

Prize or Penalty

Sports events like the soccer World Cup stimulate trade around the world and spotlight the host country

Jeremy Clift

AN ocean away from Table Mountain, the South African plateau that overlooks one of the key sites of the soccer World Cup, Thailand's sports goods manufacturers have been gearing up for the event for months. Thailand is not among the 32 teams that made it to the final rounds of the global competition, the world's biggest sporting festival outside the Olympics. But its manufacturers of sports shoes, balls, and soccer shirts are expecting a world export bonanza—a welcome boost after last year's downturn in the country's textile and clothing exports during the global economic crisis.

"We strongly believe the World Cup will give our exports a shot in the arm, especially garments and sportswear," said Wallop Witanakorn, secretary-general of the Thai Garment Manufacturers Association. "We expect football mania to help lift Thailand's garment

shipments in 2010 and see growth in a range of 10–15 percent."

The World Cup, staged every four years, may be seen by some in Thailand in purely economic terms, but in host country South Africa it is viewed as a pivotal moment for the nation. Since the end of apartheid in 1994, South Africa has regularly hosted major international sporting events, including the rugby World Cup in 1995 and cricket World Cup in 2003. But the soccer World Cup is in a class of its own in terms of global attention and television audience.

This is the first time Africa has hosted the soccer World Cup and its symbolism goes far beyond the immediate pride of hosting the event. Staging the globe's most prestigious football tournament has become intertwined with rebuilding the economy, reducing lingering social divisions and showcasing a new national identity in South Africa.

So it may not matter much that a number of prominent economists who study sports question the value of hosting such mega sporting events as the World Cup and the Olympics. The costs outweigh the economic benefits, they say. In this issue of *F&D* we look at the pluses and minuses of hosting mega sports events as well as the trade boost that can accrue.

A 2008 report from consulting firm Grant Thornton predicted that the monthlong World Cup tournament could inject about \$7.6 billion into South Africa's economy, create or sustain more than 400,000 jobs, and draw close to 490,000 foreign tourists to the country.

President Jacob Zuma extols the economic impact: "The country's transport, energy, telecommunications, and social infrastructure are being upgraded and expanded. This is contributing to economic develop-

ment in the midst of a global recession, while improving conditions for investment."

But some economists are skeptical. They foresee large white elephants, such as stadiums that are little used following the event they were built for, and in general a diversion of funds to the mega event that could be better spent on social projects, such as schools and hospitals.

Nonetheless, at the end of the day it doesn't seem to matter whether the economists or the boosters are right. The desire to host a World Cup or the Olympics seems insatiable. As Simon Kuper and Stefan Szymanski say in their book *Soccernomics*, reviewed on page 56, "hosting doesn't make you rich, but it does make you happy." ■

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