“Commonwealth Games: can Africa afford the games?”

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Commonwealth Games: can Africa afford the games?

Abstract

The Commonwealth Games Federation recently awarded the hosting of the 2022 Games to Durban, South Africa. This will be the first time the Games are hosted in the African continent. The paper looks into whether tangible benefits for hosting mega-events are less or more important than intangible benefits. In investigating this issue, the paper takes a political geography theoretical stance for its ability to provide normative ideological content for explaining intangible and tangible values for hosting Commonwealth Games. The paper looks at pros and cons for investing in mega-event infrastructure and also looks at the cost of hosting the Games for cities. The 2010 Commonwealth Games in Delhi budgeted $240 million for the entire Games, but the actual costs after the Games were found to be $1.7 billion. Similarly, in 2014 Glasgow, the cost of the Games was calculated at £575 million ($690 million). The paper looks at whether South Africa as the 2022 Commonwealth Games host can afford the games. It also considers the impact of the Games on national identity, national pride and patriotism here identified as novelty values that preserve social cohesion, a social attribute that has to be in place to build a robust economy. The paper concludes by noting that the success of the Games will depend on deliberate investment in catalytic facilities in areas that will be sustained post event. The amount of novelty value generated out of the Commonwealth Games will depend on how successful the Games are and on how the communities are able to interact with the facilities post event.

Keywords: mega-events, affordability, novelty value and social cohesion.
JEL Classification: E22, O35.

Introduction

Hosted for the first time in Canada in 1911 with only four sports and nine events, Commonwealth Games have grown to a formidable mega sporting event of 171 sports and 261 events (Commonwealth Games Federation, 2014). Commonwealth Games are categorized as mega-events, because they fit the description put forward by Varrel and Kennedy (2011) that they have *"an itinerant character, occurring regularly in different places, and are awarded through a bidding process"*. In 2022, the event will be hosted for the first time in the African soil. Durban will join the ranks of being a host city alongside with 20 other host cities, as shown in Table 1. The 2022 Durban bid has not identified major infrastructural projects that will be built specifically for the Games, therefore, the experience of heavily invested cities may not be experienced in South Africa.

The financial implications of hosting mega-events have opened a discourse on the economic effects of these events on host countries. Looking at the history of Commonwealth Games illustrated in Table 1, it can be observed that most Commonwealth Games have been held in developed nations in the Northern hemisphere, with a few developing nations getting a slice of the pie. Case in point, being the Games held in Jamaica in 1966 and Malaysia in 1998, and India in 2010.

The issue this paper investigates is whether the tangible benefits for hosting mega-events are less or more important than intangible benefits. We take a political geography theoretical stance to study this issue for its ability in providing normative ideological content for explaining intangible and tangible values for hosting Commonwealth Games.

We begin with a section that describes the political geography theoretical framework. We, then, explore different ways in which scholars have looked at the impact of hosting mega-events on economic development. We build a case for looking beyond socioeconomic sensibilities for hosting mega-projects.

1. Theoretical framework

The theoretical position taken is based on the political geography theoretical framework, as propounded by Collier (2007). Collier argues that economic performance cannot be viewed in isolation from contextual issues such as location and physical attributes of the region. In his work, Collier points out four distinct features that the economic performance of a region is contingent upon: (1) resource-rich and landlocked; (2) resource-rich and coastal; (3) resource-scarce and landlocked; and (4) resource-scarce and costal. Collier (2007) uses this framework to explain the substantial differences in opportunities for the different geographical regions and argues for different economic strategies on the

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basis of the location of the region. In addition to the abovementioned physical features, Collier (2007) points out two key political geography features that have to be taken into account in developing economic strategies: ethnic diversity and culture; and natural resources.

Table 1. The history of Commonwealth Games

Year	Host city	Host nation	Sports	Events	Competitors
1911	London	United Kingdom	4	9	Unknown
1930	Hamilton	Canada	6	59	400
1934	London	England	6	68	500
1938	Sydney	Australia	7	71	464
1950	Auckland	New Zealand	9	88	590
1954	Vancouver	Canada	9	91	662
1958	Cardiff	Wales	9	94	1122
1962	Perth	Australia	9	104	863
1966	Kingston	Jamaica	9	110	1050
1970	Edinburgh	Scotland	9	121	1383
1974	Christchurch	New Zealand	9	121	1276
1978	Edmonton	Canada	10	128	1474
1982	Brisbane	Australia	10	142	1583
1986	Edinburgh	Scotland	10	163	1662
1990	Auckland	New Zealand	10	204	2073
1994	Victoria	Canada	10	217	2557
1998	Kuala Lumpur	Malaysia	152	213	3633
2002	Manchester	England	171	281	3679
2006	Melbourne	Australia	162	245	4049
2010	Delhi	India	171	272	6081
2014	Glasgow	Scotland	171	261	4947
2018	Gold Coast	Australia			
2022	Durban	South Africa			

Source: Commonwealth Games Federation (2014); available at: http://www.thecgf.com/qbr/timeline/.

Kollosov (2001, p. 1), on the other hand, defines political geography as the *"interaction between political activity of people and integral geographical space, which includes physical, economic, social, cultural and political spaces"*. He asserts that the superposition of these spaces creates a relationship between political activity and geographical conditions under which it develops. This interaction influences economic development in the geographic space. Along the same vein, Streb (2007) demonstrates how political institutions determine whether a country is poor or rich by highlighting the fortunes of East and West Germany, North and South Korea who had common heritage and similar endowments, but different outcomes. The outcomes were based on how these countries used their unique geographical features to build their economies. Based on this illustration, it can be concluded that the political geography theory highlights unique country dynamics and economic opportunities from such uniqueness.

Political geography theory presumes an enlightened public sector that designs its country or city strategy in a way that maximizes economic opportunities emanating from its unique natural endowments and its socio-cultural beauty. As such, the economic choice to host Commonwealth Games reflects how the city of Durban incorporated its attractiveness in its decision to host the 2022 Commonwealth Games. There is another important condition that has to be satisfied to extend the political geography theory beyond tangible macroeconomic outcomes: novelty value of hosting the Games. In other words, value as perceived by country citizens, spectators and fans of Commonwealth Games. Put differently, political geography theory can be extended to the value host country citizens put on their culture and natural heritage endowments that make their city and country unique. In view of that, citizens are presumed to have cultural sensibilities that foster cohesion, unity and harmony. This is of particular interest, because the theory provides us with a case whereby cooperation between Commonwealth Games multiple stakeholders is based on the principle of mutuality – mutuality of love for sport and culture infused with the awesome power of patriotism and national pride.

Table 2. Categories of sporting events (adapted from Roche, 2001; Visser, S. D., 2015)

Type of event	Example of event	Target audience	Type of media interest
Mega-events	Olympic Games, FIFA World Cup	Global	Global
Special Events	Formula One, World Regional Sports (e.g. Commonwealth Games, AFCON, UEFA, Copa Americas)	World Regional/National	International/National
Hallmark events	Large sporting events in particular location (e.g. Comrades marathon, Cape Argus, Adelaide Festival)	Regional	Regional TV
Community events	Local community sporting/cultural events	Local	Local TV/Press

2. Impact of hosting mega-events on economic development

Regardless of the global stagnation of economic growth, the attendance of mega-events is still growing at a healthy rate. The technological aspect of today's world is spurring sponsors to be more involved with fans, allowing them insight into their consumer base. This, as pointed out by Barclay (2009), has led to an increase of corporate sponsorship globally, with more companies vying for a slice of the pie. Although the audience may be increasing, the mega-events industry is constantly searching for new ideas to grow their revenue stream, with the ever-increasing costs, which are putting pressure on the bottom line. Barclay observed that sporting organizations are under increased pressure to monitor and create sustainable business models that restrict costs and enhance revenue. Other authors (for example, Bohlmann and van Heerden, 2005; Matheson, 2006) are of the opinion that mega-events fail to meet their projected windfalls that are forecasted by pre-event assessments. Certain economic sectors, especially tourism, do benefit, but the multiplier effects intended to boost the entire economy have rarely been materialized according to Matheson (2006). The issue that is of major concern in hosting mega-events is the measurement of the return on investment, specifically the methods utilized in the undertaking of the said measurement.

Knott, Swart, & Visser (2015) are of the opinion that sport contributes positively to many people's lives. The authors acknowledge that sports provide a much-needed boost to the tourist market, and provide an enjoyable spectacle for locals. On the flipside, there is a view (see, for example, Matheson, 2006) that the benefits and advantages of hosting mega-games are hugely overestimated. Matheson (2006) points out that potential host cities or organizers make inaccurate assumptions with regards to the initial spend and, then, subject that figure to a multiplier effect. Matheson illustrates this point by citing an example of $US1.5 billion that Greece paid on security alone during the Athens summer Games. Matheson (2006) is of the view that *ex ante economic modelling* is a flawed method of predicting the economic impact of mega-events. Over and above the methodological flaws in calculating initial spend, Matheson highlights three further problems: (1) the substitution effect (consumers spend money at a mega-event rather than on other goods and services in the local economy); (2) crowding out (congestion caused by a mega-event that dissuades regular recreational and business visitors from coming to a city); and (3) leakages (financial investment made to host event not winding up in the pockets of local residents). Knott, Swart, & Visser (2015) showed that while negative externalities may exist, there are many advantages and benefits that accrue with hosting such events including high levels of national pride and patriotism for the country.

Solberg and Preuse's (2007) long-term approach in assessing the effect that hosting a mega-event has on tourism may shed light. Solberg and Preuse's (2007) work investigeted four issues: 1) What infrastructure do cities need to host major sport events? 2) What are the potential welfare-economic benefits and costs of the changes in infrastructure? How can event infrastructure be used to maximize benefits for future tourism to the region? Who should pay the costs of hosting the events – the private or the public sector? The authors used simplified demand side and supply side economic models to try and determine whether the hosting of mega-events justifies the initial outlay of capital. The authors came to the conclusion that major sport events can cause positive shifts in tourism demand on a long-term basis.

De Aragoa's (2015) work discusses the economic aftermath of hosting mega-events, using South Africa and Brazil as examples. According to De Aragoa (2015), South Africa invested USD 3.12 billion in transportation, telecommunication and stadia. In return, according to De Aragoa, the 2010 World Cup generated USD 509 million to the real GDP. De Aragoa mentioned that the tourism impact was less than anticipated. It should be pointed out that the nontangible benefits derived from infrastructure development, tourism expertise and

project management skills learnt to host an event of this nature have not been factored in when evaluating the impact of hosting a mega-event. Intangible benefits of hosting a mega-event: how much is novelty value? Emerging economies and developing counties are faced with questions of whether or not the billions in infrastructure projects investments are valuable or can be better utilized in areas such as education. Likewise, critics question whether mega sporting events leave any legacy that benefits the host country (BMZ Conference Brazil, 2014, p. 02). Hosting a major sporting event as discussed earlier is associated with effects that are hard to measure, effects that often go under the title of intangible outcomes (Allmer and Maennig, 2009). As cited in Humphrey and Fraser's (2015, p. 03) work, effort has been invested in the development of methods and models to measure the tangible economic impacts of hosting mega-events. These methods include: local economic impact models dealing with the effects on economic growth, contingency valuation models, a cost-benefit models, gravity models, input-output (I-O) models, as well as methods that construct stadium indices. This view is supported by Heisy (2009) who agrees that despite the significance of the intangible effects of hosting mega-events, the vast majority of the research to this point has focused on the direct, tangible economic benefit of hosting mega-events. Along the same line of thinking, Shanaron (2014) insists that mega sport events play a crucial role despite the fact that it is difficult to measure their impact accurately.

Atkinson and Mourato's (2006) study came up with a set of noneconomic benefits for hosting mega-events that may help further research in this area. The authors pointed out that national pride, improved awareness of disability; source of inspiration for children; legacy of sports for the future, enhanced international reputation and renewed community spirit are of great worth to a country on a path to building its tourism economy. Along the same line of thinking, Allmer and Maennig (2009) posit that the long-term benefits of investing in mega-events should not only be attributed to the need to host a mega-event. The focus should rather be on building novelty value (Allmer and Maennig, 2009, p. 510). This assertion is supported by Heisy (2009, p. 05). Heisy (2009) argues that communities receive the intangible benefits of pride, unity and celebration that go along with hosting a global festival. Heisy (2009, p. 06) continues to identify other intangible benefits that may be important to the residents and officials of host cities, these include building the city's brand through an improved image of the city as a tourist destination or global centre of commerce, increased motivation for residents to become active in athletic pursuits, thus, reducing health care costs, increased awareness and understanding of other cultures and of the issues regarding people with disabilities and the value of adaptive sport. Similarly Lee, Cornwell, and Babiak (2012, p. 97) identify social cohesion and national pride as one of the key novelty and intangible values derived from mega-event investment.

How much have the Games cost cities?

Recently, in 2010, Delhi, India hosted the Commonwealth Games and put aside a budget of $240 million towards infrastructure and operational costs for the games, but ultimately spent $1.7 billion. Similarly, in 2014, Glasgow, $610 million was spent on the games with $90 million spent on security for the games alone (http://thecgf.com/games/2014/G2014-Official-Post-Games-Report.pdf).

The next Games will be in the Gold Coast and a similar trend of high event spend is expected. South Africa has budgeted at least $460 million for the 2022 Commonwealth Games including infrastructure and operational costs (Mail Online: http://www.dailymail.co.uk/news/article-2178614/London-Olympics-2012-Delhi-Commonwealth-Games-venues-lie-ruins-hopes-sporting-legacy-crumble.html).

Usually cities and regions bidding to host mega-events have long standing strategic development plans they are looking at realizing. Therefore, the mega-event affords the host city or region the chance to accelerate the implementation and delivery of existing plans, providing deadlines and additional resources to speed up projects (OECD, 2010, p. 47). In the case of the 2022 Commonwealth Games, the city of Durban identifies two types of legacies associated with hosting the games: non-sport legacy initiatives and sport-specific legacy initiatives. The non-sport related legacies include: 1) human settlement, addressing the city's housing backlog by converting the athletes' village into family housing units, 2) sustainable community facilities, consolidating the city's multi-purpose precinct, 3) Integrated Rapid Public Transport Network (IRPTN), Games to assist the incremental implementation of the project, 4) human capital development, emphasis is placed on human capital development, knowledge management and healthy and productive workforce. On the other hand, the sport-specific legacies include: 1) active participation and youth leadership, developing programmes that will help improve healthy lifestyles, 2) community sport facilities, investing in a "Social Facilities Accessibility Model", where

sport facilities are built alongside other social facilities like libraries and clinics (Durban 2022 Candidate City File, 2015, p. 09).

Over and above listed legacies, the Games ambitious plans envisaged in the economic impact assessment report are to fast track certain National Development Plan (NDP) initiatives. Accordingly, the Games are planned to achieve job creation, improved infrastructure, and transition to low carbon economy, inclusive and integrated communities, reversing apartheid spatial effects, improving quality of education and training, quality healthcare, social protection, building safer communities, transforming the public service and uniting the country. Accordingly, Florek (2009, p. 24) argues that mega sport events are thought of as the most significant attractive investment to shape a country's image. Similarly, Knott, Swart and Visser (2015, p.01) acknowledge that quality indicators such as social cohesion and civic pride even though short-term in nature may accrue from hosting a mega sporting event. Jones and Woods (2004, p. 202) illustrated the power of national pride, as it relates to political geography in the story of Cathy Freeman at the 2000 Olympic Games in Sydney, Australia:

"In front of a record crowd, the Australian athlete Cathy Freeman sprints clear to win gold in the women's 400 metre final. It is Australia's first Olympic gold medal in athletics since 1988, and the hundredth medal won by an Australian since the start of the modern Olympics in 1896. Momentarily exhausted, Freeman sits cross-legged on the track, hands over her eyes and mouth. Then, collecting a flag from the trackside, she sets off on a barefoot lap of honor, draped in her dual-sided flag – on one face the "southern cross" standard of Australia, on the other the red, black and gold Aboriginal flag. Cathy Freeman's moment of Olympic history is saturated with political geography. Most explicitly, there is the demonstration of Australian patriotism, reflecting the way in which sports events often provide a focal point for the articulation of national identity. Yet, with Freeman, a black Aboriginal woman and Aboriginal rights campaigner, the event assumed a deeper, more complex, symbolism. Freeman had been reprimanded on a previous occasion when she had celebrated with the Aboriginal flag. This time, however, there were no objections as she waved her dual Australian and Aboriginal ensign. In doing so Freeman served not just to reaffirm Australian national identity but contributed to its reinvention, turning the Olympic stadium into the stage for a seminal performance in the politics of race and identity".

The question we ask is how much value should we place on the sublime power of national identity and national pride?

National identity, national pride and social cohesion: novelty value sentiments beyond socio-economic sensibilities.

National identity is particularly important in South Africa where people are deconstructing their colonial and apartheid identity, on the one hand, and reconstructing their identity based on cultural values that were once shunned. National pride provides a framework for national identity holders to express their patriotism. With that view in mind, we argue that national pride is a social construct that displays social cohesion captured in lofty language used in national anthems: "…*sounds the call to come together; And united we shall stand; Let us live and strive for freedom; In South Africa our land"* (excerpt of the South African National Anthem). National identity also captured in the South African flag, is a symbol that is displayed in mega-events to express social cohesion. Through songs, symbols and other cultural artefacts, national pride expresses a willingness to cooperate, to survive and prosper. In a country that seeks to entrench its post-apartheid identity as an inclusive "rainbow nation", mega-events such as the Commonwealth Games are indispensable for building and preserving social cohesion – a social attribute that has to be in place to build robust economies.

Conclusion

While there are clear stated objectives of hosting the first Commonwealth Games in Africa as cited in the Commonwealth Games Bid Candidate File (2015) and the Economic Impact Assessment Report (2015), the question remains: can the Commonwealth games do to Durban what the Olympics did to Barcelona? According to Essex and Chalky (2003, p. 09), to date, Barcelona Olympic Games are still considered as the most successful ever. Thus used as the model for cities aspiring to host transformational large-scale mega-events. The Barcelona Olympics are acknowledged and recognized as a model for hosting events in a manner that secure wider benefits (OECD, 2010, p. 15). Durban 2022 Commonwealth Games hosting costs are estimated at R6.8 billion with investment in infrastructure for the Games expected to contribute to the lasting benefits of the host city. Consequently, the total economic output of the Games is projected to be up to R20 billion, translating into an estimated R11 billion GDP growth (Bid Company, 2014, p. 02). There is scope for possible future research in seeking answers to

questions raised in this paper and it remains uncertain on whether Africa can afford the Games. An index to measure the true value of intangible benefits of mega-events, as well the study to examine the interrelatedness between events spends, social cohesion and economic development.

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