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# The Cost of the Cup: A Case Study on the Political and Economic Impacts of Hosting Mega Sporting Events

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## **Abstract**

In the modern world, sports have become a new form of geopolitical signaling. Countries who are entrusted with hosting mega sporting events, from the Olympic Games to the World Cup are seen as capable and competent nations. For developing nations, these games can bring political legitimacy, as it shows that their respective teams can not only compete in global events, but their governments can host safe, secure, and well run events.

In this thesis, I will be examining South Africa's process in bidding, building and hosting the 2010 World Cup and the subsequent political and economic effects. South Africa was able to leverage the World Cup, as the first African nation to host a major international sporting event, to gain not only regional signaling—as it is still the only African nation to host one of these events—but place itself in the international spotlight and gain geopolitical legitimacy through its successful event.

South Africa overall held a fairly successful World Cup, leading to recognition from both domestic and international media outlets, while creating an environment that allowed it to emerge as a key player in international organizations and elevate itself on the world stage.

## **Keywords**

World Cup, South Africa, Brazil, Sports, Political Economy, Showcase Effect, Political Science, Social Sciences, Rudra Sil, Sil Rudra

## **Disciplines**

Political Science

The Cost of the Cup:  
A Case Study on the Political and Economic Impacts of Hosting Mega Sporting Events

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**ABSTRACT:**

In the modern world, sports have become a new form of geopolitical signaling. Countries who are entrusted with hosting mega sporting events, from the Olympic Games to the World Cup are seen as capable and competent nations. For developing nations, these games can bring political legitimacy, as it shows that their respective teams can not only compete in global events, but their governments can host safe, secure, and well run events.

In this thesis, I will be examining South Africa's process in bidding, building and hosting the 2010 World Cup and the subsequent political and economic effects. South Africa was able to leverage the World Cup, as the first African nation to host a major international sporting event, to gain not only regional signaling—as it is still the only African nation to host one of these events—but place itself in the international spotlight and gain geopolitical legitimacy through its successful event.

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## **SECTION I: INTRODUCTION, DEFINITIONS, AND LITERATURE REVIEW**

Sports have been a crucial part of society since the days of Ancient Greece, and continue to be an influential aspect on culture, politics, and the economy. Sports bring people together, from banding together citizens of a city to uniting a nation during worldwide events, such as the Olympics or the World Cup. These games are a source of pride, as even the smallest nations have an opportunity to compete against larger nations on a level playing field.

In the same vein, global games can bring prestige to nations, especially developing nations in the Global South. Hosting major sporting events gives these nations the ability to be in the international spotlight. Nations view hosting these games as a way to be equal with larger nations. This places them alongside other host nations that are considered global powers, like China, Great Britain, the United States, and Russia, who have emerged as four of the largest global players in the 20<sup>th</sup> and 21<sup>st</sup> Centuries and all have hosted some form of global sporting competition in the past two decades.

In this thesis, I look to examine the usage of mega sporting events as political tools, with a focus on stadium building and the subsequent economic and political effects. For this, I will be using South Africa as an in depth case study to highlight the effects of large scale construction projects on the international perspective of a developing nation. In terms of perspective, the geopolitical nature of international relations lends itself in a modern world to these global games, where these sporting events are a newfound source of soft power relations. Success, and even at the bare minimum competence in hosting these games give not only international legitimacy to a host nation, but can lead to a swing of confidence for the host, as the citizens can increase their domestic self value from the event's success. South Africa, being awarded the first African mega sporting event, can utilize these events for political gain. This lends credibility to South Africa as

a regional power on the continent, as it has established itself as worthy by an international organization to host this prestigious event. The primacy of this act, as they were the first African nation, lends an even larger effect. Hosts, especially when the hosts are developing nations, are able to use these events to showcase economic achievement or project international influence through soft power.<sup>1</sup> Thus we can see not only the World Cup but all mega sporting events as a form of geopolitics and signaling for soft power relations.

These global games require large scale infrastructure developments, not only with multi-million dollar stadiums but with roads, transportation, hotels, and other major projects needed to host the tremendous influx of tourists. These projects are costly, but do have economic benefits for the host nation, as many times these infrastructure developments are long overdue, but unable to be built due to more pressing demands. In terms of political economy, the creation of large scale sports stadiums, along with the additional infrastructure for hosting these events, puts the state in a position to change the dynamic between the individual citizen and both their regional and national government. When thinking about larger effects, we can use this case study to not only examine the role of mega construction projects on domestic policy, but on international legitimacy. With the increased focus on developing the Global South in the 21<sup>st</sup> Century, these topics must be examined and studied, as nations use these projects to create legitimacy.

This project can be applied on a larger scale to not only major sporting events in developing nations, but to any major construction project that would create an opportunity for potential economic change. These economic impacts could lead to political and social changes, from stabilizing the government to creating instability and social unrest. When thinking outside of the world of sports, this can apply to any large scale building project that occurs in the Global

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<sup>1</sup> Cornelissen, “The Geopolitics of Global Aspiration.”

South. From development of tourist minded attractions, such as taxpayer funded public zoos, to infrastructure (airports, railroads, bridges, etc.) to dams and other hydroelectric projects, there are benefits and consequences from these major building projects. These programs are intended to drive growth as new infrastructure can allow for more growth within the nation, allowing more access to not only investment from its citizens but from foreign capital. I believe the data found from this research can be applied in a broader sense to these projects, where publicly funded projects can have an impact on the regional and national economic outlooks. These projects are growing in the Global South, as the late 20<sup>th</sup> and early 21<sup>st</sup> Century has seen a massive growth in government funded mega-construction development. Many of these projects have faced the same level of public scrutiny as the World Cup venues, as they initially are seen as a mismanagement of public funds, as the funds could go towards social programs like education or public health initiatives. However, these programs in the long run may have a beneficial effect on the nation as a whole that can exceed the investment in the mega construction project.

In respect to mega construction projects, there has significant construction related to these mega construction projects. Within the past few decades, we have seen projects, such as the Kuala Lumpur International Airport in Malaysia in 1998 to the stadiums for the World Cups in the 21<sup>st</sup> Century to more contemporary projects, including the Eurasia Tunnel in 2016 connecting Europe and Turkey under the Bosphorus strait. Although these projects do occur in Europe and North America, there has been significant progress within the developing world. These nations are able to use these projects, such as Kuala Lumpur's airport, to attract more financial opportunities for the nation.<sup>2</sup> These mega construction projects are built with the intent of long

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<sup>2</sup> Othman, "Challenges of Mega Construction Projects in Developing Countries."

term use and major economic growth, as it is both a signal of modernization, but also a legitimate way to upgrade from aging or non-existent systems to high-tech modern infrastructures.

Mega construction projects face a slew of complex issues in order to be fully completed. Aside from the financial burden, there are tremendous technological, environmental, and cultural issues. Environmentally, these projects generally have a major impact, with a tremendous carbon footprint due to the use of heavy machinery during construction and for running the building once it is operational. In terms of cultural barriers, these projects generally have international development teams, meaning that it is not only local developers planning but outside forces that must navigate specific bureaucratic rules for the individual nations.<sup>3</sup> In terms of World Cups, not only do these stadiums need to be approved by the federal government who had applied for the bids via their national sports associations, but for the specific regional and local governments. These levels of complexity serve to make sure that the mega construction projects follow the codes set, but cause issues for contractors who are on a fixed, shortened timeline to build several mega construction projects in roughly a decade. For this thesis specifically, I will not be addressing the intricate construction details, nor will I discuss the environmental impact of these projects due to the sheer scope of the project. These factors do have a tremendous impact on the construction process and subsequently the public opinion and political economy of the nation, but I will focus on direct spending and the political and economic effects from said investment.

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<sup>3</sup> He et al., “Measuring the Complexity of Mega Construction Projects in China—A Fuzzy Analytic Network Process Analysis.”

I plan on focusing on development essential to hosting a major sporting event: The World Cup. In this, I plan on using South Africa—host of the 2010 World Cup—as the primary in-depth case, as South Africa has a complete data set, along with having nearly a decade of analysis on the World Cup and its effects. I plan on comparing it to the 2014 Brazilian World Cup, as both came from postcolonial backgrounds and have had similar struggles with political stability. However, Brazil hosted the World Cup and the Summer Olympics—the two largest sporting events in the world—with just over two years separating the 2014 World Cup Final and the opening ceremonies of the 2016 Rio Olympics. Due to this factor, it is extremely difficult to parse the effects of the World Cup from the effects of the Olympics, especially with shared infrastructure and stadiums. Within the past decade, both Brazil and South Africa have been considered BRICS nations, an association of five major emerging regional powers and national economies. These two nations, along with Russia, India, and China, represent over 40% of the global population and roughly 23% of the gross world product. BRICS nations have hosted the past three World Cups, from South Africa in 2010 to Russia in 2018, along with China hosting the 2008 Summer Olympics and India hosting the Commonwealth Games in 2010. Both have relatively similar Gross Domestic Product (GDP) with Brazil’s \$15,600 per capita GDP and South Africa’s \$13,500 being ranked at 110<sup>th</sup> and 119<sup>th</sup> respectively.<sup>4</sup> Both nations are currently dealing with major political issues, as there have been marked scandals for both nations within the past decade but their political climates are stabilizing with elections in 2018 restoring confidence in the governments of both nations.

For stadiums specifically, there has been a tremendous amount of literature, especially in terms of these two contemporary World Cups. Prior scholars have analyzed the political and

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<sup>4</sup> “The World Factbook.”

economic impacts of major sporting events, with these instances becoming more frequent due to the 2018 World Cup—which brought attention back to South Africa and Brazil—and the growing issues with the 2022 World Cup in Qatar, which will be held in the winter due to the unplayable heat during the summer in the Arab Peninsula, and in regards to alleged human rights violations with their construction projects, as migrant workers are dying at an alarming rate, with estimates stating over 1,200 migrant workers have died during construction of the eight new stadiums.<sup>5</sup> Thus during the period between the 2018 Cup in Russia and the 2022 Cup in Qatar, many theorists have been able to look at the 2010 and 2014 Cups with better data sets and analyze their longer term effects.

In terms of the economic impacts of construction and the subsequent benefits from the games being played at the stadium, there have been mixed results, with many experts stating that the economic impacts are based on assumptions that cannot be examined. Theories, such as those evoked by William Hunter, a former professor of economics at Marquette University, state that the multipliers used for the calculations of economic impacts are flawed, as they give a gross product rather than a net gain.<sup>6</sup> Theorists also suggest the opportunity costs, as these stadiums take up a significant geographic footprint, while other buildings can take the same space and have potentially larger and more long lasting impacts on the community. For example, the city of Denver was projected to return \$16.5 million annually in gaining the Colorado Rockies franchise and building Coors Field in 1995. They subsequently approved a new convention center in the city which would generate \$200 million. Thus the opportunity costs within the locales where the stadiums are built must be considered in order to generate and accurate image of the economic

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<sup>5</sup> Wigmore, “With Four Years to Go until World Cup 2022, the Horrors in Qatar Continue – and Fifa Just Looks the Other Way.”

<sup>6</sup> Hunter, “Economic Impact Studies: Inaccurate, Misleading, and Unnecessary.”

impact of the stadiums.<sup>7</sup> When considering the net data, as opposed to just the gross impact of the World Cup, the true impact of hosting the World Cup can be seen. For South Africa, we have seen this in terms of trade-offs, as there were strategic decisions based on locations for the stadiums, and also on the infrastructure projects.

While discussing impact, the majority of scholarship focuses on the quantifiable economic effects, which is valid and I will examine directly throughout this thesis. However, there are non-quantifiable political impacts that are also extremely important to consider. When considering the economic effects of hosting as a whole, we must consider not only the direct economic events, such as the increase of jobs during construction and the inflow of tourists during the actual games, but the effects from sponsorships and what has been dubbed the “showcase effect,” which puts the nation within the global spotlight and allows for messaging and positive effects to reach the nation without these tourists directly coming to the nation for the sporting events.<sup>8</sup> This effect is unable to be directly observed, as we can see television data but cannot truly know the impact of “showcasing” the nation. Sports in the late 20<sup>th</sup> and 21<sup>st</sup> centuries have changed in terms of viewership, from the event being consumed by watching in person, to now being primarily a spectator sport on television and now social media. Thus the effects outlined in Hiller in 1989 can be interpreted and taken into account, but the findings have to be modernized with the tremendous growth of television expansion and social media impacts for the 2010 and 2014 World Cups. The modern “showcase event” may be even greater than reported in 1989, with the increased speed of communication and spread of information between individuals all across the globe. The advent of not only the internet, but social media, have

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<sup>7</sup> Crompton, “Economic Impact Analysis of Sports Facilities and Events.”

<sup>8</sup> Hiller, “Impact and Image: The Convergence of Urban Factors in Preparing for the 1988 Calgary Winter Olympics.”

contributed to a more open world, which can increase the “showcase event” that benefits a nation after hosting an event of this magnitude. For South Africa specifically, the showcase effect may be even greater, as theorists believe that the ten stadiums built for the World Cup were meant to “challenge pervasive negative vies and stereotypes about Africa as backward, unchanging, ‘tribal’, and hopeless continent” and to show that there is “no contradiction between being African and being world class.”<sup>9</sup> The showcase event is another manner of soft power relations between nations, as the cultural recognition of hosting a successful World Cup has legitimacy. This mantra of elevating South Africa is echoed not only by the scholars, but by major political players in South Africa as seen in earlier sections.

In terms of sports and politics, Richard Lapchick—a leading anti-apartheid activist and current President of the National Consortium for Academics and Sports (NCAS)—has written numerous papers on the intersection of sports and politics. He stated in the *New York Times* when reflecting on President Nelson Mandela’s death in 2013 that, “You can smuggle in trade, oil, and currency, but if you had a sporting event, you couldn’t play it in the dark... He (Nelson Mandela) definitely believed that sports and politics are entwined.”<sup>10</sup> Lapchick sees sports as a way to shed light on social issues, such as how HIV was considered a disease of the “other” until Hall of Fame Lakers point guard Magic Johnson was diagnosed and suddenly drew national attention.<sup>11</sup> When discussing the role of sports and South Africa, he discussed watching a soccer game with Mandela after his inauguration, where the newly inaugurated president went straight to a South African national soccer game. Mandela spoke about the sports boycott, which

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<sup>9</sup> Alegi, “A Nation To Be Reckoned With’: The Politics of World Cup Stadium Construction in Cape Town and Durban, South Africa.”

<sup>10</sup> Longman, “Resistance, and Unity, in Sports.”

<sup>11</sup> TEDx Talks, *TEDxDU-Richard Lapchick-5/13/2010*.

Mandela stated was one of the key reasons that he was elected and that apartheid fell. Thus, we can see the ability of sports to create social change within a nation.

The literature focuses not only the immediate impacts, which can provide a boost to the nation when the bids are announced and during the games themselves, but also have begun to focus on the longer term effects. The World Cups, which are decided by FIFA's executive committee through bids from governments, generally promise to elevate the poorest citizens of a nation, as the increased attention will lead to growth opportunities, especially with the opportunity to work in construction for the stadiums and other infrastructure. However, both in South Africa and Brazil, there was massive displacement, as the stadium construction forced relocation of many individuals. In South Africa, the workers began to protest in 2009, due to unfair labor conditions and wages. The government proceeded to criticize the workers and state that their actions were "unpatriotic," as if there was a duty to build these stadiums, despite President Motlanthe stating that the legacy of the World Cup would be to "showcase South African and African hospitality and humanity."<sup>12</sup> Thus these political impacts have a great deal of influence on the nation's before the games, and the lack of development of these sites after the conclusion of the event has led to long term issues in funding the continuing maintenance of stadiums. This will be discussed in Sections IV and V on current and future usage of the ten South African stadiums.

In addition to politics at the individual and regional level, there have been macro analyses of the nation as a whole. Political stability, as previously defined, has been analyzed with different definitions and guidelines, especially in terms of the World Cup. Scarlet Cornellison, a professor at Stellenbosch University in Cape Town, has argued that mega sporting events give

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<sup>12</sup> Ngonyama, "The 2010 FIFA World Cup."

geopolitical legitimacy to the hosts and focuses on the impact of hosting on the BRICS nations. South Africa and Brazil have two of the largest, if not the largest economies on their continents and have attempted to use the recognition by FIFA as a host nation to position themselves as a regional power. The recognition gained from the international governing body of the world's largest sport does give them geopolitical legitimacy, especially against competing regional powers.<sup>13</sup> As the sole African host, with Morocco losing five bids for the World Cup (1994, 1998, 2006, 2010, 2026) and no African host considered for an Olympic games, South Africa does have a clear sign of international legitimacy as the only seemingly “trusted” African nation to host a mega sporting event. This focus on becoming the regional power in the continent was a primary focus of the nation, as they marketed the World Cup as the “African World Cup,” which firmly signaled their role as a leader not only in Africa, but in the world. In terms of domestic social cohesion and self-pride, scholars point to the 2010 World Cup as not only an opportunity for the World Cup to change the international perspective of South Africa, but for a domestic paradigm shift. A successful World Cup could change “how South Africans perceive themselves and each other.<sup>14</sup>” If South Africa can succeed in these non-quantifiable factors, by increasing their domestic stability and also their soft power, geopolitical legitimacy, then some of the goals of the World Cup would be accomplished.

In order to present clarity within this thesis, some critical terms must be defined. These terms will be featured throughout the thesis and thus the importance cannot be understated. I will define “mega building” and “mega construction” as any form of large scale building project that has a significant economic impact on the nation or region. These projects are not exclusively

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<sup>13</sup> Cornelissen, “The Geopolitics of Global Aspiration.”

<sup>14</sup> Alegi and Bolsmann, “South Africa and the Global Game.”

stadiums, but include other projects that have been built or are in the process of being constructed such as dams, bridges, railway systems, and airports. These mega construction projects have been growing in the developing world, as the resources are available for construction and these projects can return significant economic gains for these nations. However, this case study will focus on stadiums.

Mega sporting events will be described as being large-scale cultural events, with impacts not only on the host nation domestically, but on a global scale. These events are predictable, as the World Cup and Olympics are run on a nearly fully fixed schedule, but the location proves to be the variable factor, as the venues change every event. These events have a cultural and economic impact within the country, as World Cup hosts experience a major growth in tourism during the games, but also on the global scale, as tens of millions of people tune into the games on their televisions, bringing the country into the global spotlight during that summer.<sup>15</sup> Thus, via mega sporting events, the host nation is able to use messaging to reach these millions of individuals in a way that should politically and economically benefit the nation.

For the conversion rate, to aptly compare between Brazil and South Africa, I will be converting both into the United States dollar when applicable. For the date, I will use the date that is reflected in the 2010 World Cup Report from South Africa, which the media uses as their basis. Thus the date of conversion for both projects will be November 23, 2012. This allows the dollar to be used as a fair comparison to both and highlight the differences in cost between the currencies and markets. The rate used 8.8695 rand per United States Dollar for South Africa and 2.089 Brazilian real per United States Dollar.

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<sup>15</sup> Horne, "The Four 'Knowns' of Sports Mega-Events."

In addition, the term “developing nations” will be defined strictly for this. These would be countries with colonial backgrounds who have begun to make significant economic progress in the past few decades, with this thesis focusing on a case study on South Africa, with supplemental data from Brazil. Mega construction has been growing in developing nations, from Africa and Latin America to East Asia and the Middle East. Although the focus on this is with stadium building, these results should be able to explain similar economic and political impacts in other developing nations who pursue mega building projects.

Political impact, which combined with the economic impacts comprise the two dependent variables in this thesis, will be comprised of two major factors. The first is political stability and will be defined according to the World Bank’s Worldwide Governance Indicators. In this, the social unrest, government stability, internal and external conflict, political and terror related attacks, and social conflicts are all factored into the model, giving a value between -2.5 (extremely unstable) to 2.5 (extremely stable) with zero being neither stable nor unstable.<sup>16</sup> The second will be in regards to the election data in South Africa. South Africa has held elections every five years for the National Assembly, and as a parliamentary system, the seat changes can be easily identified per election. I will use three elections: one prior to the bid, one after the bid and before the World Cup, and one after, which would be 2004, 2009, and 2014 in South Africa. These two markers, the political stability index and the net change in seats in their respective legislative bodies, will be used to define the political impact on the nation. I will attempt to explain the mitigating factors, as the World Cup is not the sole reason that candidates are elected to office, but the political impact of hosting a World Cup may affect the incumbent party, in either a positive or negative manner.

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<sup>16</sup> Kaufmann, Kraay, and Mastruzzi, “The Worldwide Governance Indicators.”

In this thesis, I examine the construction data—with the predicted cost per stadium at multiple points in the process, the actual cost of construction, and the regional economic changes in the period of time, including job creation, GDP changes, and other factors. All of these actual numbers will be compared to the predicted numbers that were submitted in the bids for the World Cup in the original bid. In terms of regional data, I use the GDP per province and have mapped the changed in the GDP from before the bid process to the tournament and subsequent years after.

Outside of the data, I plan on looking at local media publications, starting with media as the bids were announced and continuing after the World Cup was held, with any comments made up to the present. I look at English speaking papers both domestically and internationally, which comment on the positive and negative effects of hosting the games and can allow for insight that show more than just the numbers given by the data. These would allow the data points to be more materialized, as this gives a voice to the numbers by the citizens of the nation where they are held and the international media.

In terms of methodology, I will be running a data analysis at a national and regional level. In this, I will examine the changes in both the economic and political stability before the bids were announced, the confirmation of the bids and of the sites chosen, to the actual games and afterwards. One of the major areas I want to examine is the post-World Cup usage, as many of these stadiums were developed solely for the World Cup, but were promised to be used for other events. These stadiums involved billions of dollars of investment, yet some are currently underutilized. Altogether, these factors will be compared to the projected economic returns and the spending. In total, this data combined with the media reactions will be shown to either have an effect or no effect on the political and economic state of one or both nations. Preliminarily I

expect that my initial hypothesis that mega construction in developing nations, with regards to mega sporting events, has a negative effect on the political and economic climate. I would expect that there is a relationship between the decline in votes for the incumbent party and the stadium costs. This process has been studied by contemporary scholars, as not only does the spending related to the World Cup affect the economic and political stability of a sovereign nation, but other large scale building projects as well, such as dams, airports, and other mega building projects.

In terms of data points, I have collected data from South Africa on several aspects of the data. I have found regional GDP numbers per province or region, which allows the data to be concentrated to exclusively the areas that built stadiums and had the majority of the projected and actual revenue. In this data set, I will additionally be exploring the differences in the projected and actual construction costs of the stadiums, and comparing major media reactions to the differences in the cost in both nations incurred during the construction phases.

The data for the final stadium costs came from the official 2010 South Africa report on the World Cup. This data is directly from the South African government, which was published in a full report two and a half years after the conclusion of the tournament. The estimates in 2003 (before the bidding process was completed) and 2006 came from the 2003 Bid Book—which included over 500 million rand for other potential stadiums—and a 2007 national treasury report. These three points are analyzed in further sections to show the changes over time with the costs of the stadiums.

Overall, the literature points towards the direction that there is a relationship between hosting a mega sporting event and an impact on the political and economic stability of the host nations. The construction costs, the tourism impact, and the subsequent political and economic

impacts will be examined in throughout the thesis, with the media's impact being discussed in Section VI. With these targets and data sets, we should be able to see if a relationship—whether positive or negative—exists between both political stability and the hosting of an event and the economic impacts of hosting.

**SECTION II: WORLD CUP BIDDING PROCESS:**

The World Cup is awarded to a host nation every four years, during the same year as the Winter Olympic games. The bidding process and bids occur generally between seven and ten years before the actual games begin, allowing nations to develop the massive building projects necessary to host it. The Fédération Internationale de Football Association (FIFA) presides over the sport at its highest level, managing the soccer at the World Cup and Olympic levels. The bidding process has historically had a regional rotation, as the World Cup rotated between regions every cycle. Until 2002, the process rotated between Europe and the Americas, with games alternating between the regions every cycle to avoid regional bias between the two largest soccer playing continents. However, with the 2002 World Cup hosted jointly by South Korea and Japan, this precedent was broken and other regions became suitable hosts. FIFA then decided to begin rotating between major regions, now including Asia, Africa, and the Middle East to promote the game globally. Africa was chosen as the host continent in 2010, South America for 2014, and other regions, such as Australia and Qatar have submitted bids for consideration. Thus, the committee now rotates between more areas of football for hosts and these regions only can host the games. This process ended with the 2014 World Cup, as in 2007 FIFA has decided that the rotational program was flawed—as only one host formally applied for the 2014 bid and thus was automatically given the bid—while the new format allows all nations to apply for bids, regardless of region.<sup>17</sup> Regions who have not hosted a World Cup, if they meet the qualifications, are now being legitimately considered—with Russia and Qatar hosting their first World Cups in 2018 and 2022, respectively. The chosen host nation does not only become the venue for the marquee event of the World Cup, but hosts the Confederation Cup a year prior to the main event,

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<sup>17</sup> “FIFA End World Cup Rotation Policy.”

which include the host national team, the prior World Cup champion, and six winners from the six major regional soccer groups. These six regions also comprise the majority of the teams participating in the World Cup and represent all six populated continents. The Confederations Cup is usually seen as a dress rehearsal by FIFA to make sure that the facilities, infrastructure, and other parts of the host nation are up to par with the requirements.

The March 15, 2001 meeting of the FIFA Executive Committee decided that the new rotation would begin in Africa. They allowed countries to declare interest for hosting until December 31, 2002 and formal bids submitted by August 31, 2003. The FIFA Executive Committee planned to decide the host in April 2004.<sup>18</sup> Subsequently, the next region chosen was South America, who was part of the traditional rotation process between Europe and the Americas, but had only hosted three World Cups from 1930 to 2010—with first World Cup in Uruguay in 1930, Brazil in 1950, and Argentina in 1978. Thus, it had been nearly four decades since the World Cup has returned to South America. The rotation planned to include North America, Oceania, Asia, and Europe, but was never fulfilled due to complications with finding hosts in South America during the 2014 bidding process and subsequent FIFA corruption scandals.

As of the present, the rules allow for any nation to bid for the World Cup, regardless of geographic region. Regional diversity has organically occurred, as the previous five World Cups were held in four distinct regions, with Qatar in the Middle East hosting in 2022 and the United States, Canada, and Mexico hosting a combined 2026 World Cup in North America. With these bids, six different regions have been or will be represented in the 21<sup>st</sup> Century, which is the most diverse set of regions that the games have seen. The 2030 World Cup has initial bidding in

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<sup>18</sup> FIFA, “2010 FIFA World Cup™ : Bidding Process Opens.”

multiple regions, as it is the centennial of the games and many interesting joint bids, such as the “Balkan Four” of Greece, Bulgaria, Serbia, and Romania, and a unified East Asia bid in the works with China, Japan, South Korea, and North Korea. Thus, the issues that faced these two specific World Cups can be studied in some form of isolation, as they were the only two bound by these geographic constraints, however the process of construction and the subsequent effects on their respective economies and political stability can be examined and used in consideration for other nations planning on hosting a mega sporting event. The political nature of the bid process, as the executive voting committee of FIFA models an international governing organization, shows the need for geopolitical legitimacy in order to gain a World Cup bid.

#### **2010 WORLD CUP BIDDING PROCESS:**

For the 2010 World Cup, five nations submitted bids: Morocco, Egypt, South Africa, and a combined bid from Libya and Tunisia. The Executive Committee banned co-hosted games from this tournament, meaning Libya or Tunisia would have to host the Cup. Tunisia withdrew their bid, and Libya was unable to meet the requirements for hosting the games, and thus were disqualified. The final three candidates were voted on and announced May 15, 2004, with South Africa winning the vote 14-10 over Morocco, as Egypt received zero votes. Morocco has continued to bid for World Cups, bidding (and once again losing out) for the 2026 World Cup. With the 2026 World Cup being awarded to a three-country bid of the United States, Canada, and Mexico, Morocco has lost out on its fifth World Cup bid.

South Africa had previously lost the bid for the 2006 World Cup to Germany in a controversial manner, with the delegate from New Zealand abstaining from voting for South Africa as directed by the Oceania delegation, due to “pressure from European nations,” including

alleged death threats and potential bribery.<sup>19</sup> Thus without the New Zealand's vote, the World Cup was awarded to Germany by a 12-11 vote on the third ballot. Afterwards, FIFA President Joseph "Sepp" Blatter stated that his tiebreaking vote would have awarded South Africa the games.

Allegations of corruption did occur from the bidding process, and it was later uncovered that \$10 million in bribes were paid to the FIFA Executive Committee for South Africa to host the World Cup and that Morocco had actually won the rights to host the games.<sup>20</sup> Despite the fraudulent behavior of FIFA and the South African government, this behavior does not affect the public sentiment at the time nor the construction costs for the World Cup. These allegations were not uncovered until well after the 2010 World Cup had taken place, and thus were not a factor in the mega-building projects needed for hosting the games. However, we can examine this data with the more recent trends and see if the revelation has affected the post-2015 opinion on the 2010 World Cup.

First and foremost, the initial reaction from South Africa was pure elation, as it was not only the highest achievement of South African football—as they became the first African nation to host the World Cup—but an achievement for the nation to show that in less than two decades, South Africa went from a de jure segregated nation to hosting one of the largest sporting events in the globe. As the bid was announced, the nation showed citizens celebrating, while former President Nelson Mandela wept for joy in Zurich and stated that he felt “like a young man of 15,” as he was presented a replica of the FIFA World Cup Trophy by the governing body of the sport, while recounting how the World Cup and FIFA had supported black South Africans during

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<sup>19</sup> Millward and Chapman, “New Zealand Is Sorry for World Cup Fiasco.”

<sup>20</sup> Brown and Randall, “Fifa Corruption: ‘Morocco Won 2010 World Cup Vote - Not South Africa’ - as It Happened - Telegraph.”

Apartheid. The nation saw this as not only an opportunity to prove that they were a legitimate competitor in sports, but as a legitimate world power as well. Incumbent President Thabo Mbeki declared that “Africa’s time has come,” on national television, as he saw this event as a geopolitical statement. He elaborated on this by stating, “We want to ensure that, one day, historians will reflect upon the 2010 World Cup as a moment when Africa stood tall and resolutely turned the tide on centuries of poverty and conflict<sup>21</sup>” More than this, as the first African nation to host the World Cup, they were able to brand the event as not only their own World Cup, but an “African World Cup” for all members of the continent.

For the 2010 World Cup, South Africa initially planned for eleven cities in ten provinces to hold thirteen stadiums, but narrowed it down to ten stadiums in eight provinces, with three in Gauteng, which is the most populous and wealthiest province. In the original plan, the nation planned to renovate five stadiums and build five new stadiums, with three new stadiums in the process of construction. The final ten stadiums included three stadiums that were not in the initial bid report, with Nelson Mandela Bay, Moses Mabhida Stadium, and Cape Town Stadium all being chosen to be built new instead of renovating the three existing stadiums in their respective cities.<sup>22</sup> However, Peter Mokaba Stadium needed extensive renovations and it was more efficient to build a new stadium than renovate the old. The initial plans, via the 2003 World Cup Bid Book, indicated that the nation would spend 1.061 billion Rand on the ten stadiums (with an additional 513,750,000 to the three stadiums that were proposed, but removed from the plans later on).

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<sup>21</sup> Runciman, “2010 World Cup.”

<sup>22</sup> FIFA, “2010 Inspection Report for the FIFA World Cup.”

In terms of the political significance of the bid process, we must look directly to the source of the process: the bid committee and subsequently World Cup Organizer. South Africa's bid was led by Danny Jordaan, the head of the South African Football Association (SAFA). However, before this, Jordaan was a member of the South African parliament, former mayor of Nelson Mandela Bay—the site of one of the newly constructed stadiums—and is still a member of the African National Congress, which has been the incumbent party in South Africa since the end of Apartheid in 1994. The bid process, while technically controlled by SAFA, has been directly supported by the government. SAFA does not have the ability to construct stadiums, infrastructure, or any of the necessary building projects for hosting a potential World Cup, so the government must be directly involved. Thus, we are unable to separate the South African government from the proceedings in the bid process, as without their approval this would not be possible.

The current FIFA Bidding Handbook directly states that “The competitions have such a national and international significance that the successful hosting and staging of...the competitions cannot be effectively achieved without the full cooperation of the Government.”<sup>23</sup> Thus FIFA itself recognizes the political aspect of their competition and directly includes this as a factor in their bid evaluation program.

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<sup>23</sup> FIFA, “Bidding Agreement Regarding the Submission of Bids for the Right to Host and Stage the 2018 FIFA World Cup or 2022 FIFA World Cup.”

### **SECTION III: CONSTRUCTION IN SOUTH AFRICA:**

In order for South Africa to be able to host the 2010 World Cup, the nation had to prepare for a massive influx of tourists at one time, while building or renovating ten stadiums. Five of the ten new stadiums needed to be completely built, while First National Bank Stadium<sup>24</sup> had extensive renovations to become the largest stadium on the continent of Africa at a capacity of just under 95,000 spectators. Along with the ten stadiums, South Africa had to focus on infrastructure, spending nearly \$1.3 billion on the roads, airports, and other projects for the four-week sporting event.

For a nationwide building project over the course of five to six years, there are numerous issues that were unforeseen, which altered the construction costs and timeline. As a time sensitive project, there was a need to finish all stadiums before the 2009 Confederations Cup, which is seen as a dry run and a test for the World Cup. This event hosts the eight regional winners and the host team who will be competing in the tournament the following year, but does not draw the worldwide fanfare nor the full thirty-two team field that the World Cup has. Thus this is a chance for the host nation to test their facilities in a lower pressure environment, with a year to prepare for competition if there are any major complications. The biggest issue in South Africa was that Nelson Mandela Bay Stadium was chosen to host the Confederation Cup, but was not ready for the March 30, 2009 deadline. Therefore, Port Elizabeth had to withdraw their stadium from the Confederations Cup, and press on with construction on the stadium to finish before the actual competition. Despite the setbacks that were apparent in 2009, all ten stadiums were completed in time for the World Cup.

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<sup>24</sup> First National Bank Stadium was renamed Soccer City, due to a FIFA rule that World Cup stadiums cannot be named after a sponsor for competition.

In terms of workers, over 240,000 workers were employed strictly in construction for the stadiums<sup>25</sup>. This massive influx of workers did at least contribute to a boost in the overall GDP of the regions, as the data shows that there is a reasonable significance between GDP growth, stadium cost, and employment from 2004 to 2012. The government, which is the source of the employment numbers per stadium, had initially stated that the World Cup would create over 400,000 new jobs, and this nearly quarter-million employed for stadium development created an environment where this economic growth was possible.

However, in 2009, South Africa—like many other nations—suffered a large scale economic panic. After years of economic growth, including a peak of 7.5% growth in 2005, they suffered a crippling recession in 2009. This panic, just months before the World Cup, contributed to large scale effects with construction costs, as the market prices increased on the stadiums that were not finished. This was the only year of the data range observed with negative GDP growth (-1.54%) nationwide, as six of nine provinces also had negative growth.

In studies completed on the construction process, the largest issue that these contractors and consultants said led to delays was material cost overruns. In addition to this, poor material estimates and an increase in labor costs also affected the speed of construction.<sup>26</sup> These factors did not condemn the World Cup, as it still continued, but it did affect the prices of the World Cup, compared to the initial figures. The value of the rand, according to its nominal effective exchange rate<sup>27</sup> or NEEP, plummeted in early 2009, thus spiking the costs of construction material as the purchasing power of the rand was significantly lower.

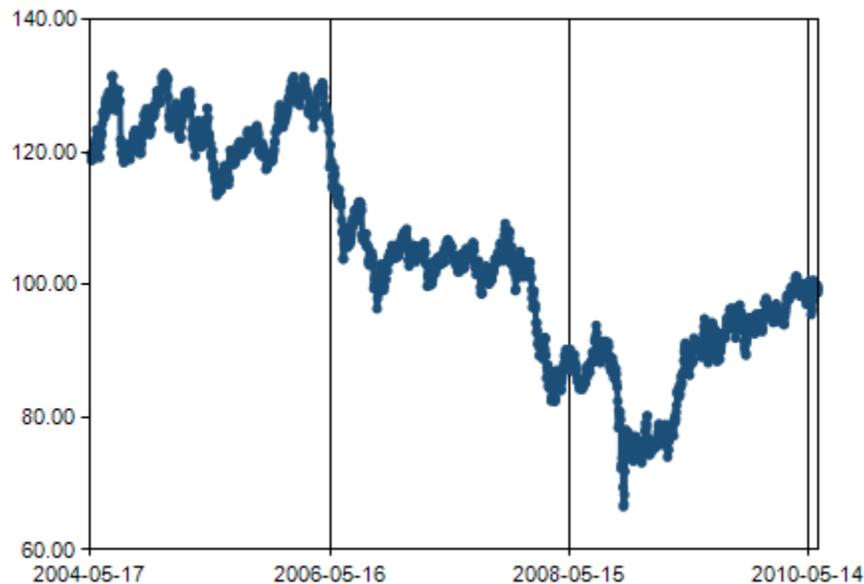
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<sup>25</sup> “South Africa and Public Service Commission - 2010 - State of the Public Service Report 2010..Pdf.”

<sup>26</sup> Baloyi and Bekker, “Causes of Construction Cost and Time Overruns.”

<sup>27</sup> Nominal Exchange Rate compares the value of the rand against a basket of the five major currencies: the U.S. Dollar, Chinese yuan, the Euro, Japanese yen, and the British pound.

I have attached a graph below, taken from the South African Reserve Bank, that maps the currency's NEEP from the day that the bid was announced until the kickoff of the first World Cup match. Notice the steep drop offs in 2006, 2007, and 2009, as all three of these factors contributed to the increased material and labor costs.



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As the recession was in full force, over one-quarter of the total stadium construction workforce began to strike. The strike, consisting of over 70,000 workers, began July 8, 2009, less than a year before the opening ceremonies of the World Cup. The National Union of Mineworkers (NUM) represented these workers, as construction falls under their jurisdiction. These workers—who were guaranteed weekly payment of 2,500 Rand (\$310)—wanted a 13% increase in their wages, or they would not continue. This effort legitimately threatened the possibility of Africa's first global sporting event, as there were six stadiums: the six not used for the Confederation's Cup, that needed to finish still in 2009.<sup>29</sup> In addition to the stadiums, this

<sup>28</sup> "Selected Historical Rates - South African Reserve Bank."

<sup>29</sup> "S Africa Strike Hits Stadium Work."

strike threatened the construction of a high speed rail link between the O. R. Tambo International Airport and Johannesburg, which is essential for transporting tourists to FNB Stadium and Ellis Park Stadium, as well as being the center of the sporting event. The strike was resolved within a week, with workers and managers agreeing to a 12% raise, and allowing the stadium construction to be resolved and construction to finish in time for the competition.<sup>30</sup> This rapid agreement, where management increased their offer from a 10% raise to a 12% raise, was due to mounting pressure to accomplish this task, as numerous other labor disputes, especially with large scale unions, have dragged out in South Africa in the 21<sup>st</sup> Century and beyond.

However, 2014 reports have stated that five major construction firms in South Africa colluded on prices for their services during the World Cup, which cost the government several million rand.<sup>31</sup> These companies were referred to the Competition Committee and fined a total of 1.5 billion rand, while being forced to have community service involvement, including mentoring or financially supporting smaller, black-owned construction companies.<sup>32</sup> These factors, combined with the economic recession, led to an increased cost in producing these stadiums.

This was the only major delay in construction, as overall the sites were well managed with only two worker deaths during the entire process: one in August 2008 at Peter Mokaba Stadium and one at Cape Town Stadium in January 2009. Outside of these deaths, there were very few reported injuries, with FNB Stadium recording over one million accident free hours during the building process,<sup>33</sup> which is in stark contrast to the eight deaths in stadium

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<sup>30</sup> “2010 Construction Strike Ends | South Africa 2010 Fifa World Cup.”

<sup>31</sup> “SA Construction Firms Accused of World Cup Collusion - BBC News.”

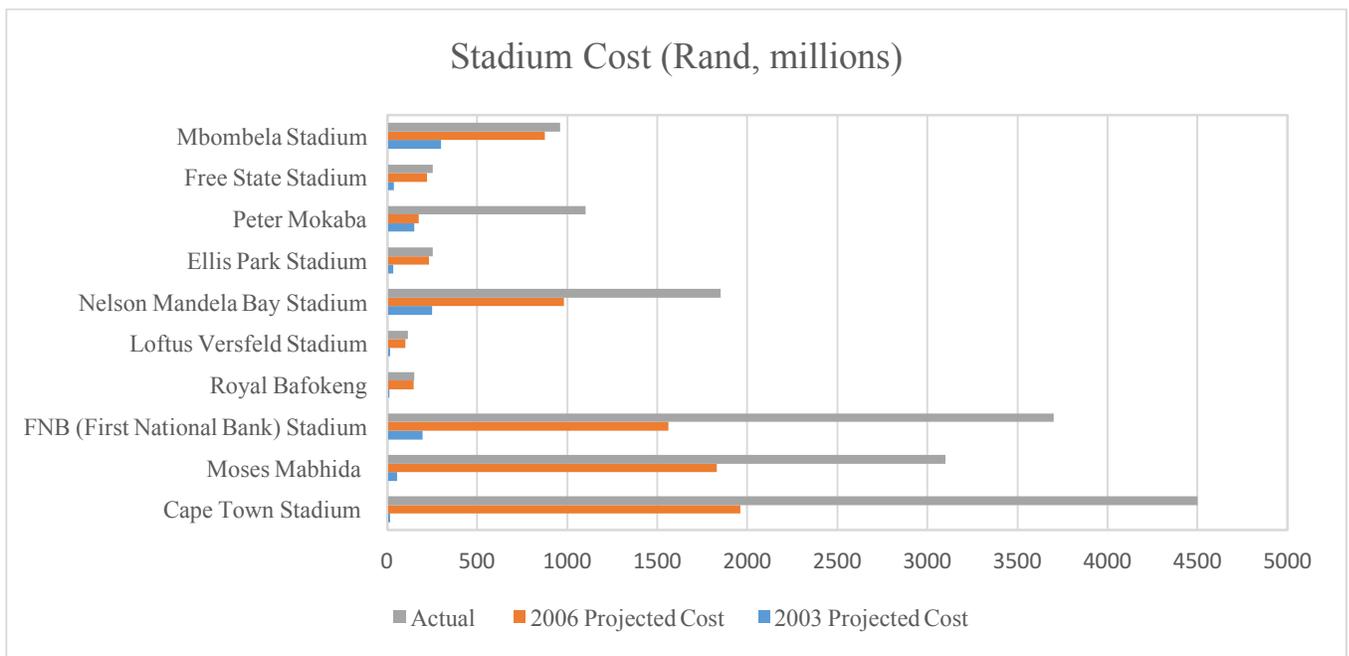
<sup>32</sup> SA Commercial Prop News, “Colluding Construction Giants Reach Agreement with Government.”

<sup>33</sup> FIFA.com, “Tragedy Strikes 2010 Process.”

construction for the 2014 World Cup<sup>34</sup> and seventeen for the 2018 World Cup in Russia.<sup>35</sup>

Overall, South Africa had few incidents in terms of construction for the World Cup and thus had a fairly successful construction process, with the largest problem being the economic issues that were encompassed all industry, not just construction for the mega sporting event.

Overall, the World Cup stadiums cost significantly more than was originally expected, with overall costs being billions of rand more than even the conservative estimates in 2007. I have attached a graph below with the three stages of development and the major differences in cost between the three released costs.



The vast discrepancies for Nelson Mandela Bay, Cape Town Stadium, and Moses Mabhida Stadium are due to the original plans for FIFA to renovate three existing stadiums—Port Elizabeth, Kings Park, and Newlands—instead of building new stadiums. First National

<sup>34</sup> “Brazil World Cup 2014: Eighth Death at Football Stadiums - BBC News.”

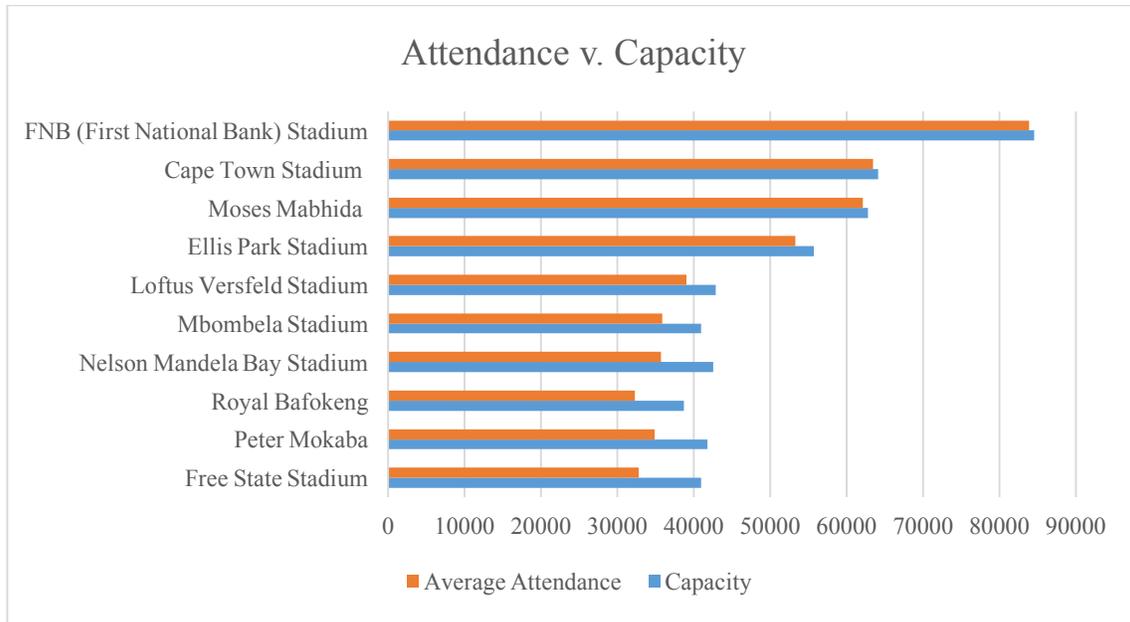
<sup>35</sup> “Report Finds 17 Deaths and Labor Abuses at Russia’s World Cup Stadiums - The New York Times.”

Bank Stadium was also projected to also need only minor upgrades as the thirty-year-old stadium had the highest capacity of any venue before the renovation. Instead, South Africa decided to essentially rebuild FNB Stadium, as only a historic portion of the stadium was preserved, and the stadium was hollowed out and rebuilt into the “Calabash” that was the centerpiece for the event. South Africa did not release the bid book before the World Cup, and has been extremely limited on the publication of the bid book, due to the tremendous increases from the original estimates to the final project, as the average stadium cost over 14 times more than was projected in the 2003 estimates. The data for the increase in prices is shown below.

Stadium	Increase from 2003-2006	Increase from 2006 to actual cost	Increase from 2003 to actual cost
Mbombela Stadium	191.67%	9.71%	220.00%
Free State Stadium	489.33%	14.48%	574.67%
Peter Mokaba	17.33%	525.00%	633.33%
Ellis Park Stadium	569.09%	10.43%	638.91%
Nelson Mandela Bay Stadium	292.40%	88.58%	640.00%
Loftus Versfeld Stadium	560.00%	16.16%	666.67%
Royal Bafokeng	1206.67%	2.04%	1233.33%
FNB (First National Bank) Stadium	700.00%	137.18%	1797.44%
Moses Mabhida	3304.65%	69.40%	5667.44%
Cape Town Stadium	13534.78%	129.59%	31204.35%
<b>TOTAL</b>	<b>661.27%</b>	<b>97.82%</b>	<b>1405.96%</b>

#### SECTION IV: THE WORLD CUP

During the World Cup, the stadiums were nearly full the entire time, with an average of 92% of seats full during the 64 matches played. Soccer City—which hosted the World Cup Final—had 99.2% of all seats filled in the eight matches hosted. Half of the stadiums had over 90% of seats full, with the lowest stadium—Free State Stadium—still filling over 80% of its seats in the six matches it hosted. The chart below shows the difference in each stadium between the capacity and the average amount of fans.



South Africa spent on average 31,057 rand per seat, while spending 5,028 rand per fan attended. In terms of total attendance, the 2010 World Cup is the fourth most attended World Cup with 3.178 million fans attending the games. It only trails the 1994 United States World Cup (3.568 million), the 2014 Brazil World Cup (3.441 million) and the 2006 Germany World Cup (3.367 million).

In terms of immediate return on investment, the South African government indicated that 3.64 billion rand was spent by tourists in 2010, with the average spending by tourists increasing from 9,500 rand in to 11,800 rand from 2009 to 2010.<sup>36</sup> Despite the fact that this revenue is less than the cost of the three stadiums in Gauteng, the increase in tourism revenue which can continue with the “showcase” effect, which was discussed in the introduction but brings global spotlight to the nation without the tourists directly visiting the nation. South Africa’s report discusses this as well, as 49% of the surveyed individuals saw locations in South Africa during the World Cup, thus promoting locations in South Africa. The showcase effect can serve as a

<sup>36</sup> Sport and Recreation Department, “2010 Fifa World Cup Country Report.”

way for nations to continue their tourism increase after the event is over, as people who see the positive aspects of the nation, South Africa in this case, will continue to consider it as a tourist location. This long term impact can continue to show a return on investment for South Africa, which can increase the political and economic influence that South Africa has on not only the region, but on the international community.

Revised studies in the past decade have found a clear link between tourism and the FIFA World Cup, as it is the second largest sporting tourist event. Studies place the average increase in tourism at 8% for all major mega sporting events (the Summer and Winter Olympics, the FIFA World Cup, the Cricket World Cup, and the Lions Rugby Tour) but there is a major discrepancy between the Summer Olympics and FIFA World Cup versus the other events, as these marquee events garner significantly more tourism than the others.<sup>37</sup>

#### **SECTION V: CURRENT STADIUM USAGE:**

The World Cup consists of sixty-four matches over a month long period. However, the stadiums continue to need maintenance and staffing after the World Cup in order to stay functional. The biggest fear of the World Cup stadium building effort is that the stadiums will be underused after the month-long period. President Jacob Zuma stated “There are a number of plans to make the stadiums profitable after the last whistle,” while going on to say that the nation plans on trying to get foreign soccer stars to come play in these venues.<sup>38</sup> which is true in some cases, but overall most stadiums have been at least breaking even in terms of upkeep costs. However, some of the stadiums, especially in the more remote regions, have become the dreaded “white elephants” that the state cannot afford to maintain.

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<sup>37</sup> Fourie and Santana-Gallego, “The Impact of Mega-Events on Tourist Arrivals.”

<sup>38</sup> O’Connor, “World Cup 2010.”

The largest stadium, FNB Stadium, has been utilized for numerous events, especially those outside of the realm of sports. The stadium's largest game was not a World Cup game, but the Carning Black Lapel Cup between two of the nation's premier soccer teams—the Kaizer Chiefs and the Orlando Pirates—with a record of 94,807 fans in attendance. The stadium hosted Nelson Mandela's official memorial service in 2013. FNB Stadium is also a home venue for both the national soccer and rugby teams. In addition to sports, FNB Stadium has hosted numerous musical acts, including Coldplay, Justin Bieber, Beyoncé, and Jay-Z. Despite the high upkeep costs—2.5 million rand per month—the stadium continues to be a centerpiece for events in South Africa.<sup>39</sup> Since its re-opening in 2009, it has gate receipts for over 8 million people entering the stadium and holds approximately 105 events per year.<sup>40</sup> As the largest stadium on the continent, FNB Stadium continues to be utilized even after the World Cup, but this seems to be the exception, as it is the premier location in the nation for events.

Cape Town Stadium has had a reduction in capacity—removing over 13,000 seats to accommodate luxury boxes and suites, as was projected before the stadium was built.<sup>41</sup> The stadium continues to be used for rugby sevens, including the World Rugby Sevens competition, along with soccer matches and other events. The city is currently in the process of finding a naming sponsor for the stadium, to begin to alleviate the costs on the tax payers.<sup>42</sup> However, this is a recent development, as the city has been managing the stadium since 2010. The city had stated that yearly operating costs—including adjacent parks built for recreation—was

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<sup>39</sup> Mafika, “Bright Future for FNB Stadium.”

<sup>40</sup> Ntloko, “Inside FNB Stadium.”

<sup>41</sup> “Green Point Stadium by GMP Architekten.”

<sup>42</sup> “City Maximises Use of Cape Town Stadium | CapeTown ETC.”

approximately 46.5 million rand per year.<sup>43</sup> If funding from a naming sponsor is found in the next year, this would significantly reduce the burden on tax payers. AJAX Cape Town left the stadium for the 2014 season, due to poor conditions from hosting concerts during the season which damaged the field.<sup>44</sup> These concerts were necessary to maintain revenue for the stadium. The team has since returned to the stadium since the incidents in 2014.

Moses Mabhida Stadium has faced significant issues, as it has fallen into disrepair after the World Cup. Despite still hosting events, the city has had difficulties maintaining the stadium, with the SkyCar—an incline system that takes tourists to the top of the stadium to view the city of Durban from above—has been closed since October 2018 and needs a complete overhaul. The stadium, per local reports, has panels falling from the ceiling and needs significant repairs for it to continue working.<sup>45</sup>

Ellis Park Stadium, the second largest stadium in the country and ninth largest in the continent, has continued to be utilized as a rugby stadium, as that was its primary purpose before the World Cup. It serves as the home stadium for two major rugby teams, and has a greater capacity for rugby (62,597) than it did for the World Cup (55,686). It has sold its naming rights to Coca Cola from 2008 to 2012—excluding the World Cup—then Emirates Airlines in 2014, both of which have alleviated some of the maintenance costs from the city of Johannesburg, who currently owns the stadium.<sup>46</sup> Overall, the stadium has hosted numerous major concerts, South African teams, as well as European soccer games and is still seeing major usage after the World Cup.

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<sup>43</sup> “‘Surprising’ Cost of Running Cape Town Stadium.”

<sup>44</sup> Mark, “Ajax Abandon World Cup Stadium.”

<sup>45</sup> “Moses Mabhida Stadium.”

<sup>46</sup> Long, “Ellis Park Renamed as Emirates Lands Major Lions Deal - SportsPro Media.”

Loftus Versfeld Stadium is one of the privately owned stadiums—as it is owned by the Blue Bulls Rugby Union. Thus the rugby club has taken care of maintenance for the stadium. In terms of World Cup upgrades, it had the second smallest cost of all stadiums with only minor upgrades needed in order to accommodate the competition.

Mbombela Stadium—the lowest cost new stadium built by 140 million rand—has also had issues with upkeep, as it is managed by the Mbombela municipality. The municipality has allocated 11.6 million rand for upkeep<sup>47</sup>, and had the Mpumalanga Black Aces use the stadium as their home until the club dissolved in 2016. Currently the only stable tenant—outside of the occasional national team game—is the rugby club, Pumas. Of all ten stadiums, Mbombela Stadium has had the lowest utilization rate, as in 2014 the average attendance rate was 9.8%. The stadium also has hosted the fewest amount of events of any of the World Cup stadiums.<sup>48</sup>

Overall, these factors could explain the decline in votes for the ANC since 2009 from Mpumalanga.

Nelson Mandela Bay Stadium has consistently hosted local teams—as the home to both soccer and rugby clubs—along with national team games and multiple legs of the Rugby World Series. The municipality stated that the stadium would become profitable by 2013, and that they have found ways to keep the stadium in good condition while reducing costs.<sup>49</sup>

The regional government in Polokwane, the home of Peter Mokaba Stadium, has seen the additional growth in tourism and nightlife, but has not been able to break even with stadium costs. The city, who owns the stadium, has been funding 17 million of the 23-million rand

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<sup>47</sup> Tolsi, “Stadiums Score Costly Own Goals.”

<sup>48</sup> Humphrey and Fraser, “2010 World Cup Stadia Investment: Does the Post-Event Usage Justify the Expenditure?”

<sup>49</sup> “Nelson Mandela Bay Stadium Profitable by 2013.”

upkeep of the stadium, needing at least two matches of 15,000 fans per month to remain solvent.<sup>50</sup> This seems lofty, as the population of the city is just over 500,000 million inhabitants, but possible. Peter Mokaba Stadium, as will be discussed later, has been the most frequently criticized project from the 2010 World Cup by the press.

Royal Bafokeng Stadium has lost its sole tenant, as the Platinum Stars Football Club dissolved in 2018, to move to Cape Town as a new franchise. Initially, the Royal Bafokeng Nation sold the team with the intent of keeping it in the region, just under new ownership.<sup>51</sup> However, new ownership decided to move to Cape Town. Now, there are no major professional soccer teams in the North West Province, but the occasional African premier soccer team uses the stadium for matches. This stadium, along with Peter Mokaba, have been the two most criticized as they are the farthest away from population centers and do not have set teams as of 2019 that have regular matches in the stadium. However, as a privately owned stadium from the Royal Bafokeng nation, there is not a major impact on the tax payers of Rustenberg.

Free State Stadium currently has three primary tenants: two rugby teams and one soccer team. The stadium also has a naming deal in place with the automobile company Toyota, which offsets some of the maintenance costs. Overall, Free State Stadium has been fairly well used since the 2010 World Cup.

South Africa as a whole held the 2013 Africa Cup of Nations, which is biennial soccer tournament between the top sixteen teams in Africa. The tournament was originally slated to be held in Libya, but due to the Libyan Civil War in 2011, the committee asked South Africa to trade bids, as South Africa was hosting the 2017 Africa Cup of Nations. South Africa was able to

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<sup>50</sup> Tolsi, "Stadiums Score Costly Own Goals."

<sup>51</sup> Strydon, "Royal Bafokeng Confirm the Sale of Embattled Platinum Stars."

use five stadiums: FNB Stadium, Mose Mabhida Stadium, Nelson Mandela Bay Stadium, Mbombela Stadium, and Royal Bafokeng Stadium. These matches had significantly less attendance than the World Cup, but did give an opportunity for the stadiums to be used again in a major competition after the World Cup. The total attendance and revenue was much lower, but the ability to host a fairly successful major event with less than sixteen months' notice was an accomplishment for South Africa and led to further utilization of mainly empty stadiums during that time of year.

South Africa is also exploring hosting the 2023 Women's World Cup, as they have begun the bid process. The South African Football Association (SAFA) sent a letter to FIFA December 8, 2018 and is waiting for a response from FIFA before sending an official bid.<sup>52</sup> SAFA President Danny Jordaan has used the 2010 World Cup as part of the bid for the 2023 Women's World Cup, and is likely to utilize many of the same venues that were used in 2010, as the Women's edition has a smaller field of teams. That being said, this future utilization is not guaranteed, as several other qualified nations are also bidding for the event, including Australia, Colombia, Japan, New Zealand, and Thailand. The nation must complete the formal bid process by March 15, 2019. As of March 27, 2019, South Africa has confirmed their bid for the 2023 FIFA Women's World Cup. The bid book will be submitted by October 2019 and the host selection will be in March 2020. The host of the tournament will be chosen March 2020, giving the host nation only three years to prepare, which indicates that only hosts with established infrastructure and stadiums would be chosen, as new construction is impossible in that time frame. If South Africa is chosen, it would be the first African nation to host a Women's World

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<sup>52</sup> "SAFA President Danny Jordaan Banking on 2010 World Cup Experience - News - Kick Off."

Cup, and just the the fifth nation to host both the men's and women's competition, along with the United States, Sweden, Germany, and France. This event, which is smaller, would still bring new life to some of the stadiums, and would once again put South Africa in the international spotlight.

Overall, the stadiums have been utilized by local teams, despite the impacts of lower crowds since the World Cup. When focusing on stadiums only, most of the stadiums are sustainable in terms of operating costs. In total, five of the ten stadiums are either privately owned or have primary naming sponsors. However, the challenges of constructing large scale stadiums still leave a long term effect on the individual cities, leaving them responsible to fill stadiums without the allure of the World Cup.

## SECTION VI: MEDIA IMPACT

In terms of the newspaper impact, I have looked at The Sowetan, which is the largest English language newspaper in South Africa with a readership of over two million. They were extremely positive in the initial phases, but have voiced mixed opinions of the World Cup both during the World Cup period (May-August 2010 with the competition occurring from June 11-July 11) and after the World Cup (July 12, 2010-Present). In addition, I have examined international reports from the corresponding period, using the New York Times and The Guardian, which are two of the largest papers internationally. These pieces show a reflection of the mainstream views of the more liberal ends of the developing world, which as shown below are both more skeptical of the bid and reserved in their tone. These pieces from the “western media” have the underlying assumptions about South Africa, as was discussed in the earlier sections, but see the progress of hosting the World Cup for South African political legitimacy.

After the bids were announced, the Sowetan stated that winning the 2010 bid would be “endorsing the South African miracle created in 1994,” as this was a public and international way of showing that South Africa was a legitimate nation in the global scheme.<sup>53</sup> After the vote was confirmed and South Africa was named the winner, the Sowetan published an editorial that declared that this was a “vote of confidence in the ability of South Africans in particular, and Africans in general,” as the World Cup showed that in just over a decade, the nation went from an apartheid regime to being chosen to host one of the largest international sporting events.<sup>54</sup> Overall, the initial feedback from the World Cup was positive. Note that not many economic details were omitted from these articles, as they focused on political legitimacy and a potential

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<sup>53</sup> “Why We Deserve the 2010 Games.”

<sup>54</sup> “Congratulations to Ourselves.”

leadership role that was granted vis-à-vis the World Cup to South Africa. Despite the lack of quantitative details, these show that the initial wave of support for the World Cup was a net positive.

Internationally, the New York Times stated that the 2004 announcement that South Africa would host “puts the ‘World’ back into the World Cup,” as after this World Cup, five of the six populated continents have hosted the event.<sup>55</sup> The “global pariah,” due to its past history of apartheid, was elevated seemingly equal to the other nations in the world of sports. In relating these articles from major global publications, we can see that although the historical chains of apartheid will continue to fetter South Africa, that there is progress and a newfound respect that international media outlets now possess for the nation due to their legitimacy.

In early 2010, The Guardian put out an editorial by David Runciman, a professor of politics at the University of Cambridge, which highlights the issues with the World Cup. Runciman does not doubt that it would be a success for South Africa to host a World Cup and that it is in FIFA’s best interest to help South Africa achieve that goal. However, his take is that Europe, via FIFA, will continue to corrupt the process and take from developing nations, by taking their talent to play for clubs in Europe. He outlines that the “great hope behind holding big sporting events in developing countries is that the glare of international publicity will drive the process of reform,” but that it has not worked in the past, citing the 2004 Athens Olympics. He then criticizes the funds, stating that these megaliths of stadiums were built while a third of citizens live on less than \$2 per day.<sup>56</sup> Overall, Runciman believes that Africa can gain some legitimacy from this, but that it is not worth the cost.

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<sup>55</sup> Vecsey, “Soccer Puts ‘World’ Back Into the World Cup - ProQuest Historical Newspapers.”

<sup>56</sup> Runciman, “2010 World Cup.”

During the midst of the competition, the Sowetan published an article discussing the role of the stadiums as white elephants, which was previously highlighted in the earlier section. This fear of these stadiums turning into monoliths is very real, as the many of the stadiums did not have sponsorships or major tenants at the time of construction. The editor of The Sowetan directly stated that “I don’t know how they are going to be maintained... You need a mathematician to figure out how they are going to move forward and pay for them after the World Cup.”<sup>57</sup> This article did not focus on the larger stadiums, such as FNB Stadium, which will be utilized as the premier stadium not only in South Africa, but in the entire continent, but especially Peter Mokaba stadium in Polokwane. This rural city has a population of around 500,000 and was constructed for only four World Cup games. Other stadiums who have lost their primary tenants were also at risk at this time, per the article. However, later that year, the Sowetan declared that “There is no way Peter Mokaba Stadium will become a white elephant,” as they had brought some premier clubs to play in the stadiums after the World Cup.<sup>58</sup> The 2010 article has been dispelled and some of the fears have come true, as the stadium has current financial issues, however, the immediate thoughts were that the stadium would at least break even.

However, one article during the World Cup was extremely negative about the World Cup. This article, titled “Soccer has been turned into a shackle to enslave us,” highlights the negative effects of the event and calls FIFA out for profiting off of the nation. Mngxitama focuses on the cost trade off, as the government has allowed tax breaks for FIFA, while claiming that budgetary constraints negatively affected the poor by cutting healthcare and other necessary programs. Overall, this article focuses on the negative tradeoffs—which are extremely

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<sup>57</sup> O’Connor, “World Cup 2010.”

<sup>58</sup> Moholoa, “Peter Mokaba ‘No White Elephant.’”

justifiable—as the World Cup was a tremendous investment for stadiums and infrastructure.<sup>59</sup> As seen in the South African budget report and in scholarly articles, there were a significant amount of tax breaks given to corporations and FIFA as a whole for the World Cup. This promotes industry and investment, but does have negative consequences on the host nation.

In looking at a local level, several articles have been written about the impact on locals, but none have been more poignant than ones about the workers who have benefitted from the additional tourism. Local vendors, such as Austin Chikovo, who was the centerpiece of a 2010 piece before the World Cup, have used the increase in tourism to benefit their families. Chikovo, a father of three, said that the increase in World Cup tourism on his flag vending business allowed him to send his three daughters to school, pay for their uniforms and rent.<sup>60</sup> Despite this being just one core case of an improvement, we have to see this feature in the most prominent English speaking newspaper as some sign of success from the less fortunate in South Africa.

During late June, the Sowetan reported the tourism data for the first half of the month. They reported that 682,507 tourists entered the country per the Department of Home Affairs during the first week of competition. Overall, the Minister of Home Affairs reported that 1.7 million people arrived into the nation, which was an increase of over one million from the same period last year. Spending was also reported at 974 million rand for this period, with the United States, United Kingdom, Australia, France, and Brazil contributing over half of the spending.<sup>61</sup> This initial spending contributes to the 3.64 billion rand that was named in the 2010 South African Report.

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<sup>59</sup> Mngxitama, “Soccer Has Been Turned into a Shackle to Enslave Us.”

<sup>60</sup> Mdletshe, “2010 WORLD CUP A BOON.”

<sup>61</sup> Monama, “Fifa World Cup Helps Boost SA Tourism.”

Reports after the World Cup cited the World Cup as a model for other African nations, stating that “The year 2010 was a game changer and risk mitigator to which countries and cities of Africa will point to for affirmation that it (the World Cup) can be done and they have what it takes.” The Soweto praised the World Cup in this article as a model for the future and how a mega sporting event should be run, while pointing to the World Cup as a model for the future of South Africa.<sup>62</sup> The sentiment in December 2010 was still very positive from the event. It later concluded that it was the “best FIFA World Cup ever,” as not only was the competition exciting, with Spain defeating the Netherlands for the trophy, but that “we (South Africa) have never seen anything like this in the history of this country – pre-colonial, during apartheid and post-liberation.”<sup>63</sup> The author of this page, which was written the day of the World Cup Final, stated that the impact on South Africa, not only with tourists, but local population as well, has led to a successful World Cup for the nation.

The New York Times pondered the long term effects immediately after the World Cup, by stating that the tangible benefits are uncertain, but depend on the actions taken by SAFA. If South Africa can continue to grow its brand and national team, it can continue to elevate the usage of these stadiums.<sup>64</sup> President Zuma discussed the future of South African soccer, despite the losses in the World Cup Group Stage. He told the team that, the government would use funds that FIFA gave for development to promote the youth program, touting it as an educational opportunity for the the less fortunate in the country to take part in the game. SAFA, per the article, was attempting to transform the mentality of the nation and was using the World Cup to

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<sup>62</sup> Moholoa, “World Cup the Cherry on Top for 2010.”

<sup>63</sup> Mabote, “What a Glorious 31 Days It Has Been.”

<sup>64</sup> Marcus, “South Africans Are Left to Wonder What Lies Beyond the Cup.”

do so, as soccer is now an identity for the nation.<sup>65</sup> If this growth can happen, then this could lead to an increased usage of the stadiums.

The Guardian reported the initial skepticism going into the World Cup, by starting its first article by discussing all of the potential failures from venues being incomplete to a “machete race war” in the streets. These initial thoughts, while they certainly were exaggerated, were common by the western media. However, the article dispels this notion and compliments the nation in various areas, from the stadiums and infrastructure to the security. The major focus was on the atmosphere and the legacy from the event. The article concluded by stating, “But the most persuasive argument deployed by Jordaan and the government was that successfully delivering the World Cup would help change perceptions of the country and the continent. That they have surely done.”<sup>66</sup> This sentence shows the geopolitical impact of the World Cup on the international importance of hosting these events, as the legitimacy gained goes further than the sixty-four matches played. This legitimacy gained serves as a manner of increasing soft power, as a successful mega sporting event lends credence to the idea that if a nation can accomplish massive infrastructure and construction goals, while providing a fairly secure and safe environment, it can be a responsible and impactful member of the international community.

Former President F.W. de Klerk published an article in the Sowetan discussing the World Cup. He stated that the “Cinderella continent” of Africa had been gifted the World Cup despite the “ugly First World stepsisters” actions in previous bidding. He continued to discuss the skeptical mindset that others had, believing that the stadiums and infrastructure would not be prepared. However, he echoed the successes of the World Cup, stating that this event “changed

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<sup>65</sup> Rhoden, “SPORTS OF THE TIMES: Success, or Even Lack of It, That the Hosts Can Build On.”

<sup>66</sup> Gibson, “World Cup 2010.”

the international perceptions of our country.” This statement is much more about international geopolitics than soccer, as the perceptions of inability to succeed—per de Klerk—were not solely about stadium and infrastructure, but apply to the country more generally.<sup>67</sup> De Klerk’s message in the Sowetan show at least the perceived geopolitical impact of hosting a successful World Cup by former South African leaders.

One year following the 2010 World Cup, the New York Times wrote to discuss the effects of the World Cup on the first year. The article relied on survey data that said 70% of South Africans believe that the World Cup brought economic disadvantages to the nation, but also 78% responded that it brought “social cohesion” to the country. Despite the stadiums being seen as monoliths by the author, she also discusses the social impact, as she senses a sense of national pride from the event.<sup>68</sup> The Guardian also discusses the social cohesion aspect, while dubbing the World Cup a success. It discusses the differences between the 1995 Rugby World Cup—the first major event after apartheid ended—and the 2010 World Cup. Richard Williams looks at a small detail—the national anthem—and uses this to highlight social change. Rugby was seen as an Afrikaner sport played by predominantly white nations such as New Zealand, South Africa, Australia, and the United Kingdom, while soccer is more global. He states, “At the early games (of the 1995 Rugby World Cup) featuring the home team in that tournament it was noticeable that Nkosi Sikelel iAfrika (the newly created South African national anthem) was heard in virtual silence by the almost entirely white crowd while Die Stem (the Afrikaner anthem that was co-national anthems with Nkosi Sikelel iAfrika from 1994-1997) was belted out with something close to defiance.” 15 years later, the tone had changed with pride in the national

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<sup>67</sup> de Klerk, “World Cup Left a Magic Legacy.”

<sup>68</sup> Fairbanks, “OVERTIME IN SOCCER CITY: South Africans Believed the World Cup Would Bump Their Country into the First World. So Did It? -.”

team, which is mostly black, and the unified national anthem being echoed by all citizens. This minor point shows the social cohesion, but also works towards the points discussed by leaders in the nation like Mandela and de Klerk to put the tarnished past behind and move South Africa away from its past and into a legitimate international power.

The Sowetan has been generally friendly to the progressive side of South African politics, but has justifiably become critical of the World Cup due to the fears of this event as a waste of money. In total, the Sowetan and selected international media have been fairly neutral, if not favorable towards the South African World Cup. There have been vocal critics, both domestically and internationally, as there are with any large scale investment project, due to the potential ramifications of diverting these funds, but overall the writers for these selected publications have been positive, as they have highlighted many of the major political ideas that can bring national unity and international recognition.

## SECTION VII: SHADOW CASE WITH BRAZIL

South Africa, as the first and only African nation to host a World Cup, does not have any clear regional comparisons. However, economically and politically, it is very similar to the last two World Cup hosts: Brazil (2014) and Russia (2018), as all three of these nations are BRICS countries. With the close proximity of the Russian World Cup to writing this, there has not been enough time to analyze even the short or long term effects on the state, nor has the Russian government put out any official statistics from the competition. However, Brazil does make for a solid comparison with South Africa. Brazil has not released any official data for the 2014 World Cup, potentially due to the transition in government and hosting the 2016 Olympics in Brazil, which has given additional usage and spiked tourism to Brazil.

Due to this latter factor, I am not able to do a full scale comparison of the two nations, as Brazil has been able to utilize some of the stadiums for the Olympics. In addition, many of the infrastructure projects that were completed were used for the subsequent sporting event, which confounds that set. However, I have analyzed their stadiums, with data gathered from scholarly reviews of both the stadium process. Brazil has not released employment numbers for the World Cup either, which makes the regression that I ran using the South African data impossible to compare to Brazil. Thus, I will be using Brazil as a more theoretical approach, with less of a focus on data and more on the lasting effects and legacies on the nation. In terms of case study options, I will be utilizing a “shadow” case, where two similar cases are explored in a typical case study manner, but the latter or shadow is used in an auxiliary manner to the primary case.<sup>69</sup> With the difference in available data, yet the clear similarities between the two nations, a shadow

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<sup>69</sup> Seawright and Gerring, “Case Selection Techniques in Case Study Research.”

case will be able to provide another example to compare the results from South Africa's 2010 World Cup.

### **2014 WORLD CUP BIDDING PROCESS:**

In 2003, FIFA selected South America as the next region for the rotational World Cup.<sup>70</sup> However, only two nations had interest to host the games: Brazil and Colombia. Due to internal complications, Colombia withdrew their bid before the FIFA Executive Committee could meet, leaving Brazil, as the only formal bid for the 2014 World Cup.<sup>71</sup> Thus in his made Brazil the de facto host despite Brazilian President Luiz Inacio Lula da Silva doubting the feasibility of the event, by stating, "We don't have any stadium which is in a condition to host World Cup games. We're going to have to build at least twelve new stadiums in this country." The bid was officially confirmed by FIFA October 20, 2007, despite the uphill battle to build twelve stadiums before the 2013 Confederation's Cup. This lack of infrastructure would require significant planning and progress, which Brazil did successfully complete before the 2013 Confederations Cup and 2014 World Cup. Brazil renovated five stadiums and fully constructed seven new stadiums in twelve cities. These cities were regionally spread out in twelve different states, where all parts of the country had some form of access to a World Cup venue. This did allow for the World Cup in Brazil to truly be a national game, but it led to complications with venues, as some stadiums were constructed in thinly populated regions. However, the lack of competition for bids led to the change in policy where the World Cup would not have regions set for each set of games.

Regarding the 2014 World Cup, we must also consider the subsequent Olympic Games that were held in Rio de Janeiro in 2016. With holding the two largest sporting events in the

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<sup>70</sup> FIFA.com, "2014 FIFA World Cup TM to Be Held in South America - FIFA.Com."

<sup>71</sup> "Brazil Confirms Bid - Colombia Withdraws - FIFA.Com."

world, there would be some overlap between the facilities used, especially the Maracanã Stadium, which hosted the seven matches for the World Cup and four matches for the Summer Olympics, including the championship and gold medal games for both the men's and women's teams, as well as the opening ceremonies. In total, six venues overlapped between the two competitions.

However, when construction is considered, we must factor in the bidding process. The World Cup was awarded to Brazil in October 2007, while the Olympics were awarded to Brazil in October 2009, leaving two years of planning completely separate from the event. In terms of stadiums, the Olympics only utilized six of the twelve stadiums constructed for the World Cup, while building the Estádio Olímpico<sup>72</sup> specifically for the Olympic Games, despite the numerous stadiums constructed for the World Cup. The focus of this will be on the building directly for the World Cup, but there will be inherent overflow, especially with infrastructure projects that were constructed in anticipation of both events.

#### **BRAZIL DATA:**

Brazil has not put out official numbers on the World Cup as South Africa did in late 2012 after the competition. However, FIFA initially predicted in their reports that the total stadium construction would cost roughly 6 billion Brazilian real. The final costs were unsurprisingly higher, as the World Cup generally costs more than the predicted values in the bid book—as seen in South Africa, but not as dramatic as South Africa, with an average of 41% increase per stadium. The total overrun was just over 2.5 billion real. Estadio Mineirao actually was cheaper at the end, with a 7% decrease in costs, while Estadio Castelao was statistically even on cost.

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<sup>72</sup> Estádio Olímpico is a multipurpose stadium that hosted soccer games during the Olympics. It also hosted the all of the track and field events, except for the marathon and race walking events.

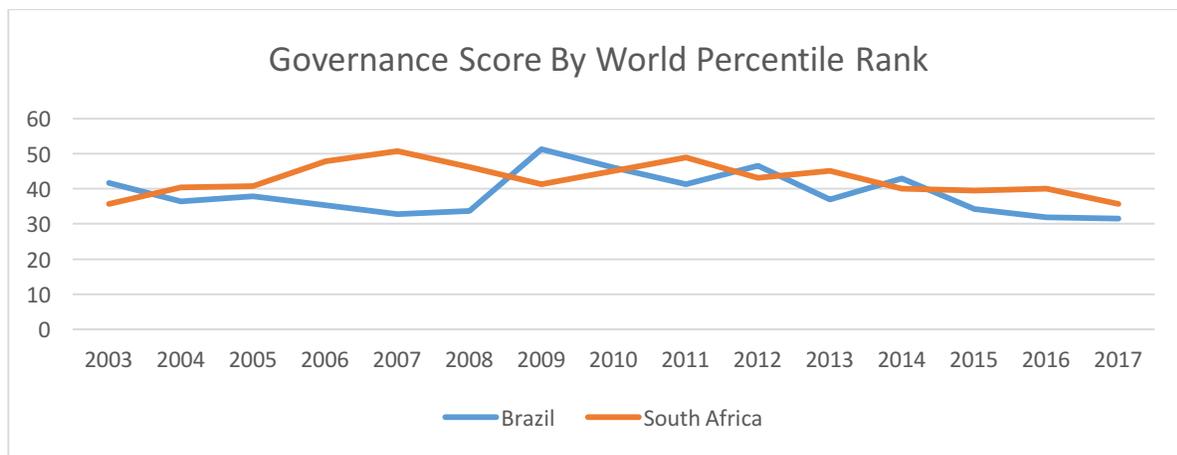
Overall, three stadiums nearly doubled in cost: Arena Pantanal (88% increase), Arena de Baixada (95% increase), Estadio Nacional Mane Garrincha (101% increase). This increase is significantly less than the South African data, but overall the cost of the stadiums were higher in Brazil. Thus Brazil has more accurately budgeted the World Cup for 2014. However, Brazil spent on average 711 million Brazilian Real per stadium (341 million USD) while South Africa spent 1.598 billion rand per stadium (180 million USD). This nearly twofold increase is not due to inflation, as both the Real and the Rand stayed fairly consistent in relation to the US dollar from 2004 to 2014, with both experiencing the same devaluation in late 2008 and early 2009. Thus the impact was that Brazil had significantly more expensive stadiums, even when adjusting for inflation and time change than South Africa.

In terms of political stability and economic impacts, Brazil has not released employment data from the World Cup, thus there are only estimates on the impact on construction jobs per stadium. Due to this, I cannot do the same regressions that were done on South Africa as there is no comparable variable to replace employment data. With this lack of available data, I have decided to merely present the data without regression analysis, and compare the raw data to the overall consequences and changes in South Africa.

Thus when looking at the data writ large, you can see similar changes to that occurred in South Africa. South Africa as a whole had GDP growth of 22.63% from the World Cup bid to the event, while Brazil experienced a 28.39% growth in their period from the bid to the World Cup. In terms of provincial growth, the regions with stadiums had an average of 25.76% growth in Brazil, while in South Africa, they had a 22.57% growth. The deviation between scores can be attributed to the fact that nine of South Africa's ten provinces were used for stadiums—with Northern Cape, the least populated and smallest economic province—being excluded, while

Brazil had stadiums in twelve of its twenty-seven. Overall, the data between the two in the World Cup period was fairly similar in terms of economic change up until the World Cup, with Brazil having a higher rate of growth from their bid to World Cup.

In terms of governance and stability scores, Brazil has had similar fluctuations as South Africa, with a high of 51.18 in 2009 and a low of -0.41 in 2017. During the World Cup, their score was a -0.07 (43<sup>rd</sup> percentile), which is just slightly lower than South Africa's -0.03 (45<sup>th</sup> percentile) in 2010. The two nations have been extremely similar over nearly the past two decades, with South Africa being on average slightly higher. The graph below shows the differences in both nations over the period from 2003 to 2017.



Politically, Brazil has had a dramatically different result than South Africa, as the incumbent party—the Worker’s Party—had lost control of the presidency in 2018 for the first time since 2002. Their vote share for the presidency dropped 12.3% between the World Cup and the next election, while South Africa’s ANC only lost 3.97% in their first election after the World Cup. Brazil did have major issues with corruption and external factors. However, some of the corruption that was attributed to the Worker’s Party’s loss was part of the World Cup, as five stadiums (which included the three most expensive stadiums) were constructed by companies indicted in “Lava Jato,” or Operation Car Wash. Reports have stated that 1.5 billion real (720

million USD) derived from these five stadiums were for fraudulent payments to the companies and government officials.<sup>73</sup> Sergio Cabral, the former governor of Rio de Janeiro state, was arrested and sentenced to 14 years in prison for accepting \$64 million in bribes connected to construction for the World Cup.<sup>74</sup> This direct connection—while not the only instance of corruption—shows how the World Cup may have influenced governance in Brazil after the World Cup.

### **BRAZIL'S STADIUMS:**

Brazil built seven new stadiums, while renovating five stadiums for the 2014 World Cup. In total, the twelve stadiums—in twelve distinct regions—created a World Cup that was regionally distributed, but incurred long distances between matches for teams. This ensured that all of Brazil could be a part of the World Cup, but left many stadiums in low population areas.

The World Cup was well attended, with over 3.4 million total fans and over 98% of seats filled on average for the tournament. This is higher than South Africa, who averaged just under 93% for the tournament overall. The lowest attended stadium—Arena Pernambuco—still filled over 96% of their seats on average, compared to South Africa's lowest stadium of just over 80%. Brazil's World Cup had the second most fans total, with approximately 120,000 fans fewer than the United States World Cup in 1994. In total, the World Cup for Brazil, in terms of the actual event, was fairly successful.

As a more soccer friendly nation, Brazil's stadiums are for the most part still used by major clubs, as Brazil's Campeonato Brasileiro Série A, is one of the most competitive club leagues in the world. Thus their stadiums, aside from Arena de Amazonia—the most criticized

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<sup>73</sup> "Arenas Da Propina."

<sup>74</sup> Felter and Cara Labrador, "Brazil's Corruption Fallout."

stadium, have at least one tenant. Seven of the eleven remaining stadiums have a Série A team as a tenant, while Estadio Nacional Mane Garrincha hosts the Brazilian national team. Brazil's stadiums, much like South Africa's, are fairly well used after the World Cup. The Arena de Amazonia, which was built in the rainforest in a site with limited access. The expenses for the stadium nearly triple the revenue, and this has been seen by the international media as one of the largest "white elephants" in terms of modern construction pieces.<sup>75</sup>

Overall, South Africa's World Cup has been seen as more positive by the international community. Brazil's stadiums are consistently mentioned as "white elephants," especially with the need to build new stadiums for the Olympics even after the construction of the World Cup stadium, while South Africa's have lost that terminology. This could be due to a recency bias, as Brazil's World Cup was the focus preceding the 2018 Russian World Cup. The dramatically higher costs in total (\$4.09 billion) compared to South Africa's \$1.8 billion also factor into the disparity between the two games, as the fact that the event—without a change in the number of teams competing or any major inflationary factors—had more than doubled the cost of the previous World Cup. South Africa, just four years earlier, built essentially six new stadiums and renovated four for less than half of the cost that Brazil built seven new stadiums and renovated five. This number does not include infrastructure spending, which Brazil also outpaced South Africa in. Thus with the dramatic differences in stadium spending alone, we can see stark differences between the two similar nations.

Brazil also has hosted the World Cup before, as it was the host nation in 1950 and currently is one of only five nations to host the World Cup twice, along with Italy, France, Germany, and Mexico. South America has also hosted the World Cup five times, from Uruguay

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<sup>75</sup> Powell, Michael, "in the Brazillian Rain Forest, 'a White Elephant, a Big One'"

hosting the first World Cup in 1930, along with Chile and Argentina in 1962 and 1978 respectively. Thus, Brazil would gain less prestige from hosting the World Cup than a nation like South Africa, who has not had any of the major international mega sporting events on their continent. This indicates that the geopolitical and soft power gains that could be achieved via a World Cup would be less than South Africa's. In addition, the two events in a two-year period: with the World Cup in summer 2014 and the Olympic games in summer 2016, lead to a lessening of the impact as well. If the goal of an international mega sporting event is to prove legitimacy for the nation, then there is no need for a second event in that short of a time period to prove this to the international community. Thus the effects of the World Cup were reduced by the subsequent Olympic games.

Overall, the significantly higher costs from the World Cup in Brazil, along with the heightened international media focus on stadiums like the Arena de Amazonia, the government turnover and corruption, and the reduced geopolitical impact, make the South African World Cup more successful when examined in terms of both economic and political legacies.

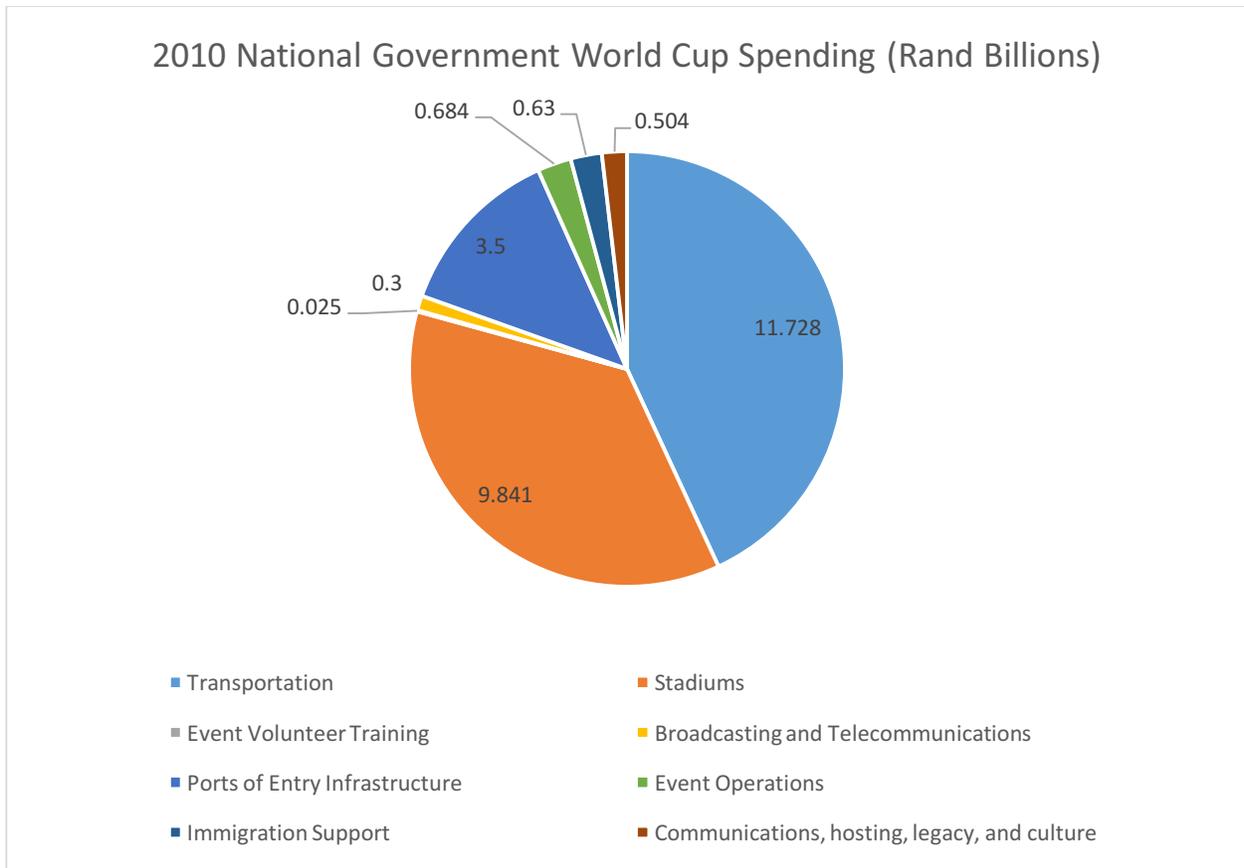
## **SECTION VIII: CONCLUSION**

I have completed a regression analysis of the GDP change per region, and compared it to the costs of the stadium and the amount of employed workers for the eight provinces that had a stadium built, as well as the nation at large. I have left Northern Cape isolated, as they were the lone province that did not have a stadium used for competition. I ran three different models: one with the total GDP change from 2001 to 2013, one from the year of the bid to the year of the competition (2004-2010) and one from the bid to two years after to see the greater impact two years removed from the World Cup (2004-2012).

Additionally, I have looked at this data compared to the seats changed by the incumbent party in the South African parliament. Over the past three decades, the same party—the African National Congress (ANC) has dominated the political landscape of South Africa. The ANC has won every national election since Apartheid fell and the voting system was integrated. However, there has been a tremendous amount of fluctuations in the number of votes that the ANC has received, which serves as the key indicator in the data set.

There have been other political factors outside of the World Cup that have affected voting patterns, but the World Cup was a major economic investment for the nation at large. Total spending by the federal government, including security, infrastructure, and the ten stadiums constructed, cost over 30 billion rand, with the vast majority going towards stadium construction and transportation infrastructure (9.841 billion rand and 11.728 billion rand respectively). The South African government stated that the infrastructure investment was needed to improve the nation, and that the World Cup merely shortened the timeframe for completing these projects. The government states that these projects will continue to be a long term investment, as the

benefits of these projects will continue to serve South Africa regardless of the World Cup’s impact. The graph below shows the full spending breakdown of the World Cup.



In terms of stadium spending alone, the nation’s report stated that in total, stadiums cost 15.982 billion rand, with the federal government giving 9.841 billion rand towards this project. The remaining 6.14 billion was paid for at the local level, with cities and regional governments paying for this share. The exceptions to this would be Loftus Versfeld Stadium and Royal Bafokeng Stadium, as the former is a privately owned rugby stadium that ownership paid for the minor upgrades for the competition. The latter was partially funded by the both the federal and local government, but the majority of the cost was from the Royal Bafokeng Nation—an ethnic region governed in a hybrid system by both South Africa and the traditional monarchal rule. These two private stadiums had the lowest costs of all stadiums, at 115 million rand and 150

million rand, respectively.<sup>76</sup> Based upon budgeting estimates from South Africa, the total spent on the World Cup by the federal government is equivalent to 80% of the national defense budget and more than allocated for numerous sections, including social security, provincial welfare services, HIV and Aids support, and environmental protection. In official government documents describing the tax revenue and budget for 2010, they use a soccer ball as the center of the descriptive chart with the spending breakdowns, showing that at the national level, this tournament was the focus and pride of the nation.<sup>77</sup> The government fully embraced the World Cup as a means of soft power, and thus this spending was perceived to be an investment in the future of South Africa.

Instead of utilizing the World Cup as a means of increasing tax revenue, South Africa created numerous tax exemptions that allowed FIFA and all national associations (other than SAFA) to operate under tax free conditions. Commercial affiliates, such licensees, broadcasters, merchandising partners, and other FIFA-designated service providers also received some tax exemptions for certain World Cup related goods. This legislation was passed specifically for the World Cup, as the period of time that was covered was the 2009 Confederation's Cup and then a five-week period, beginning one week before the first kickoff of the 2010 World Cup and ending the night of the championship game.<sup>78</sup> FIFA, as a "non commercial, not for profit" organization claims to not request tax exemptions or an easing of customs<sup>79</sup> for the World Cup, but these benefits are almost always granted for the event, as there is an individual section in each of the

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<sup>76</sup> Molloy and Chetty, "The Rocky Road to Legacy."

<sup>77</sup> "2010 South African Budget."

<sup>78</sup> "1512. 2010 FIFA World Cup South Africa."

<sup>79</sup> FIFA, "FAQ: Setting the Record Straight."

bids within the FIFA Inspection Report that discusses the tax-free status.<sup>80</sup> FIFA operates on a four year budget schedule, with the year of the World Cup being the conclusion of a cycle. Thus, FIFA put its official report out in June 2011 for the previous four years. FIFA was able to profit nearly \$631 million, with a total revenue of 4.189 billion and expenditure of 3.558 billion during that period, with \$3.48 billion in revenue coming from the broadcasting and marketing rights for the 2010 World Cup alone.<sup>81</sup>

When looking at the South African 2010 World Cup, the conclusions must be done in three separate aspects: the quantifiable political economy aspect, the internal social cohesion and perception factor, and finally the soft power, international relations dynamic. These areas, when combined, paint a clearer picture of the total effect of hosting the World Cup for South Africa.

First, we must examine the quantifiable economic data. In the five regressions that analyzed the impacts of stadium construction costs, employment, GDP growth, and seat change, we saw no relation between seat change and GDP change, total stadium cost, or employment created by the stadiums. The data points are limited, as there are only nine provinces with ten stadiums over a short period of time, however, we can assume from this that there is not a significant relationship between political stability and the World Cup. This betrays my initial reactions, as I would assume that the loss of votes consistently over the three elections would have some relation to the World Cup spending, as the ANC peaked at 69.6% in 2004, just before the World Cup bid was officially announced and then fell by 3.798% and 3.746% in the next two elections nationwide.

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<sup>80</sup> FIFA, "2010 Inspection Report for the FIFA World Cup."

<sup>81</sup> FIFA, "FIFA Financial Report 2010."

I do, however, think the most significant event is at a local level. Gauteng, the smallest yet most populous province in South Africa, had three stadiums for the World Cup: First National Bank Stadium, Ellis Park Stadium, and Loftus Versfeld Stadium. All three were existing stadiums that were renovated for the World Cup, at a total cost of 4.06 billion Rand, with 61,870 employed for construction alone. This region individually had the biggest drop in voting for the ANC, dropping by nearly ten percent from 2009 to 2014. Johannesburg, the nation's capitol, is seated in Gauteng, which can attribute part of this political change as it is a smaller, more salient region, but the large difference from both the past election (a decline of 13.812% from 2004 to 2014 versus the national average of 7.544%) to the 2014 election, which was nearly three times as large as the decline of the average, and the largest decline of any province. In terms of usage, these three stadiums are utilized by major clubs, with FNB Stadium being used for the South African National Team for friendlies and as the home stadium for the Kaizer Chiefs, and Ellis Park and Louis Versfeld Stadiums being used for the nation's premier rugby teams. Outside of FNB Stadium, the other two Gauteng stadiums have not received the record number of attendees since the World Cup, which expanded the capacities of all three stadiums.

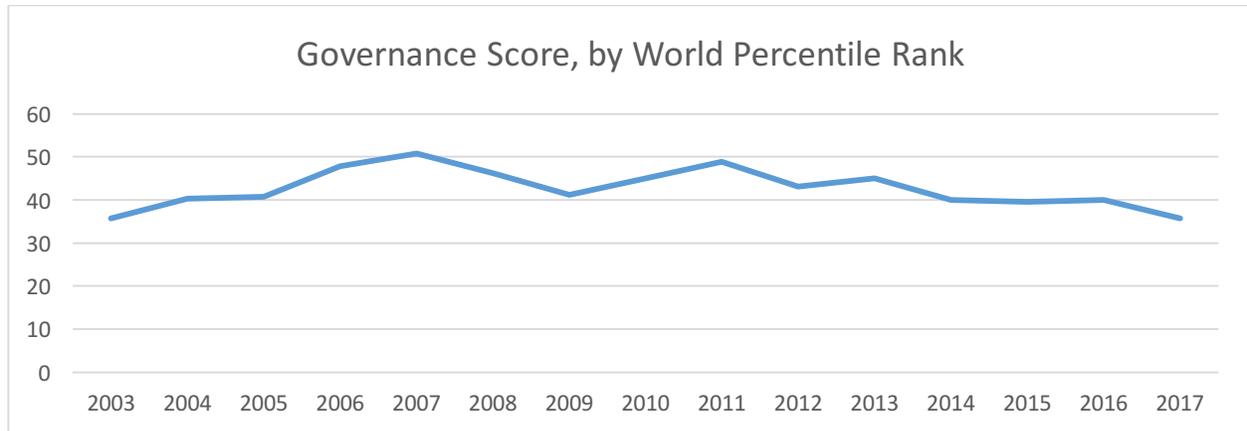
In a similar vein, the second largest decline in ANC votes from 2009 to 2014—was in Mpumalanga, which had a newly constructed stadium for the 2010 World Cup. This stadium was the cheapest newly constructed stadium of any of the World Cup stadiums, at 960 million Rand, but was paid for by taxes in the region. Mpumalanga has had the largest increase in real GDP from 2004 to 2012, at a 54% increase over that period. Yet, the stadium's upkeep costs continue to place a burden on tax payers. This source of discontent for a stadium that was only used for four games during the competition, has led to a dramatic change in voting. From 2004 to 2009,

the ANC only lost .5% in votes, yet in the aftermath of the World Cup, the 2014 election showed over a 7% decline in votes. This dramatic difference in just five years does show that there may be some discontent within the local population when forced to bear the brunt of a stadium cost.

In terms of political stability, the nation overall has been stable, as overall the data has been fairly consistent. During the World Cup year, the nation had a -0.03 score, which places it at the 45<sup>th</sup> percentile in the international community. This is slightly lower than its peak of .22 (50.72 percentile rank) in 2007, but still higher than both of its low points (2003 and 2017) at -0.31 and -0.27 respectively. Considering the impact of security on the political stability index, along with the mass influx of tourists, this score in 2010 does show that South Africa was fairly stable during the World Cup. Overall, the nation has fluctuated between the 35<sup>th</sup> and 45<sup>th</sup> percentile after the World Cup. This data is not available at a regional level, as the political stability and governance score index does not break down at a small level, so thus it could not be included in the data set. I have attached a graph below showing the changes in political stability in the nation from before the World Cup to 2017. This percentage change cannot be solely attributed to the World Cup, as discussed in the election section that there are numerous other impacting variables, but this does show a national ranking compared to the rest of the international community. Overall, the fluctuations in data have not been tremendously large in either direction, with the difference in world percentile rank being just over 15 percentile points. As a comparison, the United States, United Kingdom, and Germany, which are seen as fairly stable developed nations, have ranged by 29.76, 17.84, and 16.8 percentage points respectively.<sup>82</sup>

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<sup>82</sup> “World Governance Indicators 2018 Interactive Data Access.”



However, when we look directly at GDP change against the stadium cost and employment opportunities, we do see a significant result when looking from the World Cup bid in 2004 to 2012. Thus there is at least some correlation between the GDP change in each individual province and the stadium costs. These massive development projects at least somewhat do contribute to the economic changes, especially with the high number of employed citizens, and have affected the nation at a regional level. The full data sets and regression documents are attached in the appendix.

Overall, the economic impact of hosting a mega sporting event has proven to be at best neutral for South Africa, as their real GDP has increased steadily from 2004 to 2013, but the debt to GDP ratio has increased tremendously since its low in 2008 as it was reported to have a 53.1 Debt to GDP ratio in 2017, which is an all time high for the Rainbow Nation. For individual provinces, most have seen GDP growth from the World Cup to 2012, but several provinces had negative growth: Western Cape between 2007 and 2008, both Free State and North West from 2008 to 2009 and from 2011 to 2012, Eastern Cape from 2007 to 2008 and 2010 to 2011, and Mpumalanga from 2012 to 2013. In 2009, the entire nation had a decline of -1.54%, with six provinces having declines. Thus, twelve of the sixty-four periods (18.75%) shown had negative

GDP growth in the immediate impact of the World Cup. Northern Cape, the lone region without a stadium, had a negative GDP twice in the same isolated period of eight years (25%).

The World Cup did have a tremendous impact during the four-week competition, as South Africa reported increases in retail sales, restaurant income, credit card spending, and other major spending areas. The issue with this effect is that tourism is a temporary increase that inflates the statistics during the competition. Despite the short term increase, as the competition was less than a decade ago, the negative consequences of these stadiums can be seen. However, if South Africa would host another mega sporting event, which has been shown in their attempts to bid for the 2023 Women's World Cup, it could repurpose its existing stadiums for this purpose without major infrastructure or construction costs. However, this is not a guarantee at all for the future and South Africa needs to be able to support these massive structures internally without the dependence on the international sporting community.

Outside of the economic effects, there are two major political effects: domestic and international. We can see that the political leaders of South Africa had hoped to use the World Cup to increase domestic tranquility and to increase their soft power relationship in the international community.

In terms of domestic policy, we must look at the two factors: social cohesion and self-image, with both stemming from the marred historic past of South Africa. Leaders used the 2010 World Cup to prove that there was not a divide in the population. The bid was announced just a decade after the fall of apartheid so these wounds were still fresh. As seen with the media, there were initial fears of civil unrest, with threats of violence and racial tensions, but this was ultimately wrong, as the World Cup was fairly secure and well run. When looking at the self image, we can look to SAFA President Danny Jordaan, who stated that, "For years, many South

Africans have been told that they are inferior, that they are not good enough. The nation has crossed a huge psychological barrier.” Jordaan embodies the spirit of the national leaders, as this is one of the domestic goals of the 2010 World Cup. The mere fact that South Africa was the first African nation to host the mega sporting event gives a sense of national pride to the oft put down nation.

In terms of soft power and international relations, I would conclude that South Africa was fairly successful, especially with the increased pressure of being the first African nation to host a World Cup. The expectations from the media, especially the Western powers, was that the event would fail as South Africa could not handle it.

South Africa is a member of the United Nations, and was the one of charter members of the international organization, signing on in 1945. However, for the first sixty years of the international community, it was never elected to be a rotating member of the UN Security Council, which is one of the highest levels of international recognition that a nation could get. There is a designated rotating spot on the council for Africa, so it was not seen as a regional power on the continent. Since it was awarded the World Cup in 2010, it has been elected to the Security Council three times, serving from 2006-2008, from 2010-2012, and is currently serving from 2018 until the end of 2020. It may be just coincidence, as South Africa did have issues with apartheid tainting its image to the international community and was largely isolationist before the turn of the 21<sup>st</sup> Century, but they were elected for their first term two years after their bid was confirmed. This may be due to South Africa wanting to take a bigger role in the international community and the World Cup could be part of the same pattern, but also shows the newfound legitimacy that the international community perceives of South Africa.

When focusing on just the “showcase effect,” alone we can see the potential for international recognition for South Africa. 52 of the 64 matches had over 50 million viewers in the 11 major markets, including the United States, United Kingdom, Germany, and Italy, along with an average of 70 million viewers per match internationally. The event was, at the time, the largest period of sustained activity in Twitter’s history, with an average of 750 tweets per second during the competition.<sup>83</sup> The international media, with large publications in both the United States and the United Kingdom, considered the World Cup to be a success, despite their initial fears of not only a poorly run event, but an unsafe event. With this seal of approval by “western media” sources, South Africa has gained a new position in the international community. These factors, at least at the surface level, indicate that South Africa’s goal of gaining international awareness via the World Cup was successful.

When looking at all three outcomes from the World Cup: the political economy, the domestic social effects, and the international relations conclusions, I would say that the World Cup for South Africa achieved its goal that was set out by its political leaders. Thus my initial hypothesis was partially incorrect, as I expected that mega construction in developing nations would have a negative effect on the political and economic climate. South Africa proved that it could hold a successful mega sporting event, while breaking free of the traditional imagery that its leaders believed shackled the nation. South Africa—despite the economic effects that continue to linger—has emerged from the World Cup in a better role politically. In the aftermath of the World Cup and on the international stage, President Mbeki was correct: Africa’s time has finally come.

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<sup>83</sup> Sport and Recreation Department, “2010 Fifa World Cup Country Report.”

## **SECTION IX: FURTHER WORKS**

Looking at South Africa in a macro context, we can examine this mega construction project as just one of many large scale building project in the Global South. These projects have merit, despite both their high initial construction costs and the long lasting cost of maintaining these after construction, that can lead to increase political legitimacy, both domestically and in the international community.

To compare this to other building projects, the South African government funded approximately 28.5 billion rand in multiple areas, with over 6 billion rand spent by city governments and private organizations on the stadiums alone. This total, 34.6 billion rand, is approximately \$3.9 billion USD in total investment. In terms of comparable mega construction projects in the developing world, there are very few that compare to the total cost of a World Cup, since it is ten stadiums and massive upgrades to infrastructure and ports. However, if seen as individual projects, such as just the infrastructure (\$1.3 billion) or individual stadiums—ranging from \$12 million to \$507 million, we can compare them to other projects in the developing world. These individual pieces, which did total a significant amount, must be looked at in this manner, as the total cost can only be compared to other mega sporting events, such as the 2014 World Cup or Olympic Games. When looking at the individual and regional level, the conclusions drawn in this thesis can be expanded.

In looking at the political effects of these construction projects, it is tough to separate the emotional effects of the sport from these stadiums, as other upgrades in the developing world, such as dams and railways, may have more practicality but do not have the inherent national pride that is part of a global sporting event. In this manner, I would say that sporting events are unique. That is, these events may be less necessary, if even necessary at all, but they evoke

feelings that a dam could not. The non-quantifiable factors that were gained from not only seeing the Bafana Bafana compete at an international level, but compete in stadiums built by South Africans for South Africa cannot be overstated.

If further research was to be done on South Africa, I would want to examine the effects of the infrastructure system, as this was supposed to be the necessary part for the future, while the stadiums primary purpose was for the single event. The success and failures of the upgraded infrastructure, which the government claimed was aged and needed repaired could be a major point of study for future analysis. In doing this analysis with the combined parts on the infrastructure development, it could lend further credence to the World Cup as a success, as the World Cup was not only a success in terms of soft power relations and domestic stability, but also a catalyst for true infrastructure upgrades within the nation.

This research can be applied to the future of developing nations hosting mega sporting events, as numerous developing nations are bidding for future Olympics and World Cups. Nations on both ends of the political and economic spectrum, from “Western” nations like the United States to places such as the hinted joint bid from North and South Korea. If we can apply not only the economic indicators, but the soft power and geopolitical effects on these nations, we can identify whether a nation can successfully parlay hosting a mega sporting event into greater international recognition and a more balanced geopolitical landscape.

## SECTION X: DATA SET

Gross Domestic Product

Region	Built Stadium	2001	2002	2003	2004	2005
South Africa	10 Stadiums	439559	455682	469121	490487	516371
Eastern Cape	Nelson Mandela Bay Stadium	35446.9	34345.8	36472.7	37820	39636.2
Free State	Free State Stadium	23519.3	25559.8	25294.6	26114.4	26918.6
Gauteng	3 Stadiums	145864	154721	160125	167932	177458
KwaZulu-Natal	Moses Mabhida	72695.1	75099	77650.9	81042.5	85284.9
Limpopo	Peter Mokaba	29310.1	30239.9	30531.7	31855.9	34145.5
Mpumalanga	Mbombela Stadium	31891.2	32121.1	31837.1	32528.3	33883.6
Northern Cape	None Construction	9806.16	9558.2	10041.3	10466.4	10618
North West	Royal Bafokeng	29355.8	29706.8	29872	30785	33642.4
Western Cape	Cape Town Stadium	61670.8	64330.4	67295.8	71942.7	74783.8
Totals of Stadium Provinces		429753.2	446123.8	459079.8	480020.8	505753

## GDP Change Per Year

Region	Built Stadium	2001	2002	Net Difference	Percent Change	2003
South Africa	10 Stadiums	439559	455682	16123	3.67%	469121
Eastern Cape	Nelson Mandela Bay Stadium	35446.9	34345.8	-1101.1	-3.11%	36472.7
Free State	Free State Stadium	23519.3	25559.8	2040.5	8.68%	25294.6
Gauteng	3 Stadiums	145864	154721	8857	6.07%	160125
KwaZulu-Natal	Moses Mabhida	72695.1	75099	2403.9	3.31%	77650.9
Limpopo	Peter Mokaba	29310.1	30239.9	929.8	3.17%	30531.7
Mpumalanga	Mbombela Stadium	31891.2	32121.1	229.9	0.72%	31837.1
Northern Cape	None Construction	9806.16	9558.2	-247.96	-2.53%	10041.3
North West	Royal Bafokeng	29355.8	29706.8	351	1.20%	29872
Western Cape	Cape Town Stadium	61670.8	64330.4	2659.6	4.31%	67295.8

## Gross Domestic Product

2006	2007	2008	2009	2010	2011	2012	2013
545307	574537	592871	583752	601498	621516	636698	649803
42146.1	45824	43562.7	44512.4	46316	46210.7	49133.3	50139.8
30008.3	31052.2	32464.5	31644.4	32217.5	32416.2	32170.3	33052.8
186340	193011	200683	197322	205134	211455	214712	219549
89070.5	93748	98286.9	95136.8	94962.4	98730.6	102103	103920
36255.8	38232.8	40772.4	42351.3	44257.5	45849.4	46685.6	47231.7
36369.8	39959.6	42409.2	42471	44412	46545.9	50412	49615.6
11939.4	13031.9	13696.4	12674.4	13152.7	13219.1	13427.3	13079.8
34638.3	36346.6	38219.1	37797.3	39447.9	42250.4	40911.3	43944.9
78538.8	83330.7	82777.1	79842.3	81597.6	84838.8	87143.5	89269.8
533367.6	561504.9	579174.9	571077.5	588344.9	608297	623271	636723.6

Net Difference	Percent Change	2004 Net Difference	Percent Change	2005 Net Difference	Percent Change	
13439	2.95%	490487	37489	516371	25884	5.28%
2126.9	6.19%	37820	246.2	39636.2	1816.2	4.80%
-265.2	-1.04%	26114.4	2860.3	26918.6	804.2	3.08%
5404	3.49%	167932	16664	177458	9526	5.67%
2551.9	3.40%	81042.5	5795.5	85284.9	4242.4	5.23%
291.8	0.96%	31855.9	2254	34145.5	2289.6	7.19%
-284	-0.88%	32528.3	921.1	33883.6	1355.3	4.17%
483.1	5.05%	10466.4	177.14	10618	151.6	1.45%
165.2	0.56%	30785	1264	33642.4	2857.4	9.28%
2965.4	4.61%	71942.7	7306.5	74783.8	2841.1	3.95%

Gross Domestic Product

Change 2001-2013	Increase (%)	Change 2004-2010	Increase (%)	Change 2004-2012	% Change
210244	47.83%	111011	22.63%	146211	29.81%
14692.9	41.45%	8496	22.46%	11313.3	29.91%
9533.5	40.53%	6103.1	23.37%	6055.9	23.19%
73685	50.52%	37202	22.15%	46780	27.86%
31224.9	42.95%	13919.9	17.18%	21060.5	25.99%
17921.6	61.14%	12401.6	38.93%	14829.7	46.55%
17724.4	55.58%	11883.7	36.53%	17883.7	54.98%
3273.64	33.38%	2686.3	25.67%	2960.9	28.29%
14589.1	49.70%	8662.9	28.14%	10126.3	32.89%
27599	44.75%	9654.9	13.42%	15200.8	21.13%
206970.4		108324.1	0.225665429	143250.2	0.298424985

2006 Net Difference			2007 Net Difference			2008 Net Difference	
	Net Difference	Percent Change		Net Difference	Percent Change		Net Difference
545307	28936	5.60%	574537	29230	5.36%	592871	18334
42146.1	2509.9	6.33%	45824	3677.9	8.73%	43562.7	-2261.3
30008.3	3089.7	11.48%	31052.2	1043.9	3.48%	32464.5	1412.3
186340	8882	5.01%	193011	6671	3.58%	200683	7672
89070.5	3785.6	4.44%	93748	4677.5	5.25%	98286.9	4538.9
36255.8	2110.3	6.18%	38232.8	1977	5.45%	40772.4	2539.6
36369.8	2486.2	7.34%	39959.6	3589.8	9.87%	42409.2	2449.6
11939.4	1321.4	12.44%	13031.9	1092.5	9.15%	13696.4	664.5
34638.3	995.9	2.96%	36346.6	1708.3	4.93%	38219.1	1872.5
78538.8	3755	5.02%	83330.7	4791.9	6.10%	82777.1	-553.6

Percent Change	2009 Net Difference		Percent Change	2010 Net Difference		Percent Change	2011 Net Difference	
3.19%	583752	-9119	-1.54%	601498	17746	3.04%	621516	20018
-4.93%	44512.4	949.7	2.18%	46316	1803.6	4.05%	46210.7	-105.3
4.55%	31644.4	-820.1	-2.53%	32217.5	573.1	1.81%	32416.2	198.7
3.97%	197322	-3361	-1.67%	205134	7812	3.96%	211455	6321
4.84%	95136.8	-3150.1	-3.21%	94962.4	-174.4	-0.18%	98730.6	3768.2
6.64%	42351.3	1578.9	3.87%	44257.5	1906.2	4.50%	45849.4	1591.9
6.13%	42471	61.8	0.15%	44412	1941	4.57%	46545.9	2133.9
5.10%	12674.4	-1022	-7.46%	13152.7	478.3	3.77%	13219.1	66.4
5.15%	37797.3	-421.8	-1.10%	39447.9	1650.6	4.37%	42250.4	2802.5
-0.66%	79842.3	-2934.8	-3.55%	81597.6	1755.3	2.20%	84838.8	3241.2

Percent Change	2012	Net Difference	Percent Change	2013	Net Difference	Percent Change
3.33%	636698	15182	2.44%	649803	13105	2.06%
-0.23%	49133.3	2922.6	6.32%	50139.8	1006.5	2.05%
0.62%	32170.3	-245.9	-0.76%	33052.8	882.5	2.74%
3.08%	214712	3257	1.54%	219549	4837	2.25%
3.97%	102103	3372.4	3.42%	103920	1817	1.78%
3.60%	46685.6	836.2	1.82%	47231.7	546.1	1.17%
4.80%	50412	3866.1	8.31%	49615.6	-796.4	-1.58%
0.50%	13427.3	208.2	1.57%	13079.8	-347.5	-2.59%
7.10%	40911.3	-1339.1	-3.17%	43944.9	3033.6	7.42%
3.97%	87143.5	2304.7	2.72%	89269.8	2126.3	2.44%

## Stadium Data

Stadium	State	Original Built Date	Renovation	Proj Cost 2003	Proj Cost 2006	Actual (Rand)
Nelson Mandela Bay Stadium	Eastern Cape	2010		250000000	981000000	1850000000
Free State Stadium	Free State	1995	2007	375000000	221000000	2530000000
FNB (First National Bank) Stadium	Gauteng	1989	2009	195000000	1560000000	3700000000
Ellis Park Stadium	Gauteng	1928	2009	34375000	230000000	2540000000
Loftus Versfeld Stadium	Gauteng	1923	2008	150000000	990000000	1150000000
Moses Mabhida	KwaZulu-Natal	2009		53750000	1830000000	3100000000
Peter Mokaba	Limpopo	2010		150000000	176000000	1100000000
Mbombela Stadium	Mpumalanga	2009		300000000	875000000	960000000
Royal Bafokeng	North West	1999	2009	11250000	147000000	150000000
Cape Town Stadium	Western Cape	2009		14375000	1960000000	4500000000
			Totals:	1061250000	8079000000	15982000000
						1598200000
					Averages:	1598200000

Stadium Data

Rand to USD	Employed	Change 2003-2006	Change 2006-Actual	Change 2003-Actual	% 2003-2006	% 2006-Actual	% 2003-Actual
208579965	15200	731000000	869000000	1600000000	292.40%	88.58%	640.00%
28524719.54	2500	183500000	32000000	215500000	489.33%	14.48%	574.67%
417159930.1	58300	1365000000	2140000000	3505000000	700.00%	137.18%	1797.44%
28637465.47	2700	195625000	24000000	219625000	569.09%	10.43%	638.91%
12965781.61	870	84000000	16000000	100000000	560.00%	16.16%	666.67%
349512373.9	18200	1776250000	1270000000	3046250000	3304.65%	69.40%	5667.44%
124020519.8	6800	26000000	924000000	950000000	17.33%	525.00%	633.33%
108236090	70000	575000000	85000000	660000000	191.67%	9.71%	220.00%
16911889.06	450	135750000	3000000	138750000	1206.67%	2.04%	1233.33%
507356671.7	65000	1945625000	2540000000	4485625000	13534.78%	129.59%	31204.35%
1801905406	240020	7017750000	7903000000	14920750000	661.27%	97.82%	1405.96%
180190540.6							
180190540.6							

## Attendance

Stadium	Capacity	Total Attendance	Matches	Total Capacity	Average Attendance	Percent Attended
Free State Stadium	40911	196823	6	245466	32803.83333	80.18%
Peter Mokaba	41733	139436	4	166932	34859	83.53%
Royal Bafokeng	38646	193697	6	231876	32282.83333	83.53%
Nelson Mandela Bay Stadium	42486	285643	8	339888	35705.375	84.04%
Mbombela Stadium	40929	143492	4	163716	35873	87.65%
Loftus Versfeld Stadium	42858	234092	6	257148	39015.33333	91.03%
Ellis Park Stadium	55686	372843	7	389802	53263.28571	95.65%
Moses Mabhida	62760	434631	7	439320	62090.14286	98.93%
Cape Town Stadium	64100	507340	8	512800	63417.5	98.94%
FNB (First National Bank) Stadium	84490	670809	8	675920	83851.125	99.24%
	514599	3178806	64	3422868		92.87%
		Average Capacity		51459.9		

## SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.43296011
R Square	0.18745445
Adjusted R S	-0.0833941
Standard Error	7.11128865
Observations	9

## ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	69.9996569	34.9998285	0.69210072	0.53646716
Residual	6	303.422557	50.5704262		
Total	8	373.422214			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	48.5215328	2.9887089	16.2349477	3.4748E-06	41.2084256	55.8346401	41.2084256	55.8346401
Stadium Cost	-1.986E-09	1.6967E-09	-1.1703043	0.28625413	-6.137E-09	2.166E-09	-6.137E-09	2.166E-09
Employed	0.00012756	0.00011069	1.15240109	0.29299388	-0.0001433	0.00039841	-0.0001433	0.00039841

## SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.582886504
R Square	0.339756676
Adjusted R S	0.119675569
Standard Error	7.815082141
Observations	9

## ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	188.574223	94.2871113	1.54377938	0.28781409
Residual	6	366.453053	61.0755089		
Total	8	555.027276			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	26.61742425	3.28449691	8.10395778	0.00018938	18.5805498	34.6542987	18.5805498	34.6542987
Stadium Cost	-3.1617E-09	1.8646E-09	-1.695616	0.1408897	-7.724E-09	1.4009E-09	-7.724E-09	1.4009E-09
Employed	0.000179828	0.00012164	1.4783003	0.18980555	-0.0001178	0.00047748	-0.0001178	0.00047748

## SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.694241048
R Square	0.481970633
Adjusted R S	0.309294177
Standard Error	9.277006973
Observations	9

## ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	480.433423	240.216711	2.79117747	0.139015473
Residual	6	516.37715	86.0628584		
Total	8	996.810573			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	33.90130604	3.89890984	8.69507308	0.0001278	24.36101733	43.4415947	24.36101733	43.4415947
Stadium Cost	-5.22607E-09	2.2134E-09	-2.3610673	0.05620208	-1.06422E-08	1.9001E-10	-1.06422E-08	1.9001E-10
Employed	0.000321316	0.0001444	2.22517758	0.06771372	-3.20185E-05	0.00067465	-3.20185E-05	0.00067465

Political Changes

By Province (votes won and %)	2004 (#)	2004 (%)	2009 (#)	2009 (%)	2014 (#)	2014 (%)	Diff 2004-09	Diff 2009-14	Diff 2004-14
Eastern Cape	1806221	79.311	1609926	69.705	15887338	70.753	-9.606	1.048	-8.558
Free State	838583	82.05	756287	71.9	7211226	69.719	-10.15	-2.181	-12.331
Gauteng	2408821	68.731	2814277	64.761	2522012	54.919	-3.97	-9.842	-13.812
KwaZulu-Natal	1312767	47.475	2256248	63.966	2530827	65.314	16.491	1.348	17.839
Limpopo	1487168	89.718	1319659	85.814	1202905	78.974	-3.904	-6.84	-10.744
Mpumalanga	979155	86.338	1152698	85.814	1091642	78.796	-0.524	-7.018	-7.542
Northern Cape	222205	68.751	253264	61.101	278540	63.876	-7.65	2.775	-4.875
North West	1083254	81.832	822166	73.842	763804	67.792	-7.99	-6.05	-14.04
Western Cape	742741	46.276	666223	32.858	737219	34.002	-13.418	1.144	-12.274
Total	10880915	69.693	11650748	65.895	32225513	62.149	-3.798	-3.746	-7.544

Year	Governance Score	World Percentile Rank
2003	-0.31	35.68
2004	-0.13	40.29
2005	-0.16	40.78
2006	0.05	47.83
2007	0.22	50.72
2008	0.05	46.15
2009	-0.11	41.23
2010	-0.03	45.02
2011	0.02	48.82
2012	-0.03	43.13
2013	-0.05	45.02
2014	-0.015	40
2015	-0.21	39.52
2016	-0.14	40
2017	-0.27	35.71

## SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.50492132
R Square	0.25494554
Adjusted R S	-0.1920871
Standard Error	4.53083264
Observations	9

## ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3	35.1225017	11.7075006	0.57030627	0.65848716
Residual	5	102.642222	20.5284444		
Total	8	137.764724			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-1.8114849	6.31877585	-0.2866829	0.78585496	-18.054415	14.4314455	-18.05441532	14.4314455
GDP Change	-0.1539615	0.51209334	-0.3006513	0.7757804	-1.4703394	1.16241633	-1.470339366	1.16241633
Stadium Cost	1.1591E-09	1.2587E-09	0.9208522	0.39937874	-2.077E-09	4.3948E-09	-2.07656E-09	4.3948E-09
Employed	-7.638E-05	8.2253E-05	-0.9286526	0.39569089	-0.0002878	0.00013505	-0.000287823	0.00013505

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.32614871
R Square	0.10637298
Adjusted R S	-0.4298032
Standard Error	10.4053694
Observations	9

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3	64.4406685	21.4802228	0.19839183	0.89326517
Residual	5	541.358562	108.271712		
Total	8	605.79923			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-13.624979	15.0730341	-0.9039308	0.40747262	-52.371447	25.1214883	-52.371447	25.1214883
Stadium Cost	2.0377E-09	2.9137E-09	0.69936416	0.51551371	-5.452E-09	9.5275E-09	-5.4521E-09	9.5275E-09
Employed	-0.0001199	0.00018253	-0.6568809	0.54028438	-0.0005891	0.0003493	-0.0005891	0.0003493
GDP Change	0.41135615	0.63918499	0.64356354	0.54820981	-1.2317212	2.05443347	-1.23172116	2.05443347

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