infrastructural Development? A Case Study of South Africa 2010

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**Abstract:** This article explored how the dynamics of the global political economy influences international games, such as, the FIFA World Cup. It further examined the extent of exaggeration of myths and benefits of the 2010 FIFA World Cup to South Africans, neighboring states, FIFA officials and the global community in the post game period. To effectively explain and understand the article, we adopted the **Theory of Commercial Liberalism** and argued that whenever nations compete for the hosting right for such tournament, they are mainly but not exclusively driven by the benefits that accrue. The relevance of this theory as forming the theoretical framework is based on the simple understanding that man's fundamental reasoning is cooperation in order to prosper.

The theory asserts that mutually beneficial exchanges benefit people and assist in solving problems associated with capitalism such as, boom-and-burst economic cycles. Though, the government of South Africa invested heavily in the preparation for the tournament more than FIFA, the later determined large poll of commercial actors that held proprietorship over the central and most lucrative aspect of the tournament-first benefits. Although one of the authors was among the spectators in South Africa during the games, information from social media networks were used to gather data on this article. The paper concludes that while it is evident that the World Cup in South Africa benefitted FIFA and foreign investors on the short- run, resources invested spilled over to the society to serve the interest of the South African masses and her neighboring states, with other immense benefits expected on the long- run. It recommends among many, that other African states should strive to win the hosting right for such games because of its long-run benefits.

**Key words:** political economy, football, state, world cup

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### I. Introduction

Historically, VOA, CNN and BBC news on Africa often paint the continent as a dungeon of hunger, poverty, diseases (tuberculosis, HIV/AIDS, malaria) and ignorance. Africa is thus seen as the 'Dark Continent' and seen as the global zoo where animals live. This picture sometimes suggests that nothing is good about Africa and that social problems are peculiar to the continent.

Since the first competition for the World Cup was organized in 1930 by FIFA in Uruguay, the competition has been held every four years except during World War II. To qualify for the finals, there are international sectional tournaments leading to elimination and subsequent qualification of 32 national teams. Unlike Olympic football, the World Cup teams are not limited to players of a certain age or amateur status, so the competition serves more as a contest between the world's best players (World Cup, 2009).

As the sport moved into the 21st century, FIFA came under pressure to respond to some of the major consequences of globalization for international football. With the election of Switzerland's Sepp Blatter as President in 1998, the political bargaining and wrangling among world football officials have gained greater media and public attention. Direct conflicts of interest among football groups and organizations have also risen: players, agents, television networks, competition sponsors, clubs, national bodies, continental associations, and FIFA all have divergent views regarding the staging of football tournaments and the distribution of football's income.

Both developed and undeveloped states have continued to struggle over the hosting right of this game because of reasons ranging from national pride, bellicosity to quest for glory. While admitting that these factors might be relevant in explaining why states compete for hosting of FIFA World Cup, they are not the major reasons because these factors cannot be ends on their own rather they constitute means to ends.

More than a century after the beginning of this game, an African state (South Africa) won the bid for the first time on 15th May 2004 to host the World Cup in 2010. This was after being a runner up at the last concluded bid that gave hosting right to Germany. Of course, most Africans were happy when it became clear that the rest of the world was coming to Africa for the 2010 FIFA World Cup. At least, it was hoped that the impression about the naked and tailed African people as well as other fake pictures of Africa commonly held by

citizens of most technologically advanced countries as a result of “CNN effect” would change (Baalam and Veseth, 2005: 108).

The 2010 FIFA World Cup in South Africa was expected to attract about 1.5 million people (spectators and other tourists), hence, the tournament presented the country with significant infrastructural challenge (Latakomo, 2010). There was more pressure on land, more mouths to be fed and more logistic problem. This was a serious challenge for the government thus more money to be spent and higher taxes to be paid amongst a poor population with many youths falling into the lives of violence, drugs and abuses (Angus, 2010).

In fact, it may be argued that the principal organizers (South African State and to a lesser level, FIFA) of this mega sporting event overestimated the economic benefits and underestimated the cost. Against this background, the article examined the extent of exaggeration of the myths and benefits of the 2010 FIFA World Cup to South Africans.

The remaining parts of this article is organized into the following sub-themes: origin of football: the African experience; the politics of hosting FIFA World Cup: A history; explaining the economic rationale of the 2010 FIFA World Cup; myths of 2010 FIFA World Cup in South Africa; benefits of 2010 FIFA World Cup finals to South Africa, and conclusion.

## **II. Origin of Football: The African Experience**

Remarkably, European sailors, soldiers, traders, engineers, and missionaries brought football with them to Africa in the second half of the 19th century. The first documented football match took place in Cape Town in 1862, after which the game spread rapidly throughout the continent, particularly in the British colonies. During the interwar period, African men in cities and towns, railroad workers, and students organized clubs, associations, and regional competitions. Teams from Algeria, Morocco, and Tunisia competed in the North African championship, established in 1919, and vied for the North African Cup, introduced in 1930. In South of the Sahara, Kenya and Uganda first played for the Gossage Trophy in 1924, while the Darugar Cup was established on the island of Zanzibar. After World War II, the interest on football in Africa experienced dramatic expansion.

Modernizing colonial regimes provided new facilities and created attractive competitions, such as the French West Africa Cup in 1947. The migration of talented Africans to European clubs intensified. Together with his older compatriot Mario Coluña, Mozambican sensation Eusebio, European player of the year in 1965, starred for European champions Benfica of Lisbon and led Portugal to third place in the 1966 World Cup, where he was the tournament's leading scorer. Algerian stars Rachid Mekhloufi of Saint-Étienne and Mustafa Zitouni of AS Monaco represented France before joining the team of the Algerian National Liberation Front (FLN) in 1958 (Football, 2009).

Simple in its principal rules and essential equipment, the sport can be played almost anywhere, from official football playing fields (pitches) to gymnasiums, streets, school playgrounds, parks, or beaches.

During the apartheid years in South Africa, the prisoners held in Robben Island played football according to FIFA rules and dreamt of the day when a black South African government would invite the world to play in South Africa and this dream was realized in 2010 ([http:// www.balancingact.com/news broadcast / issue](http://www.balancingact.com/news/broadcast/issue)). Hence, President Zuma remarked that South Africa's hosting right of this unassuming game proved the victory of democracy over authoritarianism and evidence of end of discrimination (<http://www.sa2010.gov.za>).

## **III. The politics of hosting the FIFA World Cup: A History**

One of the major problems of this kind of study is the debate on whether the 2010 FIFA World Cup could be studied within the ambit of politics or not. Meanwhile, the debate over what is political or apolitical have pre- occupied the community of scholars from antiquity to the contemporary times. Political philosophers like Plato, Aristotle, Machiavelli and Cicero have tried to locate and settle the debate of what is political with little success. Meanwhile the concept of politics is traceable to the Greek word ‘polis’ which means ‘city state’. Hence, Nnoli (2003: 12) contends that “politics deals with all activities directly or indirectly associated with seizure, consolidation and use of state power”. Thus, this study is properly situated within the ambit of politics so long as FIFA World Cups pull nations to a common sport for one form of competition or the other.

The organization of early FIFA World Cups was awarded to countries at meetings of FIFA's congress. The choice of location is usually controversial, given the three week boat journey between South America and Europe, the two centers of strength in football at the time. The decision to hold the first cup in Uruguay, for example, led to only four European nations competing (BBC Sport, 2002). Thereafter, the next two World Cups were both held in Europe with 1934 in Italy and 1938 in France. The decision to hold, the 1938 FIFA World Cup, in France was controversial, as two South American countries (Argentina and Uruguay) who had been led to understand that the World Cup would rotate between the two continents thus boycotted the tournament.

In order to avoid any future boycotts and controversies, FIFA began a pattern of alternation between the Americas and Europe, which continued until 2002. The system evolved so that the host country is now chosen in a vote by FIFA's Executive Committee. This is done under an exhaustive ballot system. The decision is currently made roughly seven years in advance of the tournament, though the hosts for the 2022 edition were chosen at the same time as those for the 2018 tournament. Today, only Mexico, Italy, France and Germany have hosted the event on two occasions. Brazil will be the host for the second time in the 2014 FIFA World Cup. In Zürich on May 20, 1983, Mexico won the bidding unanimously for the first time in FIFA World Cup bidding history (except those nations who bid unopposed). England and Greece both withdrew before the vote, which was to be conducted in Zürich on May 19, 1984. Once again, only one round of voting was required, as Italy won more votes than the Soviet Union.

Despite having three nations bidding for hosting right, voting took only one round. The vote was held in Zürich (for the third straight time) on July 4, 1988 where the United States won the bid by receiving a little over half of the votes. This vote was held in Zürich for the fourth straight time on July 1, 1992. Only one round of voting was required to have France assume the hosting job over Morocco and Switzerland. Historically, this made Morocco the first African nation that attempted to host the FIFA World Cup finals.

The 2002 FIFA World Cup was co-hosted in Asia for the first time by South Korea and Japan. Initially, the two Asian countries were competitors in the bidding process. But just before the vote, they agreed with FIFA to co-host the event. However, the rivalry and distance between them led to organizational and logistical problems. FIFA has noted that co-hosting is not likely to happen again, and in 2004 officially stated that its statutes did not allow co-hosting bids (FIFA Media Release, 2004).

Yet again, other issues necessitated changing the choosing right. Such was for example the controversy over the decision to award the 2006 FIFA World Cup to Germany. After the counting of votes, the final tally was 12 votes to 11 in favor of Germany over the contenders South Africa, who had been favorites to win. New Zealand FIFA member Charlie Dempsey, who was instructed to vote for South Africa by the Oceania Football Confederation, abstained from voting at the last minute. If he had voted for the South African bid, the tally would have been 12–12, giving the decision to FIFA President Sepp Blatter, who was widely believed then to have voted for South Africa (Wagman, 2000).

As a result of the intensive lobbying for votes and efforts to bribe voters by the bidding countries, as epitomized during campaign to host the 2006 finals, FIFA decided to rotate the hosting of the final tournaments between its constituent confederations 2007 (Hall, 2005). According to the FIFA Media Release (2004), the first World Cup bidding process under continental rotation (the process of rotating hosting of the World Cup to each confederation in turn) was the 2010 FIFA World Cup, the first World Cup to be held in Africa. After it was confirmed by FIFA that joint bidding would not be allowed in the future, Libya and Tunisia withdrew both of their bids on May 8, 2004. On May 15, 2004 in Zürich (the seventh time in a row that a host selection has been made there), South Africa, after a narrow loss in the 2006 bidding, defeated Morocco with 14 votes to 10, no vote for Egypt to win the hosting right.

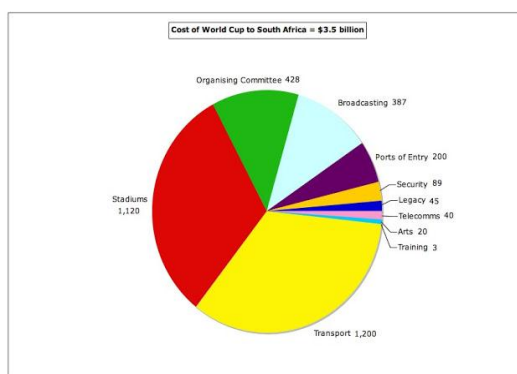
In continuation of the FIFA continental rotation procedure, the 2014 World Cup was earmarked to South America. FIFA initially indicated that it might back out of the rotation concept, but later decided to continue it through the 2014 host decision, after which it was dropped. Meanwhile, FIFA had announced on October 29, 2007 that it will no longer continue with its continental rotation policy, implemented after the 2006 World Cup host selection (BBC Sports, 2007). The newest host selection policy is that any country may bid for a World Cup, provided that their continental confederation has not hosted either of the past two World Cups. Also, FIFA had formally allowed joint bids once more (after they were banned in 2002), but on the condition that both bidding nations will have only one organizing committee per joint bid, unlike Korea/Japan, which had two different organizing committees.

#### **IV. Explaining the economic rationale of the 2010 FIFA World Cup**

We appropriated the basic propositions emanating from the theory of commercial liberalism. It focuses on the action of public officials, business groups, sport organizations, etc. with each having its main interest, but geared towards a collective win-win cycle. We strongly disagree applying the concept of rationale choice model, in regards to South Africa hosting. The apologists' arguments are centered on the possible assumption of self interest by the actors involved in organizing such sporting tournament and the nature of their relations with various clients and groups. The "major proponent of this theory is Bruno Frey" (Balaam and Veseth, 2005:22). This theory is built on the following logics: Actors who make choice in the world of scarce resource are influenced by each other, foreign officials, unions, and others who have direct or indirect stake in public policies. The global political market is made up of those who demand certain type of public policies and those who supply them. These actors are self-interested and are always motivated to make a rip off. The interests of the actors and the resource they command determine the policy initiated and implemented in any environment.

They argue further that in every organization including FIFA, policies are made in favor of economic actors and government agents. The main actors of the FIFA World Cup in South Africa are MNCs in production of sporting facilities and technology, FIFA officials, South African government officials, tourists, hotel owners and other local and international businesses. Since the major interest of a rational economic man is profit, he acts to continue endlessly in capital accumulation process. FIFA involved the South African government to share the large cost of hosting the 2010 FIFA games and to avert the disruption of their accumulation process by the domestic politicians. The government of South Africa invested massively in infrastructure and development of tourism at the expense of some urgent areas of need in the economy like generation of employment and reduction of poverty among South Africans.

In the post FIFA World Cup era, the economy of South Africa suffers from such severe financial distress. The economic deterioration which results from unsustainable consumption (a situation whereby domestic supply shortages due to stagnating output had to be augmented with unsustainable imports, with adverse consequence of huge external debts overhang). The cause of distress has often been attributed to the dislocated investments in the FIFA games. Following this apparent determination of both FIFA leadership and South African government to transform the economy of South Africa, lays self-interested actors/reformers who are mainly politicians/technocrats who often support anti masses reforms so long as their selfish interests are severed.



Source: **The Swiss Ramble, Sunday, June 30, 2013**

The bidding process always involves an intense marketing effort, with bidding documents running hundreds of pages and high-profile politicians, MNCS and officials adding their support to national efforts at securing hosting duties. Though the event is considered a national event, much of the works and preparations filter down to the individual cities hosting the actual matches of the tournament, yet such benefits as increased national identity and pride potential are nationwide. The 2010 tournament in South Africa took place in 10 venues in 9 cities. While these few cities have the responsibility of representing their home countries during the event, they also see the benefit of being the few chosen cities to experience the investment and excitement related to hosting the event.

Aside from various marketing efforts and guarantees of cooperation with the various groups involved with running the World Cup, FIFA's physical requirements for World Cup host cities are relatively few. Much of the organization related to the World Cup is undertaken by an entity known as the Local Organizing Committee (LOC), which is in charge of organizing the bid and nationwide efforts of hosting the event. These include marketing, ticketing, media management, finance, and general management of the competition (FIFA, 2010). The actual governments of the cities hosting the event are less involved in the broader scale of World Cup-related preparations, but are responsible for certain physical preparations.

During the 2010 World Cup in South Africa, various groups and officials were observed to have specific World Cup legacy policies or programs. Such is the Cape Town Partnership, collaboration between the public and private sectors to improve the city's central business district that used the 2010 World Cup as an opportunity in the late-2000s to set up a city improvement district (also known as a business improvement district). The argument by Ekekwe (1986:12) that "in the periphery of capitalism, the level of development of the productive forces make the state, through its several institutions and apparatuses, a direct instrument for accumulation further supports this pursuit of self interest thesis by actors". Landes (1998) further noted that peripheral capitalism which came to Africa through the Trans- Atlantic slave trade and colonialism served both the economic interest of the super- powers and their African petit- comprador bourgeoisie. He observed that without this even benefit the global peace, world trade and foreign direct investment would collapse and thus income diminishes.

The authors of this article completely reject this assumption, mainly on the bases that the proponents of rational choice model neglected certain economic, development and cultural indices, the long term vision and projected economic benefits notwithstanding.

In contrast to Europe and Asia, most African societies did not develop beyond the stage of communalism. Despite the indigenous development of feudalism and the later transfer of capitalism, communal features persist to this day — sometimes pervasively — in the majority of African societies that lie outside the big cities and townships. Essentially, much of Africa is communal in both the cultural (production/social formation) and descriptive (structural) senses. In furthering our view, South Africa cannot be compared to the rest of Africa because of the country's history.

South Africa is the richest country in Africa given the world class facilities and infrastructures such as roads and transport networks, houses and shopping malls which are of the same quality as those which you find in New York. South Africa's infrastructure supports most of the other African countries. For instance, Durban port supplies Zimbabwe, Botswana, Swaziland; other huge South African corporations like MTN , DSTV and many others supply telecoms especially to Nigeria in the pre World Cup period. Apologist may want to see it as a dependence culture which happens outside the football line and was evident throughout the 2010 FIFA World Cup.

## **V. The Myths of 2010 FIFA World Cup in South Africa**

Myths here are being referred to as the idealized conception of the organizers and critics by those who felt otherwise.

Beginning with the critics who contended that in analyzing the economic impact (that is from immediate profit) of the 2010 FIFA World Cup on South Africa, it is extremely important to take into account that South Africa has one of the largest disparities between the rich and the poor where unemployment, deep racial and economic division, inequality and poverty have been greatly exacerbated by the global recession. In 2008, South Africa ended its decade long economic growth spurt. The economy shrank by 1.8% in the final quarter of 2008 and 6.4 % in the first quarter of 2009. Thus South Africa is still a developing country and aims at attracting international investors (Bohlmann, 2006).

Scholars like Smith (2009); Wehmhoerner (2010) have argued that mega-events such as FIFA World Cup tend not to bring major economic benefits. They insist that the vast amount expended on stadia in South Africa directed money away from more wide-reaching improvements, like better public transportation infrastructure and provision of water and electricity hookups to informal settlements

Some groups experienced complications with regards to scheduled sporting events, advertising, or broadcasting, as FIFA maximized control of media rights during the Cup. Affected parties included an international rugby union test match, a South African airline, and some TV networks, all of whom were involved in various legal struggles with World Cup organizers (SAPA, 2009 ; Mail and Gaurdian,2010; REACH,2998).

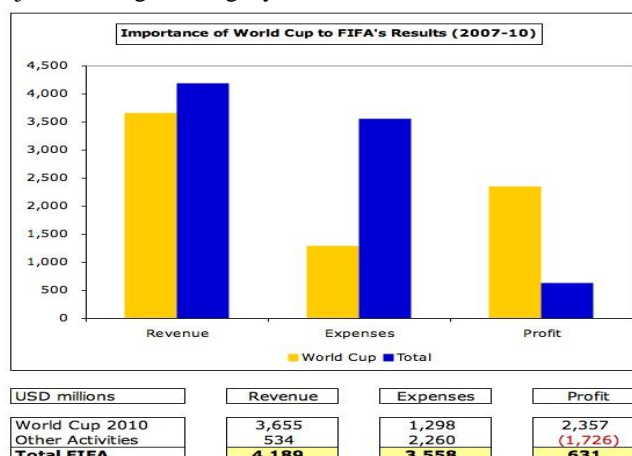
While the event did help to boost the image of South Africa, financial returns on the short run, became a major disappointment (Neate, 2010). This scenario in South Africa was akin to the experience of Greece, a so-called modern European country who spent a fortune on facilities for a 'two-week' Olympic Games back in 2004 but are still paying heavily for today. White elephant infrastructure - much locked up behind iron gates - on top of an already unserviceable debt crisis. Apart from some shiny new stadia (which will be used for Rugby once the circus has left town) the only long lasting effect of the World Cup will be a large debt to repay. To host the world attracted kudos to South Africa but the kudos left them with debts and fading memories roll on 2012 that will take a lifetime or more to repay on top of Gordons legacy of the National Debt.

. The critics argued further that:

- The FIFA 2010 World Cup is a football competition that has come and gone without improving the lives of ordinary South Africans. The only lasting legacies are the new stadia.
- The only people that profited from the competition are the rich. That small privately owned business did not thrive. In other words, all the World Cup merchandise including food and drinks were supplied by those appointed by FIFA. Most of the products were made in China.
- The poor did not make any money or benefits from the World Cup and that the scenario applied in other places where the World Cup had been held. The only difference is that the population of the poor in South Africa remains higher than the population of the poor in most other countries that have previously hosted of the World Cup.
- In South Africa, the unfortunately 60% unemployed with no social benefits go hungry and so do their family before, during and after the World Cup.
- Various media reports include criticisms arguing that with roughly a quarter of the country's working age population unemployed and millions in dire poverty, the \$4. billion (USD) spent by the South

African government to host the World Cup could have been used to address some of the country's social problems (Getz, 2010).

- It is a nation of criminals and desperate people. This event left a bitter taste in the mouths of the ordinary people who did not benefit.
- There were new rail and bus services but the people that are out of jobs cannot access these services because, the services are not free.
- The World Cup has become one of the ANC's biggest mistake and broken promise to keep the people first
- That the tax money spent on stadiums in this country is appalling. The event went off and it was a fine sporting spectacular, but South Africa will have a legacy of having paid for this, whereas schooling, medical facilities and upgrading of rural and urban settlements have been thoroughly neglected.
- It was an event completely controlled by FIFA for their own self-interests, but paid for by the South African taxpayers under the guidance of very naive and/or cunning politicians and a few canny businesspeople.
- There was a groundwork that prevented Ambush Marketing for the 2010 World Cup. The first business to fall foul of the rules was a local bar in Pretoria in June 2009. South Africa passed laws in the run up to the World Cup that made Ambush Marketing illegal. To further combat offenders during the World Cup, South African authorities bowed to FIFA pressure to set up World Cup Courts'.
- Local officials overlooked the pressing needs of underprivileged populations. This has been a major criticism of the South African bid and hosting of the 2010 World Cup and remains a point of contention in the country even after the event has ended.
- Of course, any discussion of the "legacy" of a mega-event like the World Cup or the Olympics can be framed by a variety of interests. For instance, the demolition of a private property to make room for a stadium will be seen as a positive legacy for sports officials, but locals displaced by the demolition will look upon that project as a negative legacy of the event.



Source: **The Swiss Ramble, Sunday, June 30, 2013**

In fact, the estimation that the 2010 World Cup would contribute about R51.1 I billion to the GDP of South Africa (www.sa 2010. gov.za), pushed the South African government to invest tremendously in preparation for the world cup. The government therefore prioritizes the hosting of the World Cup before some of the pressing needs of South Africans such as addressing issues of hunger, diseases and ignorance.

The World Cup has come and gone and South Africa is yet to see the FDI explosion which the globalization theorist predicted would follow the 2010 FIFA World Cup. South Africa failed to sort out its mobile TV licensing and the DVB-H phones required in the DSTV territories outside of South Africa. The failure to utilize this techno-wonder in 2010 World Cup limited the taxes accruing to South African government and the number of people that watched the matches. Chris Webb concluded that the success of the 2010 FIFA game can only be measured in terms of how it benefitted the 50 % of South African population living below poverty line before Coca Cola (Webb, 2012). He noted that the worst treatments are meted against the poor in South Africa by the police who drove them out of World Cup premises with their petit business in favor of global MNCs to whom FIFA awarded the contract to supply goods and services for the competition. Alongside the global MNCs that invested in the South Africa World Cup, it was the same group (African petit - bourgeoisie) who has previously been benefitting from the ANC policies since the launch of GEAR that benefitted mainly from the FIFA games in South Africa. Top-down development approaches fail to target the

poorest and most marginalized citizens and the World Cup is just another tragic example. Also due to bad planning, only £323 million (€385 million) were actually taken in as 309,000 foreign fans came to South Africa, well below the expected number of 450,000 (Neate, 2010). Finally, prohibition of local vendors from selling food and merchandise within a 1.5 kilometer radius of any stadium hosting a World Cup match also formed part of the failures.

## **VI. The Benefits of 2010 FIFA world cup in South Africa**

In contradistinction to the myths of the World Cup discussed above, the responses from millions of social media/ new media users (Wiki Leaks, Face book, Twitter, YouTube) in South Africa insisted that the 2010 FIFA competition in South Africa has created an incredible number of jobs. They argued further that while the rest of the World was and still in recession, the World Cup shielded South Africa from the worst of the impact. It leaves all cities with improved (and in many case brand new) airports, trains, roads and bus systems. The FIFA World Cup is another example of how the South African neoliberal approach is serving its most needy citizens.

The benefits of this lofty game to South Africa in particular and African continent in general cannot be over emphasized. These benefits are both political and economical.

Remarkably, the event took place between 11th June and 11th July 2010 where about 32 teams participated in about ten stadia around South Africa with little or no record of violent crime involving the participants and spectators.

**Tourism** - The World Cup has improved South Africa's tourism potentials. For instance, Sowetans welcomed the influx of foreign visitors which enabled them not only to trade but also exchanged experiences and learn more about different cultures and people. The most noteworthy tourist centers in Soweto are the Hector Peterson museum which covers the students uprising of 16 June, 1976; Vilakazi Street, Vilakazi Street where you find the homes of two noble prize winners: Nelson Mandela and Desmond Tutu and the Orlando stadium where some successful South Africa footballers were nurtured. These places attracted the highest number of visitors. Hence, John Stanley an Australian tourist remarked that the Sowetans are friendly thus one of the things the World Cup had done was to change some stereotype about Africa (<http://www.fifa.com/worldcup/newsid=1269965/index>). Alan Payne, the chairman of the Thornybush Collection (a group that owns several game lodges in South Africa) reports that his group members have performed better than expected during the month long tournament. He said: "Our turnover in three weeks in June has been two and a half times as high as October 2009 which was our best month during that calendar year. (RSM International, 2013) Considering the negative image of South Africa prior to the World Cup finals, constantly described as extremely violent, the World Cup contributed immensely to changing positively the popular perception, thereby helping the public relations of that country.

**Infrastructure** – The other notable benefit is the level of infrastructural development of South Africa in preparation for the 2010 World Cup. Hence, South Africa now has better infrastructure than many other developing states. In pursuance of the 2010 World Cup in South Africa, the government had invested about R25.4 billion Foreign Direct Investment in infrastructure for the World Cup between 2006 and 2010 ([www.sa.gov.za](http://www.sa.gov.za)) in the following areas: "the building of the Bus-Rapid transport system mainly in Johannesburg and Cape Town"; new road networks; high speed train; the newly constructed or refurbished stadia in preparation of the mega competition. (Louw, 2010:9

FIFA President Sepp Blatter officially opened the US\$125.5 million international Broadcasting centre (IBC) near the Soccer City stadium Johannesburg in preparation for the tournament to enable billions of people view the matches from about 214 countries. European Broadcasting Union also reinforced its hardware commitments in Africa by deploying four of its satellites to support transmission from South Africa to Europe during the tournament. About 19 new vision and Bukedde journalists since 2009 benefited from specialized 2010 World Cup training by the 2010 project. These trainees were Africans and their new knowledge have been significant for continual transmission in post World Cup period.

The 2010 World Cup event in South Africa helped to boost businesses. For instance, the World Cup pushed up sales of new television and devices like PVRs. News from Namibia reported that people were mostly buying 32 inch screens because of its affordability. Again DSTV chose the World Cup period in South Africa to promote new and cheaper PVRs for those that want to record things they might miss in the tournament for a price of US\$ 257. Also, the company embarked on a number of other promotions involving free three months for first time subscribers during the World Cup and tickets to be part of a draw capable winning items that range from ranging lap tops, televisions, to DVD players and DSTV decoders ([http://www.balancing act- Africa. Com/news / broadcast/ issue- host](http://www.balancingact-Africa.Com/news/broadcast/issue-host)).

Similarly, the 2010 FIFA World Cup spurred the government to address major social problems such as crime, human trafficking, poverty, urban decay and corruption.

For instance, South Africa started improving security immediately the country won the hosting bid for the 2010 World Cup in 2004. In fact, “the high degree of visible policing in South Africa today was initiated to assure the world about Africa’s redness to host the rest of the world and this security has endured” (Louw, 2010:11). South African border became tighter, and the government became cooperative with the large poll of commercial actors that hold proprietorship over the central and most lucrative aspect of the tournament. To sum it up, Tony Twine, a director and economist at consulting firm Econometrix, summarized the potential rewards of the 2010 World Cup: “Over four billion television viewers have been bombarded before and during the World Cup with Positive images of South Africa. From these, people will take decisions that we may not be able to readily quantify. It could be an investment decision, a decision to purchase a South African product or a visit to the country which impacts tourism” (Telephone interview with RSM Betty Dickson)

In South Africa, the total money spent on sponsorship in sports is about 80% (Shultz, 1999). With this value of sport sponsorship, it is evident that hosting the World Cup strongly impact the global economy. The FIFA President Sepp Blatter declared the 2010 FIFA World Cup in South Africa a huge financial success for everybody, for

Africa, for South Africa and for FIFA," with revenue to FIFA of £2.24 billion (€2 billion) (Blatter,2011)

FIFA Income Statement				
USD millions	2003-2006	2007-2010	Growth	% Growth
TV Broadcasting Rights	1,321	2,448	1,127	85%
Marketing Rights	560	1,097	537	96%
Hospitality & Licensing	462	345	(117)	(25)%
Event-related Revenue	2,343	3,890	1,547	66%
Other Operating Income	97	172	75	78%
Financial Income	102	127	25	24%
<b>Revenue</b>	<b>2,543</b>	<b>4,189</b>	<b>1,647</b>	<b>65%</b>
Event-related	882	1,713	831	94%
Development	437	794	358	82%
Other Operating Expenses	371	705	335	90%
Football Governance	91	201	110	122%
Exploitation of Rights	25	91	66	263%
Financial Expenses	92	49	(43)	(46)%
<b>Expenses</b>	<b>1,898</b>	<b>3,555</b>	<b>1,657</b>	<b>87%</b>
Income Taxes	3	3	0	10%
<b>Net Result</b>	<b>642</b>	<b>631</b>	<b>(10)</b>	<b>(2)%</b>

Source: **Swiss Ramble, Sunday, June 30, 2013**

The success of a World Cup is not peculiar to South Africa, previous hosts have also benefitted and this explains the tensed competition among nations to win the hosting bid. For instance, the 1994 World Cup in the United States was hosted in a number of different cities. In Los Angeles, site of the final, there was a total economic profit of \$623 million that went directly into the metropolitan economy. To help one better understand this figure, in comparison of that same year, the Super Bowl only accounted for \$182 million (Nodell, 1993). However, a critic has argued that the event cost the U.S. \$5.6 billion (Coates, 2010). This shows that there is nothing new for critics to argue that the South African World Cup was in error.

Similarly, in the 2002 World Cup, several other advantages were discovered when the host was split between Japan and Korea. This was the first time the tournament had been hosted in two countries, with thirty two matches being played in each country with a grand total of sixty four matches. With the three million live spectators ticket sales were an astronomical 1.2 billion dollars. FIFA paid each country 110 million for hosting and all revenue from their ticket sales (*Business Asia, 2002*).

Again, the 2006 World Cup was adjudged a success comparable to that of the 1994 US World Cup. The German government reported that tourism revenue over the month of the World Cup was up roughly 400 million dollars. They made about 3 billion more dollars in retail such as jerseys and other paraphernalia regarding the Cup. Lastly, a reported 50,000 new jobs were yielded in preparation for the tournament. This impact sends ripples through an economy. Restaurants and bars were full to capacity at all hours of the tournament, and 15 million more spectators arrived in Germany than was expected (*Deutsche Welle., 2006*). The 2006 World Cup had an operating budget (for staging the event, not inclusive of capital infrastructure costs) of €430 million. The German Football Association announced a profit before tax of €135 million. After tax and repaying the FIFA contribution of €40.8 million - the net profit was €56.6 million which was distributed to the German Football Association (DFB) and the German Football League (DFL) (HM Treasury, 2007).

## VII. Conclusion

No doubt, the long years of apartheid in South Africa brought the rest of the world to South Africa and South Africa to the rest of the world. Over eighteen years experience of democracy in South Africa has achieved a lot for the national economy though much is yet to be done. When South Africa won the bid in 2004 to host the World Cup in 2010, there were hopes that the tournament would attract more FDI to South Africa in particular and Africa in general. This also happened, even though the hosting nation in preparation for the world



spent a large sum of money in development and promotion of security, transport, information technology, arts, culture service and people.

From a perspective, it appears that FIFA, major private sponsors and financiers may have taken the immediate benefit accruing from the hosting of the competition in South Africa. But looking from the main intentions that led to the hosting, the masses benefitted from the massive infrastructural development and upgrade. For instance, the road from the airport to the CBD was upgraded. The billions of dollars invested on roads benefits everyone irrespective of social strata. The first upgrade to Cape Town Station in 30 years was done in preparation for the World Cup. Khayelitsha, has the highest demand for rail services to the CBD, and the masses have continued to benefit from the significantly improved train station and the new rail link in Khayelitsha.

New infrastructure like houses, hospitals and schools were constructed or rehabilitated in preparation for the World Cup. Housing projects are at all time high in Cape Town. It only seems as if nothing was being done because of the massive housing backlog left behind. The educated cannot seem to understand that the City and Province only have a certain amount of funds to deliver as many houses as possible within a year. The delivery of basic services to areas the ANC has ignored for many years was in full swing, along with a full winter readiness plan for those impacted by the harsh winter in preparation for the cup. Also, the massive constructions created enormous job, of which many will be retained after the finals.

It is fallacious to argue that construction of new stadia in preparation for the World Cup had liquidated the economy of South Africa. This is because, out of approximately R850 billion annual budget, it was only about R4 billion that went to stadia for the last 3 years. Education remains the highest proportion of the budget as it always has, and one of the highest proportions in the world. Social benefits, child grants, disability benefits were increased yearly and reach millions. More informal trading opportunities were made available around the Fan Fest TM and Public Viewing areas across Cape Town. This does not dispute that the ruling party ANC has a major task ahead, but let us not get caught up in myths and rumours. Often, local journalists, opposition politicians and social critics argue that colourful stadia are the only infrastructure the World Cup has developed in South Africa but from the analysis above we can conclude that it was untrue. We observed that in the long run, improved infrastructure benefits all. The lessons from the South African experience, will not only motivate other countries in Africa like Nigeria, Ghana, Morocco, etc lobbying to win the bid to host another World Cup in African soil, but also encourage them to improve their economic performance by empowering the private sector to drive the economy like in South Africa. This is because a private- sector led economy will likely benefit more from hosting such events like the FIFA World Cup than a public sector driven economy.

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