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89th Harold Wolpe Dialogue

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Cape Town

Topic:

THE 2010 LEGACY:

EXPLORING THE MYTHS AND

REALITIES

Speaker:

Dr. Dale McKinley

Independent Researcher, Writer and Activist

The aim of these dialogues is to create a space for open and informed dialogue and debate around key local and global political, social and economic issues facing South Africa.

Dale McKinley 9 June 2010 Wolpe Lecture - 'The 2010 Legacy'

Anne Marie

We are on the verge of a fantastic football extravaganza. There seems to be more of a hullabaloo in comparison to previous years. BBC Knowledge have been running a program at 7 pm. I did not know that football began in China and then it moved to Japan and the notion was enjoy yourself, no one won and lost. The Romans introduced the idea of violence and competition. The Middle Ages meant that football generated massive crowds and when it became a major feature in the 19th century, it has a class element in England. It was originally played by the elite schools and during the games they would vary from kicking the ball and holding it (which generated the game of rugby). One day, the team from the public school had a game against a working class team (somewhere in Yorkshire). These working class school boys then won the game and the public school boys were very upset, resulting in the elite schools decided to branch off and only play rugby. And the class element of football and rugby has remained until this day. By 1860, the rules had been formalised and tickets were sold for the first time to watch football games. An interesting thing has happened in the past 10 years where a prize for the wealthiest in English society was to own an English Premier soccer team. So now you have these multimillionaires owning these teams. Now it is no longer about the glory of the game, but rather the glamour of the game - a commercialisation of soccer. And frankly, I find it completely obscene when I think about how much these footballers earn.

I want to introduce our speaker this evening, Dale McKinley. He describes himself as an independent researcher, writer and activist. And he is obviously one of these troublemakers. And when I probed his background, I found out that he had been a member of the SACP, he had left because he was critical of the ANC and no doubt we will be castigated by some members for inviting you, but the Wolpe lectures values discussion and debate from different points of view. He will lead you and provoke you into further debate.

Dale McKinley:

Just to give a little bit of background. I was born and raised in Zimbabwe, from American missionary parents and got my higher education in the USA and I have been in SA for 20 years now. I was a fulltime employee and cadre of the Communist Party. I was expelled in 2000 for criticising the leadership of the ANC and SACP for things that are now common place to say. I was also a co-founder of the anti-privatisation forum, which was a coalition of 35 social movements in Gauteng. I have developed an interest in soccer and the wider state of South African soccer. I wrote a round of articles in the South African Labour bulletin about the state of our soccer and that is translated into some fundamental critiques of this World Cup. So today, I wanted to talk specifically about the Myths and Realities of the FIFA World Cup. I am going to do so unapologetically politically in academic terms and I am going to try and give some political economic background to some of the developments, even if they are unpopular to be said. I have more South African flags in the past 3 weeks than I ever have in 16 years and all because of a game.

Myths and Realities of the World Cup

Let us first take a look at some of the underlying assumptions of these mega sporting events, which then determine the way that we see them.

Mega-events are fundamentally economic phenomenon. They are considered, by the literature, important vehicles for promoting development, for stimulating urban redevelopment due to tourism, for expanding short term and long term employment. This is nothing new. They go back to the speeches of Mbeki when we lost our first bid for the World Cup. The things that were mentioned about what the World Cup would bring us goes far beyond that. Our government has said as taken from the government information services and the President's speeches, that successfully staging the world cup would 'spread confidence and prosperity across the width and breadth of South Africa and

the entire continent'. Mbeki sold this as a part of the 'African Renaissance'. As an aside, besides from the 11 000 African visitors who are here as ticket holders, I don't think that anyone can meaningfully argue that there has been any benefit to the continent.

The government goes on to say that 'South Africa stands not only as a country, but as a representative of Africa as a member of the African family and we will work with African countries on projects that will create football development, will enhance environment and tourism, telecommunication links and continental security co-operation as well as nation building.' That is quite a list of things that the World Cup will bequeath to our country and our continent. All of this can be put under the notion of a 'developmental legacy' that are the underlying assumptions beyond the game of soccer (in Zuma's speech a few days ago). Let me say from the beginning that it is analytically important to distinguish between soccer and the World Cup - they are fundamentally different things.

'Mythology of the World Cup'

Many of the things that we hear are hence grounded in these assumptions.

Here are some of the realities of the World Cup.

Question 1 – Who benefits from the World Cup?

Let us take a first look at the stadia. At the moment now, about R20 billion has been spent on stadiums and transport infrastructure. Let's take a look at the construction companies and how they have benefitted.

WHBO – has increased its pre-tax profits by 142%

Group 5 - announced a pre-tax profit by 79%

Murray & Roberts – 99% increase in pre-tax profits

On the other hand, construction workers who have toiled in the various stadia never once received more than R3000 a month. And, all of them were employed on a short term, contractual basis. At the coalface, the things that people are going to enjoy at these world class stadiums, if in their own construction, the labour and class relations mirrored the very oppression that the majority of South Africans have been fighting against for 15 years, then it says a great deal about the character of the people behind it and what was going on behind the scenes.

The infrastructure in terms of transport: most of the transport infrastructure has happened in Gauteng. All of the highways - are they really going to benefit the public? It was just formally announced a few months ago that all roads built for the World Cup will be tolled by 2011. What that means that as taxpayers, we shelled out millions of Rands for our government to build the roads, and then a year later, we are going to be billed for them once they are privatised. A public road is a public road - accessed without payment. We once again have a neoliberal character to development, where public money is spent and then the final project is handed over to the private sector to profit. So, it will not benefit the majority of South Africans because what ordinary person could afford to pay R100 to go from OR Tambo to Sandton. Taxi and bus fares are going to go up as a result of these tolls.

FIFA announced that FIFA SA World Cup is the most commercially successful ever, in the history of World Cups. It has made double the amount in Germany. That is incredible - in a country that is the most unequal in the world, more money has been made than anywhere else. How much money? Between R20 – R25 billion guaranteed (a lot from tickets and TV sales and hospitality and all of the various projects that they have a monopoly over). We know that the South African government signed guarantees to FIFA, saying not only that they would have all of the expenditure and income above, but even worse, that they would have tax exempt status except for VAT, for all FIFA employees.

So, this gives us a sense of who is benefitting and who is not from this World Cup.

What about another claim - Job Creation

Government claimed in its own documents in 2000-2003, that 564 650 annual jobs would be created through the World Cup. In last 2 years, we have lost 1.4 million jobs. Most of the construction workers that we did have working on infrastructure and the stadiums are now out of a job already.

The Economist says that SA's current account deficit is the highest of all developing countries at the moment. That means that instead of getting a developmental legacy, we are going to be saddled with a debt legacy. We are going to be paying off massive amounts of debt for years to come, to be paid by taxpayers. The official explanation for this is that there is a deficit and it is unfortunate, most of this spending has been spent on basic services and infrastructure that will benefit the majority of the population. I have tried to contest those assumptions.

The amount of money spent on imports is a result of FIFA requirements - for instance certain parts of the World Cup stadia had to be fully imported from overseas. The Gautrain was also all imported from overseas, leading to a continued outflow of capital. Laws have allowed companies to export profits overseas because we have so few exchange controls - most were removed in the 1990s. So, the claim was that it would increase FDI and by all standards, that was not the case and in fact we are going backwards. And most of that has only benefitted a small elite.

Enhancing Democracy

This was another claim - that the World Cup would enhance democracy. The point here was that there no popular consultation whatsoever. The complaints of the working class are that 'we have never been a part of decision making'. This was decided predominantly so that South Africa could stage a mega event as a way to enhance its image. Mandela said, when he went to Germany when South Africa lost the first bid, that this was going to be like the 1995 World Rugby Cup when a moment transcended class and race lines and somehow create a national feeling. This was also felt in the Vodacom Super 14 Final held at Orlando Stadium - it was as if one event eliminated 16 years of struggle since 1994 because of one sporting event.

There was no popular consultation and their implications. So, let's look at actually what has happened to South Africa's poor citizens.

One of the things that FIFA required, and we all know that the stadium should have been the Athlone Stadium, which should have been expanded and improved, was to rebuild Greenpoint Stadium at a cost R3.5 billion because it would look good on television.

Homeless people have been put out to Blikkiesdorp and informal traders have been removed in Durban. You sanitize an environment to create an image and a branding. SA was branded as a World Cup venue. We have World Cup everything, but just don't look behind the wall, because it is not world class there. It is incredible - I went on a tour of Soccer City where, where the media center is acknowledged as the best in the world - 1800 journalists, broadband, real time communication to anyone anywhere in the world, something out of the reach of most South Africans. The money that has been spent and the people pushed aside in creating this event is simply incredible.

FIFA and the South African government agreed that they wanted to have the most minimal disruption from poor people and trouble-makers like myself. Bheki Cele said that there is a complete ban on all gatherings in the month of June - suspend the constitution for the World Cup! My organisation wants to march on Soccer City on Friday with a banner that says 'we love soccer but not the World Cup' to remind people that 2 kilometres down the road from Soccer City in Kliptown, people are still using the bucket system. What does it mean when you have the most sophisticated equipment in the world for soccer but 2 km down the road there is no real sanitation in a place where the freedom charter was signed. People have also been criminalised. My organisation knew that if we were to challenge this ban, we would win in court. The police have backed off and have allowed the TAC and education/civil society to hold a march tomorrow. The police have made sure that it takes in a very confined area that does not affect the World Cup in any way.

The World Cup has exacerbated the racial and unequal markers in South African society in the name of nation building.

FIFA

Let's look at FIFA, I would recommend looking at Andrew Jennings's website who has encountered massive corruption at FIFA. Essentially he makes a compelling case, to say that FIFA is a mafia and Seb Blatter is the don. All the federation heads are junior dons. Then the Local Organizing Committee

are the heavies, like Ervin Khosa. What I would argue is that the World Cup represents a shake down. If you don't adhere to these conditions, we will just take it elsewhere. South Africa bowed down to all of those demands.

The larger point about FIFA and mega sports events. Soccer started as a spectator sport. It started out only as an amateur sport. Only in the late 20th century that public goods were privatised and taken over by corporations, therefore only being enjoyed by an elite few. Mega sports events are turned branding opportunities. The sponsors of the World Cup each pay \$125 million each. That is - Coca Cola, Hyundai, Adidas, Visa etc. The local companies only pay \$50 million and includes companies like MTN, Telkom and Sanlam.

They will all have exclusive rights and other things to sell. That means that all of the informal traders who were meant to benefit from the increased tourism generated and they will have no space. So, as in a book by Ashwin Desai, Siboghile Ndlovu, was told by the Local Organizing Committee that she would need to buy a mobile kitchen worth R60 000 to be able to sell pap and vleis around Moses Mabida stadium. She said that selling outside the stadium is like a tradition to us which FIFA wants to kill. Tim Modise said that inside the stadium, everyone would be able to eat official FIFA food (like McDonalds), as if it food in the first place.

One of the major things that was supposed to happen, and this is why I want to push home that this is really a neoliberal event, is that the underlying assumption is that the benefit will trickle down to benefit ordinary people.

You would think that this would mean that ordinary kids outside these massive soccer facilities, would be having decent recreation kits and facilities to be able to play soccer. I was just in Tembelihle outside Soweto and all of the kids are playing on a dirt track with a ball made of plastic. That is the legacy of what is meant to be a huge improvement in soccer development in our sport.

Instead, what we do see? Seb Blatter opening a new turf outside Randburg. This is the bequeathal of the world cup - it probably cost them R100 000, which is not what Blatter spends on 1 weekend in terms of his pocket change.

Hence, the very people who really enjoy this game of soccer are not benefitting in any way from this massive R20 - R25 billion event. This is reflected in the national soccer situation itself as we see the national coach, Parreira, being paid R1 million a month but we cannot have decent facilities at schools.

Why can FIFA can do this? They are accountable to no one. There is a complete lack of democracy within the organisation. When you see Blatter blabbing on about the 'lovely' nature of the World Cup in South Africa, just remember that a few years ago, he was in Abuja, lavishing praise on Sonny Abucha, the man who executed Ken Sarawira, because FIFA got large amounts of money from politicians and from oil revenues.

A colleague called Chris Webb said recently that 'in South Africa's transition to democracy, image is everything in pursuing the dominant rationalization of neoliberalism. Promoting a comfortable and gentrified image of South Africa perfectly serves the macroeconomic policy that our ruling party has pursued and which is intended to drum up foreign investment. The games effectively opened political spaces to further pursue neoliberal economic policies.

The World Cup is a particular kind of economic model – corporate, privatized, neoliberal model. It serves particular interests and reinforces existing power relations and existing divisions.

There will be a lot of good will generated by this world cup and there is nothing particularly bad about that, but it is ephemeral. From July 12, all of that is finished and we will be back to the real world. And who will face the reality? We will as citizens of this country. We will be left with these realities. This is again a big difference between soccer and the World Cup.

I have already been attacked for saying the kinds of things I am saying now. I can guarantee you that come a few months from now, it won't be so controversial. I am not unafraid to say the following things.

QUESTIONS

I thought you were going to say how wonderful the World Cup is and I wanted to come here to argue against you. My problem is that this is all a sunk cost now. What can South Africa do now to lift itself out of this situation given that we have spent all of this money already?

We can be active democrats. I do not have an easy solution.

Look at what happened in Brazil. Pele, the greatest soccer player ever, was Minister of Sport and he said that Brazil has no business hosting the World Cup – because it was not a developmental priority. It cost him his job. But, he was correct. If we were able to hold our governments to account, then we could ensure that our countries acted in all of our interests. Part of the problem is that civil society only reacts to things, rather than proposing developmental priorities, due in part to our relative weakness, especially in comparison to the strength of capital is that they are disciplined and organized.

I have a legalistic question. I assume it is a corporate body registered under some country's laws and hence it should have shareholders, so I am not sure how FIFA is not actually accountable to anyone. Can we get enlightenment on that?

FIFA resides as a legal entity in Switzerland (Switzerland's laws are very shady with regard to corporate responsibility). The Parliament of Switzerland just turned down a USA request to name 4000 people who deposited money in there to avoid taxes in the USA. Corporate financial accountability is not prized. It is a private entity with the shareholders as the confederations that make up FIFA. Then each of those has its own national structures. So, it is like a pyramid. There is no real transparency with regard to decision making because the federation heads make the decisions. The money flows freely between them. But, I would recommend that you look at Andrew Jennings' website and his decade of research. SAFA in South Africa is a Pty limited company with its shareholders as its federations and the provinces itself. But, while there is an appearance of democratic accountability, there is no substance to it and much of the decisions are made by powerful people in small committees. This is how FIFA works.

How to actually change that around? If you have strong soccer bodies, that are accountable to school governing bodies, then that is a form of governing body and that will institutionalize a form of democracy upon which to build upwards. But, the grassroots organizations are kept very weak and in constant dependent relationships to those with capital and that is the problem.

You are attributing a lot of this to neoliberalism and I am speaking as sort of a neoliberal myself but someone who is very aware that the World Cup and the developments associated with it are fundamentally irrational. The World Cup fails a simple cost-benefit analysis irrespective of your ideological outlook. The benefits to South Africa are infinitesimal. R30 billion set aside at the same time that FIFA was going to take our R25 billion. It fails in every possible way. Whether you are neoliberal or left wing it does not make a difference.

I have no qualms in saying that on a pure cost-benefit analysis, that the World Cup fails. But, this does not tell the whole story. The World Cup does not stand alone as a sporting event. It is fundamentally an economic event that involves and uses economic relations to do that. Hence, it cannot be disconnected from the global economic system.

Take the bread fixing scandal in South Africa - there are ways of dealing with the colluding bread companies. But, in the sport's context, there is no higher body in the sport's world. There is a lack of accountability to a democratic model and the World Cup is the epitome thereof. The comparison is to companies which go to countries and demand specific conditions or they move on.

World Bank and IMF endorse the World Cup model – because they do the same thing with countries in the Third World through structural adjustment programs by 'shaking them down'. They make them accept things that are not beneficial to the majority of their citizens. And hence, there is a connection between neoliberalism and the World Cup.

What are the positives that are going to come out of this world cup?

Yes, illusions are shattered. The myth making creates a situation similar to inhaling Tik – a temporary high with a heavy come down back to that reality. I am not a pessimist nor a cynic because I believe that people can change things.

I had a frustration about soccer as an activist. While we are facing a number of crises in areas like – crime and unemployment, lack of access to so many things. As an activist since 2001, I asked an activist of mine – what can we do about the masses of people who care about football since it seems like a religion. Did you know that a king of Rome said that ‘I will make football G-d of the people’. This is the frustration with football. Blatter said that prior to the World Cup was like a bride and a groom who were having quarrels but now they are getting married. Football means that millions funded towards football rather than MTN funding schools.

Question – what do we do, how do conscientise people?

Instead of Marx’s ‘religion is the opiate of the masses’, now it is ‘football is now the opiate of the masses’. It is not about the game on the field, but the World Cup is everything outside the game itself. Are we saying that money is the thing that makes a sport good? Now we have Real Madrid that has a wage bill that is larger than that of some cities in the world. Does money become the arbiter of everything?

World cup being a global economic event – is there is a difference between a developed and developing context? Why has SA gone the ‘yes’ road and not put our foot down? What I heard regarding Brazil, where the World Cup is happening in 2014, are actually are saying no to certain things. How do we bring this out? What I heard a few days ago was Blatter saying that the World Cup would have this major contribution to the development of South Africa, and no one challenged him in any way. When are we going to put that on the table. My other question is whether all mega events tied up in a global economic system - are they all as corrupt?

Developed – Look at Germany. Blatter and FIFA backed off in Germany. Look at what happened when the *Mail & Guardian* started to expose things. What happened? FIFA sent its lawyers. They are suing 500 people across South Africa for copyright infringements - from selling key rings with 2010 on them to writing bad things about FIFA in the newspapers. They never tried anything like that in Germany. The difference is that FIFA thinks it can get away with a lot more in the developing world. The reason why they do so? Because South Africa is still like an infant in the global world rather trying to impress the parent. Brazil has a long democratic tradition. On the local front we are proud of our struggle credentials but on the international scheme, we act like ‘yes baas men’. SA has not matured – we have struggle history but internationally, Zuma goes to Davos and prostrates himself before the captains of industry.

In 1980, the Berg Report implemented Structural Adjustment Programs in Africa. It laid out the neoliberal framework upon which it would happen. 25 - 30 years ago - what did we just learn? That our government has been giving BHP Billiton preferential electricity at below cost for 15 years. One of the wealthiest corporations in the world is getting cheap electricity while the majority of South Africans are faced with massive tariff increases. Yet, we sit here and we take it.

We don’t want handouts, we want justice.

Look at the World Summit on Sustainable Development – it was an international mega event that was another showpiece for its organisers and the heads of state that attended. They stood on platforms committing to the Millennium Development Goals and yet, we are in actuality going backwards. The WSSD did not make money, but it made money for specific people. These were events for people’s egos.

The World Cup is such a clear metaphor for how international capital works? Here, we have an auction – whoever is willing to bow down will get the deal. This is how it works with production, distribution, capital and it is the same with the World Cup. On the one hand there is football and on the other there is the world cup - but, I think that is an easy way out because then we can enjoy the football. This disgusting imperial event at the same time put on the most stunning soccer. Any halfway decent soccer player gets taken off to Europe and we are left with the debris.

SEE ABOVE

Why is it that African soccer players end up in Europe? It is the same reason that the best brains of Africa end up in Europe - because we have a system that sucks everything of real value towards the centre and leaves the rest behind. This is what needs to be contested. What I am saying is that this is a battle of ideas and the way in which things are natural, what is 'the norm'. If you had defended the privatisation of a basic service like water 3 decades ago, you would have been laughed out of a university debate. People would have said that water was a public, natural good that belongs to everyone. We have to contest the ideas of what recreation and sport represents. This is also how we conscientise people.

I have always said that we should, as lefties, have more fun and perhaps start every meeting with a soccer game. Lefties do not socialise, engage, hang out. If you want to connect with people, then you have to connect with where people are. That is why lefties are so unpopular (since they are radical and removed).

There is a missing link to this debate. In 2001 in Doha there were discussions in the WTO. This is the reason why FIFA is not being taxed - 'you are don't mess around with countries that are going to invest'. Rather, you remove your tariffs and taxes to encourage companies to come through. Yesterday, there was a report by the department of transport that R40 billion has been spent on roads for the World Cup. There is a problem with the stadiums – after the World Cup, they will not be used. The problem is that the money that has been used is our money. The Cape Town stadium has been given, after the World Cup, to be managed by 2 international companies. How do we begin to challenge that? There were such large amounts of money given to the LOC for their work in organising the World Cup, but Mofe Oliphant refused to accept it. So, this money has been used to enrich certain individuals.

R40 billion – everything should be associated with that road should be associated with the World Cup, which cannot be criticized. It can make us feel good. If it is associated with the World Cup, then we cannot criticise it.

Have there been any studies done on the cost of the stadia and the maintenance done on them? Have there been studies done on the Gautrain and the impact on the tax payer?

There is nothing that costs out what it is going to cost to maintain these stadiums. One can imagine – when the public sector sells this stadium and then hands it over to private capital, when they get into economic trouble, it will revert to the state and we bail them out. What about Soccer City – the only time it will be filled will be for the Orlando Pirates - Kaizer Chiefs game, maybe. How to fill a stadium in South Africa for 90 000 people?

In South Korea – they have torn down three of their stadiums from the 2002 World Cup because it was too expensive to maintain them.

The same with the Gautrain.

You know who it will benefit – the wealthy, those who will be able to use it.

We want to say basta, we want to put our foot down. But, Brazil is many times our size? Do we have the bargaining power to say anything in comparison to Brazil? The nightmare is capital flight and no more investment.

I don't buy it. This was the government's argument around GEAR – it means that we have no agency. We said that we can have a domestic developmental economic policy that does redistribute wealth and provide access to services. They said, we are dreaming. 'We have no choice but to adopt a GEAR-like policy'. That is defeatist.

There will be no autarky any longer. Whoever says that capital will pull out of a country in which they ideologically disagree with is talking nonsense. Capital goes where there is money to be made. See the example of Malaysia and the Asian Financial crisis said piss off to the World Bank. The World Bank and the IMF did not cut them off.

What has Foreign Direct Investment ever brought us? What about our own investment? The real question – what has FDI gone. Over past 15 years, more money gone out of SA than has come in. If we had the right policies in place to push that money back into the economy and create jobs, we would be a hell of a lot better well off.

People would not be behind razor wire walls to protect them from poor people in Sandton. Look at Alexandra thereafter - if we do not deal with this inequality, then we only have ourselves to blame when this leads to conflict.

What do you think about FIFA's 'One goal education trust' and the negative press of FIFA - do you think this has come about due to pressure by people like you? How can we capitalise on this?

I am not a purist. By putting pressure, you can change things. I know that all of the comrades in the progressive education network and started the 'One goal' campaign. They are marching to remind those in power that education is at the heart of this. I will not be holier than thou, everyone has a role to play to push open these spaces and change policy.