

# Sports Mega Events and the BRICS Economies: A Brief Historical Overview

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## Abstract

This paper provides an historical overview of the involvement of BRICS nations in hosting sports mega-events since 1990. It draws upon published studies to generalise about how the hosting experience affected the BRICS economies. A survey of bidding for some mega-events shows that BRICS nations were keen to hold them, especially when there was a change in hosting policy which encouraged developing nations to apply. Indeed it can be suggested that regular bidding built the events into BRICS nations development strategies in which hosting a sporting mega-event both demonstrated that the nations had developed sufficiently to spare the resources for such prestigious entertainments but also was a way of boosting further development through infrastructure improvements and the encouragement of tourism. Certainly many city politicians and influencers saw hosting a mega-event as a key to urban regeneration and modernisation. In most cases the events were sporting successes, but the economic story was one of exaggerated pre-event claims of potential benefits and seriously underestimated costs. A major issue was the lower level of the infrastructural base from which BRICS countries started compared to more developed economies. The funding of sporting mega events meant that resources had to be diverted from possible alternative uses such as health, education and housing.

## Keywords

Economic development, economics, FIFA World Cup, modernisation, Olympic Games, sport history, sports mega-events.

**JEL:** L83, O19.

## Introduction

The paper presents an analytical narrative that focuses on the economic aspects of hosting sports mega events by the BRICS nations. The vast majority of published work on the BRICS economies and mega sports events are non-comparative and focus on the experiences of a single nation. Useful exceptions to the sole nation coverage include Maharaj's (2015) study of the socio-economic impacts of mega events in the BRICS countries of the southern hemisphere; Müller and Gaffney's (2018) systematic analysis of the literature on urban impacts of the FIFA World Cup and the Olympics with China's involvement outside their time-frame; and Cornelissen's (2010) focus on the geopolitics of sport.

The paper will use both single-nation and comparative studies to generalize about the mega-event hosting experience of the BRICS economies. It is based on the literature published by the time of writing so other contributors to this special issue may well offer evidence that will be at variance with the views presented here. The author admits that his linguistic deficiencies have prevented him from using non-English language publications. The comparative analysis undertaken by the author allowed him to identify items for discussion and further research; yet, given the limited nature of the survey, definitive conclusions are still to be drawn.

## Definitions: Inclusion and Exclusion

The geographical aspect of defining the BRICS economies is straightforward: the group comprises the economies of Brazil, Russia, India, China and South Africa. It is the time frame which may be rather ambiguous in the context of this paper's object of study. The BRIC had been seen as an informal group of countries until 2009 (with South Africa added in 2010); discussions on such a grouping of fast-growing economies began around 2006 and the term itself appeared as early as 2001. The BRICS economies, however, had exhibited rapid growth for some years before 2001 and their economic potential had already been widely recognized; so how far back could the acronym be used? Certainly not further back than 1990 for Russia, when the Soviet Union disintegrated into several nation states, and for South Africa, which around that time ceased to be seen as an international sporting pariah because of apartheid. This determined the author's choice of the designated starting date for discussions of mega sporting events. It also explains why the paper ignores India's hosting of the Asian Games in 1951, the Hockey World Cup in 1982, the South Asian Games in 1986, the 1987 Cricket World Cup (co-hosted with Pakistan), Brazil's hosting of the FIFA World 1950 and the Pan-American Games of 1963 and the 1973 Summer Universiade and 1980 Olympic Games of 1980 in Moscow.

Defining a sporting mega event is prone to subjectivity. The readers of this Special Issue will quickly realize that there is a plethora of literature on mega events and almost as many definitions as there are authors. Everyone accepts the Summer Olympics and the

FIFA World Cup as mega events but practically all other international games give rise to debate. In their study of economic aspects of sports events Maennig and Zimbalist (2012) argue that for most people a mega event is to be international and big in terms of budget and attendance, with a huge television audience. The definition of what is 'big' is to some extent a matter of personal opinion. For the purposes of this study, three categories of mega-event will be considered: the first is what Müller (2015) labelled giga events — the Summer Olympic Games awarded to a single city, and the FIFA World Cup awarded to a nation or nations as too many stadiums are needed for a single city to host the event; the second includes world championships of major international sports with wide participation and great spectator drawing power, such as the ICC Cricket World Cup and the IAAF championships, together with pan-national multi-sports events, e.g. the Asian Games, the Commonwealth Games and the Pan-American Games. In the third category there are pan-national multi-sport events like the South Asia Games, the South American Games and the Summer Universiade or single sport events, such as the All-Africa [football] Cup, but with less regional emphasis than those in the first two categories or with less drawing power (often women's sports regrettably). One limitation of this paper's analysis is caused by the character of the available data: in their research into the economic impact and cost-benefit studies, economists have generally focused on the giga-events ignoring the smaller-scale mega-events.

## **Economic Context**

Since the early 1990s the countries that later came to be called BRICS were considered to be emerging economic powers and their hosting of sports mega events partly meant to show the world that they had achieved so much economically that they could afford to finance such extravaganzas. At the same time, they hoped that these events would further boost their domestic economies. There were also political motivations behind holding such events as the BRICS countries wished to signal their diplomatic stature and project soft power influence. This paper focuses on the economic motivations, costs and consequences of sports events.

At the time of its successful bid for both the FIFA World Cup and the Olympics in 2012, Brazil was the strongest economy in South America, having exhibited economic growth rates of 4% to 5% for some years (Rubio & Andersen, 2016, p. 9). The country was what has been labelled a 'flawed democracy' (Müller & Gaffney, 2018, p. 250), possessing a mixed economy with an increasing degree of neo-liberalism in the urban development, though retaining a significant role for state intervention. Russia in 2010 was seen as having an authoritarian regime with a predominately state-led economy and a strong central-state interventionist role in urban development (Müller & Gaffney, 2018, p. 250). In India, the period of radical market change saw state intervention ceding ground to economic liberalism and propelling the economy into an average of 7% growth rates for two decades, via large-scale industrialization and the development of niche sectors such as information technology and communications (Sengupta, 2017,

p. 332). By the time of the Beijing Games in 2022, China was world's largest economy in terms of industrial output. It had accepted the logic of the free market but still approached this via centrally-planned, export-led expansion and 'well-controlled deregulation' (Cornelissen, 2004, p. 3014). Rapid urbanization had occurred, with city dwellers rising from 30.1% of the population in 1999 to 43.9% only seven years later. At the time of the successful bid China had just become a member of the World Trade Organisation (Jinxia & Mangan, 2008, p. 2022). South Africa had the largest and most developed economy in Africa; it then was, and still is, the only African member of the G-20 international economic group and, like Brazil, was considered a flawed democracy (Punniyamoorthy & Subramanian, 2021, p. 112; Müller & Gaffney, 2018, p. 250). South Africa, like both Brazil and India, became members of the World Trade Organisation in 1995; China joined it in 2001 and Russia only in 2012.

Each country saw the timing of its bids for mega events as auspicious. Yet, preparation for such occasions normally takes several years, during which the circumstances may change. If the economic situation becomes different the fiscal and monetary impact may also differ from what was intended (Matheson, 2018, p. 8). The political situation can also change: who could have foreseen that the celebrations in Brazil when FIFA awarded the country the 2014 World Cup in late 2007 would, by mid-2013, have turned into massive protests against corruption and excessive expenditure (Droushi, 2021, p. 101)? Russia expected a compound growth rate of 4% per annum in tourism stemming from hosting the 2018 FIFA World Cup with a possible economic impact of over \$30 billion by 2023 (Sivakumar, Ruthramathi & Quronfleh, 2021, p. 124; Subathra et al., 2021, p. 77) but did not envisage its military action against Ukraine and the western reaction to it.

In passing it should be noted that, when assessing the economic impact of a sporting mega event, economists must attempt to isolate the mega-event effect on the domestic economy from the broader performance of that economy, especially when external shocks have occurred. It is certainly not enough only to look at economic indicators before and after a mega event and attribute the observed changes to that event as it was done by Subathra et al. (2021, p. 91-92).

## **Bidding**

Researchers have pointed out that there was a sea change in the policies of those who allocated mega-events in the early twenty-first century: the developing countries were given greater consideration than before because such events were regarded as having the potential to promote economic development (Clark, 2008; Li, Blake & Thomas, 2013, p. 235). This enabled Brazil to claim both the FIFA World Cup in 2014 and the Summer Olympics two years later; it became the first country to host both events within such a short time span since West Germany in the early 1970s. Russia too gained two significant events with the Winter Olympics in 2014 and the FIFA World Cup in 2018. China hosted both the Summer and Winter Olympics in 2008 and 2022

respectively and South Africa the FIFA World Cup in 2010. These successful bids followed the earlier failed ones that must have provided a learning experience. Brazil made bids for the FIFA World Cups of 1994 and 2006 before finally gaining the 2014 tournament and South Africa also bid for the 2006 event and won the hosting decision for 2010. As for the Summer Olympics, Brazil won the vote for 2016 after failing in 2000, 2004 and 2012 while China lost 2000 but won 2008. Russia failed in 2004 and 2012 but gained the Winter Olympics of 2014. China hosted the recent 2022 Winter Olympics after failing in their bid for 2010. India had bid unsuccessfully for the Commonwealth Games in 1990 and 1994 before New Delhi gained the event for 2010.

Mega events can distort resource allocation in an economy, but if the bids are made again and again any potential distortion gets virtually built into the nation's economic plans. When Brazil was awarded the 2007 Pan-American Games, the bidding committee emphasised that they had also bid for several lower level events (The FINA World Cup of 2005, the World Equestrian Games of 2006 and the IAAF World Championships of 2007) and omit reminded that it had taken over the 2002 South American Games at extremely short notice after guerrilla warfare erupted in Colombia. In turn the 2016 Olympic Games bid committee agreed that the experience of bidding for and running the Pan-American Games was indeed valuable. (GamesBids.com, 2008).

A detailed study of the bids made by each BRICS nation is necessary to find out if any patterns exist in these processes and if there was any co-ordination between the bidding BRICS nations. The impression from giga event bidding is that they rarely challenged each other. Chu (2021) has done some work in the area of Chinese bids for events sanctioned by the International Olympic Committee, the International Federation of University Sport and the Olympic Council of Asia. These are listed in Table 1; they clearly show China's determination to host several mega events.

**Table 1.** Bids by China for Sporting Mega-Events Sanctioned by the IOC, FISU and the OCA 1980-2019

Year of Bid	Event	City
1984	1990 Asian Games	Beijing
1989	1983 Summer Universiade	Shanghai
1993	2000 Summer Olympics	Beijing
1993*	1996 Asian Winter Games	Harbin
1998	2001 Summer Universiade	Beijing
2001*	2008 Summer Olympics	Beijing
2002	2010 Winter Universiade	Harbin
2002*	2007 Asian Winter Games	Changchun
2004	2010 Asian Games	Guangzhou
2005	2009 Winter Universiade	Harbin

**Table 11.** Continued

Year of Bid	Event	City
2007	2011 Summer Universiade	Shenzhen
2008	2012 Winter Youth Games	Harbin
2010*	2014 Summer Youth Olympics	Nanjing
2010*	2013 Asian Youth Games	Nanjing
2015*	2022 Winter Olympics	Beijing
2015	2022 Asian Games	Hangzhou
2019	2021 Summer Universiade	Chengdu
2019	2021 Asian Youth Games	Shantou

Source: Chu (2021). Note: \* indicates a successful bid

## The BRICS Nations' Experience in Hosting Sporting Mega Events

### Brazil

**Table 2.** Hosting of Sports Mega Events in Brazil

2002	South American Games	Belém, Curitiba, Rio de Janeiro and São Paulo
2007	Pan American Games	Rio de Janeiro
2011	World Military Games	Rio de Janeiro
2013	FIFA Confederations Cup	Belo Horizonte, Brasilia, Fortaleza, Recife, Rio de Janeiro and Salvador
2014	FIFA World Cup	Belo Horizonte, Brasilia, Cuiabá, Curitiba, Fortaleza, Manaus, Natal, Porto Alegre, Recife, Rio de Janeiro, Salvador and São Paulo
2016	Summer Olympics	Rio de Janeiro
2017	Lusophony Games	Fortaleza
2019	Summer Universiade	Brasilia

The successful regional development associated with the Barcelona Games was a great and lasting inspiration for Brazil's Olympic bids: this South American nation had to prove their hosting credentials via lesser events before being awarded the 2016 giga-event (Zimbalist, 2017, p. 208). The initial budget was estimated at \$7.5 billion (in 2016 prices), with advantage being taken of facilities created for the South American Games of 2007 and the FIFA World Cup of 2014. However, the cost soared out to at least \$16.7 billion. One critic maintained that it was actually above \$21.8 billion owing

to cost overruns associated with corruption, inefficient administration, and changing plans. Short-term revenues possibly reached \$3 billion which implies a significant negative financial balance (Zimbalist, 2017, p. 221). This was not what the economic consultants had prepared the nation for. The multiplier used by these experts was one of 4.26, a ridiculous figure, when most studies reckon somewhere between 1.0 and 2.0 is appropriate, but one grasped upon by the Brazilian political hierarchy to justify the bid (Zimbalist, 2017, p. 221).

Few, if any, economists, believe that the costs were offset by possible longer-term economic benefits. Much of the improved transport infrastructure was geared towards the Olympic venues instead of where it might be needed post-games. Plans for regenerating the favelas (slum areas around Rio) and for modernizing Rio were mostly abandoned when economic recession hit the nation prior to the Games ((Zimbalist, 2017, p. 221-231). By the time of the 2016 Olympics the economy was in dire straits: in 2015 GDP had fallen by nearly 4% and unemployment had risen to over 8% (Barbassa, 2016, p. 31). Inflation increased from 3-4% in the period of 2000-2010 to around 6% in 2011-2013 and 8% in 2014-2016 (Zimbalist, 2017, p. 106). This hampered the fund-raising efforts of the organizing committee whose intention had been to use partnerships with the private sector to fund the modernization and infrastructure programme: indeed their plans envisaged one of the largest privatization projects in the Americas (Gaffney, 2016, p. 37). The state and federal governments had eventually to step in to bail out the programme but many of its elements were abandoned (Barbassa, 2016, p. 32).

The creation of a positive image of the host city could have led to increases in tourism, but, at the time of the Games, Rio's image was tarnished by street violence, political instability and protest, justifying claims of widespread corruption among Olympic officials, infrastructure contractors, and politicians (Barbassa, 2016, p. 33). One detailed study of Brazil's international travel receipts both for the Olympics and the preceding FIFA World Cup demonstrates that the impact was immediate but short-lived. In the two months of the World Cup such receipts rose by 50% and in the month of the Olympics by 28%; then they fell back and there was no discernible positive change after the events. The detected rise in income from foreign tourists failed to cover the expenditure required to make the events possible (Meurer & Lins, 2018).

As has been indicated, Brazil had already hosted a giga event, the FIFA World Cup in 2014. This had proved an economic disaster and perhaps the two year gap between that event and the next was too brief for any lessons to be learned; though it is debateable if the organizers or the government were going to heed them at all.

Too many projects associated with the FIFA event slipped behind schedule, so much so that 57 out of 93 major construction works were not completed on time, including almost 80% of the planned public transport (Müller & Gaffney, 2018, p. 259). Those that were finished were often way above their planned costs: in 2009 the Brazilian Football Federation estimated that the overall cost of building the new stadiums and refurbishing the older ones for the tournament would be \$1.1 billion, but the eventual cost was over \$4.7 billion. The organizers, with political backing, had over-reached themselves,



offering twelve modern stadia (when only eight were mandatory) in a bid to show more of its cities to the world, even though there was no possibility of a post-tournament demand for their intended use. Later, some would house lower division teams with no chance of even quarter filling them, others were left to host hospitality gatherings and serve as parking lots (Müller and Gaffney, 2018, p. 261) — and they still cost millions of dollars to operate and maintain. Fraud was indeed massive: one third (\$300 million) of the cost of one stadium was due to fraudulent billing. So was political corruption, with companies gaining lucrative contracts at inflated prices in return for campaign donations (Zimbalist, 2017, p. 101-106). The Brazilian president had promised that private funds would participate in financing the stadiums, but private investors had no incentives to do this as they were more realistic than the politicians about the post-tournament demand. Hence nearly all the stadiums were paid for with public funds (Zimbalist, 2017, p. 111).

Yet, Brazil had no need to spend as much as it did. It was FIFA's decision to award the tournament to South America and, as Brazil was the only candidate to come forward, it could have hosted the event at much lower expense: there was no opponent to be outbid in grandiosity. However, Brazil's politicians wanted to impress the world, not only FIFA.

## Russia

**Table 3.** Hosting of Sports Mega Events in Russia

2013	World Athletic Championships	Moscow
2013	Summer Universiade	Kazan
2014	Winter Olympics	Sochi
2017	FIFA Confederations Cup	Kazan, Moscow, Saint Petersburg and Sochi
2018	FIFA World Cup	Kalingrad, Kazan, Moscow, Nizhny Novgorod, Rostov-on-Don, Saint Petersburg, Samara, Saransk, Sochi, Volgograd and Yekaterinburg
2019	Winter Universiade	Krasnoyarsk

Holding the Winter Olympics in Sochi was an attempt to revitalize a Russian city by turning it into a year-round holiday resort. At the same time, it was to demonstrate that Russia could be a world leader in the development of infrastructure, technology and leisure facilities (Müller, 2014, p. 629).

This (overly) ambitious project had a great many chronic problems, in particular the transport, grossly inadequate for an area that stretches for 162 kilometres (Trubine, 2014, p. 619). The initial estimated cost was \$12 billion but this rose to \$55 billion, of which about \$16 billion was directly sport-related, mainly for venues, all of which had to be constructed from scratch (Müller, 2014, p. 628). The bulk of the overall



spending was on infrastructure which could have a longer-term use after the games and thus there was a possibility that the Sochi region might benefit from this. Indeed, Sochi gained bypass roads, a fast rail-road connection from the coast to the mountains, and several new power stations which provided a more regular energy supply. Yet, the question remains: didn't this come at too great a cost to the Russian economy as a whole?

As part of Russia's transformation into a market economy, over 60% of the funding was expected to come from the private sector. In reality, however, 96.5 % emanated from public funds (Müller, 2014, p. 629). Private investors saw money in hotels but not sports venues or transport facilities. To bring them in, the Russian government forced them to attach funding for the latter to any profit-oriented tourist projects and offered them generous credit from a state-owned bank. Unfortunately, 70% of these loans proved toxic (Müller, 2014, p. 638). Overall too much money was wasted or, to put it differently, if regional development had been slower and not linked to the Olympics it would have been cheaper, possibly by 50%, because suppliers and constructors exploited deadlines to raise their prices (Müller, 2014, p. 635). Additionally, there was substantial nepotism and corruption with a significant amount of money going missing (Boycoff & Mascarenhas, 2016, p. 1). Moreover, both licit and illicit money flowed out to offshore financial markets, possibly fueling the depreciation of the rouble, another factor pushing up the Sochi costs (Trubine, 2014, p. 619). Müller (2014, p. 639-40) reckons that the cost of the Games was out of proportion to any potential income. Even those who invested in hotels lost out as the IOC requirements on quantity and quality led to an oversupply of rooms and the earnings fell short of expectations (Müller, 2014, p. 640). Moreover, the government was left with an annual cost of over a billion dollars for the operation and maintenance of venues as well as tourist and transport infrastructure (Müller, 2014, p. 649). The road-rail link from the sea to the mountains cost over \$10 million but post-games ran only six trains a day in each direction (Müller & Gaffney, 2018, p. 261).

Again, the four years between the Sochi Olympics and the 2018 FIFA World Cup may have been too short for effective learning from the Sochi experience. However, unlike South Africa and Brazil, Russia had considered the future use of the new stadiums even before they were built and construction was undertaken with multifunctionality and the downsizing of capacity in mind (Smolyanov & Suslova, 2020, p. 17-18). Russia planned to spend \$11 billion on hosting FIFA 2018 but ultimately spent \$3 billion more than that, not a major overspend in the history of sporting mega events (Sivakumar, Ruthramathi & Quronfleh, 2021, p. 124). With this, they built nine new stadiums and refurbished three others, constructed eleven new airport terminals and nearly 200 kilometres of roads, together with renovating thirteen hospitals, twelve power stations and twenty-nine other utility facilities. Overall, some 315,000 jobs were created and unemployment fell to its lowest level in twenty years (Subathra et al., p. 86-87). There was more private investment than in the Sochi Olympics, though 70% of the funding was governmental (Wiśniewska & Rogoża, 2018, p. 2). Yet the consensus is that the level of investment was such that Russian economy benefited only to the

extent of a rise in GDP of 0.1-0.2% with the less affluent areas perhaps gaining ten times this amount (Wiśniewska & Rogoża, 2018, p. 3). Moreover, as with Sochi, companies controlled by allies of President Putin won the major tenders for construction of sports and transport facilities (Wiśniewska & Rogoża, 2018, p. 1).

## India

**Table 4.** Hosting of Sports Mega Events in India

1995	South Asia Games	Madras
1996	Cricket World Cup	Ahmedabad, Bangalore, Calcutta, Cuttack, Delhi, Gwalior, Hyderabad, Jaipur, Kanpur, Madras, Mohali, Mumbai, Nagpur, Patna, Pune, Vadodara, and Visakhapatnam [co-hosted with Pakistan and Sri Lanka]
2003	Afro-Asian Games	Hyderabad
2007	World Military Games	Hyderabad
2010	Commonwealth Games	New Delhi
2010	Hockey World Cup	New Delhi
2011	Cricket World Cup	Ahmedabad, Bengaluru, Chennai, New Delhi, Kolkata, Mohali, Mumbai, Nagpur [co-hosted with Bangladesh and Sri Lanka]
2016	Cricket World T20	Bangalore, Dharamshala, Mohali, Mumbai, Nagpur, and New Delhi
2016	South Asia Games	Guwahati and Shillong
2020	Hockey World Cup	Bhubaneswar
2023	Hockey World Cup	Bhubaneswar and Rourkeld
2023	Cricket World Cup	Ahmedabad, Bengaluru, Chennai, Delhi Dharamshala, Hyderabad, Kolkata, Lucknow, Mumbai, Nagpur, and Pune

When India bid for the 2010 Commonwealth Games, sport seemed almost an afterthought in its vision statement which emphasised the promotion of New Delhi ‘as a global city of an emerging economic power ... [with the Games acting] as a medium for the development of the country’ (Metah & Majumdar, 2012, p. 505). The Games were to ‘enhance the image and stature of India, project Delhi as a global destination, act as a catalyst for sustained development of infrastructure and create opportunities for trade, business and investment for Delhi and India’.

Although the sporting events of the Games were taking place without serious disruption, the outside world had witnessed a chaotic rush to get the venues and the

athletes' village ready in time. Delays in construction of the village, the result of shoddy organization and poor planning with a labyrinth of overlapping committees, led to a cost overrun of around \$25 million (Metah & Majumdar, 2012, p. 504). Indeed, the financial story of the Delhi Games is one of 'waste, corruption, tremendous cost overruns and bad planning' (Metah & Majumdar, 2012, p. 506) with enormous financial losses for governments at all levels. The Organizing Committee did not present a budget until four years after the bid when the estimated cost was 18.95 billion rupees. The official final cost came to 706.08 billion rupees, much of it related to infrastructure spending (Metah & Majumdar, 2012, p. 506-7), though some critics calculate the aggregate expenditure of the most expensive Commonwealth Games ever to be at least three times as much (Sengupta, 2017, p. 332). Some of this was part of a 'feast of fraud and malfeasance' with the Auditor General of India claiming that billions of dollars went missing (Sengupta, 2017, p. 334).

Undeniably, there was significant incompetence in the organization of the Games; but were the power elites of the city, provincial and central government, all based in New Delhi, actually being Machiavellian in paying for the modernization of the city under the pretext of preparing for the Commonwealth Games? In order to showcase a city that never slept, a power station was fast-tracked so that for the first time in its history Delhi had power twenty-four hours a day (Metah & Majumdar, 2012, p. 506-7). New roads were built, the city subway was extended, and a new airport terminal was constructed (Sengupta, 340). Yet the modernization of Delhi was of little benefit to the millions of Indians who lived below the poverty line, an estimated 28.3% of the population. The opportunity cost was huge. Commonwealth Games-related expenditure was over four times the annual budget of the National Rural Health Mission (Metah & Majumdar, 2012, p. 514). Moreover, most of the sports facilities built for the Games became Indian white elephants, used neither by local residents nor elite sportspersons. Those most badly built crumbled in the monsoon rains. The athletes' village was converted into flats, many of which failed to sell.

At the time of their success in gaining the Commonwealth Games, Indian politicians were also talking of bidding to host the 2020 Olympics in New Delhi. In the aftermath of the Commonwealth Games debacle, this idea seems to have been forgotten (Majumdar, 2014). Indeed, the few minor mega-events hosted by Indian cities since then have had no connection with Delhi. The nation's capital hosted matches in the Cricket T20 World Cup in 2016 (but only four of the 35 games played) and in the 2023 Cricket World Cup (but it was only one of thirteen venues). Cricket is India's national sport and the authorities realized that it would be politically wise to share the matches around, as they did in the Cricket World Cup of 1996 where 17 matches were played in 17 different venues. Such a spread of locations significantly reduced the chance of economic development emanating from a mega event. In fact, one can suggest that India's sporting focus has shifted from hosting mega events (other than cricket) and the country's organizational efforts have concentrated on the private sector and the development of the Indian Premier League, one of the most successful commercial sporting ventures of the twenty-first century.

## China

**Table 5.** Hosting of Sports Mega Events in China

1990	Asia Games	Beijing
1996	Asian Winter Games	Harbin
2001	Summer Universiade	Beijing
2007	Asian Winter Games	Changchun
2008	Summer Olympics	Beijing
2009	Winter Universiade	Harbin
2010	Asia Games	Guangzhou
2011	Summer Universiade	Shenzhen
2013	Asian Youth Games	Nanjing
2014	Summer Youth Olympics	Nanjing
2015	World Athletic Championships	Beijing
2019	World Military Games	Wuhan
2022	Winter Olympics	Beijing
2023	Asian Games (postponed from 2022)	Hangzhou
2023	Summer Universiade	Chengdu

It is generally accepted that 2008 Summer Olympic Games led to Beijing becoming a modern capital city which was a major objective when the hosting bid was made (Jinxia, 2010). The city was positively impacted by construction of underground railways, light railways, express motorways and a new airport that encompassed the world's largest terminal. More generally, the games facilitated modernization in industry, communications, transportation and management. During the preparation period, Beijing's GDP tripled, its construction sector added 795,000 jobs and the hospitality industry ultimately expanded by nearly two million workers (Ge, 2021, p. 540). The economic advance of China, Beijing in particular, was seen by a global Olympic audience of a claimed 4.7 billion television viewers (Jinxia, 2010, p. 2798); international tourist spending was boosted from \$2.95 billion in 2001 to \$5.42 billion in 2011 (Ge, 2021, p. 541). However, there is some dispute as to the role that the Olympics played in this expansion. Even China's official statistics show a decline in international tourist numbers and expenditure in 2008, partly attributable to the weather crisis early in the year and the financial turbulence that hit the world later, although Li et al. (2011) also blame the increased stringency of visa restrictions imposed for Olympic security.

The Beijing Games came at enormous economic cost. The overall expenditure associated with the games was over \$40 billion, allegedly more than the aggregated

total of all the Olympics since 1900 (Ge, 2021, p. 540). The games themselves paid their way with a declared profit of \$146.4 million, thanks partly to that date the largest licensing programme which generated \$163 million, but the much larger bill for the modernizing programme essentially rested with the government (Ge, 2021, p. 541).

## South Africa

**Table 6.** Hosting of Sports Mega Events in South Africa

1995	Africa Cup of Nations	Bloemfontein, Durban, Johannesburg and Port Elizabeth
1995	Rugby World Cup	Bloemfontein, Cape Town, Durban, East London, Johannesburg, Port Elizabeth, Pretoria, Rustenburg and Stellenbosch
1999	African Games	Johannesburg
2003	Cricket World Cup	Benoni, Bloemfontein, Cape Town, Centurion, Durban, East London, Johannesburg, Kimberley, Port Elizabeth, Paarl, Pietermaritzburg and Potchefstroom [co-hosted with Kenya and Zimbabwe]
2007	Cricket World T20	Cape Town, Durban and Johannesburg
2010	FIFA World Cup	Bloemfontein, Cape Town, Durban, Johannesburg, Nelspruit, Polokwane, Port Elizabeth, Pretoria and Rustenburg
2013	Africa Cup of Nations	Durban, Johannesburg, Nelspruit, Port Elizabeth and Rustenburg

After apartheid was abandoned, South Africa embarked on an aggressive international political rehabilitation programme in the sporting world, including failed bids to host the 2004 Olympics and the 2006 FIFA World Cup (Cornelissen, 2004, p. 42-43). The government argued that it was 'Africa's turn' to host a SME and, among African nations, South Africa was well-placed in terms of resources to provide for a large-scale event (Cornelissen, 2004, p. 50). The country served its apprenticeship with the Rugby World Cup, the Africa Cup of Nations and the African Games in the 1990s, followed by the Cricket World Cup (the largest sports event to that date to be hosted in Africa) and the T20 World Cup in the next decade.

The rugby event led to a rise of 6.3% in tourism between 1995 and 2000 (Cornelissen, 2004, p. 45) and the 2003 cricket tournament was generally regarded as successful (Cornelissen, 2004, p. 48-9), with tourist officials claiming that the cricket event generated at least \$200 million for the South African economy, though hard evidence of its impact on the South African economy is difficult to find (Matheson and Baade, 2004, p. 1088). As with India, the proliferation of venues, 12 in all, for the Cricket World Cup dissipated any redevelopment plans and one-day events had little economic impact on rural venues (Saayman, Saayman & du Plessis, 2005, p. 220).

South Africa lost the opportunity to host the 2006 FIFA World Cup in controversial circumstances and, possibly in recompense or sympathy, they gained the 2010 tournament when FIFA determined that it should go to an African nation as that continent had never hosted the event before even though the African Football Federation had the largest regional membership globally. South African politicians saw this as an opportunity to attract wealthy foreign tourists to kick-start the major economic sector. In the run-up to the FIFA event, South Africa hosted two major sporting events in 2009, the British Lions rugby union tour and, at only three weeks' notice, the Indian Premier League cricket tournament which shifted location because of security fears. Both proved positive in tourist terms with any displacement swamped by visitors from the participating countries (Fourie, Siebrits & Spronk, 2011).

This, and other past experiences, led to high expectations of the FIFA World Cup. The consultants for South Africa's bid had initially claimed that 483,000 visitors would be attracted, though they later reduced the figure to 373,000. Even this was unduly optimistic as was demonstrated by Peeters et al. (2014). Using country by country data over a ten year period and allowing for visitors who would have come anyway but timed their trip to coincide with the football and for potential tourists who were deterred by the event, they found that the World Cup attracted around 220,000 additional visitors during the tournament period and perhaps 300,000 over the whole year. Ironically, the over-optimistic tourist projections led to fears of high transport and accommodation costs which may have reduced visitor numbers (Du Plessis & Maennig, 2011) and undermined the early hopes of a 2% boost to GDP, the creation of 129,000 jobs (60% of them to be permanent), and additional tax revenues of US\$ 550m (Cornellisen, 2004, p. 44). The World Cup demonstrated that South Africa could organize a mega-event but at what cost? Stadium building alone — which rose to ten times the initial estimate (Müller and Gaffney, 2018, p. 255) — equated to \$4,400 per visitor and this rises to \$13,000 a head when all costs are included, suggesting that this was an expensive strategy for economic development (Peeters et al., 2014). Nor did it contribute anything but a modest impact on poverty and inequality (Du Plessis and Maennig, 2011, p. 359). Hosting had been tied into a 'promise' of redistribution through economic growth, but ultimately the spread of privatisation in the host cities drained resources from programmes designed to redress the legacies of apartheid (Müller & Gaffney, 2018, p. 254). There were no lasting positive effects on the host cities (Punniyamoorthy & Subramanian, 2021, p. 118).

Taking advantage of the newly created and refurbished infrastructure, South Africa was chosen in 2010 to host the 2013 Africa Cup of Nations but that was the end of the nation's ventures into sporting mega-events. All other elite world championships held in the country have been for minor sports (in terms of drawing power) and several of the stadiums have fallen into disuse and disrepair: African white elephants, costing their municipalities money (Davis, 2019). As with India, plans for Olympic bids did not proceed. Durban had intended to bid for the 2020 games but the national government took a decision in 2011 not to support the endeavour, noting that the potential gains



from the FIFA World Cup had not yet been consolidated and that efforts should be focused on basic service delivery (Tomlinson & Bass, 2012, p. 306).

Since then to 2023 only one significant sports mega event has been granted to South Africa, the 2022 Commonwealth Games, the first to be awarded to an African nation. These were to be hosted in Durban, the sole contender after Edmonton in Canada withdrew its bid, but in 2017 the city was stripped of its hosting rights after a trail of missed deadlines and a government announcement that the projected costs were more than the country's flagging economy could afford, and that negotiations to cut the budget had stalled (Gleeson 2017). Eventually South Africa was welcomed back into the hosting fold and in 2023 they hosted two women's world cup events, those for T20 cricket and netball, though the latter was marred by poor organization and ticketing chaos (ABC News, 2023). Hopefully things will have improved by 2027 when South Africa is scheduled to host the Cricket World Cup in partnership with Namibia and Zimbabwe.

## Discussion

This paper has attempted to look at the BRICS economies in aggregate, and readers are cautioned that, during the period studied, all these economies were at different stages of development and their economic histories were very far from being similar (Tomlinson and Bass, 2012, p. 305). Although each event-hosting BRICS nation had some previous experience to draw upon, organization of sports events of the mega-size was new for the countries concerned. One consequence of this was that in many cases late starts and poor oversight led to cost increases as non-shiftable deadlines were nearing: if the stadiums had not been not ready then the events could not take place.

Potential hosts of sports mega events do not bid a price but seek to persuade the rights holders (such as FIFA and the IOC) that they can produce a high quality spectacle and afford to pay for its production. The bidders try to balance outward extravagance with the presented reasonable cost. Everyone knows that the estimates are erroneous but nobody knows by how much. This mechanism of selection has led to what has become known by economists as the 'winner's curse', where the successful bidder is likely to have overpaid for the rights (Andrieff, 2012). Such was the economic story of mega events hosted by the BRICS nations: pre-event exaggerated claims of benefits and seriously underestimated costs. This may not be all that different from the experience of most hosts from developed countries (Vamplew, 2022, p. 95-102), but the question is whether the negative impact was worse for the BRICS hosts because of the relatively lower level of their economic development. Although the BRICS nations have shown that developing countries can host mega events, it is also clear that they have faced specific problems in that the infrastructural base from which they start is poor relative to developed economies.

It is true that labour costs are often significantly lower in developing countries, which can reduce operating and construction costs; given the unemployment



and underemployment levels, the opportunity cost of labour may often approach zero. Yet, there is another opportunity cost that can present a serious economic problem. Could the resources spent on the games have been better used elsewhere in the economy? Brazil, South Africa and India ranked high on any scale of income inequality. None of these nations had sufficient resources to fund mega events without diverting them away from other uses such as housing, education and health. There was a tension between gaining international prestige and improving the life chances of the marginalized: spending money on mega events not only took potential spending away from lifting people out of poverty; it also did little to directly benefit those living in deprivation. As Zimbalist (2017, p. 207) notes 'the waste of scarce resources is massive'. Those who chase the holy grail of economic growth need to remember that a rise in GDP says nothing about how the income from the increased amounts of goods and services is distributed.

There appears to have been a universal desire among the BRICS nations to use sports mega events to both exhibit and promote modernization. Mega events often did lead to a modernization of the host city, or, rather, to areas of that city. Mega events were used as a way to justify and accelerate the development of infrastructure and urban regeneration, but in practice this was usually for the benefit of a section of the inhabitants: others faced eviction, forced re-location, and little, if any, improvement in their quality of life. The aspiration to present Delhi, Rio and other metropolises as world-class cities meant that poverty had to be rendered invisible. Some 200,000 slum dwellers were evicted from Delhi; 20,000 South Africans were forced out of informal settlements in Cape Town; and an estimated 80,000 inhabitants were bulldozed out of Brazilian favelas (Maharaj, 2015, p. 990; Müller & Gaffney, 2018, p. 259). It is also argued that street vendors too were thought damaging to the desired image and so 100,000 of them in South Africa, 300,000 in Brazil and a similar number in India lost their livelihoods as mega-event legislation was used to force them off the streets (Maharaj, 2015, p. 993).

What also needs to be assessed is whether sporting mega events held in the BRICS countries were subject to special factors not in play elsewhere. Tomlinson and Ross (2012) have looked at some economic and political differences, but focus on the 'coming out' of the BRICS countries as global players, coupled with the necessity not to fail this big opportunity for gaining international prestige. All mega events seem to have had corruption attached to them, but the question remains if the corruption networks attached to local powerbrokers have been greater in BRICS countries. There are reasons to believe that the political systems of the BRICS nations made it easier to bid for and prepare for mega events: as former FIFA general secretary Jerome Valcke put it 'less democracy is sometimes better for organizing a World Cup' (Zimbalist, 2017, p. 108), but is it really so? It would mean that the BRICS governments, often with a powerful political figure who could over-ride objections and determine government spending, found it easier to enforce legal dispensation to give mega-event preparation priority over established law so as to facilitate expropriation, expediate the process of planning approval, and impose extraordinary security measures (Müller & Gaffney, 2018, p. 255).

Without exception, initial costings were vastly exceeded, but have they ever been realistic? Low cost estimates could be a device to tempt governments whose underwriting of and expenditure on the event was to be sought. State involvement is almost a *sine qua non* for developing economies because private investors are reluctant to take the risks associated with hosting sports mega events. Hence the public (taxpayers) always bore the largest financial risk, either by direct expenditure on associated projects or, as underwriters for the private sector risk, having to step in when those involved went bankrupt or opted out (Müller & Gaffney, 2018, p. 255). It is thus rather odd that few gave significant thought to the future use of the sports facilities, too many of which became white elephants, and, in many cases, to some of the associated infrastructure.

Writing in 2004, before the BRICS were pushed into hosting giga events, Matheson and Baade (2004, p. 1094) noted that hosting mega events was 'an even worse investment for developing countries than for industrialized nations'. The experience of the BRICS nations since then has not changed this position. In the period studied, the BRICS nations became major players in the hosting of mega events, including both the Olympics and the FIFA World Cup, but for none of them did it produce an economic windfall: quite the reverse. The indices for India, Brazil and South Africa suggest that inequality deepened rather than diminished (Maharaj, 2015, p. 996). There was no trickle-down effect.

The evidence, even from developed countries, is that hosting mega events promises the economy more than it delivers. Unless they are willing to incur losses, winning bidders must believe that the expected value will exceed the expected cost. Here another question arises: do they accept the picture painted by their consultants or is something else at work? What has also to be borne in mind – and is often ignored by economic analysts – is that individuals on the bid teams may have their own personal agendas that lie outside the national economic costs and benefits. As a rule, bids for mega events are promoted by influential, politically-conscious individuals and groups 'who operate in abstraction from public accountability' (Maharaj, 2015, p. 989). Some will be on the make financially; others might be susceptible to visions of grandeur and celebrity and influenced by hubris and vanity (de Nooij & van den Berg, 2017).

High rates of economic growth may have tempted BRICS nations to bid for sporting mega-event hosting rights in the hope (among other reasons) of further boosting economic growth. In some cases, however, growth had already fallen away by the time preparations were underway and spending either had to be cut (thus undermining the promised legacy) or went ahead but necessitated budget transfers from non-games expenditure, money that could have been used more productively elsewhere both economically and certainly socially. As critics of South Africa's FIFA venture put it, state spending prioritized the 'circus of entertainment' over the more mundane objective of 'bread', the provision of social welfare (van der Westhuizen & Swart, 2011). In very few instances did the event spending significantly stimulate a nation's GDP or its overall economic development.

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