
GLOBAL PERSPECTIVES AND RESEARCH

9239/12

Paper 1 Written Examination

October/November 2016

1 hour 30 minutes

INSERT (RESOURCE BOOKLET)

READ THESE INSTRUCTIONS FIRST

This Resource Booklet contains Documents 1 and 2 which you should use to answer the questions.

You should spend approximately 10 minutes reading the documents before attempting to answer the questions. This is allowed for within the time set for the examination.



This document consists of **3** printed pages and **1** blank page.

The documents below are discussing the issue of hosting international sporting events. Read them **both** in order to answer **all** the questions on the question paper.

Document 1: adapted from *What did the World Cup do to Brazil's economy?*, an article written by Caio Megale. The author is an economist with the largest corporate investment bank in Latin America. The article was published in 2014.

In June 2014 the FIFA (Fédération Internationale de Football Association) World Cup kicked off in Brazil, which hosted the planet's most popular sporting event. Much has been said about the economic and social situation of the country, especially after the recent protests against government corruption and rising prices in the run up to the World Cup. However, while a global event like the World Cup created new economic opportunities for Brazil, there were objections raised about the amount of money spent on hosting the event. There was also the issue of the event actually increasing corruption.

The building programme left huge advantages. The World Cup came at a timely moment for Brazil. Over the past two decades, the country's economy has grown significantly thanks to thriving consumer spending, and is now more stable. But new challenges lie ahead. Weaknesses in infrastructure and productivity have been holding back the progress of the economy, putting the need to increase investments in the spotlight. Organizing such a big event offered opportunities to make massive new investments and therefore accelerate the development of different sectors. The 12 host cities will benefit from expanded airports, improved transport systems and better telecommunication services but it is unclear how far these benefits will be felt beyond the 12 cities. Although these upgrades were necessary, they hardly would have taken place simultaneously if it had not been for the World Cup.

There has been stronger economic growth. Long-term development could emerge in several key industries and markets. Along with the World Cup come opportunities to boost international trade, making the country's companies more global. This was particularly important in Brazil, where under 1% of exports come from small and medium-sized businesses. Foreign entrepreneurs came to Brazil to do business during the preparation and during the event itself. If they took advantage of the opportunities intelligent Brazilian entrepreneurs will have built strong and lasting international ties. This experience will ultimately bring new technologies, more knowledge and will expand the consumer market.

The organization of this global event encouraged companies to train their workers to better satisfy new customers by, for instance, teaching them new languages. This should also benefit the tourist industry. The impact on the productivity of these workers could be substantial and lead to significantly higher wages, especially in a country where only a small proportion of the workforce speaks English.

These opportunities are obvious in sectors such as services (restaurants, event planning and executive transport), sports and tourism. If they were satisfied with their stay, foreign delegations will no doubt advertise in their own countries the services they used in Brazil, thus creating a strong demand. Previous World Cups indicate that the increase in the flow of tourists can last. In addition, the new stadiums and the spirit of the World Cup will have brought friendship and cooperation between countries. The United Nations has a long history of using sport to promote peace and international cooperation. The World Cup will also have a long-term effect on the population's interests in practising sports.

The benefits to the economic future of Brazil are indisputable and will be permanent.

Document 2: adapted from *Hosting Major Sports Events: Hidden Costs and Policy Dilemmas*, an article written by Paul Dimeo. The author is a building designer and television personality in the US. It was published in 2013.

I would argue that hosting major sports events such as the Olympics and the World Cup has been imposed by top-down policy makers whose claims of the widespread benefits are just myths. We are often told that such events bring economic and community benefits. However, we can consider four aspects that undermine that perspective.

First is the forced relocation of people and businesses to make way for the new infrastructure. In 2008 the Geneva Centre on Housing Rights and Evictions reported that over 2 million people had been forcibly displaced due to the Olympics. The worst examples were 720,000 people for the 1988 Games in Seoul and 1.25 million for Beijing. The Centre also argued that the worst affected sections of the population were ethnic minorities and the homeless. In Brazil, as they prepared for the 2014 World Cup there were forced relocations in the region of 1.5 million people. The relocation of businesses can be damaging to owners, employees and customers. This is unfair and elitist, as Jessica Blumert, an attorney in the US, recently wrote: “most benefits gained from hosting the Olympics are dispensed to a few while the losses can be imposed upon many.”

Second is the lack of meeting local needs after the event is over. Examples show that the main facilities such as the Olympic stadium are not continuously used for sport afterwards. One reason is that a lack of demand for athletics events outside of the Olympics, not even international level events can attract the crowds required to sustain a stadium. In some cases, like in Cape Town, a stadium was built in a location suitable to a one-off event but not to sustainable use by local teams. In Beijing, the iconic Bird’s Nest stadium is a tourist attraction rather than a sports venue.

Third is the unjustifiable costs involved: \$43bn for Beijing 2008 Olympics; \$17.25bn for London 2012 Olympics; \$11bn for the 2014 Brazil World Cup; \$52.5bn for the Sochi 2014 Winter Olympics. Most events run approximately three or four times over the original budget. Once the commitment has been made, the funding has to be found regardless of changes to the economic conditions.

Finally the legislation brought into force during an event impacts in several areas. All marketing associated with the event is controlled and so local businesses are not able to exploit potential opportunities. Also, security arrangements can include increasing surveillance, restricting access to specific spaces, and enhancing police control measures, all in the fear of an attack on fans or athletes. Laws have been altered so that athletes’ earnings are not taxed by the host nation, which means there is no extra income for the organising country.

When I start to unpick the evidence of hidden costs, I am left with the view that governments should not bid for major sports events, the public should not support them and they should not be considered ethical.

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