THE DEVELOPMENTAL IMPACTS OF FIFA WORLD CUPS ON BRICS NATIONS

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Declaration

I declare that this report is my own unaided work. It is submitted in partial fulfilment of the requirements of the Master of Arts degree at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

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Abstract
With sport becoming a worldwide phenomenon through the international nature of matches and events, International Relations (IR) academic writers have had to take note. States and cities are increasingly using major sporting events and activities to re-image themselves, promote development and regeneration. Therefore, this research report will highlight numerous connections sport and IR possess through examining the widely proclaimed developmental impacts of hosting a mega sporting event (MSE) such as the FIFA World Cup. The professionalization and resultant commodification of sporting events seen through the transnational actor FIFA and World Cups in South Africa 2010 and Brazil 2014 will be used as case studies. These chosen cases will illustrate that in reality the FIFA World Cup is not as beneficial for host nations from the emerging or developing world as claimed. The research will be theoretically based on the perspective of neoliberalism in relation to the IR concept of Globalization.

Key Words
Sport, International Relations, Globalization, Neoliberalism, Mega Sporting Events, FIFA, World Cup, Development
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<tr>
<td>ANC</td>
<td>African National Congress</td>
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<td>AU</td>
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<td>BEE</td>
<td>Black Economic Empowerment</td>
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<td>BCAWU</td>
<td>Building Construction and Allied Workers Union</td>
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<td>BRICS</td>
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<td>CBF</td>
<td>Brazilian Football Confederation</td>
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<td>CEO</td>
<td>Chief Executive Officers</td>
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<td>COSATU</td>
<td>Congress of South African Trade Unions</td>
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<td>DIEESE</td>
<td>Interunion Statistics and Social Studies Department</td>
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<td>FASA</td>
<td>The “whites-only” Football Association of South Africa</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FIFA</td>
<td>Fédération Internationale de Football Association</td>
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<td>Economic Research Institute Foundation</td>
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<td>GDP</td>
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<td>The Instituto Brasileiro de Geografia e Estatística</td>
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Chapter One

Introduction

1.1. Background and Aim

Hosting a mega sporting event (MSE) promises not just the excitement of the event and media exposure for the host nation, but, also brings the expectation of a positive return on the considerable investment associated with hosting this type of event. This is especially true for one of the largest events, this being the FIFA (Fédération Internationale de Football Association) World Cup (WC). It has long been claimed by promoters that hosting MSEs will produce net economic and/or developmental benefits (Maennig, 2007). However, recent literature has illustrated this is not entirely the case. MSEs may also have unintended negative effects on the hosts which have not been as widely documented. This research report will explore the developmental impacts both positive and negative of such events. Unveiling whether in actuality the FIFA World Cups in South Africa 2010 and Brazil 2014 were indeed an honour to host or a hindrance to their development, economy, government and people.

“Sport has the power to change the world…it has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. Sport can create hope where once there was only despair. It is more powerful than government in breaking down racial barriers.” -Nelson Mandela (Laureus, 2000).

Sport plays an important part in the lives of millions of people across the globe. It possesses a far reaching scope with the capacity to transcend borders, religion, nationalities, race and unite class - whether the masses or elite. It manages to achieve this while generating incredible amounts of money in the process, for example in the boxing match dubbed “the fight of the century” between Floyd Mayweather and Manny Pacquiao. This was a highly lucrative and one of the most watched Pay Per View events in sporting history. It generated
an estimated half a billion dollars, with Mayweather earning $200 million dollars in one night, while spending less than an hour in the ring (Roan, 2015).

The growing importance of sport has been witnessed through its means of promoting a region or state by hosting MSEs. For instance, South Africa’s international image was improved by hosting the 1995 Rugby World Cup and further through the 2010 FIFA World Cup (Riordan & Kruger, 1999:244). Hosting MSEs also helps emphasize a state’s economic ascendency as China somewhat flexed its acquired infrastructural muscle as a new world superpower by hosting the 2008 Beijing Olympics Games.

Pursuing MSEs has become an increasingly popular political as well as developmental strategy for a wide range of urban, regional, and national governments (Horne and Manzenreiter, 2006:3). States compete vigorously for the right to host MSEs, especially the quadrennial Olympic Games and FIFA Football World Cup. This is understandable when one considers the scale of these sporting extravaganzas with in-person attendance in the millions as well as television audiences and money generated in the billions.

Baade and Matheson (2002:344) validate the reasons as to why states wish to host these MSEs. The most convincing being the promise of a vast economic windfall forecasted by economic impact studies. As a result of these believed economic profits an increasing number of developing economies have joined the bidding frenzy, in hope of receiving a share of the spoils which would ideally aid in their development. However, it is also mentioned that host states must commit a significant investment into sports stadia and other infrastructure. Consequently, the question rises as to whether the developmental payback outweighs the vast economic, social and political costs incurred.

Economic impact studies which Baade and Matheson (2002:344) have referred to, tend to neglect the overall developmental effects of MSEs which incorporate socio-economic and political implications. Therefore, this research will serve to illustrate not only the
economic impacts, but also the overarching political and social impacts of World Cups with the two most recent cases of South Africa 2010 and Brazil 2014. These cases are comparable emerging nations and as the thesis will illustrate, serve well in demonstrating that the great expectations of these hosts were not met with entirely favourable outcomes.

1.2. Rationale

International Relations (IR) as a field has not given much attention to sport. This is because both IR and sport are subjects viewed as distinctly separate. Sport has become international in nature. Therefore, it now provides a path to explore international affairs as occurrences, processes and structures in sport are comparable to events under the scope of IR. For instance, the developmental impacts of a World Cup can relate to IR as MSEs encompass multinational or non-governmental entities such as FIFA. FIFA, through its actions during a World Cup period affects sovereign states and governments, hence enabling this research report to examine an international actor or area of study that is often overlooked.

This study seeks to systematically examine claims regarding the effects of WCs on developmental prospects of states. The assessment of documented evidence will make it possible to confirm, dispute, expand or detail these impacts. From this deductions will be made as to whether they result in long term, sustainable, positive effects or that nations may be better off by forgoing such events and focusing their energies on domestic challenges. Such challenges include being middle-income emerging nations located on the world’s poorest and least secure continents. Other more specific challenges are the residual socio-economic legacy of the apartheid-era in South Africa for instance. This is compounded by stark inequalities, government corruption, widespread poverty, high unemployment, lack of housing that plague both South Africa and Brazil.
Many parallels can be drawn between BRICS nations South Africa and Brazil. This is true regarding their ambitions for their WC projects, the contexts in which the bids were made and the manner of how the events played out. The similarities continue as they are both located in the Southern hemisphere and are regarded as emerging nations. Although Brazil may be further down the development path than South Africa. These countries share a history of political turmoil and face associated legacies of colonialism and social division. Both bids were made in an environment shaped by economic and social challenges, which influenced their respective economic and social ambitions for each event. Both countries also sought to use the event to project a new or expanded image of being regional hegemons to the global community. This relates to the concept of soft power as states have begun to use MSEs to increase international status, which will be addressed further in this report (Gordon, 2014).

As stated earlier, previous research on the topic of FIFA World Cup impacts focused solely on the economic effects. These studies also used case studies that were not as comparable. For instance, FIFA World Cups in Germany 2006 and South Africa 2010 (a developed and developing nation). This could be argued to complicate such an assessment, as the two countries are so different developmentally. Gordon (2014) states other articles chose to compare differing MSEs such as the FIFA World Cup and the Summer Olympics which are not as relatable either. Therefore, the gap in knowledge being the interconnection between IR and sport is explicitly addressed by investigating the all-encompassing developmental impacts of the same form of MSE on two more similar developing states. This is carried in hope to illustrate similar trends and patterns validating why South Africa and Brazil were chosen.

For purposes of clarity this next paragraph will briefly describe, what the all-encompassing developmental impacts entail, before the concept of development is unpacked in detail further in this report. Developmental impacts are viewed as being a multi-faceted
process that cannot effectively occur through a single sector. Development in this instance will be described as the process of improving the quality of all human life through the eradication of poverty, access to quality education, health care, employment opportunities, infrastructural improvements as well as the increase of economic growth (Todaro and Smith, 2009:131). Therefore, it is referred to as all-encompassing in contrast to development viewed simply through economic growth alone. A more detailed discussion of development is to follow further in the paper.

Vast sums of capital are being made by FIFA. With financial reserves in the billions, the institution maintains its status of being a non-profit organization (NPO). It resultanty avoids taxes that would usually be levied against such a profitable organization (Smith, 2014). Therefore this report will investigate the influence of FIFA and its impacts from WCs, consequently being a tangible impediment to a host’s development.

The aim of this research report is summed up appropriately by Levermore and Budd (2004:14) stating that sport does provide an access point, for it is an important part of the international system as it shapes while simultaneously influences it. This report’s line of argument will address the existence of a strong relationship between sport and IR. By examining the developmental impacts of World Cups, a more in depth understanding of the international community will be achieved.

1.3. Literature Review

Existing research on sport has examined MSEs economic impacts on specific regions. Comparative studies of sport and its political impacts have also been carried out. However, these have focused specifically on nation building, moulding identity and solidifying nationalism. One cannot dispute sport’s ability to construct a sense of national identity, belonging and unity (MacClancy, 1996:206).
“International Relations: A Case for Investigation Cross–Disciplinary” Beacom (2000:3) acknowledges the growing understanding of sport in IR being enhanced through cross disciplinary comparative approaches similar to how this report will proceed. Beacom (2000:3) is also aware that writers in the discipline of IR concern themselves with crucial actors such as nations, regions, transnational or international groups and organisations. This is applicable to this report too as topics of power relations, the role of the state and the relationship between domestic governments or bodies in or outside of sport are influenced by international actors or institutions are investigated. The recognition of sport by politics arena and its function as a vehicle for political change is identified by Beacom (2000:4). However, he significantly highlights that this perspective then ignores the long-term, structural relationship that exists between sport and political agencies at the local, regional and most importantly international level.

The emerging relationship between sport and IR is examined by Houlihan (1994) in “Sport and International Politics” that Beacom (2000) frequently references. Beacom (2000) and Houlihan (1994) establish sport as a vehicle for mediation, ideology, nation building, a gateway into the international arena and commercial gain. This creates an implicit link between developments in IR and sport. Houlihan (1994) seeks to develop an analytical framework by presenting IR theories as a means of considering the relationship between sports and the international community which is essentially where this report finds its foundation.

Joseph Maguire (1994) in “Sport, Identity Politics, and Globalization: Diminishing Contrasts and Increasing Varieties” grasped the international nature of sport. This enabled him to relate sport to globalization which contributed to the understanding of the growing phenomenon, due to the impact it was beginning to have on global business enterprises and the increased connections between discreet national domains as a result of
internationalisation. Levermore and Budd (2004) in their text “Sport and International Relations: An Emerging Relationship” then focuses on the significance and influence sport plays within modern societies under the dominant IR perspective. This text can be viewed as an attempt to bring the study of sport even closer to the discipline of IR, indicating many points of interconnection with sectors such as tourism, migration and the influence on international actors on states coming to the fore.

Levermore and Budd (2004) also illustrate the neglect devoted to sport from the academic discipline of IR. Levermore particularly counters this with the view that there are areas in which sport has some, if not a major, role to play where IR is silent. For example Levermore and Budd (2004) make note of realism’s difficulty in explaining the numerous cooperative channels between societies, especially those witnessed during MSEs. This then serves as the main reason this paper will utilize neoliberalism with the work of theorists Robert Keohane and Joseph Nye emphasizing mutual gains for those involved through cooperation.

As mentioned earlier, a larger set of studies as well as a number of authors in relation to recent literature on sport and IR have focused on economic impacts, and broader evaluations of economic cost-benefit analysis of sport-led development (Baade and Dye, 1990; Crompton, 1995; House of Commons, 1995; Law, 1994; Turco and Kelsey, 1992). Further studies observe the greater social impacts of such economic scrutiny (Hall, 1992; York, 1991). In addition, literature relating to the costs and benefits of stadium development has begun to be revealed, although the focus has particularly been in the United States (Baade and Dye, 1990:5). Moreover, the writings of various academics (Coates and Humphreys, 1999; Noll and Zimbalist, 1997) have found no correlation between sports stadia construction and economic development. Yet many studies consider the construction of stadia a benefit as opposed to a cost (Horne, 2010:4). Although new construction may increase economic
activity, it is also necessary to consider the vast opportunity costs, as public expenditure on such projects would mean a reduction in other public services, greater government borrowing or higher levels of taxation. In the long term the underutilization or neglect as well as maintenance costs of these stadia is becoming a more prevalent issue (Baade, 1996; Horne, 2010; Black and van der Westhuizen 2004).

In addition to the social analysis of sport in urban areas, there is a mounting literature on urban sports tourism as well as city marketing from MSEs. This literature has a predominantly managerialist set of concerns specifically catered to the effects of the hotel/hospitality industry (Kotler, Haider, and Rein, 1993; Law, 1996; Smyth, 1994). In addition, countries are faced with other hidden costs that may not have been accounted for in impact studies. These may include the continual upkeep and maintenance costs of large stadia noted earlier (Baade, 1996; Horne, 2010; Black and van der Westhuizen 2004). Whitson and Horne (2006:75) have concluded that social goals from the 2002 World Cup in Japan ‘that might follow from high-quality public infrastructure for sport … are still far from being accomplished’. Other sectors, such as the hotel industry, are also likely to be hit by long-term costs (Hall, 1992; 1997). In order to accommodate the multitude of visitors during an event, hotels may have a construction boom to increase their inventories. However, when the event is over, demand for high-end accommodation will fall, leaving too-much surplus capacity and putting downward pressure on room-rates (Humphreys and Prokopowicz, 2007:11).

Further research from other cases demonstrates that an event such as the World Cup can have long term political effects or ambitions on improving international cohesion and reconciliation. This has been illustrated through the 2002 FIFA WC jointly hosted by Japan and South Korea. This was noteworthy as it was the first time since World War II that Japan and South Korea had co-operated over an event. The gesture was intended to reconcile the two states colonial pasts after Japan’s occupation of Korea in 1910 and the resultant 35 years
of colonial rule (Jarvie, 2006:115). However, it remains yet to be seen if the joint hosting of this event served its intended purpose of improving relations between the two states and their people. Maennig and du Plessis (2007:578) also found that the 2006 World Cup had considerable intangible benefits for Germany including a change in image and nation building. The 2006 WC helped to alter previously negative perceptions of Germany to one that showed the country being hospitable and welcoming. It also assisted with nation building in relation to the division between East and West Germany, legitimizing patriotism previously viewed as too reminiscent of the Nazi era.

The 2010 and 2014 FIFA World Cup have then provided an opportunity for South Africa and Brazil to project a contemporary, reinvigorated image to the international community. Celebrating their respective cultures and identity while concurrently enhancing their, economy activity, societal conditions, national pride and identity as will be addressed.

1.4. Research Objective and Questions

The objective of this study is to shed light on the developmental impacts of World Cups on South Africa and Brazil, determining whether these events were advantageous or disadvantageous to the hosts.

Through this study the following questions will be addressed:

1) What are the demands of hosting FIFA World Cups?

2) What were the developmental impacts of the World Cups both positive and/or negative in South Africa 2010 and Brazil 2014?

3) Are FIFA World Cups as developmentally beneficial as promoted to be for emerging countries?

This research report hopes to provide a platform to analyse a fascinating yet relatively recent topic in the field of IR. Through my research and analysis into the topic, I intend to
highlight the various elements which serve to make the relationship between sport and IR a dynamic one. It is hoped that findings presented here will attract a deeper interest in the topic and a desire to better understand sport, its events and effects on not only people but also their surrounding host nations too. My ultimate aim with this paper is to contribute to a more comprehensive understanding and appreciation of the significant role sport plays in contemporary international society enabling a better insight into the nature of international system.

This paper ideally will be applicable to a wide demographic audience. It may prove a helpful analytical tool for those in governance primarily as they will be able to examine the feasibility of MSEs. It could also be beneficial to transnational actors and multinational corporations (MNCs) as to the profits that could be made from MSEs.

1.5. **Research Limitations**

The main limitations of this study lie in the fact that the Brazil 2014 WC was relatively recent. Due to this, the long term effects of the event cannot be examined. Credible information and reports of this event may have yet to be published. As a result, many of the sources regarding Brazil 2014 are internet sources which lack comprehensive verification. However, this limitation may also serve as a great opportunity to investigate new empirical evidence through using such a recent case study. I do acknowledge that although the event was recent, there is currently enough information to commence satisfactory investigation of the Brazil 2014 case study. The language barrier may also be an area of concern in examining the case of Brazil as information and documents have been written in Portuguese.
1.6. **Methodology**

This research applied a qualitative research approach. Qualitative research consists of the analysis of existing literature of a specific issue or topic in attempt to reveal certain trends, results or outcomes (Ritchie & Lewis, 2003:22). The findings of this research work towards specifically supporting or denying the hypotheses, hence they tend to be more descriptive, rather than predictive as is often the case in quantitative research (Strauss & Corbin, 1998:11). It is necessary that this literature is credible and has undergone various process of formulation. For instance sources like newspaper articles and documentaries undergo unique, but vigorous, process of scrutiny and formulation (Ritchie & Lewis, 2003:3). This is important for the reliability of the sources that offer greater understanding of the subject. Through engaging in literature of a particular topic rather than statistical data alone, more comprehensive insights are able to be deduced. Scholars, myself included, are at liberty through questioning, analysing, providing evidence and further interpreting it through qualitative research (Bryman, 1988:8). Qualitative research also includes methods such as in-depth interviews, group discussions with individuals within the context observations (Ritchie & Lewis, 2003:3). However, this was not the case in this report as a comparative case study analysis was utilised.

1.7. **Case Study Approach**

A comparative case study analysis is the in-depth study of a case or cases. A ‘case’ being any context, programme, event, activity or individual etc., studied over a period of time using multiple sources of information in this instance (documented and audio-visual data). This is the preferred method of research chosen with similar reasoning to qualitative research in general based on the understanding that content analysis of existing literature provides for a more wholesome grasp of the topic. Comparative case study analysis was selected, as the
use of quantitative methods with quantifiable and statistical measurements or experimental
design would not be adequate as using numerical data would not suffice in attempting to
understand and explain happenings in World Cups that will be addressed (Strauss & Corbin,

A single case could have been used too. However, this research has been more
convincing and beneficial with a comparison between somewhat similar contexts. An
analysis and synthesis of similarities, differences and patterns have been drawn and discussed
from the two case studies concluding whether the desired interventions for accommodating
WCs achieved favourable outcomes for these host nations.

The choice of case studies as highlighted in the rationale was based on the similarities
both South Africa and Brazil being members of BRICS, as well as hosting the FIFA WC in
the past decade which will be discussed further in the following chapter.

1.7.1 Data Sources

The information used will be based on primary data from the FIFA archives and the
South African Football Association (SAFA) and the Brazilian Football Confederation or
Confederação Brasileira de Futebol (CBF) as well as the Ministries of Sport and Recreation
South Africa, and Brazil.

The secondary data sources were acquired from written books, journals and
newspapers. Audio-visual material such as documentaries, interviews and video logs (Vlogs)
were also used.

1.8. Data Analysis

This research aims to clarify that contrary to how the FIFA WC is promoted, the
positive impacts on hosts are overestimated and the negative impacts are somewhat
disregarded. Neoliberalism and its proponents such as globalization and capitalism will be analyzed in depth as it is the underlying concept facilitating corporate or modern sport at present. The new international labour theory and world systems theory will assist in the analysis the further illustrating how emerging countries are exploited from World Cups similarly to what occurs in the global international political economic landscape.
Chapter Two

Concepts and Theoretical Framework

The discipline of IR engages itself in the associations between collectives such as nations, regions, international groups and organizations. Covering a wide range of issues, it is significant in the analysis of international actors and the power relations that exist. As IR is broad in nature, it automatically incorporates cross-border activities, which have been made possible through globalization. This section of the paper will unpack the various concepts, terms, theories and actors that are crucial in the context of this paper. This will be useful in providing insights into the characteristics and behaviour of various actors in the global community and will help in providing a basic understanding before the case studies are examined.

2.1. Globalization

The phenomenon of globalization has swept across the world over the past few decades, becoming integral in the functioning of the global community. Its impact on communities has been beyond the economic or financial spheres, shifting the way in which global communities interact in areas such as sport. As the world becomes increasingly integrated, more opportunities have emerged for countries to host and organize what today have become known as mega events.

As Joshi (2009:2) illustrates, globalization refers to the increasing economic interdependence of national economies across the world. This occurs through a rapid increase in cross-border movement of goods, services, technology and capital leading to a global or single world marketplace. A second definition of globalization provided by Robertson
(1990:23) refers to the concept as the crystallization of the world into a single space. It implies the intensification of social relations at a global level, linking distant locations in a manner that local events can now transmit or occur across the world. The factor of time and time difference are not viewed as insurmountable obstacles anymore. This is encompassed under David Harvey’s concept of ‘time-space compression’ (Levermore and Budd, 2004:14).

There are numerous dynamics to globalization. As seen through the economic dimension, centred on the rapid exchange of money around the world or the increasing trade, financial interaction and sharing of expertise. The international movement of people such as tourists, migrants, exiles and guest workers is further proof of the interconnectedness of the international community (Joshi, 2009:2). Technological advancements exemplify globalization, via the transfer of machinery and equipment between countries produced by MNCs and government agencies. The media sector is also affected, entailing the rapid flow of information produced and distributed by newspapers, magazines, radio, film, television, video, satellite, cable and the internet (Joshi, 2009:2). Finally, the ideological and cultural dimension which is the imparting of differing culture and traditions, to the sharing of values associated with state or counter state ideologies (Maguire, 2008:4).

Globalization is relatable to the hyper globalist school of thought. This states that it is an process that decreases the overarching power of the sovereign-state, as a global force driven by multinational corporations (MNCs), international bodies and capitalism. These forces undermine the ability of governments to control their own economies as will be discussed in greater detail (Scholte, 2000:779).

2.2. Neoliberalism

“A theory is a picture, mentally formed, of a bounded realm or domain activity. A theory is a depiction of the organization of the domain and of the connections among its parts… In
reality everything is related to everything else, and one domain cannot be separated from others.” (Waltz, 1979:8).

IR theory is the beginning of analysis. It is the establishment of conceptual structures and theories that aid in understanding as well as explaining events or phenomena in the world. The role of IR theory is essential in critiquing social systems and informing associated policies or practices (Dunne, Kurki & Smith, 2013:358).

The theory that could be related to globalization is that of neoliberalism. Neoliberalism is regarded as the revival and subsequent redevelopment of liberalism (Dunne, Kurki and Smith, 2013:358). In the first instance, it is a theory of political economic practices suggesting human welfare is best advanced by liberating individual entrepreneurial freedoms. Its institutional framework is characterized by strong private property rights, free market capitalism and free trade (Harvey, 2005:2). Under neoliberalism entities must cooperate with each other in an anarchic or somewhat disordered international system that generates fear and unpredictability (Claassen, 2011:183).

Neoliberal theorists Keohane and Nye (2003:49) define cooperation through the term complex interdependence. This involves a relationship of mutual reliance in which actions and interests are intertwined between actors, contrary to singular self-interests that dominate the agenda under realism and neorealism (Levermore and Budd, 2004:8). These intertwining channels that connect societies are otherwise known as interstate, transgovernmental, and transnational relations. Theorists have expanded the range of what are considered significant IR actors allowing the inclusion of issue groups such as FIFA in this instance.

Economically, neoliberalism is characterised as having free market mentality, being somewhat individualistic or privatized with less interference by governments in commerce. The global community is then given the opportunity for economic development linked to capitalism. Capitalism in brief being the system of generalized commodity production where
wealth is owned by private entities and economic life is organized according to free enterprise largely free of state control (Thomas, 2005:318).

Politically, neoliberalism has encouraged intergovernmental or multilateral collaboration through intergovernmental organizations (IGOs) such as the United Nations (UN). Such international institutions assist with plans of action and decision making through comprehensive doctrines, norms, rules and expectations, similar to how FIFA functions¹ (Claassen, 2011:183). This international cooperation can also be regarded a better way to survive and prosper in the anarchic international community by combining diplomatic resources through institutional arrangements. Conversely, cooperation with such global institutions can be a detriment to individual states and their national governments autonomy Thomas (2005:318), especially in times of hosting FIFA World Cups as will be discussed in this thesis.

In addition, neoliberalism can also negatively influence social as well as political relations between international actors, contrary to the mutual benefits and cooperation stated above. Unequal power relations in the international system result in one actor’s gains clearly outweighing the others (Dunne, Kurki & Smith, 2013:358). A number of the unfavourable impacts of World Cups on hosts exemplify this as will be discussed in this report allowing for the incorporation of two supporting theories being the New International Labour theory and Emmanuel Wallerstein’s World Systems theory. The inclusion of these theories serves to illustrate that the cooperative behaviour of international actors under neoliberalism that does not necessarily have positive outcomes for all the parties’ involved.

The new international labour theory illustrates the division between more economically developed countries (MEDCs) and less economically developed countries (LEDCs) (Graaff, 2003:42). The MEDCs also known as the core are the main beneficiaries of

¹ One must remember FIFA falls under the status of being a not for profit organization
capitalism and proposed cooperation under neoliberalism. The core has evolved to include MNCs or private companies too. These core entities began outsourcing to LEDCs known as the periphery (Graaff, 2003:42). This occurred due to the allure of cheap labour and highly profitable untapped markets in the periphery that the core could capitalize on. As a result, there has been a trend of the core exploiting the periphery (Castells, 2000:70). The world systems theory could also be appropriate as it mentions another entity known as the semi periphery. These are essentially neither MEDCs nor LEDCs but rather emerging countries that fall in between (Graaff, 2003:39). These are the countries not powerful or developed enough to be viewed as MEDCs and not so underdeveloped or weak that they are viewed as LEDCs which could be argued categorizes South Africa and Brazil more appropriately. However, the semi-periphery countries are still exploited by the core countries and institutions such as FIFA in the process also impeding in their development.

The new international labour theory and world systems theory are then applicable illustrating how the sporting sector mirrors occurrences in the international community as a whole. This will be shown as the core actors being FIFA and its main benefactors to an extent exploit hosts South Africa and Brazil while hindering their development.

In terms of development under neoliberalism, policies of capital accumulation through economic liberalization, lassiez-faire economics or capitalism are seen as the most favourable method in achieving growth (Thomas, 2005:318). Growth could be used interchangeably with economic growth, which is viewed as a component of development (Cohen, 2010:298). In the case of this report, the neoliberalist perspective to development will set the foundation of the concept but will then take a wider approach. Essentially, this means the importance of economic growth will be highlighted, but the inclusion and importance of other social factors such as poverty alleviation or access to basic needs and
services in maximizing people’s capabilities will also be emphasized in aiding development (Sen, 1999:62). The following section will greater explain this form of development.

### 2.3. Development

Development is a complex multi-faceted concept that cannot effectively be described through a single definition. For many years, developmental theorists approaches concentrated on economic growth as the main goal of development by observing i) Gross Domestic Product (GDP), ii) Gross National Product (GNP) and iii) Purchasing Power Parity (Roux, 2011:17). Cohen (2010:298) states that this was the case as it was more beneficial and safe to be preoccupied with issues of economic power.

There is indeed great importance in economic growth. This enables the development of infrastructure, employment opportunities as well as finance made available to the government to provide public services (Cohen, 2010:298). As opposed to instances in LEDCs where there is minimal growth leading to the demolition of the local market and business due to financial constraints. Hence LEDCs would decline further, compounded by lack of labour opportunities or vast layoffs of employees and lower wages during economic downturn. Such unfavourable economic environments would also lead to cuts in government spending, resulting in a lack of resources injected into social services like education, medication or government health facilities (Makokha, 2001:23). Nevertheless, the basic measuring and focus on economic growth is methodical and indeed necessary.

However, it does not “paint” the whole picture. It rather neglects to take into consideration the greater scheme of political and social factors that should encompass effective development. Therefore, the model of economic growth based development alone in the context of this report is essentially ineffective. This is so because it grants high ratings to states that possess positive GDP or GNP but that often contain huge inequalities, encouraging
people to believe that such states (for example, apartheid South Africa) had done a good job for itself (Alkire, 2010:4). Moreover, the economic growth approach fails to take account of features of quality of life or wealth distribution that are not well connected with economic advantage. By signifying that development was being achieved by nations that increased their GNP, it distracted attention from factors or aspects such as health, education and inequality.

China is a good example of a state that focuses primarily on economic growth for development. Reflecting this is its foreign policy in the post-Mao period, wherein the state focused on sustaining an international environment that supports economic growth and stability (Taylor, 2009:4). However, there are challenges associated with China’s focus on economic growth, which are related to the environment, workforce and business corruption. For instance, Chinese companies regularly avoid environmental and labour regulations likely to hinder the profitability of any given initiative. This is done by graft or colluding with state officials who are simply interested in maintaining economic growth. Thus hazardous conditions for workers or people in general, and violations of environmental laws are the norm all in the name of profit and subsequently economic growth (Taylor, 2009:7).

When development is described by economic growth alone, then the element of examination is apparent: the economy. This then neglects a crucial aspect of the economy being the people that participate in it. An application of a multi-sectoral approach to development is more appropriate as effective long term development is nourished by the fruits of human progress. This multi-sectoral approach, involving economic, social, and political change aims at improving the quality of people’s lives, their knowledge and skills, employment opportunities, wealth distribution, while reducing poverty as well as inequality (United Nations Development Programme, 1996:1). Hoffman (1990:159) also emphasizes placing individuals at the heart of development:
“The people should be at the centre of the development process... we must not speak on behalf of others who are able to speak in their own name ...”

The definition of development utilized in this paper is based on the work of Amartya Sen. Coincidently it also links to the slogan greatly associated with the 2010 World Cup being Ubuntu meaning “putting people first” (Cillier & Handy, 2011:56). Amartya Sens perception of development offers a more comprehensive analysis compared to the normative framework of economic growth mentioned earlier. Sen views development as the means to an end; that of overall well-being. His ideas provide a broader spectrum for what constitutes ‘development’ and takes into account the large role played by individual agency as opposed to purely market forces and economic success (Sen, 1999:62).

Sen’s approach is known as the capabilities approach stating that the ends of well-being, justice and development should be conceptualised in terms of people’s capabilities and functionings (Sen, 1985:10). This essentially is effective opportunities to undertake the actions (capabilities) and activities that they want to engage in, and to be who they want to be (functionings) (Gasper, 2007:336).

Through the expansion of human freedom, a more varied choice of necessities can be reached such as health, education, income, political freedom, and human rights. Limits on an individual’s capabilities can be the result of the state. Furthermore, a state that only focuses on economic growth and not the social aspects at play severely misses the desired goal of development in this context. Those who are marginalized or lack capabilities may be tempted to eat into reserves of nature and society to meet immediate needs resulting in higher crime (Gasper, 2007:336). Social inequity and lack of opportunity essentially hinders development as citizens are trapped in poverty with fewer chances to escape and contribute to the development of their community. This is why development cannot be reduced to a single
measure such as economic growth, but needs to be multidimensional, concerned with the nature of the lives that people live.

An example of how Sen’s capabilities approach offers a better way to understand development will be now used. Using data from 1980-1982 Sen compared emerging countries, some of which happen to be BRICS members now. His findings were that while the (rough equivalent) GNP per capita of Brazil and Mexico were more than seven times that of India, China and Sri Lanka, performances in life expectancy, infant mortality and child death rates were best in Sri Lanka, and better in China compared to India, Mexico and Brazil (Robeyns, 2003:95). Thus Sen settled that the public policy of China and Sri Lanka towards allocating food, public health actions, medical facilities and education led to their more favourable social standings (Robeyns 2003:96). This shows that rankings of countries based on GNP per capita is distinctive from classification constructed on selected functioning’s and should not be equated with growth in quality of life.

It is essential then to address how development will be viewed in the context of this report and how FIFA World Cups impact the differing aspects under development which are wider than just economic growth. South Africa and Brazil are both BRICS nations thus they could fall under the developing world or emerging world, meaning they have greater aspirations to their developmental goals and growth than LEDCs. There is no single “correct” way to develop. It cannot effectively occur through one MSE like a FIFA World Cup or a single segment whether economic growth, social equity or political participation independently. A combination of all these aspects would entail effective wholesome development in essence enhancing or hindering good change in the host nations. Hence the definition of development in this report will be:
“The process of improving the quality of all human lives through the eradication of extreme poverty, access to quality education, health care, employment opportunities, infrastructural improvements as well as the increase of economic growth” (Todaro and Smith, 2009:131).

Some literature regarding development relates to perceived impacts MSEs have on hosts often are referred to by FIFA as the legacy of World Cups (Preuss, 2006:2). In general terms legacy is defined as property left by will (Harper, 2001 cited in Preuss, 2006:3). This however makes the assumption that remnants of the FIFA WCs firstly are all deliberate, belong to someone else (FIFA and the various stakeholders) and are only physical remains. Clearly a more expansive definitions of the term legacy as stated by Swart, Bob, Cornelissen, Nkahlle and Wood (2009:6) is needed: “all the intended and unplanned, positive and negative, tangible and intangible structures or societal relations that developed in the context of an event and persist for a significant period of time after the event has come to an end.”

This definition of legacy can double as an exact characterization of developmental impacts outlined in this paper in light of the central conception of development. This approach to legacy like development covers a wider range of impacts including economic, social or political and is thus interchangeable if necessary.

Having established the theories and concepts that will be applicable in this study, it is now time to turn the focus to the actors that will be crucial in the investigation, these being FIFA along with BRICS countries South Africa and Brazil.
Chapter Three

Background Information and Contextualization

3.1. FIFA

The Fédération Internationale de Football Association (FIFA) is the principal governing body of world football. It was founded in 1904 by respective national football officials and their corresponding associations from France, Belgium, the Netherlands, Switzerland, Spain, Denmark, Sweden and Germany. The organization became crucial in integrating European football by allowing tournaments to take place, but also streamlining the interpretation of rules and laws of the game (FIFA Statutes, 2014:6).

Based in Zurich (Switzerland) FIFA is described as an international non-governmental organisation governed by Swiss law, with an influence in the sports world that reaches all corners of the earth.

“Any association which is responsible for organising and supervising football in its country may become a member of FIFA. In this context, the expression ‘country’ shall refer to an independent state recognised by the international community.”—FIFA, (FIFA, 2008:8)

It is interesting to note that FIFA has grown to exceed the number of members in the UN. It comprises 209 member associations or national football associations representing entities across the board such as sovereign states, dependent territories, sub-national entities and even semi-recognized sovereign states for instance Palestine and Chinese Taipei (Taiwan) (FIFA, 2015).

FIFA’s duty is to preside over the world’s most popular sport, ensuring the organization, governing and smooth running of tournaments, the most important of which is the quadrennial FIFA World Cup (Pielke, 2013:257). FIFA strives for the constant
improvement of the game of football portraying it as the “global game” (FIFA Statutes, 2014:6). Through this it aims to use football as a unifying force not only by improving the game but also through social as well as human development, encouraging peace, education, health and social integration (FIFA Statutes, 2014:6).

FIFA’s statutes or governing documents meticulously specify rules and laws for the effective running of its 6 regional confederations. For more effective administration, regional bodies are prevalent in the sporting world, similar to bodies such as the European Union (EU) or African Union (AU). Football member associations are not only affiliated to FIFA but also to their respective continental governing bodies. These groups are responsible for staging international competitions for national teams in their respective jurisdictions while working closely with FIFA. Numerous regional groups are necessary in managing the world’s most popular sport that essentially has no off season. This is further complicated by domestic club, league or cup competitions within individual countries that often overlap with international tournaments or friendlies (FIFA, 2015).

Structurally, FIFA comprises of a Congress which is the supreme legislative body comprising of all the member associations, with each getting one vote. Various articles in Congress direct which agendas are to be addressed within the organization. This is necessary with the sheer growth, development and ever changing nature of world football. The Congress is almost viewed as football’s parliament with the responsibility of developing the game (FIFA Statutes, 2014:8).

Congress is followed by the Executive Committee which is the decision-making body of the organization chaired by the Congress elected FIFA President as well as the Emergency Committee which deals with matters requiring immediate settlement. This forum allows the six regional confederations to directly lobby or influence decisions, with the direction or
assistance of some 22 specialist standing committees. Its role includes determining the dates, locations and format of tournaments (FIFA Statutes, 2015:31).

The President, such as newly appointed Gianni Infantino, holds the highest office at FIFA. Possessing unrivalled power and influence, he basically represents FIFA as well as presides over its respective bodies and those committees of which he has been appointed chairman (FIFA Statutes, 2014:10). He is also entitled to vote and casts the deciding vote when a ballot is tied, as well as appoints or dismisses the Secretary General. Decisions passed by the President, the Congress, the Executive and the standing committees are implemented by the FIFA administration headed by the Secretary General.² With a similar role to that of Ban Ki-moon, the UN Security General, he is assisted in his work by more than 25 standing committees and by two judicial bodies the Disciplinary Committee, the Appeal Committee and the Ethics Committee (FIFA Statutes, 2014:14).

In accordance with the Bidding and Hosting Agreement (collectively the Hosting Agreement), a separate legal entity known as the Local Organizing Committee (LOC) is set up by the respective host football association (FIFA Statutes, 2014:14). It accepts the obligation of being responsible for organising, hosting and staging the FIFA World Cup. More importantly, it handles the security for the duration of the World Cup under the direction of FIFA that often has the final say in decisions which are not subject to appeal. First and foremost, this means to ensure the event runs smoothly in terms of security and quality. Secondly, it ensures the needs or interests of FIFA and its affiliates are not impeded (Konrad Adenauer Stiftung, 2011:52).

The FIFA World Cup is FIFA’s headline event. Embodied in the FIFA Statutes, this MSE takes place every four years. Roberts (2004) defines certain sports events as ‘mega’, the difference being they are ‘discontinuous’, out of the ordinary, international and simply big in

² Currently no Secretary General since Jerome Valcke was dismissed.
composition. The FIFA World Cup is definitely a mega sporting event, arguably the world’s biggest sporting event. What makes it a MSE is its ability to transmit itself as well as promotional messages to billions of people through various platforms such as television, radio and more recently streaming on the internet (Roberts, 2004). MSEs attract an increasingly more international audience and composition. As a result, media giants such as Fox Sports, SkyTv, Supersport and ESPN have endorsed sport, particularly the World Cup as a spectacle. Therefore, they capitalize fiscally on sharing or broadcasting to vast regional or global audiences (Levermore and Budd, 2004:37).

As a general rule, every association or team affiliated to FIFA may participate in the WC, granted they passed through the preliminary qualifying competition. The host nation or Organising Association’s representative team automatically qualifies for the final competition (FIFA, 2015). The World Cup or World Cup Finals involves 32 teams battling it out for the title of World football champions. It proceeds through a tournament phase, characterised by group stages, followed by knockout stages (Quarter finals, Semi-finals, 3rd and 4th place playoff and the Final) over a period of a month.

The World Cup was established in 1930 as a result of the growing prominence of football at the Olympics (Matheson, 2012:5). In the past, the event has been hosted predominantly by European and Latin American countries. However, in 1994 FIFA sought to expand the reach of the game by awarding the event to the USA (Matheson, 2012:5). This trend has continued with Japan and South Korea being awarded the event in 2002, as well as South Africa 2010, both firsts in those respective regions. FIFA will continue to reach new frontiers with Russia 2018 and Qatar 2022 being the next hosts who have never hosted the event before (FIFA, 2015).

The growing prominence of international sports organizations like FIFA is argued to have reduced the influence of national governing bodies of sport. Reminiscent of the
influence IGOs such as the UN and MNCs have had on states, it is seen as reducing their autonomy. Essentially, this complicates the relationship between FIFA and its members or hosts almost mirroring a public-private divide. The public in this instance being the host, and the private being FIFA as well as its stakeholders (Scholte, 2000). The greater influence of private interests has affected the running of FIFA and challenged the political and institutional capacity of the hosts steering policy choices to affect the economy and society negatively as this report will show.

FIFA maintains that it is a non-profit organization. However, the enormity of its funds proves otherwise with equity reserves being at USD $1.5 billion at the conclusion of the 2014 financial year (Financial Report, 2014:9). The enormity of FIFA’s returns has led to frequent questioning by numerous scholars and journalists. This recurring discourse aids in the argument that hosts (especially emerging or developing ones) are exploited during the World Cup. This is further fuelled by corruption scandals that have plagued the organization for years, jeopardizing FIFA’s legitimacy, transparency and accountability. Such occurrences have been interpreted as FIFA being a global business and not an international sports organization.

These accusations coincide with the growth of FIFA’s economic aspirations along with the professionalization and commercialization of sport in general. Drawing from the work of Maguire (1999) and Jarvie (2006) the evolution of sport crossing the threshold into the business realm in essence becoming a commercialized global phenomenon commenced in the 1950s (Maguire 1999:365). One could argue this as a component of the commodification of virtually all human activities. Consequently, sport would then act as a myriad of neoliberalism and globalization processes (Arnaud and Riordan, 1998:7). The rapid expansion of major international sports goods industry and the enthusiastic embracing of sport by the media exemplify sports commodification. The ever growing capitalist mentality
by international sporting organizations during MSEs is summed up aptly by George Gainsford manager of legendary American Boxer Sugar Ray Robinson stating: “We are only interested in money. With us it is strictly a question of finance, not glory or anything silly like that” (Westerbeek & Smith, 2003:1).

Commodification resulted in commerce becoming the main goal. This refers to activities or procedures involved in buying and selling items incorporating the production of goods and services to earn profit (Westerbeek & Smith, 2003:90). Therefore, to “commercialize” would focus on the goal of making money. When applied to the context of this report, it would entail the production of events like the FIFA World Cup in search of profits.

Large amounts of profits are indeed able to be made from numerous avenues. Avenues that FIFA monopolizing the sale of sporting merchandise, advertising, sponsorship deals and television broadcasting (Eisenberg, 2006:61). There is a lot at stake. With the world’s biggest brands such as Coca Cola and Adidas who have gone on to become FIFA’s key partners, others such as Emirates, Hyundai-Kia, Sony, VISA and Gazprom have a vested interest in the smooth running of a World Cup (Eisenberg, 2006:60). These parties reportedly pay some $25-50 million per year to FIFA, generating billions in the process of WCs (Smith, 2014).

Therefore, these stakeholders are a crucial source of income for FIFA and further supplement the sheer mass appeal of football. This is done in return for marketing rights during the global showpiece in which the World Cup remains one of the most attractive media entertainment properties through viewership and attendance (Eisenberg, 2006:60). Sponsors can feel confident that when the World Cup final is being broadcast about a quarter of the world’s adult population are tuning in, making it a huge commercial platform (Houlihan, 1994:356).
Having examined the central actor FIFA, the remainder of this chapter will be dedicated to introducing BRICS nations South Africa and Brazil.

3.2. BRICS

The world comprises of various states, either developed, developing or underdeveloped. On the one end of the spectrum you witness MEDCs in the global North. These are characterised by higher Gross National Product (GNP) figures, manufacturing high valued goods, higher birth rates, lower death rates and longer life expectancy. At the other end you have LEDCs in the global South which are the inverse, accompanied by greater social inequalities and poverty. On this basis different countries have different developmental priorities based on their level of growth.

In between MEDCs and LEDCs one would find countries considered emerging; essentially where BRICS countries would situate themselves. The acronym ‘BRIC’ (standing for Brazil, Russia, India, China) was coined in 2001 by Goldman Sachs economic consultant Jim O’Neill. This further grew to include South Africa in 2010 hence becoming BRICS (Horne 2010:2).

To put it simply, BRICS countries are on the rise. BRICS refers to a group of developing or emerging countries becoming undeniably competitive in the international political economy (Figueiredo, 2013:2). BRICS countries (excluding South Africa) have begun to command crucial stations of international trade and investment flows in the global community with total Foreign Direct Investment (FDI) inflows reaching USD$322 billion in 2013 accounting for over one fifth or 22% of global FDI (The BRICS Post, 2014). China went as far as becoming the world’s second largest economy, challenging the global hegemon the USA and the international system as a whole (Figueiredo, 2013:2). These awakening giants as they are often referred to, have been able to create an alternative point in the global
balance of power attracting new modes of investment in attempt to further solidify the emerging powers in the world market. Through this they are forming new connections and forcing themselves into the centrality of power in the process.

It must be noted that these countries face domestic challenges found in LEDCs. South Africa and Brazil are key examples, struggling with socioeconomic disparities, income polarization and poor quality of human life for a greater part of the population. These domestic issues are often further aggravated by hosting MSEs as will be shown due to the extensive strenuous demands. Although these states compared to MEDCs can be regarded as fiscally fragile and lacking the necessary resources, promoters or boosters of World Cups have led these countries to believe MSEs are an opportunity for greater development and integration into the international community (Maennig, 2007).

The allure of MSEs continues to grow as BRICS countries continually competitively bid to host. This is exemplified through BRICS countries over the past 5 years hosting the world’s biggest sporting events with China hosting the Olympics in 2008, India staging the Commonwealth Games in 2010, South Africa with the 2010 FIFA World Cup, Russia taking a step further hosting the 2014 Winter Olympics and furthermore the 2018 FIFA World Cup, and Brazil undertaking the most prominent MSEs consecutively being the FIFA World Cup in 2014 and the Olympics in 2016.

3.3. South Africa

South Africa, the “Rainbow Nation” is the southernmost country in Africa. With a population of 54 million, it is regarded the regional hegemon of Africa, however it faces stiff competition from Nigeria which challenges that position (Statistics South Africa, 2015:1).

South Africa has shown hegemonic traits on an economic basis compared to the rest of the continent. Its GDP was worth US$349.82 billion in 2014 making up 24% of Africa’s
share. This was second to Nigeria at US$568.51 billion (Trading Economics, 2015). Sub-regionally South Africa accounts for 41\% of the Southern African Development Community’s (SADC) total trade, producing nearly 55\% of Southern Africa’s GDP (World Bank, 2014).

South Africa has recognizable clout or influence on the continent even though it is second to Nigeria in GDP statistics. This is true as the global North sees it as the “gateway to Africa” (Schoeman, 2000:48). South Africa is considered useful in bridging the gap between North and South. Many major powers view it as a way to infiltrate the African market, and use invitations to platforms such as G-8 and G-20 summits to consolidate this (Landsberg, 2005:12). Some could even argue this was the case through its inclusion in BRICS, resultantly championing issues on behalf of Africa which include debt and market access within the framework of the Doha agenda and development assistance (Souaré, 2010:2).

In times of conflict, emerging middle powers like South Africa are expected to play intermediary too. This is exemplified by South Africa being a non-permanent member of the UN Security Council for two recent terms, 2007-08 and 2011-12, during which they brought many African issues to the fore (Souaré, 2010:4).

The domination by South Africa is further indicated through the number of MNCs having bases established in the country. Suppliers of various services such as mining, banking, construction and telecommunications namely AngloGold Ltd, MTN Group Ltd. SAB Miller have regional offices. This is further seen by the major manufacturing plants seen by Volkswagen and BMW (South African Bid Company, 2003: Chapter 6).

As mentioned under the section of BRICS, emerging countries such as South Africa still face domestic obstacles. Challenges such as being a democracy that is somewhat in infancy due to the country’s troubled history has left a deeply uneven society with significant developmental challenges. Confirmation of how unequal South Africa is can be illustrated
through its Gini coefficient measuring income inequality ranging from 0 to 1 (Bhorat, 2015). 0 depicts a perfectly equal society and a value of 1 represents a perfectly unequal society. South Africa ranges from about 0.660 to 0.696, making it one of if not the most unequal society recorded (Bhorat, 2015). Unemployment figures make for further grim reading with the unemployment rate sitting at 24.3%, and youth unemployment at 49% in 2014 (Kumo, Omilola & Minsat, 2015:2). This is worsened by the rampant crime and just over half the population (27 million approximately) living under the poverty line (Grant, 2015). Such social issues are further compounded by economic shortcomings such as infrastructural gaps, notably inadequate energy supply leading to electricity shortages. This is worsened by negatively affected investor confidence or floundering investment levels as a result of weak domestic demand and the depreciation of the currency to record lows (Kumo, Omilola & Minsat, 2015:3).

These issues have hindered South Africa from climbing to higher levels of development and have ensured it has remained marginal to its international counterparts. This is also true as many have argued that the importance of South Africa’s power is exaggerated. Scholars contest that South Africa is not truly a powerful state but because other African states are so weak South Africa is then regarded as powerful “by default”. This is more the case as South Africa’s strength becomes less relevant compared to its BRICS counterpart China, seen by its GDP being one-sixteenth of China’s output upon joining BRICS (Hervieu, 2011).

The people of South Africa have experienced many trials and tribulations over the past century, none more devastating than apartheid. Adapted from the Afrikaans word for “apartness”, this policy signified the division or segregation of South African people. Afrikaner nationalists believed South Africa was a divided society, that different ethnic groups could potentially be destructive towards one another and hence a form of “separate
development” was deemed necessary to minimize contact and hostility (Giliomee & Schlemmer, 1989:1). Apartheid has had long running negative social and systemic effects on the South African people. The oppression of the black majority through the impacts of Apartheid have further manifested into socio economic and political issues the country faces at present.

Such failings within South Africa’s borders did have an impact in the sporting world. Sport was in the front lines, playing a revolutionary role for social change against the Apartheid regime. Non-racial sport boycotts and the subsequent isolation of South Africa aimed at challenging the status quo of the Apartheid regime’s history of racial discrimination (Jarvie & Reid in Riordan & Kruger, 1999). In 1964 South Africa was suspended from the Olympic Games. This spread to other sporting codes such as South African Rugby (Ramsamy, 2004:6). Boycotts and political pressure began to impact the Springboks (South Africa National Rugby team). From 1974 they were unable to play in Britain, Ireland, France or Australia. The Springboks only major tour abroad was to New Zealand in 1981, which was marred by controversy and mass demonstrations against the apartheid regime (Ramsamy, 2004:6).

South African football bodies were greatly affected by racial lines too. The “whites-only” football association of South Africa known as (FASA) formed in 1892 represented the minority with other bodies such as the SA Indian Football Association (SAIFA), the SA Bantu Football Association (SABFA) and the SA Coloured Football Association (SACFA) being launched in 1903, 1933 and 1936 respectively (South Africa 2010 Bid Company, 2003: Chapter 2). Such division among racial lines led to FASA being delegitimized. In 1976 in the aftermath of the Soweto uprising, South Africa was formally expelled from FIFA. This was accompanied by a number of secondary boycotts of countries leading to virtual blanket isolation from world competition (South Africa 2010 Bid Company, 2003: Chapter 2). Such
action through sports boycotts were significant and applied greater pressure in challenging the apartheid regime.

Yet sport in South Africa also played a role in terms of reconciliation and improving the state’s image post Apartheid. Nelson Mandela, released from prison and elected as President in 1994, used sport as a means in the process of reconciliation, nation building and unity during his tenure (Riordan & Kruger, 1999:243). This was assisted by the removal of sanctions by international entities such as the International Olympic Committee (IOC), welcoming South Africa back into the world of sport by competing in the 1992 Olympic Games (Riordan & Kruger, 1999:243).

However, it was most importantly through the hosting of the 1995 Rugby World Cup that South Africa was able to firstly portray its more positive image to the world as a democratic state on the rise after a troubled past. Nelson Mandela unwaveringly supported the Springboks, a team associated with Apartheid rule. This was a great stride in encouraging people towards nationalism, regardless of race and previous differences (Riordan & Kruger, 1999:244). The Springboks went on to win that World Cup, but more importantly was Mandela and Springbok Captain Francois Piennar together holding the William Web Ellis trophy after the Final This symbolized hope of a united South Africa with the help of sport.

South Afric’s 2010 World Cup bid had similar dreams and aspirations as the 1995 Rugby World Cup attached to it. It was meant to bring similar change and benefits to the global image of South Africa and also an attempt to improve the socio economic circumstances that have plagued the country and continent.

The official slogan of the 2010 World Cup “Ke Nako” meaning “It is time” loosely related to the bid and hosting being Africa’s turn to show itself off to the world (Human Sciences Research Council, 2011:50). This was coupled with the discourse of African Renaissance purported by former President Thabo Mbeki, which was a call for a discourse
emphasizing African economic, social and political growth and responsibility in transforming the continent (Alden & Pere, 2004:290). The previous co-hosting of the 2003 ICC Cricket World Cup with Zimbabwe and Kenya also affirmed the drive towards an African Renaissance through sporting events although this event is on a smaller scale (Van der Merwe and Van der Westhuizen, 2007:29).

South Africa was then under the view that hosting a World Cup would bring development and economic growth, coupled with the more achievable positive image benefits (South Africa 2010 Bid Company, 2003: Chapter 2). This painted the event as a massive opportunity, which, as the report will show, was not the case.

3.4. Brazil

The Federative Republic of Brazil has many similar characteristics to that of its BRICS counterpart South Africa. With a population of 202 million (Worldometers, 2015) it too is regarded the regional hegemon of South/Latin America. Brazil’s GDP stood at US$2346.12 billion in 2014 representing 3.78% of the world economy, almost six and a half times that of South Africa (Trading Economics, 2015).

It too is a country with a troubled past. This came at the hands of the military dictatorship which came and went between 1964-1985 (The Economist, 2014). Military juntas were an occurrence that plagued numerous Latin American states in the late 20th Century, although Brazil’s experience did not have the same severity as compared to tens of thousands of lives lost in Argentina (Watts & Rocha, 2014). During this period there was still tangible economic growth which may have assisted in Brazil becoming the 7th largest economy in the world today (Index of Economic Freedom, 2015). Brazil also has an abundance of natural resources such as iron ore, vast rainforests and recently discovered offshore oil reserves. It has since become the 12th largest oil producer and an increasingly
alluring trade partner to resource hungry nations such as China (Casanova and Kassum, 2014:49).

Natural resources to a degree have helped the country experience a decade of economic growth and social progress. From 2003-2013 over 26 million people were lifted out of poverty, which is about half of South Africa’s total population (World Bank, 2014). Unfortunately, the impact of the global recession has stifled continued growth as GDP slowed from 4.5% in 2006-10 to 2.1% over 2011-14 nearly stalling at 0.1% in 2014 (World Bank, 2014). Meanwhile Brazil is ranked 95th in the world in terms of GDP per capita\(^3\) (McKinsey & Company, 2014:1). Although many were raised out of poverty in the past decade, a sustainable and adequate lifestyle as the middle class is described as, has yet to be realized. Individual productivity growth would therefore aid in raising incomes, living standards, empowering people and social mobility (McKinsey & Company, 2014:1). Such measures have not taken a firm hold in the Brazilian economy, hence the reason it ranks so much lower in the GDP per capita scale (McKinsey & Company, 2014:1).

Similar domestic challenges as seen in South Africa hinder further growth in Brazil, none more prevalent than the wide gap between the rich and poor. The wealthy minority owns much of the profitable and arable land, which is only compounded by the extremely harsh conditions in the cities of Rio de Janeiro and Sao Paulo where the country’s largest favelas or slums are found. It is stated that in a 2010 census about 6% of Brazil's population lived in these favelas or shanty-towns which adds up to about 11.25 million people (BBC, 2014).

The goal of trying to improve one’s circumstance in Brazil is made harder with the various barriers impeding social mobility. Brazil like South Africa is an unequal society with its Gini coefficient currently standing at 0.55 (Rishe, 2014). Unemployment is also on the rise.

\(^3\) GDP per capita - the total output divided by the population, establishing the average output of each person or how much they make
in the country. The Instituto Brasileiro de Geografia e Estatística (IBGE) reports it averaged 8.36% from 2001 reaching an all-time high of 13.10% in August 2015 (Taborda, 2015). A rising inflation rate only heightens an already dire situation for many Brazilian people, escalating to 9.5% with most households still only experiencing only modest income growth (Zacks Equity Research, 2015). This along with taxes and tariffs as well as the Brazil currency (Real) fluctuating unfavourably has pushed consumer goods out of reach, but also reduced sales and exports on a grander economic scale (Zacks Equity Research, 2015). Such conditions are further compounded by Brazil being in its deepest recession since 1901 (Pearson, 2016).

While Brazil has faced various socio-economic and political challenges throughout its history, one positive trait remained: being its footballing prowess. Brazil is the world’s most successful footballing nation. Although it performed poorly at the 2014 FIFA World Cup it has the most World Cup titles at 5 and it is tied first in appearances in the Final. It has qualified for every single tournament and boasts numerous legends of the game such as Pele and Ronaldo to name a few (The Top Tens, 2014). The Brazilian people live and breathe football. It is viewed as a religion in the country and the brand of football they play with great passion and flare inspires millions across the world encompassing the phrase the beautiful game.

As pressure was indeed building against the Brazilian government with hostile socio-economic conditions and a government rocked by continuous corruption scandals, they turned to sport along through the world’s biggest MSEs in an attempt at increasing their attractiveness and sharing in the global community. This sentiment is echoed by former President of the Brazilian football Confederation Ricardo Teixeira stating that they would be prepared as well as have a “consistent influx of investments” as a result of hosting the World Cup (CNN, 2007). He also stated how the event would enable Brazil to develop modern
infrastructure, improve social conditions by believing that it would trigger social transformation as well as make the country more visible in the global arena (CNN, 2007).

There was great hope, optimism and promise when Brazil was awarded the FIFA 2014 World Cup. This was doubled when the country was awarded the honour of hosting the 2016 Olympics too. Brazil would essentially be opening up its doors to the world on the sporting world’s biggest stages. As was believed in South Africa, hosting a World Cup is seen as a much needed boost and a trigger for key investment, with many anticipating it to push a country previously isolated by military rule, into a more deeply interconnected global economy.

With the foundation of this report’s crucial actors being established, the next chapters will unpack the numerous developmental impacts of FIFA World Cups.
Chapter Four

Economic Developmental Impacts

In a FIFA mandated article “Benefits of bidding for and hosting FIFA’s other World Cup Events” staging any sort of FIFA tournament is stated to be beneficial in an all-encompassing sense for the host whether economic, social or political (Bid Collateral Brochure, 2010:2). Such claims are made in relatively broad terms by this document. If one examines these proposed benefits by world cup promoters in greater depth there is a trend that arises in which each benefit has an opposite or inverse cost that is often neglected.

Therefore, this next section of the report is crucial in revealing the overall impacts of World Cups both good and the underemphasized bad. For organizational purposes it will be divided with economic being separate from the political and social. Under each of these subheadings the anticipated benefits will be addressed along with the most prevalent set of related demands or government guarantees required by FIFA and its correspondents. This will be followed by how the states went about the challenge of hosting the event and meeting the comprehensive demands by FIFA. These demands are stated as necessary in ensuring the smooth running of World Cups, but also guaranting FIFA and its major stakeholder’s needs are met. FIFA have been unforthcoming as to what these demands entail. However, countries that have failed in bids to host have begun to speak out and reveal the requirements (Pollock, 2010).

The repercussions of hosting both positive and negative through relevant facts and figures from the hosts will be given. This data will prove whether in reality the implemented measures under the World Cup demandswere indeed beneficial and whether they met the hosts, their government and their people’s needs or not.
As supported by the evidence below, it seems that the effects of World Cups are dualistic in nature, meaning a proposed positive result seems to bear an inverse negative cost or effect (Frawley and Adair, 2014). It is also important to note that these impacts are fluid meaning they interlink and complement each other. Therefore, although the impacts are separated into different sections, economic, political and social quite easily have ramifications outside of their given subheading. The results will illustrate how the impacts do not occur in isolated pockets as previous economic studies may lead one to think and are more free flowing or interrelated.

In the aforementioned FIFA article supported by common discourses of governments and FIFA, World Cups have widely projected economic benefits (Porter, 1999). FIFA goes on to claim that there will be increased cooperation and goodwill between the various stakeholders (Bid Collateral Brochure, 2010:3). This could be a result of greater commercial activity and investment with new sponsors, media, broadcasters and MNCs. Other revenue opportunities could be mediums such as tourism, ticketing, private funding and subsidizing (Bid Collateral Brochure, 2010:3).

This increase in capital is said to improve infrastructure or be a catalyst for new state of the art facilities and development (Bid Collateral Brochure, 2010:1). However, these are often related to the improvement of football and the betterment of the hosts is not necessarily the main priority. Nonetheless, improvement in a countries infrastructure would come in the form of newly constructed or renovated stadia but more importantly the supporting substructures such as roads, hotels, airports, information and technology centres (Bid Collateral Brochure, 2010:3). This will be shown by a more in-depth analysis as of what the economic developmental impacts meant with specific reference to tax exemption, infrastructural improvements, the stadia and the overall monetary cost of the MSEs.
4.1. **Tax Exemption**

"Any host country requires a comprehensive tax exemption to be given to FIFA and further parties involved in the hosting and staging of an event,"

FIFA spokesman (Pollock, 2010).

The most stringent condition by FIFA viewed as non-negotiable is that of tax exemption. FIFA requires the entire event be free of tax for itself as well as any of its commercial affiliates or subsidiaries such as the organizing committee, the broadcasters, sponsors and service providers (Leijten, 2010).

In conjunction with the tax exemption is that of custom duties and levies. This relates to how both South African and Brazilian governments pledge no duties, taxes and costs on imports, exports of goods and all foreign currencies to and from South Africa and Brazil during the World Cup period (South Africa 2010 Bid Company, 2003:Chapter 4.3).

What this entails is millions of dollars that hosts sought to garner from taxing commerce, trade and spending by FIFA and its affiliates all lost to FIFA’s benefit. This tax exemption basically encapsulates all takings from the event, whether profits, income, expenses, costs, investments and payments (Pollock, 2010). These could be through differing channels whether cash or otherwise, including (i) the delivery of goods or services, (ii) accounting credits, (iii) other deliveries, (iv) applications, or (v) remittances, made by or to the exempt parties (Pollock, 2010).

It is interesting to note how the tax exemption was so comprehensive within these two case studies. It could be argued that these countries along with LEDCs would understand and appreciate the value of tax in boosting their economies. In South Africa, the intensity with which this demand has been implemented was set in stone by The Government Guarantees that South Africa and its tax authorities implemented through law. The Revenue Laws Amendment Act (Act 20 of 2006) stated that any governmental authority with jurisdiction
over the assessment, determination collection or imposition of any taxes, duties or other levies shall not impose any kind of taxes duties or levies on FIFA, FIFA’s subsidiaries, the FIFA delegation and the Host Broadcaster (The South African Institute of Chartered Accountants, 2007). Meanwhile the Brazilian government, once awarded the 2014 World Cup, agreed that FIFA and its partners were to be tax exempt on any goods and services related to the tournament for five years; from January 2011 until the end of 2015 (Pollock, 2010).

The tax exemption law is somewhat ironic in the context of the World Cup. It is taxpayer’s money that are used to build the necessary infrastructure and stadia in hosting the event, while the major profits that lured hosts into bidding are untaxed, ending up in FIFA and its partner’s pockets. The demand of tax exemption is costly. It is so costly it lost South Africa a share of the US$3.5 billion in profits made in 2010 which could have gone a long way in improving the countries socio economic status (Leijten, 2010). Isabel Ortigosa of InspirAction, an NGO that focuses on international development across the world, stated that by conservative estimates Brazil stands to lose US$209 million through tax exemption with other estimates stating this could rise to US$450 million (Tax Justice Network, 2014).

FIFA on the other had counters the assertions of tax exemption in their document “FAQ: Setting the record straight” in which they claim that “FIFA does not make any demands for a general tax exemption for sponsors and suppliers, or for any commercial activities in the host country. Instead, FIFA only requires an easing of customs procedures for some materials that need to be imported for the organization of the World Cup and that are not on sale in the host country.” (FIFA, 2014:1).

This, then begs the question as to why South Africa as seen in their bid book and legislation passed would amend laws and implement any exemption forgoing the necessary
finance from the event if there was no coercion to do so? This is somewhat harder to prove in the case of Brazil as its bid book is yet to see the light of day (Roper & Tomlinson, 2015).

The influence and power of FIFA, coupled possibly with the sheer desperation to host by prospective nations, could leave them no other choice but to agree to these conditions regardless of how unfavourable were.

The implementation of tax exemption greatly challenges the highly touted economic benefit that World Cups result in tangible income from taxation triggering greater commerce and finance (Porter, 1999). In actuality as shown, a large amount of the money is relinquished casting great doubt that the World Cups in South Africa and Brazil were profitable for the host and their people.

This could be further reasoning to why a spokesperson from the South African Revenue Services was quoted as saying:

“Our approach to the World Cup has been that it was never going to be a revenue-raising exercise. The concessions we had to give to FIFA are simply too demanding and overwhelming for us to have material monetary benefits” (Lackay, 2010).

As this report has examined one of if not the most significant economic impacts of the World Cup through the tax exemption, it will now proceed to investigate the repercussions of the infrastructural developments that took place.
4.2. Tourism

Further related to the tax exemption is tourism. Although tourism will not be analysed in depth in this report, it is important to note that it too is affected by the tax exemption. Tourism has a variety of economic impacts on hosts during a World Cup, especially by its boost on sales, profits, jobs, tax revenues, and income (Stynes, 2010). Such increases are one of the major selling points by promoters when pitching the benefits of hosting. However, the tourism sector is not exempt from the influence of FIFA’s government guarantees. It too is impacted by demands as governments enact laws to ensure that hotel prices for the exempt actors are frozen as on the 1 January the year of the coinciding World Cup event as was the case in South Africa (South Africa 2010 Bid Company, 2003: Chapter 4.12). This is supplemented by the hotel fees being 20% less than the rate at the time of 1 January for FIFA. A corresponding increase of hotel fees for unaffiliated fans or visitors that reached 25% was seen in Brazil (Andrés, 2014).

Furthermore, World Cups provide a short term boost to tourism and retail sales but do not have a lasting effect as often the jobs and revenue created during the event are offset by a significant drop in business after it (Sinclair, 1998:2). Therefore, FIFA World Cups do not necessarily improve sustainable profit or long term positive growth in terms of hotel occupancy and retail spending. One also needs to bear in mind who sells goods to these tourists. The World Cup sponsors that are tax exempt monopolize the markets for the duration of the event such as Adidas, Hyundai, Sony and McDonalds. Therefore, in some cases profits are expatriated to these companies’ foreign bases and local business is hindered essentially degenerating host nations into vehicles for sponsored private capitalist accumulation (Bond & Cottle, 2010).
4.3. **Infrastructure**

Improvement to one’s infrastructure is necessary for the facilitation of a MSE and beneficial especially for an emerging or developing country. There are strict infrastructural requirements by FIFA for a host nation as will be discussed below. There are also rules that hosts need to abide by, some of which stifle development. For instance they state that there must be absolutely no construction works in host cities during the World Cup, essentially bringing all development through such channels to a screeching halt (Maening & Schwarthoff, 2008:9). This is just glimpse of the influence FIFA has in a host nation during the event.

4.3.1. **Stadia**

In terms of the stadia requirements in the bid to host a FIFA WC, prospective nations need at least 8 world-class stadia (Konrad Adenauer Stiftung, 2011:50). The choice to use a total of 8, 10 or even 12 stadia is at the host nation’s discretion with South Africa using 10 and Brazil 12 (BBC Sport, 2009). The onus of construction as well as funding these stadia is on the host government in terms of financing the infrastructure needed for these events and public funds being the primary source of capital (Konrad Adenauer Stiftung, 2011:50).

The smallest stadium needs to have at least 40000 seating capacity for the group games, 60000 is required for the stadia hosting the semi-finals and 80000 for the opening game and final (BBC Sport, 2009). The contracted stadia are also signed over in their entirety with 100% advertising rights to FIFA during the event. This is known as the FIFA Exclusive use period falling 15 business days before the first game at stadium and five business days after the last game at the stadium (Edmondson and Carter-Brown, 2010).
4.3.2. Exclusion zones and Ambush Marketing

The FIFA exclusive use period, like the tax exemption, casts doubt on positive returns from the stadia investment. This is even more the case as their immediate surroundings are made complimentary towards FIFA. Inside and around stadia are made “fortresses” through what is called exclusion zones. These exclusion zones were created to fight against “Ambush Marketing” (Louw, 2012:92). Ambush or ‘parasitic’ marketing was first coined at the 2010 FIFA WC referring to unauthorized or unlicensed business conduct by unaffiliated parties at FIFA events or fan parks (Louw, 2012:92).

Ambush marketing is defined by Johnson (2008:24), as ‘a planned campaign by an organization to associate itself indirectly with an event in order to gain at least some of the recognition and benefits that are associated with being an official sponsor’. The word ‘ambush’ has been used to illustrate the kind of the nature of such activities standing in competition with FIFA and its official sponsors or suppliers for maximum commercial impact (Louw, 2012:95).

Exclusion zones as a result crush the sale of unaffiliated souvenirs, unsponsored snacks and drinks being sold inside the stadia or within a 2-kilometer radius of stadia and at fan parks (Leijten, 2010). This essentially guarantees maximization of commerce and advertising for FIFA and its sponsors as only they are allowed to engage in any kind of business. There is no trade accruing to the host government from local trading even though the platform was provided by the state.

Both South Africa and Brazil spent incredible amounts on stadium construction with very little in return. It has been recorded that South Africa spent US$ 1,54 billion on stadia for 2010 accumulating to about 35% of total World Cup expenditure (Konrad Adenauer Stiftung, 2011:50). More recent results of the 2014 World Cup state that Brazil doubled that spending to US$3.6 billion on its stadium construction and renovations (Statista, 2016).
These figures alone are staggering. However, what makes them more concerning is that the majority capital is public expenditure, even though in Brazil former President Luiz Inacio Lula da Silva misled his people promising that all stadia would be privately financed (Valente. Jr, 2014:6). The only other entity to benefit from such uneconomical spending besides FIFA was the construction companies tasked with building these structures.

4.3.3. Construction Companies and Corruption

Construction companies were great beneficiaries from the two World Cups. From stadia expenditure, improvements in airports, hotels, roads and rails they profited over a prolonged period commencing at the announcement of hosting to the World Cup finals. In both of the cases there were instances of colluding, bid rigging and overpricing by companies. This ensured monopolization by a select few firms and huge financial gains in building for the respective MSEs at the expense of construction workers, host governments and taxpayers (Benjamin & de Wet, 2013).

In South Africa, there were five prevalent construction companies being Aveng, Murray & Roberts, Group Five, Wilson Bayly Holmes–Ovcon (WBHO) and Basil Read. These were the major providers in building stadia for South Africa 2010 and related substructures (Bond & Cottle, 2011). These firms were accompanied by international construction firms such as German companies HBM Stadion-und Sportstättenbau GmbH, specialist stadium construction company, GMP Architekten and Hightex engineers, Italian company Cimolai, French company Bouygues, and Dutch company BAM International (Benjamin & de Wet, 2013).

The firms benefitted substantially from 2010 World Cup preparations related infrastructural projects. For instance, Murray & Roberts, South Africa’s largest construction company had their hands in numerous projects. Such as a 45% stake in a cooperative public-
private-partnership deal with Bombela Concession Company, which was responsible for the US$ 1.4 billion Gautrain project and all civil works related to it (Alegi, 2007:322). A Murray & Roberts subsidiary Concor along with Wilson Bayly Holmes Ovcon (WBHO) owned a US$ 43 million contract in the construction of the Peter Mokaba Stadium (Leads 2 Business, 2015). Such companies were the more favoured choice by the South African government further acquiring more tenders as they played into the Black Economic Empowerment (BEE) discourse, less for transformative purposes but more by acquiring greater business opportunities (Alegi, 2007:322)

However, what is often omitted in South Africa and Brazilian government reports of the 2010 World Cup is that of the collusion allegations and charges these companies incurred. Accusations of collusion were widespread in the build up to South Africa 2010 World Cup. The aforementioned South African constructions companies from 2007 were under inquiry by the Competition Commission South Africa for suspicion of collusion and monopolistic practices (OECD, 2008). A total of 15 construction companies in 2013 then agreed to pay fines totalling US$88 million for collusive tendering, after reaching a settlement agreement with the Commission (SA Commercial Prop News, 2013). These companies were charged on the basis that they colluded over mega projects relating to the 2010 FIFA World Cup with instances of allocating tenders amongst themselves, overcharging and striking deals of profit margins (AFP, 2014). What the Commission did not do is investigate the international construction companies that collaborated with the local firms which were also responsible for the artificial overpricing in the stadium construction (Benjamin & de Wet, 2013).

Such malpractice comes at the expense of the South African public. It is the public sector through taxpayer’s money that incurs higher costs. This further adds to the argument that economically, the challenge of hosting a FIFA World Cup is not a finance generating project the hosts.
Similar instances of monopolization, collusion and corruption were witnessed in Brazil. Cottle, Capela, and Meirinho (2013:6) document how Brazilian construction companies Andrade Gutierrez and Odebrecht in Brazil similar to Murray & Roberts and WBHO of South Africa. These two companies were accountable for seven of the 12 World Cup stadia for the 2014 event. Andrade Gutierrez was involved in the construction of the National Stadium, Mane Garrincha (Brasília), Arena Amazon (Manaus), Beira-Rio Stadium (Porto Alegre) and the Maracanã Stadium (Rio de Janeiro). Odebrecht was also involved in the construction of the Maracanã Stadium (Rio de Janeiro), Fonte Nova Stadium (Salvador) and the Pernambuco Arena (Recife) and the Itaquerão Stadium (São Paulo) (Cottle, Capela, and Meirinho, 2013:6).

In the case of Brazil opportunity for misconduct by firms was somewhat more straightforward. This was a result of construction falling behind schedule with 41% of the projects not being started by May 2012 (Cottle, Capela, and Meirinho, 2013:2). The reason these ventures were so behind was due to discontent at the socio-economic conditions in Brazil. Widespread protests took place expressing outrage over rising unemployment, transport costs, poor service delivery, quality of health and education provision, as well as soaring costs from World Cup preparations (Taborda, 2015).

To try make up for lost time the Brazilian government in an attempt to increase the speed of approval of World Cup projects changed protocol for them to be regarded under an “exceptionality status” (Cottle, Capela, and Meirinho, 2013:5). The fast paced processing of World Cup projects as well as vast sums of money being injected to get them completed allowed greater room for misconduct. Companies colluded amongst themselves over estimating costs in the process while the influence of international construction firms such as the German architectural firm GMP also increased costs (Brazilian Ministry of Sport, 2010).
Once again construction companies profited greatly while billions of dollars of taxpayers’ money was spent on white-elephant stadia giving little in return. The public funds used on construction could have been directly implemented to improve the lives of citizens through housing, hospitals, schools, water and sanitation services that are almost luxuries for the poorest of poor in the South African shanty towns and Brazilian favelas.

4.3.4. White Elephants

Once the champions have been crowned and the “fever” or excitement of the event fades the hosts are left with tangible remains. Yet the architectural legacies from stadia are negative in nature, hence the name ‘white elephants’. Sustainability of stadia has been a major issue for South Africa and Brazil. The multi-purpose sport and event venues that promoters claimed these stadia would be are now underutilized and continue to be a financial burden since construction. The responsibility of upkeep and maintenance costs is left to the government and general public at the heavy price of social expenditure (Siegfried and Zimbalist, 2000:103).

These incredibly expensive stadia little for the developmental agenda of both South Africa and Brazil as will be shown. The believed legacy stated by FIFA of improved overall infrastructure for a host nation through these football facilities has yet to be a convincing justification of the huge sum of public expenditure (Bid Collateral Brochure, 2010:2). The stadia or so called symbols of technological prowess and advanced modernity, did not help in closing the wide gap of socio-economic disparities for these countries poorest. Whitson and Macintosh (1993:230) reiterate this by stating that elite sport development “should not be portrayed, as it often is, as something likely to benefit the average citizen”.

FIFA’s demands and the manner in which construction companies went about their business shows the lengths entities go to achieve profits. Siegfried and Zimbalist (2000:103)
corroborate this by observing through independent research that the economic impact of stadiums has uniformly found no statistical or significant positive correlation between sports facility construction and economic development.

This next section of the economic developmental impacts will unpack specific instances of conspicuous spending in building white elephant stadia. For instance, in South Africa the building of Durban’s Moses Mabhida Stadium and the Cape Town based Green Point Stadium were built when both cities already possessed world class stadia that would simply have needed renovations to be World Cup worthy. The Durban and Cape Town municipalities however decided to build two brand new stadia instead. The cities of Durban and Cape Town went for more aesthetically pleasing venues adding to the spectacle of the event and catering more to FIFA and its broadcasting partners wants and needs rather than the cities own (Brümmer, 2010). As a result Growthpoint Kings Park Stadium (Durban), DHL Newlands (Cape Town) and Athlone Stadium (Cape Town) were overlooked for the Moses Mabhida Stadium and Green Point Stadium respectively.

The Moses Mabhida stadium cost US$203 million (Tolsi, 2011). It is literally across the road from Kings Park stadium home to the Sharks Rugby Franchise. It seems quite irresponsible having two world class stadiums next to each other (Tolsi, 2011). However, the justification for the construction of the new stadium is that it would aid in Durban’s bid to host further MSEs in future such as the Commonwealth games in 2022. There is also a valid argument that the city’s municipality could have saved a large sum of money by upgrading the Kings Park stadium which could hypothetically been one of the more sustainable stadia (if it had been chosen) as the Sharks do pull in around 20000 spectators for their home rugby games (Sport 24, 2013).

Green Point stadium cost US$ 600 million (Alegi, 2007:320). Situated in-between major tourist attractions, Signal Hill, Lion’s Head, and Table Mountain on one side, and
Robben Island and Table Bay on the other, it is a broadcasting director’s dream. These landmarks provide picturesque views to billions, improving the image of the event and South Africa by showcasing only the best locations. Therefore, it was seen as the more favourable option as it ensured Cape Town hosted a semi-final (Brümmer, 2010). The use of Athlone stadium may have had a more genuine developmental impact for the surrounding community and its substructure, unfortunately FIFA choose a location that was more pleasing to the eye and did not demonstrate the realities of South Africa’s poorest living in the Cape Flats (Brümmer, 2010).

Other sporting codes in South Africa have raised concerns about the sustainability of the stadia in the aftermath of the World Cup as many of the venues are not able to cater to their requirements and are also simply too expensive to hire (Sapa, 2010). There were numerous complaints by sports authorities such as South Africa’s Premier Soccer League's (PSL) chief executive at the time, Kjetil Siem. He stated that the FNB stadium (formerly Soccer city) was ‘just too big’ to host teams like Pirates and Santos (Sapa, 2010). It would cost too much to use or make income from as it only achieves capacity during derbies between Kaizer Chiefs and Orlando Pirates (Sapa, 2010).

The more financially affluent sporting codes the South African Rugby Union and Cricket South Africa state neither of them was consulted before construction began on the further sustainability of the Moses Mabhida Stadium and Green Point Stadium becoming new homes of local sports teams (Sapa, 2010). As a result, the specifications for the stadia do not accommodate for other prized investors. For instance, a lack of suites fails to cater to suite holders from to rugby teams the Sharks or Western Province. In terms of cricket, the fields are too small to accommodate games, losing another sustainable source of revenue.

Hence these stadia only seem to be useful when world most famous musicians are in the country who are able to afford the venues and sell them out to capacity (ENCA, 2014).
Moses Mabida, Greenpoint and other unmentioned stadia will continue to be a major issue for the government and local municipalities as they continue to operate at a loss. For example Moses Mabida Stadium made a US$ 2 million loss in 2013 and Green Point Stadium continuously makes a loss of US$ 2.4 million each year (Steyn, 2015). Losses of this nature are only amplified in the more remote cities such as Polokwane and Nelspruit where the Peter Mokaba Stadium and the Mbombela Stadiums preside (Cottle, 2010:8). These stadia do not have any popular football or rugby teams close by and are not based in big cities which are able to attract large numbers for events (Cottle, 2010:8).

If one is to examine Brazil in turn, the figures do not get any better. The Brazilian government decided to use 12 stadia in attempt to bring the World Cup to the most remote parts of Brazil (Manfred, 2015). This was a bad decision similar to that of the South African government building brand new stadiums in cities that already had their own. This was mainly because stadiums were built where they simply were not necessary, even for a ‘football mad’ nation like Brazil. Nine out of the 12 stadia facing financial trouble now support these claims. (Deutsche Welle, 2016). There has been little or no return on any of developmental benefits stadia were claimed to bring. Once again diverting billions of dollars that could have been used to actually help the Brazilian people

The most expensive stadium from the World Cup 2014 was Estádio Nacional Mané Garrincha in Brasilia which cost US$ 550 million to build (Garcia-Navaro, 2015). It has been running at a loss since the end of the World Cup. Without a professional football team within the city it is going to be near impossible to meet its US$ 2.1 million a year sustainability costs (Deutsche Welle, 2016). It currently serves as a parking lot for municipal buses and offices for the local government (Waldron, 2014).

The Arena Corinthians in Sao Paulo home to local team Corinthians was completed 10 months after the World Cup had come and gone (Manfred, 2015). Attendance at this
stadium is steadily on the rise, however, earnings from ticket sales are still being used by the club to pay of the price of building the stadium (Manfred, 2015). The Arena Pantanal in Cuiabá which cost US$ 215 million has become home to the homeless who have been living in empty locker rooms (Manfred, 2015). Further issues such as roof leaks and faulty air conditioning led to its closure in 2015.

Even Brazil’s flagship stadium for the World Cup, Maracanã, has had to resort to creative ways of making the stadium more sustainable. Maracanã is home to three top tier and one second division club, nonetheless it still runs at a loss (Deutsche Welle, 2016). With only about 20000 thousand spectators at top tier games because tickets are simply too expensive, it has turned to hosting differing kinds of events (Deutsche Welle, 2016). The stadium now hosts corporate events such as conferences, meetings, product launches, team building and company holiday parties (Oderbrecht, 2015). It goes on further to cater to social events too such as birthday parties, marriage ceremonies, bar mitzvahs and picnics too (Oderbrecht, 2015). This shows the lengths municipalities have to go to offset the cost of the stadia around Brazil which they still do not reach.

As was seen in South Africa, there are also instances of obscure World Cups arenas too. The Arena Amazonia is a Brazilian example of remote white elephant stadia. Costing US$ 300 million, it is located in the middle of the Amazon rainforest in the city of Manaus that is only accessible by boat or plane (Manfried, 2015). This city also does not have a resident football team, and local football teams find it too costly to use. The stadium in Manaus was incredibly wasteful by the Brazil government, and the feeble justification of bringing the World Cup to the city is not good enough when the city’s inhabitants are struggling. To show just how unreasonable Arena Amazonia was, it holds 44,500 fans. This is significant as this is higher than the total number of spectators who attended league matches in the city for the whole of 2009, showing how underused the stadium will continue
to be (Pearson, 2014). Its isolation and inaccessibility also deters other events from travelling to the city as it is situated far away from the more populated areas of Brazil (Pearson, 2014). The spending on this World Cup stadium in particular could have gone a long way in building roads to and from the city of Manuas if the public had deemed it a priority.

Having briefly touched on the importance of accessibility and roads this next section with addressed the wider supporting structures of the World Cup involving mobility.

4.3.5. Transport

Transport is a crucial aspect in hosting MSEs. It is integral to the flow and uninterrupted procedure of World Cups, hence why it is one of the more straightforward conditions governments have to guarantee. The highest level of administrative assistance such as telecommunications, efficient transportation as well as priority access to motorways and security must be provided for the World Cup and FIFA officials, ensuring the smooth running of the event (South Africa 2010 Bid Company 2003:Chapter 4.4).

Both South Africa and Brazil had major infrastructural overhauls to their transportation network for their respective World Cups. This included upgrades in the road and rail infrastructure, the building of new airports as well as the provision of new bus systems.

In South Africa the cost of transportation networks totalled US$ 1.7 billion (South African Ministry of Finance, 2010). The Ministry of Finance (2010) asserts that this was necessary spending and further justified as such upgrades coincided with the government’s plans to improve urban mobility across the country. This resulted in the purchase of 1,400 luxury buses, construction of bus rapid transit (Rea Vaya) projects in major cities, highway and road upgrades and the completion of the state of the art Gautrain fast rail network (was not a specific World Cup project) (South African Ministry of Finance, 2010). These
investments are indeed beneficial for cities and their people, for the obvious reason of increasing the speed at which one can get from point A to point B. In a business sense this could mean a quicker way in which commerce could take place and may also mean the integration of markets that may not have been as easily accessible due to time and distance obstacles.

However, these improvements did have their criticisms especially that of the Gautrain. Desai and Vahed (2010) repeat the numerous issues stated by the Congress of South African Trade Unions (COSATU) in opposition to the project. They state that the billions used to build the Gautrian (US$1.8 billion to be exact) serves the rich elite instead of improving the transport system for the poor majority. This is true as the Gautrain can cost users up to five times more than was advertised and is simply too expensive for those who really do suffer from transport problems such as South Africa’s poorest often travelling from places like Soweto and Diepsloot (Vavi, 2006).

Brazil had major short comings in its transport infrastructure too. Its transport system was described as inefficient, outdated and unsafe with more than 50,000 people dying in traffic accidents in 2013 (Gaffney, 2014). Rio de Janeiro could not meet the required demand in terms of transport volume and quality service. Partly to blame was an inadequate subway network with only two routes, and no subway connection to important suburbs with particular significance for tourism (Konrad Adenauer Stiftung, 2011:34). Therefore, the number of travellers by road increased, leading to more traffic jams.

The World Cup provided a necessary push for the government to improve the transport system, as it quite clearly would not have been able to handle transporting thousands of football fans. Great plans were laid down to improve the passenger rail system linking the airports to the inner city and surrounding suburbs. Long overdue upgrades to
airports were implemented too with the opening of new terminals in Brasilia and Sao Paulo (Boadle, 2014).

These initiatives would have a more direct impact on the developmental agenda of Brazil, as the transport sector was so lacking. This is one of the instances where one of the tangible legacies of the World Cup could have indeed been beneficial for the average citizen somewhat softening the US$ 6 billion blow in which Brazil spent on transport (Statista, 2016).

Unfortunately for Brazil, a large number of these improvements to transport infrastructure were either not followed through on or unfinished. Boadle (2014) reports a total of one fifth of projects were dropped on the basis that they would not be completed on time. For instance, a large amount of capital was invested in Brazil’s state of the art airports. Despite such investment the country’s main airport, Sao Paulo’s International Airport of Guarulhos, continues to operate under occupancy rates (112% in 2014) (Cardoso, Fleury & Malaia, 2013:189). Another example was to be Latin America's first bullet train, a US$ 16 billion high-speed rail service linking Rio de Janeiro and Sao Paulo. Unfortunately this did not even make it out of the conception stage (SABC, 2014). This shows a lack of planning on the part of the host nation and its respective LOC.

The measures implemented to try speed up the completion of the public works allowed for incidents of corruption under “exceptionality status” as mentioned earlier. The bodies responsible for carrying out these large scale projects under major time constraints showed little transparency in estimating budgets and costs leading to over pricing (Gaffney, 2014). These examples illustrate a great missed opportunity by the Brazilian government to improve the country’s long term urban mobility shortcomings. The failure to do so served to further aggravate an already disgruntled populace at the subsequent bus fare hikes,
culminating in massive protests in 2013 to be discussed under the Social impacts section (SABC, 2014).

4.4. Overall Cost

Based on reports of the FIFA World Cup 2010 it is calculated that in total South Africa’s expenditure added up to a staggering US$ 7 billion (Konrad Adenauer Stiftung, 2011:31). The investments the country had banked on to generate revenue from the event had minimal returns, especially ticket sales and tourism did not meet their expectations. This led to the tournament as a whole garnering a loss of US$ 6.6 billion stated by (Konrad Adenauer Stiftung, 2011:31).

Brazil went on to double South Africa’s tally, spending US$ 14 billion, and making the FIFA World Cup 2014 the most expensive thus far (Gaffney, 2014). The World Cup in Brazil cost more than South Africa 2010 and Germany 2006 combined (Gaffney, 2014). The overall numerical gains or losses Brazil made are yet to be published. However, from the economic data discussed above, one would not be entirely incorrect in assuming these figures will not be in Brazil’s favour in comparison to how much was spent preparing for the event.

It must be noted that the World Cups did bring some positive change for their respective hosts. However, as the economic indicators and vast sums of money spent show, these MSEs in the two BRICS nations economically brought high costs with little or extremely low rewards (Baumann & Matheson, 2013:18). These countries still have socio-economic challenges that could have been chipped away through the capital spent on the events, which makes them difficult to be viewed as nothing other than a loss.

As the economic undertakings and consequences on the hosts South Africa and Brazil have been examined. The next section of this report which will unpack the political and social impacts of World Cups that are often the result of economically weighted choices.
Chapter Five

Political and Social Developmental Impacts

5.1. Political Impacts

MSEs have the potential to influence the political landscape or agenda on both a local and global scale. The less mentioned political impacts of World Cups are often overshadowed by the vast sums of money or economic goals of the MSE as well as the excitement and euphoria surrounding the event. There is indeed a political aspect to World Cup relating to soft power (image portrayal) as well as consolidating political legitimacy in host countries too. Cornelissen (2004:1293) has rightly described the World Cup as a political commodity with football and politics being intertwined. This is especially true on an international level, from the various diplomatic measures during bidding and production made possible by extensive state bargaining, leveraging and negotiating, establishing political ties or loyalties.

This chapter will begin by examining the political impacts on a global level. This basically entails the lengths hosts go to improve their international image and consequently their international standing through the concept of soft power which is deemed of great importance to emerging states. The report will then take a more introspective approach highlighting the way in which sovereignty is then cast away by the governments attempting to meet FIFA’s demands. The chapter will go on further in illustrating the extent to which FIFA challenges sovereignty by its strong arming of states to change legislation in its favour (Van Wyk, 2008:2). These political impacts will be explored in the lead up to the social impacts.
5.1.1. International Image

Foreign Policy is defined as the sum total of all activities by which international actors, act, react and interact with the environment beyond their national borders (Vale & Mpaisha, 1999:89). Over recent years emerging countries have begun to improve their global image and foreign policy goals by means of the influence and reach of MSEs. This is the reason why many BRICS nations have hosted the world biggest MSEs over the past few years.

One major advantage WC promoter’s use in pitching the event is that it bodes well in putting the host on the global map, while leading to higher levels of tourism, trade, and investment (Matheson, 2006:8). FIFA is of the same opinion by stating the FIFA World Cup is the most-watched event and helps in not only improving the image of the game, but improving that of the states, governments and national stakeholders too (Bid Collateral Brochure, 2010:1).“It is an excellent opportunity for associations to invigorate partnerships with sponsors, media outlets and broadcasters, as well as presenting a country to FIFA’s worldwide television audiences.” (Bid Collateral Brochure, 2010:2).

However, the benefit of international exposure is intangible. Therefore, it cannot be represented by a measurable value making it somewhat ambiguous as to whether it is actually advantageous. Although intangible, the stakes for hosts remain just as high with supporters who visit the country and on enjoying the event either prolonging their stay or returning to the country in future. (SRSA, 2010:24). The same opinion is also carried in the economic sector as host governments believe, by hosting an incident free World Cup, the nation will be perceived as an attractive new market of investment, foreign headquarters or manufacturing base (Matheson, 2006:8).

Black (2007:263) asserts that the underlying imperative for developing nations to compete to host MSEs is to “…signal developmental advances or arrival.” In the case of
both South Africa and Brazil, the information presented below will emphasize the “signalling impulse” that is behind the respective World Cups attempting to assert the image of both nations as leaders in their continents.

Marx (2004:14) encapsulates the term image as not how states are viewed at the present moment, but essentially how they would like to be observed after the event. For example, Germany in hosting the 2006 FIFA World Cup sought to change how it was identified by the global community. Its troubled history of war and the Nazi regime did not help sentiment towards Germany, worsened by Germans themselves being depicted as cold, unwelcoming individuals (Maennig and du Plessis, 2007:578). The slogan “Die Welt zu Gast bei Freunden” translating to “A time to make friends” was the image Germany wanted to and did achieve in showcasing the country as warm and friendly (The Telegraph, 2006). This may have gone a long way in improving its relations with neighbouring countries too.

In terms of BRICS countries the image they were seeking is depicted perfectly by (Dowse, 2011:6) stating:

“to project images of cosmopolitanism, modernity, efficiency and capacity to the global community. It was hoped that this would replace existing perceptions of underdevelopment, poverty, mismanagement and incapacity…”

This is essentially why billions of dollars are spent by hosts in building new stadia, improving infrastructure, evicting the poor from central urban areas to outlying regions out of sight of those attending the World Cup. Such actions are carried out as a way for the world to view hosts as developed, attractive nations hopefully drawing in future foreign direct investment and commerce.

The importance of image relates to the concept of soft power. Linked to the theorist Joseph Nye, soft power captures the way in which states use the power of attraction instead of the more realist dispensation of coercion or force in achieving foreign and domestic policy
aims and cooperation (Nye, 2008:99). Tools of soft power happen to be MSEs like FIFA World Cups that captivate billions at the same time marketing the specific host nation to the World.

As has been stated before, the international political economy is indeed a struggle for power, with the more normative discourses especially from the realist and neorealist perspectives emphasizing the use of force in the pursuit of achieving ones goals and increasing its share of power (Keohane, 1989: 39). However, power politics has evolved over time with emerging nations competing for new power resources with the view that if a state is given enough effective soft power they would in turn receive voluntary cooperation from states (Nye, 1990: 181). This is especially the case for nations that are not powerful enough to coerce other states but not so weak to the point that they are overlooked entirely. South Africa and Brazil are to an extent vindicated by using soft power through their respective World Cups (Marx, 2004:6).

The importance of soft power in South Africa was evidenced through statements about the World Cup:

“The vision of the 2010 OC was achieved through the 2010 FIFA World Cup. This also led to a strengthening of the images of both South Africa and Africa, the promotion of new partnerships with other world powers and the staging of a unique and memorable event.”

- SRSA (2010:8)

The Brazil World Cup was spoken of in similar undertones as former Brazilian President Luis Inacio Lula da Silva lobbied for the World Cup for the sake of showing the world how much of a superpower Brazil can be (Antunes, 2014).

Although difficult to measure, opinions of South Africa improved in the aftermath of the of World Cup as the event ran relatively smoothly with supporters being satisfied with the hospitality and security with two-thirds of surveyed tourists stating they would visit in future
The same is true for Brazil as it projected its image as competitive and innovative in the global industry with undeniable potential. This served positively for Brazil’s brand and was an adequate start towards the Olympics in 2016 (Cardoso, Fleury & Malaia, 2013:189).

However, in the case of South Africa there may have been a bit more pressure. Not only did it hold the weight of its people’s dreams and aspirations, but that of the whole of Africa too. Essentially, this ties into the South Africa’s foreign policy agenda of “African Renaissance” (Magadla, 2011). The expectations grew from local to international to regional as the World Cup was viewed as a tool of restoring Africa’s rightful place on the global stage as well as improving ties between African states (Dowse, 2011:6). This relates to the “goodwill” FIFA speaks of in the benefits of bidding for the World Cup as exemplified by South Africa inviting all African heads of state to both the opening and closing of the event. (Dowse, 20111:13).

On the flipside of the coin there could be a great deal of resentment towards South Africa through its hosting the event. African states may have felt aggrieved that a US$ 3.1 million loan was given to South Africa by the African Development Bank to start upgrades to its infrastructure ahead of 2010. Arguments could have been that there were more deserving or poverty stricken countries in need of such capital (Pillay, 2005). This is related to South Africa being viewed as a Trojan horse of the west and pursuing its own national interests, ostracizing in Africa (McGowan & Ahwireng-Obeng, 1998:169). The situation becomes problematic for South Africa when one examines the country’s significant trade, economic and political power in Africa, as well as its implementation of neo-liberal economic policies which are Western orientated. The result is that the country is further perceived as ‘the North’ among ‘the South’ rather than a real Southern ally (Karolia, 2012).
5.1.2. Domestic Image

The internal political landscape is also affected by the hosting the World Cup. Local governments in both nations twist hosting such an event in their favour to increase approval ratings (Riegel, 2010:57). As mentioned earlier, South Africa and Brazil still struggle with high rates of unemployment, poverty and lack of basic services. The World Cups are then used as a tool in making false promises, almost appeasing the disgruntled sections of the population through excitement and distraction (RSA 2008:1).

The events were used as a policy tool in showing voters that government was hearing their calls for more job opportunities and services, essentially winning “the hearts and minds of people” (Cornelissen 2004:1297). The South African ANC (African National Congress) led government sought to consolidate power through the World Cup, whereas in Brazil President Dilma Rousseff was battling re-election and needed a successful World Cup to improve her campaign (Watts, 2014). However, the Brazilians were not distracted by the spectacle of the event as the South Africans were. This was seen by the greater number of social movements in opposition to the event as will be discussed under the social impacts section.

Furthermore, Bond (2010) highlights the opportunity of corruption taking place in the political sphere too. Government officials are on the receiving end of bribes, fraud and extortion with worst case scenarios of assassinations taking place related to the World Cup. In 2009 South African police were investigating the killings of several provincial politicians, with two or more assassinations of honest politicians who criticised World Cup 2010 contracts in Mbombela. (Konrad Adenauer Stiftung, 2011:58). The Brazilian government in 2014 was caught red handed along with construction companies and businesses bribing high-ranking officials of the state oil company Petrobras as well as politicians, in return for World Cup contracts (Atradius, 2015:8). These examples along with the misallocation of capital and
ineffective intervention by government worsen conditions for the people, fuelling a sense of injustice and consequent massive protest action in Brazil 2013 and continuing throughout the duration of the World Cup (Atradius, 2015:9).

The lack of accountability by government can thus be linked to the legislation and how autonomy was handed to FIFA during World Cups as this next will examine.

5.1.3. Legislation

The state is regarded the principal actor on the international stage and being sovereign is critical in enabling it to act as its own autonomous entity (Baylis, Smith & Owens 2010:119). Sovereignty, which is loosely defined as the supreme legal authority or unchallengeable political power a country possesses within its borders, is still regarded by many countries as a global covenant regardless of developmental or ideological differences (Heywood, 2007:458).

However, FIFA challenges sovereignty by requiring states to comply with specific legal standards enclosed under government guarantees (Van Wyk, 2008:2). The magnitude and potential of hosting WCs has given FIFA the power to strong arm host governments into altering rule of law. This shifts the accountability the state previously held giving it to FIFA, placing FIFA’s interests above its own. Van Wyk (2008) and The National Coalition Of Local Committees For A People’s World Cup and Olympics (2012:7) go as far as stating that FIFA through their coerced government guarantees is unconstitutional and in breach of general laws in host countries.

“…an external and undemocratic organisation such as FIFA was able to override the constitutional rights of ordinary citizens and strong-arm elected officials…into making concessions on taxing while demanding spending illustrates the democratic deficit...”

(Sylvester & Harju, 2010).
FIFA demonstrates undemocratic tendencies by pressuring states into a highly unusual waiving of a fundamental right of government (Creamer, 2010). The host government becomes a guarantor of capital accumulation fulfilling FIFA’s and its commercial partner’s financial greed. FIFA has repeatedly been accused of undemocratic practices. Unfortunately, not much can be done when metaphorically the hosts willing agree to sign their souls over to FIFA (Sylvester & Harju, 2010).

The mentioning of a democratic deficit could be viewed in 2 ways as governments hand over the fate of their people to FIFA during the event without much consultation on their part. The second being the political decision-making regarding World Cup related issues. These just as the economic decisions discussed earlier are dominated by one voice being FIFA’s (Pollock, 2010).

The justice system was also altered in the case of South Africa 2010. FIFA demanded that the state set up and fund special FIFA World Cup courts. The primary objective of the Administration of Justice project was to fast track all criminal matters issuing from the 2009/2010 events (SRSA, 2010:93). This meant cases were dealt with faster, especially where foreigners were involved, either as complainants, witnesses or as the accused (SRSA, 2010:93). However, significant benefits of these courts are yet to be clearly seen and regrettably there were also concerns of civil offences being interpreted as criminal leading to severe sentences for minimal transgressions (Hyde, 2010).

General laws were further broken in Brazil as there was a ban on classes in the public and private school systems during the 2014, violating the right to education (The National Coalition of Local Committees for A People’s World Cup and Olympics, 2012:7). The Brazilian government went further by loosening labour conditions for citizens especially when Brazil was playing. Banks only had to be operational for at least 4 hours a day, other municipalities within Brazil granted citizens “liberal leave” which was essentially a public
holiday if the city was hosting a game that day (Alves, 2014). Half days were also permitted in cities such as Rio de Janeiro, Belo Horizonte and Recife, obviously affecting the output during the month of the event.

Lastly, FIFA went as far as overruling laws that were established 13 years ago to protect the people of Brazil regarding fan violence. FIFA demanded the overruling of a previous ban of alcohol within stadia (BBC, 2012). This was nicknamed the “Budweiser Bill” on behalf of FIFA’s main "official beer" sponsor since 1986, Budweiser. The alcohol ban was instated due to the increased violence that would occur (BBC, 2012). When former FIFA General Secretary Jerome Valcke was questioned about the organizations decision he stated: “Alcoholic drinks are part of the FIFA World Cup, so we’re going to have them. Excuse me if I sound a bit arrogant but that’s something we won’t negotiate” (BBC, 2012).

Such a move by FIFA raised the issue of putting its own and sponsors interests above the hosts and the safety of its people in the name of profit. It will be interesting to see how FIFA goes about working with the next hosts being Russia and especially Qatar as it is an Islamic state that has strict rules against the sale of alcohol (Oleaga, 2014).

The alterations in legislation, the strict adherence to FIFA at the cost of a state’s autonomy and sovereignty is a revealing manifestation. It illustrates the length at which these hosts are willing to go to please FIFA and its sponsors. It also raises questions as to where in the hierarchy of needs or importance these respective governments place themselves and their people. The changes in legislation affect the citizens directly or indirectly from the tax exemption which is a lost source of government income that could be used to help in service delivery, the overspending on the event draining capital raised through public funds and even more so with the limitations of individual freedoms to the exclusions such as the ruling against schools, to the safety of personnel at games through the selling of alcohol on the grounds.
The National Coalition of Local Committees for a People’s World Cup and Olympics (2012:7) would not be incorrect for referring to the World Cup as unconstitutional. In essence the power is clearly in FIFA’s hands and not the hosts. This imbalance of power strongly leans in FIFA’s favour and results in the host’s developmental needs not being adequately taken into consideration.

As the next section will show, social conditions are also impacted by the World Cup.

5.2. Social Impacts

In the lead up to the FIFA World Cup, promoters promised long lasting social benefits such as poverty alleviation and improved job creation. However, having examined the economic and political impacts the indications for World Cups being beneficial are not in FIFA’s favour. FIFA still stands by its stance that these MSEs are indeed positive by stating that these events increase civic pride and community empowerment (Bid Collateral Brochure, 2010:3). It is further believed that World Cups help in breaking down social barriers to participation and high performance of previously neglected minority groups. Through the help of social development projects such as “Say No To Racism” and “20 centres’ for 2010” campaigns (Bid Collateral Brochure, 2010:3).

These campaigns often use successful players as role models to encourage people whether young or old towards positive change through football by promoting healthier lifestyles. Therefore, this next section will illustrate that FIFA does help improve some social conditions in communities, but it will also illuminate the numerous social grievances attributed to hosting the World Cup even outweighing the positives.
5.2.1. Employment

Job creation was a large selling point of both World Cups. It seemed to be a justification for the massive spending on construction of stadiums through the beneficial skills locals would inherit from being part of the composition of the events. There were numerous estimations of the number of jobs that would be created from the event with the approximations being at more than 400000 jobs for South Africa (SRSA, 2010:84). Not even half of that estimation was met with only 130000 jobs being created (Gibson, 2010).

Even though the estimates from the Brazilian Federal Government from data conducted by the Economic Research Institute Foundation (FIPE) stated that the World Cup is expected to make about 1 million jobs (World Cup Portal, 2014), statistics in Brazil served for no better reading either as Forbes Journalist Jeff Fick (2014) reports:

“The 2014 FIFA World Cup hasn’t turned out to be the big job boost that Brazil’s government thought…Although it is hard to measure precisely, the 12 cities hosting the ongoing soccer tournament all have fewer net jobs in the January to May period this year (2014) than they did in 2010.”

Furthermore, for South Africans and Brazilians the construction jobs only provided temporary employment and created a false sense of national economic improvement. As these jobs were temporary, most of them would have disappeared after the projects were completed. It must be noted that these jobs do indeed benefit the poorest as there is a small cash injection from the construction with the hope that there is a significant transfer of skills to help employability in the future (Konrad Adenauer Stiftung, 2011:58). This is a good example of how World Cups are dualistic in nature as they provide employment and the transfer of skills, but in the same breath the job is probably lost as the construction jobs are temporary. The resultant job losses and unconvincing employment figures from both South Africa and Brazil bring into question the reliability of consulting firms such as Grant
Thorton. Such firms may have miscalculated employment figures not factoring into account the phenomenon that is taking place in the real economy termed “jobless growth” which means that despite an increase in GDP, job creation falls (Cottle, 2010:6).

5.2.2. Informal Sector and Evictions

In keeping with employment, the informal sector was adversely affected by the hosting of World Cups. The concept of the informal sector is established from a study by Keith Hart in the 1970s, in the context of the developing world. He defined informality simply as “self employment” (Gerxhani, 2003:267; Bromley, 1990:335). While in earlier studies the informal sector was seen as a marginal activity, it is now considered a central aspect of economic and social dynamics, especially in emerging countries such as South Africa and Brazil (Gerxhani, 2003:268).

Employment in the informal sector affects those who partake by choice, by necessity and by tradition outside of those that involve contractual and legally regulated employment. This leads to numerous instances of tax evasion, resulting in substantial errors in measuring the gross national product (GNP) as well as unreported income small-scale operations and unregistered or unlicensed activities (Chen, et al, 2005). Most importantly, in the context of emerging or developing nations is the social aspect of the informal sector. Citizens engage in the informal economy out of survival, as such individuals are unable to secure regular formal or wage based employment of their choice and have to turn to the informal economy that generates some sort of income although minimal (Gerxhani, 2003:276).

During the World Cup, FIFA’s demands greatly infringe upon the informal sector. Informal traders are the most affected as they look to capitalize on the wave of incoming tourists willing to spend money at the event. In South Africa exclusion issues were opposed by StreetNet International (Union of informal traders). This coalition worked towards
lobbying with host cities and government to ensure their homes and livelihood would not be impeded (Nadvi, 2008: 43). Unfortunately, this fell on deaf ears as extra police evicted street traders and vendors, a community constituting a significant portion of the city’s informal economy, away from their customer base. The reasoning for this being, to improve the appearance of host cities in South Africa known as the Slum Clearance Programme (SCP), packaged by the governments under the guise of urban renewal (Nadvi, 2008: 43).

FIFA (2014:3) counters these claims by stating that it “works hard to ensure that street traders are part of the World Cup.” They justify the two km radius of exclusion zones as a security measure. They then go on to state that street traders already working around the stadiums were registered and are therefore able to work close to the stadiums and the FIFA Fan Fests (FIFA, 2014:3). What FIFA does not mention is that to be registered, these traders have to pay FIFA for their licenses to trade which many of these informal traders cannot afford. Acquiring a trading permit from FIFA also entails the rent charges (paid to FIFA) attached to it which are very expensive (Nadvi, 2008:43). Informal traders also receive special training, a uniform and accreditation allowing them to sell authorised products from FIFA. One could argue, this brings such commerce out of the informal category into that of the formal. However, acquiring trading permits for some traders could be entirely out of reach as they could be migrants in which applying for trading licenses may not be an option as they do not possess the adequate paperwork.

The violation of the rights of individuals through the exclusion and eviction of the poorest individuals is carried out to improve aesthetics and supposedly create public order. In some instances even the wealthy in host nations are affected by evictions. These are evictions of a different kind. For instance, wealthier classes were relocated from local hospitals as designated hospitals by FIFA had to keep their wards half empty throughout the tournament (Sunday Times, 2010). The results of this if not carried out cautiously could be fatal for long
term patients with chronic illness. Therefore, across the board citizens in host nations regardless of class are not immune to the threat of evictions in one form or another.

Total figures of evictions in South Africa and Brazil are hard to come by due to the unofficial nature of the living conditions of these individuals. It is believed that thousands of individuals or squatters were invicted from derelict buildings in Johannesurg due to health and security hazards. This was worsened by the 20000 residents removed from the Joe Slovo informal settlement in Cape Town to impoverished areas at the city’s edge prior to the FIFA 2010 South Africa World Cup (Tissington, 2009).

Estimates before the Brazil 2014 World Cup were not looking promising either with 170000 people expected to be displaced as a result of large scale projects in preparation for the World Cup (The National Coalition of Local Committees for a People’s World Cup and Olympics, 2012:8). By 2014 Amnesty International had claimed that since 2009 approximately 30000 families in and round Rio de Janeiro had been forced out of their homes placing the overall tally in 2013 at 170000 people countrywide (Atkins, 2013). Such occurrences violate these citizens right to land under the federal constitution of Brazil (Atkins, 2013). The evictions are worsened by the manner in which they occur and the provisions of relocation to areas far away from work compared to where they had previously lived. Furthermore, the reparations or lump sum payment given to them often is not adequate in paying for their new living quarters, that is if they get reparations to begin with (Waldron, 2014).

The evictions had greater social repurcussions such as protests and blockades that will be discussed further below, however the next part of this section in relation to evictions will address the manner in which this took place being the repression by local authorities.
5.2.3. Repression

“Our poorest are only remembered when it comes to policing and repressive policies that further criminalize and penalize poverty.” (The National Coalition of Local Committees for a People’s World Cup and Olympics 2012:7).

Security remains a matter of serious concern at World Cups. Governments dedicate a large sum of their budgets to beef up their security and policing forces which in some instances lead to repression of the citizens they are supposed to protect (Greeff, 2008:14). Crime and domestic insurgency were two major concerns in these specific cases of World Cups. The South African government made extra provisions in terms of security, resulting in 40000 new police officers, with reservist police officers doubling to 100000 (SRSA, 2010:174). Similar provisions were made in Brazil where 47000 more officers were scheduled to work and private security companies thriving too with American private security firm Academi – formerly known as Blackwater – training military and federal police for 2014 (Parkin, 2014).

In South Africa armed robberies, carjackings, burglaries and in the worst cases murder are the major crimes committed, raising its crime rate to one if not the highest in the world (The Centre for the Study of Violence and Reconciliation, 2007). In the poorest areas of Brazil the influence of drug gangs or armed militia groups, creates a state-free zone where the population is unprotected. Here there is little or no state influence on security and service delivery, which is especially the case in the favelas (Konrad Adenauer Stiftung, 2011:92). A large contingent of crime in Rio de Janeiro can be attributed to such groups.

Initially, the increase of police officers is positive as instances of crime decrease. However, if there is over compensation by the police and security forces, suppression of the populace occurs (Speri, 2014). This was the case in Brazil with the introduction of the special police peacekeeping units (‘Unidades Policiais Pacificadoras’ – UPP) or “Pacification
Programme”, resulting in the largest police crackdown and surveillance aimed at taking back control of the slums by gangs (Speri, 2014). The often violent repression was most often directed in the poorest areas. It was characterized by invasion of residences, searches without warrants, humiliating body searches, curfews, special arbitrary rules violating residents’ rights to come and go, freedom of expression, and assembly being denounced (Contra A Copa, 2014). The resedients of affected communities living within the favelas were all treated as suspected criminals. Security officials’ state, that the over committed efforts are not a reaction to the World Cup. However, the public viewed it as such and rightly so as this is yet another instance where hosts attempt to please FIFA at the expense of their own people.

Cleonice Dias, a community leader in the Cidade de Deus, which has been under UPP, complains:

“Those of us who are from the community know that the UPP is linked to satisfying the people of Rio de Janeiro and Brazil, and showing that the State has control over the communities. They want to say that there will be security because we, the poor, will be controlled, and all the investments for the mega-events can come freely.” (The National Coalition of Local Committees for a People’s World Cup and Olympics, 2012:32).

This is not to say that during MSEs crime and anarchy should be rampant, but when the poorest individuals already have little as is, it is unjust to repress them further, breading further insecurity from the demeaning acts by the police. This is made worse when the clashes with civilians result in deaths too. Trigger happy elite police units kill 1300 a year mostly poor or black (Contra A Copa, 2014). Disappearances are also commonplace such as Amarildo de Souza whose disappearance was blamed on the police and was a catalyst for the protest action that would later sweep across Brazil in the lead up to the World Cup (Waldron, 2014).
5.2.4. Strike Action and Protests

In addition to repressive police action, strike action did take place before each of the World Cups, but was more prevalent in Brazil. The Brazilians were more attuned to the grievances on the ground and not blinded by the hype of the World Cup itself. The majority of the strikes that took place in South Africa were carried out by aggrieved construction workers who got the short end of the stick in terms of wages.

In the lead up to FIFA World Cup 2010 the most dissatisfied individuals were the construction workers. Cottle (2010:10) highlights the strides made by this group of people through the 26 strikes that occurred in South Africa. These strikes took place as a result of the highly unfavourable working conditions faced. The low wages, lack of adequate health and safety measures at project sites led to action being taken, facilitated by the National Union of Mine Workers (NUM) and the Building Construction and Allied Workers Union (BCAWU) (Cottle, 2010:25).

This culminated in a 70000 people strong, eight day nationwide construction workers strike in 2009 bringing all progress to a halt (Taal, 2010). The strike did succeed in slightly raising the workers menial salaries by 12% to about $183 dollars a month but at the other end of the spectrum the heads of the most prominent construction companies earn millions annually and so do their firms in the billions (Taal, 2010). Looking at CEO’s total remuneration in the South African context, including benefits and bonuses, the average pay of each of these individuals, has risen by over 200% from R 2.9million in 2004 to R 8.9 million in 2009. It will take a general worker 285 years to earn what a construction company chief executive earns in one year (Taal, 2010).

In Brazil the conditions for workers were slightly better in terms of earnings as a survey of workers' wages commissioned by the Interunion Statistics and Social Studies Department (DIEESE) of the International Wood and Construction Workers’ Federation
(ICM) revealed that construction workers at World Cup building sites earned at least USD $377 and at most USD $520 (De Paula, 2014:4). However, this did not please the Brazilian workers as shown by the 26 strikes that took place demanding the overtime pay and premium rates guaranteed by Brazil's labour laws.

The protest action was also a reaction to the increasing prices of goods and services as a result of World Cup preparations. Initially the unrest was small as individuals were protesting against an increase in bus fares of about 20 centavos (at the time, nine American cents) in June 2013 (The Economist, 2014). This then escalated into massive violent anti-government protests breaking out, illustrating how the World Cup uncovered the country's endemic poverty and social issues which had long been ignored. The dissatisfaction was on the basis of the lack of public services, corruption, the increasing cost of living as well as the lack of poverty reduction and increasing police brutality (Contra A Copa, 2014). In some instances the police joined the strike action as they were unhappy about their pay along with bus drivers (Speri, 2014). The public outrage bridged wide class differences too as the college educated middle class that often shied away from activism began to protest alongside those from the favelas with the common enemy being FIFA (Contra a Copa, 2014).

Protest action was further aggravated in São Paulo where at least 15000 homeless people blocked one of the city’s main thoroughfares at rush hour, clogging already congested streets in the biggest single protest (The Economist, 2014). This intensified as more homeless people began setting up camp near the São Paulo stadium, set to hold the Cup’s opening game. The camp, which the families named 'The People's Cup,' impeded traffic to the games and served as a reminder to tourists and locals alike of the suffering of Brazil's poor populations.

The protests did dwindle in the year of the World Cup as the direct violence and the presence of 100000 policemen and 57000 soldiers enlisted to keep the peace during the
football championship deterred many protesters along with the reality of legal prosecution (Hershaw, 2014). Givanildo Manoel, a member of the Popular Committee for the World Cup in São Paulo, told VICE News (2014)

“The police repression leading up to the World Cup was simply too much for most protesters, the legal and direct repression of protesters had the effect of shrinking our movements. That is what they wanted.”

The government of Brazil, determined to crush these movements, restructured its legal framework pertaining to antiterrorism statutes. This essentially outlawed protest action as an act of terrorism, even though Brazil has never experienced an actual terrorist attack (Bessi & Santiago Navarro, 2015). On August 13, the chamber of deputies approved an antiterrorism bill submitted by President Dilma Rousseff without any debate. Basically this law stated arson and sabotage of transportation or of any public property, such as computer systems or communications media operations, are considered acts of terrorism, punishable by up to thirty years in prison (Bessi & Santiago Navarro, 2015).

Some of the actions included under the bill related to occurrences in social movements and protests, highlighting the difficulty of categorizing “terroristic conduct” in general while avoiding falling into the trap of criminalizing social protest and of the relativization of democratic procedures. By criminalizing the social struggle on such broad terms, activists raised concerns over there being no limits to its general categorization of terrorist acts hence infringing on the citizens rights (Bessi & Santiago Navarro, 2015). Essentially this left the use of the broad term terrorist acts a lot of room for individual interpretation.
5.2.5. Civic Pride, Unity and Xenophobia

In spite of the negative connotations highlighted above the South African government stand by the opinion that the event did reinforce social cohesion including cultural diversity, national identity (South African Government News Agency, 2014). They believe it fostered a sense of pride and unity across racial and class divides in a country marred by deep racial discrimination. The South African Sports and Recreation report on FIFA World Cup 2010 further states it left an “intangible legacy” of pride and unity among South Africans and had boosted the country’s image internationally (SRSA, 2013). President Jacob Zuma was stated as saying the billions South Africa that had spent on the World Cup had paid off with improvements to the country’s infrastructure as well as “priceless” social benefits (The Mail & Guardian, 2010).

However, with such claimed positive benefits for social cohesion, what the South African government did not mention is how essentially the World Cup unravelled some of the social fabric within the country revealing further inequalities and injustice against the people at the hands of capitalists as will be shown.

In both South Africa and Brazil as previously discussed, the poor remained poor, unemployment did not significantly improve and social costs and standards worsened for many through exclusions, evictions and suppression. Worst of all cities were left with expensive and oversized stadia, with the proposed aesthetic benefits not reaping any effective economic benefits just a loss of public expenditure.

Immediate reflections of the impact of the World Cup on the intangible goal of nation building as well as image were positive in South Africa with the outpouring of flags and multi-racial composition of stadia audiences based on government reports (SRSA, 2013). This was seen as signs or steps toward the agenda of racial reconciliation and the development of a South African as well as African identity.
However, as the World Cup finals were drawing to a close the cohesive effects of the event had almost immediately disappeared with the spectre of xenophobic attacks on foreign nationals (Cottle, 2010:2). Such occurrences to an extent squandered the goodwill South Africa and its people fought hard to achieve in the lead up to the event. There is great significance linked to the xenophobia outbreak in 2010 and after the World Cup 2010. There are implications that the outbreak may have been misdirected frustration at the government’s failure to deliver basic services, job opportunities and social upliftment to the poor communities as was promised in the bid (Campbell, 2015). The violent xenophobia outbreaks which are even still prevalent in the year 2015 emphasize the magnitude of economic disadvantage that many South Africans continue to face (Campbell, 2015). Extensive media coverage of violent xenophobic attacks with disturbing images of individuals being burnt alive shown across numerous news platforms damaged the image of Africa emerging beyond poverty, hunger and violence to a more hospitable new market which the World Cup sought to achieve was tarnished.

Thankfully, no similar violent occurrences were witnessed in the Brazilian context. This is not to say Brazilians were pleased with the effects of the World Cup either. Daibert (2014) states the cost of living rose and urban mobility did not improve, a large number of families were further impoverished after World Cup stadia and projects evictions too.

Although there are numerous negative social conditions aggravated by the hosting of the World Cups in emerging countries, this is not to say that there were no positive effects. If one is to examine the benefits of the actual game of Football and Sport in general there are indeed benefits of it and FIFA’s involvement at a grassroots level.

“Sport has the power to change the world…it has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand.
Sport can create hope where once there was only despair. It is more powerful than government in breaking down racial barriers.”

-Nelson Mandela (Laureus, 2000)

Football and sport do make strides in attempting to correct societal wrongs to help build a better world. From children playing a game of football in the townships of South Africa to the favelas of Brazil. Football can provide an avenue for individuals to learn skills such as discipline, teamwork, confidence and leadership. At its core football can teaches principles such as tolerance, cooperation and respect, imparting the value of effort and how to manage victory but also how to cope with defeat (Byrne & Byrne, 1993:568). The health benefits must also not be ignored as football or physical exercise in general reduces diseases and chances of obesity.

For those who have not been granted the best opportunities in life, or come from a disadvantaged background, sport then provides healthy alternatives to harmful actions such as drug abuse or involvement in crime. This also correlates with supposed improved academic performance through the engagement in sport (Valente. Jr, 2014:6). Discriminated groups such as women, the disabled and minorities are also empowered through sport.

For example with women, sport has aided in the concept of self-determination which is centered on the belief that a person or each singular living entity, reserves the right to control their own life; in every aspect as well as expression through the channel of sport (Levermore & Budd, 2006:61). This has been a challenge due to the uneven playing ground of gender relations throughout history have been patriarchal.

Such social positives from sport have led to a greater involvement by FIFA and its sponsors in football development programmes at a grassroots level due to their social, educational and cultural values. This is seen through programs in relation to FIFA World Cups such as Football for Hope Programme: Football for Hope is a movement that uses the
The power of the game for positive social change. The “Football for Hope Festivals” at both the 2010 and 2014 World Cups were one of the main social initiatives held over the FWC tournament (Football For Hope Festival, 2014). The 20 Centres for 2010: which aimed to build 20 centres of education, public health and football across Africa with the help of FIFA sponsors Adidas, Coca Cola, Hyundai, Sony, Kia and Visa also contribute to educational and health based initiatives in host countries (SRSA, 2010:86). This was in conjunction with the numerous programmes to construct football fields across both countries helping the younger generation engage more with the game (Football For Hope Festival, 2014). The social and football development programmes do help improve the image of FIFA and its sponsors keeping them from being entirely categorized as a negative influence as a whole.

Essentially, there was only one winner. FIFA is the biggest beneficiary of World Cups which is no surprise. The standardized set of regulations established by its bureaucratized administration carried out proceedings in South Africa and Brazil effectively in maximizing profits. The organization earns billions of dollars through sponsorship or marketing deals, broadcasting rights, ticketing and merchandising commerce related to the event (FIFA, 2014:1).

Both South Africa and Brazil were a huge financial success for FIFA. The 2010 installation of the World Cup was greatly profitable as FIFA closed the (2007-2010) period with a result of USD $631 million increasing its reserves to USD $1,28 billion by the closing of 2010 (Financial Report, 2010:9).

The 2014 World Cup in Brazil was also a major success for the organization. Overall, FIFA recorded a positive result over the financial period (2011-2014) of USD $338 million (Financial Report, 2014:14). Surprisingly, this was less than that in 2010 even though the event in Brazil cost double that of South Africa. However, the greater profit in the in 2010 could largely be attributed to it being the first World Cup in the continent essentially making
it a brand new market for FIFA and its accompinments. Nevertheless, the 2014 World Cup left the organization with reserves at a staggering USD$ 1.5 billion as at 31 December 2014 (Financial Report, 2014:20).

It is then safe to say that it is inconsequential as to what the bids and aspirations of host nation were and how much benefit whether financial, political or social it hoped to gain. At the end of it all, it is the MNCs and predominantly FIFA that are the biggest benefactors. This is supported by Alegi (2001:2) stating the most valuable asset of FIFA is the Soccer World Cup and it will not hand-over the honour of hosting it to just any country if the possibility of profit and economic gain is not seen in the bidding documents. Quite frankly, from the examination of these two cases bidding for the World Cup seems to have become a contest between power seeking governments, and an equally ruthless international sporting organization.

Having unpacked the developmental impacts of FIFA World Cups in South Africa as well as Brazil economically, politically and socially a few crucial components of this paper have consequently been addressed. Points such as, what the demands of hosting a FIFA World Cup entail as well as the lengths hosts went to produce a successful event. However, there is a need to contextualize some of these consequences within the framework of the overarching theory of Neoliberalism which this next chapter will seek to do. Giving these findings a theoretical grounding helps consolidate the opinion that in reality FIFA World Cups are not as beneficial as predicted and serve more as an obstacle to an emerging country’s development. This will be accompanied by existing literature that supports these claims and lays the ground work for the report to look towards future events, predicting whether similar patterns or trends could be repeated and recommendations on how to combat issues faced.
Chapter Six

Summary and Application of Theory

Numerous promises were made to prospective hosts in the lead up to the World Cup. Promises of not just the elation or excitement of the global showpiece, but the world wide exposure and highly anticipated developmental returns (Maennig, 2007). Regrettably, this was not to be as the cases revealed. Neoliberalist policies claiming a more prosperous integrated economic, political and social organization through components such as capitalism did not yield the mutual benefits for all (Castells, 1993). The global flows and uneven power relations seen in the international community were once again perpetuated through the relationship between FIFA and host nations. As a result, the perceived mutual benefits of neoliberalism and World Cups as a whole were not realized.

To reiterate, neoliberalism is the theory of political economic practice, implying prosperity through liberating individual entrepreneurial freedoms and allowing for capital accumulation (Judge et al, 1995:41). An environment for growth is said to be created through various facilitations made by domestic policy of a host state or government. Such procedures are often referred to as a laissez-faire form of self-governance in which individual entities are responsible for their own economic and consequently social conditions (Heywood, 2007:78). This however removes the control of government, reducing its accountability for the welfare and freedom of citizens (Currie, et al, 2001).
6.1. **Entreprenuerial Freedom**

International organizations, sports clubs, franchises and tournaments like the World Cup exemplify neoliberalism through cooperation necessary to make these events possible but also in the wider profit-oriented business interests attached to them. Unfortunately, these business interests came at the expense of the host (Cardoso, Fleury & Malaia, 2013:189). This is the case as FIFA was granted neoliberal entrepreneurial freedom for the duration of both World Cups. The implementation of the tax exemption ensured the transfer of finances without the impediment of taxes, tariffs or duties, minimizing government participation (Leijten, 2010). The tax free zones during the World Cup epitomized neoliberalism and globalization proposed by the theorists Keohane & Nye (2003:49), ensuring the movement of capital and commerce unimpeded through time and space (Harvey & Houle, 1994:341).

FIFA was allowed such freedom through the neoliberal concept of complex interdependence (Keohane and Nye, 1997). Complex interdependence states that entities and their economic success are determined through cooperation with one another that is believed to result in mutual benefit of all involved parties (Currie, I, et al., 2001). To a certain extent mutual benefit did occur as FIFA and its sponsors on the one hand were allowed to engage in commerce tax-free. On the other hand South Africa and Brazil as a result were granted the right to host the prestigious World Cup event.

However, the mutual benefit was not entirely convincing. The tax exemption indeed helped FIFA and its benefactors earn greater sums of money, but this in turn led to the loss of large sums of capital and taxable income for both hosts as the data illustrated. This is significant to note because in the lead up to both World Cups, the importance of these taxes was one of the major selling points of the benefits of MSEs in these emerging countries (Pollock, 2010).
To put it simply, the free market approach that was afforded to FIFA through the
government guarantees wholeheartedly coincided with neoliberalist qualities in terms of the
practice of its policies. However, the rewards or consequences were not that of mutual benefit
as is often stated to be the case as a result of cooperation through neoliberalism. Literature by
sports and IR scholars Levermore and Budd (2004:8) proposes that mutual benefits are a
consequence of having common interests and concerns with other members involved. These
scholars do not however explicitly make mention that through mutual benefit one party, being
FIFA, can clearly overshadow another, being the host, in the hunt for profit, to the point of
manipulating the benefit of hosting a World Cup to be an expense for the host.

The demands FIFA made for itself and partners essentially placed their interests and
needs above the hosts. Neoliberalism in conjunction with the new international labour and
world systems theories reiterates this through the relationship between the periphery, semi-
periphery and the core (Castells, 2000:70). The core in the form of sponsors, private
companies and FIFA were the main beneficiaries of the capitalist neoliberalist policies as
compared to hosts South Africa and Brazil not benefitting as greatly, basically being kept in
the periphery (Graaff, 2003:39).

From this it could be further argued that the conditions under the World Cup mirror
how MNCs pay lower taxation rates or not even pay import tariffs, resulting in the periphery
countries making losses (Castells, 2000:70). This is worsened by the fact that the profits are
repatriated to the MNCs headquarters similar to FIFA’s multinational sponsors (Graaff,
2003:42).

These claims can be associated to one of the criticisms of neoliberalism as the
increase of individual freedom and power to private companies and organizations leads to the
widely promoted benefits being prone to capture by special interest groups in the form of the
core actors (Beacom, 2009:5).
6.2. Self Interests

Too much faith is placed on human nature and the abilities of entities under neoliberalism. Thus the theory fails to see survival and self-interest, underpining decisions made or action taken (Dunne, Kurki & Smith, 2013:77). The overemphasis of human ability and the rational character of entities lead to the theory being unable to account for players seeking self interests and greater returns at the expense other involved parties.

Privately owned construction companies illustrate the anticipated benefits being captured by special interest groups (IELA, 2013:5). The fact that construction companies were caught and charged for collusion illustrates the length these companies will go to achieve their profit making goals, even if that entails breaking the law. This illustrates how in actuality stadia construction catered more to the neoliberal goals and aims of companies, as the data showed, at the expense of South African and Brazilian taxpayers (Bid Collateral Brochure, 2010:2).

The fraudulent profit making practices seen by the construction companies highlights another criticism of neoliberalism, being that its practices may lead to and/or perpetuate inequality hindering long term growth (Beacom, 2009:5). Hence the reason new international labour theory and the world systems theory are applicable in this report. This also happens to be one of the times where neoliberalism actually coincides with neorealism as cooperation is made to be highly problematic due to the pressure of self interests (Dunne, Kurki & Smith, 2013:70).

One has to bear in mind that neoliberalism with its free market approach is somewhat facilitated by the hosts resulting in bid rigging and colluding in the name of maximising profit (Sarwar, Siddiqi, & Butt, 2013:80). The neoliberal autonomy given to actors during the World Cup enables such practices which are further made possible with the reduced interference of government in economic activity (Oatley, 2006:362). This point illustrates the
evolution of the international system in general, as similar power shifts away from
government take place in the lead up to and during the World Cup. States which were once
considered the most powerful entities in the international system are now being usurped by
the influence of actors such as FIFA, leading to a loss of accountability provided by the
government as well as autonomy for the host nation.

6.3. Loss of Autonomy

Autonomy is the ability to decide for instance who controls resources or wields
power. Basically it includes the verdicts that governments are authorized to make, how they
make them, and what importance they have as an institution (Judge et al, 1995:41). The
transfer of sovereignty and control away from autonomous governments to MNCs or sporting
organizations that are not answerable to citizens most in need could be argued is a result of
increased cooperation and integration encompassed under neoliberalism and furthermore
globalization (Oatley, 2006:362). In the FIFA World Cup both South Africa and Brazil
surrendered their economic and political autonomy by implementing FIFA’s demands for
more neoliberal market oriented domestic policies (Beacom, 2009:10).

FIFA further went on to erode state control through the political and legislative
changes made to both countries and their respective state bodies leaving them almost
powerless, lacking real autonomy and decision-making ability in any shape or form during
the event (Van Wyk, 2008:2). The transfer of power and reduced state influence during the
World Cup decreased both governments’ ability to help direct the economic activity but it
also relinquished the protection of the poorer citizen’s welfare and their capabilities (Gasper,
2007:336). Such as employment insurance, education, adequate minimum wages, health
benefits and service delivery (Gasper, 2007:336). Therefore, the hope for multi-faceted
development as a result was severely challenged with the large role individual agency sought
to play as well as the overall well-being of citizens being revoked through the reduction of governmental power and influence. As a result of this and as the data showed, significant and lasting development for people that needed it most was not established.

The surrendering of great amounts of power by the host governments intrinsically leads to the analysis of the social impacts of the World Cups in conjunction with the overarching theory. This is so as the political action of a government losing its autonomy has direct social repercussions on the host as a nation and its people.

6.4. Employment and Exclusions

Although profit maximization is the main goal under neoliberalism, adequate conditions for non-core actors and their people are not a certainty (Giddens, 2008:61). This was certainly the case, with many of the challenges faced in both South Africa and Brazil still remained unaffected if not aggravated.

MNCs in the international community, just as FIFA did during the World Cup, provided working opportunities for locals in the countries they decided to host in. At a brief glance this is positive, but as the social developmental impacts section revealed there were negative consequences. The construction companies for example in search of cheap labour paid workers very low wages (Kukreja, 2008:323). This was compounded by unsatisfactory working conditions with no development or growth for the worker as the jobs were often short term (Konrad Adenauer Stiftung, 2011:58). One could go as far as stating that the relationship was exploitative not only from FIFA to the host as a whole, but for the people too through these low wages and poor working conditions. Furthermore, the residents, who worked tirelessly to produce both MSEs without any major incidents were to an extent excluded as many of them could not attend the World Cup as tickets were too expensive or they were removed due to exclusion zones.
The arbitrary discipline or repression by the police challenged civilians’ human rights and only worsened through the forced removals and social exclusion (Atkins, 2013). The violations committed against civilians were exacerbated by the fact that these people were often already so deeply entrenched in poverty that they had to continue working under poor conditions or threats to their safety as they had no other way to survive or earn a livelihood. This speaks to the greater issue of social exclusion the world over as certain individuals are alienated or blocked from resources, rights, goods and services they produce, as well as the opportunities that would enable them to live autonomous lives (Nisen, 2013). Once again showing how sport mirrors or perpetuates inequalities and the differing interests of actors under the more negative consequences of neoliberalism.

The welfare and social justice during the MSEs worsened for affected civilians. The changes in legislation, exclusion and forced removals crushed citizens aspirations and the freedom to achieve them (Sen 1987). Contrary to Sen’s capability approach, FIFA’s goals and aims weakened the enabling environment for the realization of people’s essential needs. This was further characterised by the gap between the rich and the poor increasing, encompassing many of the results of the social impacts of the event (Graaff, 2003:49). This connects to similar debates about neoliberalism and the international system in general demonstrating how countries from the global South do not enjoy the results in the global international political economy as many Northern countries (Cheru, 2002:1).

One could tie this to the points raised by sports policy theorist Barrie Houlihan who commented on the somewhat exploitative nature of international sporting organizations and the influence of their aligned business interest groups that have a negative impact on third world development (Beacom, 2009:5). Houlihan in line with the overall hypothesis of this report states that the involvement of business in sport as seen through FIFA in the World
Cups has and will continue to weaken governments’ ability to convert such opportunities into tangible benefits for it and its people (Beacom, 2009:5).

6.5. Opportunity Cost

Another immediate problem academics and analysts identify in terms of developing countries hosting MSEs which is that of opportunity cost. Scholars have continuously raised concern of allocating resources to a project like the World Cup. This is due to the value of the best alternative measure of spending such finance in other sectors would be more beneficial to in emerging countries socio-economic structures (Besanko, Dranove, Shanley and Schaefer 2012:47). In simpler terms, highlighting better ways the public expenditure could have been spent in improving the country’s domestic circumstances. These criticisms are even more prevalent as both hosts are emerging countries. This is a problem for a few reasons. Emerging or less developed countries have more aims to check off in their developmental agenda, as compared to MEDCs already possessing the necessary infrastructure to host the event. Emerging countries have to invest more in the substructure to be prepared for the event, whereas in developed countries it may simply be a matter of renovations rather than building from scratch. This is essentially why a large sum of World Cup budgets was spent on stadia and infrastructure (Baumann & Matheson, 2013:18).

The lack of foresight by governments failing to consider opportunity costs of investments is inexcusable, especially in countries where millions of people live in slums, shantytowns and favelas, meanwhile accommodating and even protecting FIFA and its wealthy global partners (Accountancy SA 2011). The refusal to acknowledge the wasteful spending by governments and the debt generated from the events in official reports and by FIFA is disappointing. A more honest dialogue about the absence of genuine development from these events and the massive amounts of public funding benefiting global private
companies needs to become commonplace in accounts of the impacts of World Cups. The magnitude of spending by hosts contributes in aggravating already dire socio economic conditions in the host nations. Dave Zirin sums this up succinctly in commenting about the impacts the World Cup in South Africa, but could also be applied to Brazil by stating: “This is a country where staggering wealth and poverty already stand side by side. The World Cup, far from helping this situation, is just putting a magnifying glass on every blemish of this post-apartheid nation.” (Maharaj, 2015).

6.6. Soft Power

Nevertheless, the prestige surrounding the FIFA World Cup cannot be ignored. A MSE of such magnitude does play a role in bringing fraternity to parts of the world even only for a month. For the host it can be a transformative experience further exposing a state to the international community (Marx, 2004:9). As mentioned under the political impacts of World Cups, sport is now even being used as a soft power tool to prove a state’s superiority (Marx, 2004:9). This is seen through not only hosting World Cups but by countries taking greater concern in Medal count rankings during the Olympics for instance.

As mentioned in the data section, South Africa and Brazil do not have the ability to use force or economic clout to coerce or gain a more favourable postion in the international political economy. The use of soft power in the form of FIFA World Cups helps to improve a host’s image (Van Wyk, 2008:2). Neoliberalist Joseph Nye restates the importance of such soft power through MSEs being co-optive and not coercive (Nye, 2008:99).

The principle of soft power can be stated to be in opposition to the normative discourses of the struggle for power especially from the realist and neorealist perspectives, which emphasize the use of force in the pursuit of achieving ones goals, aims and increasing its share of power in the process (Keohane, 1989: 39). Soft power illustrates the evolution of
power politics over time with emerging nations competing for new power resources too (Nye, 1990:181). This is especially true for nations such as South Africa and Brazil. Consequently, neoliberalism is able to provide an understanding of the benefits of soft power practices and cooperative initiatives that states embark on because they are utility-maximizing actors seeking mutual gains and not the domination of one actor by another.

However, the improvements South Africa and Brazil made to their international image through FIFA World Cup soft power have not had the desired developmental and investment returns currently. As mentioned in the overview of South Africa and Brazil both countries are struggling through economic downturn at present. Weak economic growth and large foreign deficits have negatively affected investor confidence worsened by the depreciation of their respective currencies the Rand and Real (Kumo, Omilola & Minsat, 2015:3). This has resulted in both countries being viewed unfavourably in the international community to an extent undoing the goodwill gained from hosting the World Cup.

Such unfavourable economic conditions are largely as a result of the erratic and dysfunctional nature of governance in these states, leading to significant drops in investment grades in both countries (Pacheco and Sambo, 2016). Statistical credit ratings organizations Fitch Rating Incorporated and Standard & Poor's (S&P) have given South Africa a credit rating one notch above “junk” status (Reuters, 2016). This has serious negative implications on foreign investment in the country’s economy as professional investors, such as hedge funds, pension funds or asset managers are prohibited (by policy) from investing in “junk” grade economies (Reuters, 2016). Such a firm stance is taken as economies downgraded to ‘junk’ status are perceived to have a higher likelihood of defaulting on debts therefore the risk of making a loss by investors is higher. This is the case in Brazil as it was given junk status when it descended into its longest recession since the Great Depression (Pacheco and Sambo, 2016). This has meant it is harder and more expensive for Brazil to tap into
international markets, credit and more importantly mutual funds from investor money (The Guardian, 2015). In relation to neoliberalism the cooperation between Brazil and investors is essentially negatively affected (Reuters, 2016). From this, it can be seen that the greater international investment through soft power, that the World Cups hoped to achieve had been lost not even five years after the event took place in Brazil’s case. One could further argue that this may be a trend witnessed after less economically developed countries host debt inducing mega sporting events. An example of this would be Greece in the aftermath of the Olympics 2004 as it too was downgraded to junk status (Kell, 2010).

6.6. Moving Forward

As this report examined the two most recent World Cups it would be helpful to briefly look toward the future and the upcoming World Cups. The next of which happens to be in the BRICS nation of Russia 2018. This is important so as to raise recommendations for the country and others to follow to ensure the same mistakes are not repeated and hosts are given greater freedom to achieve their goals. This could be tied into areas of further study with regards to this topic and could affect the resultant long term impacts, effects or consequences of World Cups. This could aid other countries in deciding whether or not to bid on hosting MSEs and what the results of this may be developmentally.

The most important recommendation would be a need for greater synergy between the host and FIFA. All parties must work towards a common goal. This would hopefully reduce chances of unequal gains in FIFA’s favour as has been the case in this report. Future hosts therefore need to demand greater involvement in major decisions, ensuring results are truly mutual. It is indeed true that there is no World Cup without FIFA but host nations do need to realize that there can be no World Cup without an adequate host which they should use in their favour.
Another recommendation could be that of a more thorough and honest accounting or auditing analysis of the cost and benefits of the event by consulting firms (SRSA, 2010:45). For instance, in the lead up to the bid for the 2010 World Cup grave underestimations of the costs and overestimations the benefits were made by firm Grant Thorton (Saunders, 2010). The figures provided by the firm of the estimated original budget and how much the actual expenditure added up to were incorrect as Cottle (2010:4) states:

“The total tangible costs for the South African government was supposed to be “minimal”, estimated at R2,3 billion in 2003. Currently the 2010 estimated cost (and this is likely to be much higher) for the South Africa government is R39,3 billion – an enormous 1 709 percent increase from the original estimate.”

More accurate estimations need to be made before a nation takes on the challenge of hosting a World Cup, whether or not it is actually feasible. Unfortunately, the trend of miscalculations seems like it will continue in Russia 2018 as the estimated budget balloned from US $10 billion at the time the competition was awarded to Russia in 2010 to US $20.5 billion in late 2012 to US $29 billion by March 2013 (Kuvshinova, 2013). Granted estimations do fluctuate given the instability of the global economy and markets, however contingency plans must be in place within the host nations budget to accommodate for any severe changes.

The last recommendation is that aspiring host nation,s which consider themselves developing or emerging, rethink whether hosting MSEs is really within their means. From examining these two cases it can be seen that there are still numerous socio-economic challenges that need to be overcome first. A World Cup in an emerging or developing country has greater demands on these states with large amount of the infrastructure having to be build from scratch (Baumann & Matheson, 2013:13). This is not the case in developed countries that already possess the necessary substructure for the event to be a success.
Developing nations and their respective governments before engaging in MSEs should probably focus on delivering services on the ground first. By directly being in touch with the most pressing needs and issues of the citizenry, governments could then ensure that outside investment would be long lasting and worthwhile to the areas most in need in the country. Most importantly, needs such as long term job creation, infrastructure development that does not lead to forced removals at the same time. The provision of basic services as well as essential amenities that were basically not a priority during the World Cup as a result of the opportunity cost and large sums of money diverted away to producing the events.
Chapter Seven

Conclusion

Sport remains king on the list of most attractive media entertainment properties in terms of attendance and the aim of earning money, as well as the sheer masses of people concerned by such events. With such mass appeal, sport is able to generate large amounts of income and in some instances affect its overarching economy of states in the process with transnational corporations or international sporting bodies involved in the production and consumption phases of global sport.

Although neoliberalism and globalization seem to be the most common elements of the sport in relation to IR, a solely economic perspective yields an oversimplified picture of this multifaceted phenomenon and risks neglecting other important political and social dynamics. Hence the reason this report possesses such a broad scope by analysing the economic, political and social aspects of development from World Cups.

By examining such a global occurrence by and linking it to relevant aspects in the IR field of study such as development, this report further strived to validate sports research in academia. The report served to eradicate any doubts of the formidable ties between sport and the discipline of IR. It has been convincing in its analysis of the developmental impacts of the FIFA World Cup on respective nations South Africa and Brazil. Through this examination, it has been revealed that World Cups are not as beneficial as they claim to be especially for emerging nations such as these.

Before examining the developmental impacts of these MSEs, the report surveyed the somewhat restricted existing literature regarding sport and International Relations. It then looked at the overall impacts of World Cups, not just the economic impacts that have more often been focused on. This was carried out so as to distinguish this study from the more
common sport and economics papers that have been previously addressed. This was also
done to contextualize this paper as a whole, illustrating the more fluid and interlinking nature
of the impacts.

The theory of neoliberalism was then defined which outlined the environment that the
FIFA World Cup would take place in and subsequently the international nature of the event
facilitated through globalization. Neoliberalism in conjunction with the concept of
globalization and its proponents such as capitalism were then discussed giving this report the
theoretical grounding required of a study in the field of IR. This was then followed by the
description of what the concept of development entailed and how it encapsulated not only
economic growth but also the involvement or achievement of needs and aspirations that
individuals valued. These needs included the availability of lasting jobs, the provision of basic
amenities by the government allowing for adequate living and a non-repressive socio-
economic environment, hence why it was referred to as an all-encompassing human centred
development approach.

Before the analysis of the developmental impacts took place, introductions or
background on the most prevalent actors being FIFA, South Africa and Brazil were given.
This information included a brief history of the international sporting organization and the
two countries highlighting important periods from their past. It then described the nature of
each of these actors and their current standing so as to ease the reader into the detailed
analysis.

Then the comparative case study analysis of the economic impacts of the FIFA World
Cups in South Africa and Brazil was carried out. This section reviewed several of the more
prevalent economic impacts being the tax exemption, infrastructure, the stadia as well as the
overall cost of the event as a whole. From this exploration it was revealed that there were
some benefits and improvements from the preparations of the World Cup. However, these
were greatly outweighed by the cost of all the improvements and how these diverted funds away from the citizens not leading to substantial development. The economic commitments South Africa and Brazil made for the events came with adverse political and social consequences, although the World Cup did give a rather positive image of both countries.

Often overlooked by previous studies, the political and social impacts served well to solidify claims that were made especially for the feasibility of emerging countries hosting World Cups and how the costs are remarkably high.

The penultimate chapter applied the theory of neoliberalism and the concept of globalization to the developmental impacts of FIFA World Cups. Through the use of the neoliberalism and globalization the behaviour of actors such as FIFA, its sponsors and host nations were observed and critiqued theoretically. Overall, this highlighted the impacts on host nations surrendering both their economic and political autonomy to FIFA and the social repercussions of this. Multiple links were able to be drawn between the aforementioned party’s actions in association to actors or occurrences in the greater international community in general, hence the inclusion of the new international labour as well as the world systems theory.

From this and the study as a whole, it was deduced that the poor did remain poor. Unemployment was only affected slightly or for a short period with cities being burdened with expensive and oversized stadia that still remained after the event. Quite simply, all that glitters is not gold when it comes to emerging nations hosting the FIFA World Cups. The benefits that were spoken of in the build up to these events did not and will never match the expenditure from the hosts and their public funding.

There is indeed a great demand to host FIFA World Cups the world over, for its ability to draw in the masses and give a country worldwide exposure. This puts FIFA in a strong position to set the terms for hosting, even if such terms are unfavourable for the hosts.
However, for emerging countries that have not garnered the same clout or influence of
developed countries to lobby with FIFA to make terms more beneficial will simply continue
to come off second best.
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