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Muller, Martin

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How mega-events capture their hosts: event seizure and the World Cup 2018 in Russia

Martin Müller
Geographisches Institut, Universität Zürich, Zürich, Switzerland

ABSTRACT
This paper develops the notion of "event seizure" to better understand how mega-events, and the elites associated with them, take possession of host cities and societies—of development plans, funds, and legislation—and impose their priorities on cities and citizens. It illustrates how event seizure plays out in the preparations for the Football World Cup 2018 in Russia, which is on course to become the most expensive World Cup ever with a total cost of about USD 20 billion. Drawing on government and FIFA documents, public statements from authorities and officials, and media coverage, the paper examines three different dimensions of event seizure. First, infrastructural seizure, where event-related infrastructure, particularly sports venues, crowd out infrastructure that serves wider urban needs. Second, financial seizure, where a close circle of political and business elites benefits from state funding, while the public underwrites cost overruns. Third and last, legal seizure, where the event introduces exceptional legislation, infringing citizen rights and compromising due oversight of event preparations.

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Introduction
When Russia was awarded the right to host the Football World Cup 2018, using the event for national and urban development was a central goal. Ninety per cent of the initial investment was intended for developing infrastructure for the long-term needs of cities and communities (Tovkaylo, 2010; Zubko, 2010). Russia, some commentators claimed, was set to "make a giant leap forward in terms of development" (quoted in Zubko, 2010, p. np). The government saw the event as an instrument for fast-tracking development master plans: "We would have spent this money even without the World Cup, but the World Cup is speeding up the realisation of some parts of the [development] programme" (Kazmin, Mokrousova, & Tovkaylo, 2013). Officials were eager to emphasise that the benefits of the World Cup would extend well beyond the sports stadia to benefit cities around Russia. The Federal Minister of Sports, Vitaliy Mutko, in charge of the World Cup, underscored that for cities “there will not only be investments into a new stadium. The majority of objects ... are transport, tourism and technical infrastructure. We are talking about the development of the whole region that plays host to the World Cup” (quoted in Krylov, 2014).
But just a few years into the preparation for the event, these goals had all but faded from view. Almost all of the money was now due to be invested into event-specific infrastructure with limited utility for the general public instead of wider urban improvements. Cost overruns and opaque awarding of contracts were plaguing major construction projects and exceptions to the rule of law hollowed out fundamental legislation, infringing citizens’ basic rights. The preparation for the World Cup had rewritten development priorities, appropriated funds and elevated the event above the regular legislative order, thus displacing concerns of cities and citizens.

In this paper, I aim to conceptualise the radical transformation of the World Cup 2018 from handmaid to hindrance of urban and regional development in Russia—a process I call event seizure. In event seizure, the mega-event, and the elites associated with it, take possession of development agendas and funds and impose their own priorities. On the basis of bid documentation, press releases, legislation, published statements from authorities and officials and technical and research reports, the paper examines the driving factors, the mechanisms and the impacts of event seizure for the World Cup 2018 in Russia across three dimensions. First, infrastructural seizure, that is, the dominance of event-related infrastructure such as stadia over wider urban improvements; second, financial seizure, where the public is made to pay for unprofitable projects and cost overruns, while elites benefit; third, legal seizure, which introduces exceptions into legislation that place the event above the law.

Mega-events: from leverage to event seizure

It is common to think that mega-events can speed up urban and regional development and help attain larger development goals, say economic growth or infrastructure upgrades. Event-governing bodies such as Fédération Internationale de Football Association (FIFA, the governing body of the Football World Cup) or the International Olympic Committee (IOC) have employed this idea of leveraging events increasingly to justify the significant social and financial costs of mega-events. With more and more mega-events moving into emerging economies, this developmental rationale has gained further in strength. “FIFA has taken on a mission to use the game as a tool to develop whole countries, give momentum to investment, and so create a better life for millions of people” (Zubko, 2010), so the official line claims. Bidding coalitions in host cities and countries, too, praise mega-events as boons to economic development and urban restructuring (cf. Andranovich & Burbank, 2011). Consulting companies have issued reports extolling the multiple benefits of hosting mega-events (Ernst & Young, 2011; PricewaterhouseCoopers, 2011). Thus, the World Cup 2010 in South Africa aimed to reduce poverty (Pillay & Bass, 2008), the Olympic Games in London were a vehicle to revitalise boroughs in East London (Poynter & MacRury, 2009), the Winter Olympics 2014 in Sochi were meant to turn the destination into a world-class winter sports resort (Müller, 2014) and the World Cup 2014 in Brazil and the 2016 Summer Games were to advance urban transport and upgrade neighbourhoods in Rio de Janeiro (Gaffney, 2010).
That partisan groups—event organisers, governing bodies and contractors—will seek to promote mega-events to a wider public does not come as a surprise. But recently organisations without an explicit stake in mega-events have started to peddle them as catalysts for urban and human development. Among them are international development agencies such as the German Development Agency (2013) or foundations such as the Konrad-Adenauer-Stiftung (2011). Scholars, too, have reinforced claims about the catalytic function of mega-events for urban development, citing benefits such as economic growth, infrastructure provision, increased quality of life and image improvement. Thus, studies claim that mega-events “accelerate [a city’s] infrastructural development by up to 10 years” (Preuss, 2004, p. 232) and that hosts can use mega-events “as powerful catalysts to accelerate their urban and transport plans” (Kassens-Noor, 2013, p. 393). Mega-events, some maintain, “generate an unequivocal economic benefit to host cities” (Gratton, Shibli, & Coleman, 2005, p. 997). Concepts such as “leveraging” (Chalip, 2006), “legacy” (Holt & Ruta, 2015) and “catalyst” (Essex & Chalkley, 1998) have proliferated, underscoring how cities and citizens can benefit from mega-events and harness them for urban development.

But there is another, altogether more problematic side to mega-events. Rather than a catalyst for infrastructure or an economic boon, mega-events often lead to an overpromising of benefits and an underestimation of costs, the unequal appropriation of resources, the violation of citizen rights and the rewriting of urban development priorities to serve the demands of the event (Boyko, 2014; Horne, 2007; Müller, 2015; Zimbalist, 2015). Thus, the relationship between mega-events and host societies is often the inverse of what promoters of mega-events suggest. Instead of cities and citizens using the event to promote wider gains, it is the event, and its backers, that use cities and citizens. Mega-events represent an abrupt intervention from outside into host societies, a self-induced shock (Grabher & Thiel, 2014) that reorders economic, political and social relations in a short period of time—often for the benefit of a select few.

To account for this disruptive character of the event, this paper proposes the concept of event seizure. The concept represents the often abrupt intervention of events in host societies, disrupting established processes of decision-making, public oversight and legislation. Close to the medical sense of seizure—a sudden and uncontrollable attack—it suspends the normal functioning of host societies and monopolises attention and resources.

Event seizure is a two-way process. On the one hand, the event seizes host societies, imposing specific requirements with regard to venues, funding guarantees, legal protection and exception, transport arrangements and security, among others. On the other hand, host elites also seize the event, harnessing it to appropriate resources and buttress their interests. Among these elites can be national and local politicians, who seek to garner votes and fast-track urban development, land owners, who are keen to develop real estate, and business leaders, who stand to profit from contracts and sponsorship opportunities (Hall, 2006). As such, the concept of event seizure recognises that events usually benefit both the owners of the event—the IOC, FIFA and other event-governing bodies and sports organisations—and the elites in the host countries.
Event seizure: three dimensions

Event seizure, as it is proposed here, has three constitutive dimensions: infrastructural, financial and legal. The infrastructural dimension of event seizure refers to the creation of privileged infrastructure for the event. Projects for long-term urban and regional development are often shelved as “nice to haves”, as the priorities of the event redirect funding towards sports venues and event-related transportation, often to cover the exorbitant cost overruns (Flyvbjerg & Stewart, 2012). The closer the opening ceremony draws, the more likely it is that the necessities of the event appropriate funding that was meant for other projects, for example, new transport connections, hospitals, schools, housing or social inclusion (de Paula, 2014; Minnaert, 2012). Moreover, event requirements dictate sizes that are often too large for the quotidian demands of post-event use, resulting in underutilised and unprofitable infrastructure (Alm, Solberg, Storm, & Jakobsen, in press; Horne, 2007).

In the financial dimension of event seizure, public funds are used to support unprofitable infrastructure, such as stadia, and step in when private funding falls short of initial expectations (Gaffney, 2014; Scherer, 2011). Funding for event infrastructure often comes from the public, since private investors are reluctant to invest in the numerous unprofitable facilities that come with the hosting of mega-events (Almeida, Bolsmann, Júnior, & Souza, 2013; Zimbalist, 2015). Financial seizure is encapsulated in the excessive cost overruns of mega-events. On average, mega-events overrun their initial budget by 179%, dwarfing the 27% average overrun for large-scale transport projects (Flyvbjerg & Stewart, 2012). With the bulk of the funding coming from the state, the public also bears the risks for this cost overrun. The opacity in awarding contracts and the lack of democratic decision-making exacerbate financial event seizure. Thus, the elites who drive the bid are at the same time those who stand to profit most, for example through developing properties, receiving contracts for event preparation and construction or participating in kickbacks (Burbank, Andranovich, & Heying, 2001).

The third and last dimension of event seizure is the legal dimension, where mega-events precipitate a state of exception in which regular planning, fiscal and juridical rules no longer apply and the requirements of the event take precedence. If that happens, mega-events create what Agamben calls “a no-man’s land between public law and political fact” (Agamben, 2005, p. 1), where the necessities of the event overrule regular legal procedures. With their fixed deadlines, challenging delivery and national significance, mega-events are prone to being declared such necessities (e.g. Boykoff, 2014; Coaffee, 2015; Sánchez & Broudehoux, 2013). The closer an event draws and the greater the urgency of finishing construction and preparation, the more likely it becomes that a mega-event undermines the rule of law.

While none of these dimensions is novel in itself, the concept of event seizure recognises that these need to be examined together in order to obtain a fuller understanding of how events interact with their hosts on multiple levels. Infrastructural seizure, for example, can drive up infrastructure costs and force the public to step in if private investors pull out. The relaxing of existing rules and procedures through legal seizure facilitates the profiteering and cost overruns that are characteristic of financial seizure. Investigating just one dimension would miss the interconnections between all
three of them. The notion of “seizure” also puts an emphasis on the processes and antecedents of negative event outcomes, that is, on the reasons why events may turn from catalysts into deadweight for urban and regional development. In so doing, it underscores the importance of the pre-event phase for determining post-event outcomes.

The World Cup 2018 in Russia: factors contributing to event seizure

Scholars have advanced several explanations to better understand the relationship between mega-events and host societies. Mega-events have been considered as a driver of urban entrepreneurialism, as a means of international signalling and as a spectacle masking uneven development. This section briefly reviews these explanations, arguing that none of them is sufficient to fully capture the situation in Russia, where a number of factors contribute to the salience of event seizure.

Scholars have frequently placed mega-events in the larger context of urban entrepreneurialism: cities in search of growth opportunities under conditions of an increasingly neoliberal global economy (Burbank et al., 2001; Hall, 2006). Mega-events become a vehicle of urban entrepreneurialism, where they help to attract capital and private investment and dispossess citizens living on undervalued land for rapid capital accumulation (Gaffney, 2010; Harvey, 1989; Trubina, 2015). But the entrepreneurial elements in Russia are thin on the ground. While entrepreneurialism is a trope on the discursive level, the preparation for the World is a state-led project, in which questions of return on investment and introducing market mechanisms play a marginal role. As with the Sochi Olympics in 2014, the organisation of the event is in the hands of the federal authorities, which also contribute the largest share of funding (see Table 1). The Ministry of Sports coordinates the preparation for the event and for that purpose has established two separate organisations. First, the Local Organising Committee of the World Cup, which is in charge of the operational aspects of event preparation and liaises with FIFA. Second, Sport Engineering is a federal enterprise that acts as the developer and general contractor for the football stadia.

Scholars have found international signalling to be of particular importance for emerging nations hosting mega-events (Cornelissen, 2010; Tomlinson, 2010). Mega-events serve to communicate international diplomatic stature and attractiveness as a means of soft power—a coming-of-age, as it were, of emerging countries, aspiring to be included in the club of leading global powers. But while this aspect was prominent for the 2014 Winter Games in Sochi (Persson & Petersson, 2014), it occupies a backseat for

| Table 1. Planned expenditures for the World Cup 2018 according to national government. |
|---------------------------------|-----------------|-----------------|
| **TOTAL**                      | **RUB bn**      | **Percentage of total** |
| By Purpose                     |                  | By Source        | **RUB bn** | **Percentage of total** |
| Transport                      | 337             | 51%              | Federal    | 336             | 51%              |
| Sport infrastructure           | 174             | 26%              | Private    | 102             | 34%              |
| Security                       | 31              | 5%               | Regional   | 226             | 16%              |
| Other (accommodation, health, energy supply, etc.) | 122 | 18% |

Source: Postanovlenie 518 from 20 June 2013.
the 2018 World Cup. This may well be due to the annexation of Crimea, which thwarted Russian efforts to improve its image on the global stage and led to a significant decrease of positive attitudes towards Russia in most countries around the world. Growing international apprehensiveness of Russia’s aggressive foreign policy, repeated calls for boycotting the World Cup or taking it away from Russia, and deep-rooted racism in Russian football (Rainsford, 2015) have made the Russian government wary of touting the event on the international stage (Yatsyk, 2015).

Last, organisers of the World Cup in Russia also do not conceive of it or consciously stage it as a spectacle—the conspicuous presentation and consumption that often masks uneven development and rising social inequities but also unifies societies, placating social and political dissent in the interest of continued capital accumulation. Scholars have analysed several mega-events through the lens of spectacle—most notably the Beijing Olympics (Broudehoux, 2007; Shin, 2012). But while the stadium architecture and the event itself no doubt have awe-inspiring, enthralling qualities, the Russian authorities are not playing up the spectacular aspects of the World Cup. Perhaps the extravaganza of the Winter Games 2014 in Sochi—at USD 55 billion total costs the most expensive Olympic Games in history—is too fresh in the public memory. In times of economic recession, resources are too scarce to lavish them on projects that the public could perceive as wasteful. Moreover, the poor performance of Russia’s national team in recent World Cups—it qualified for the group stage in only three of the six World Cups since 1994 but never made it beyond it—does not create the same excitement and thus does not allow the World Cup to be turned into a sports spectacle to the same degree as, say, in Brazil (Gaffney, 2013).

What makes event seizure so prominent in the Russian case is a complex of factors that is specific to the preparation of the 2018 World Cup. The combination of these factors makes it easier for the event to insert itself into political and economic processes, as the checks and balances for aligning it with development agendas are weak to start with.

The first factor is the presence of a strong so-called “vertical of power”, in which funding is concentrated and decisions are taken at the federal level and then handed down the hierarchical ladder. This marginalises cities as the principal hosts and stakeholders in decision-making and facilitates that the priorities of the event and the interests of national elites crowd out those of cities and residents. Second, the lead of the coordination for the World Cup is the Ministry of Sports rather than in the Ministry of Economic Development or the Ministry of Construction, Housing and Utilities elevates the sport aspects of the event above those of transport, housing, social services or others that are relevant for urban development.

Third, elites in Russia have a pivotal position in ruling and running the state. It was elites who initiated the dissolution of the Soviet Union and who built the political order of post-Soviet Russia. In the absence of free elections, strong political institutions and independence of business activities from political interference, elites trade their power in exchange for resources (Yakovlev, 2006). This neopatrimonial system, in which the distribution of resources in exchange for the loyalty of the elites is common (Yakovlev, 2014), exacerbates event seizure. It turns events primarily into sources for rent extraction rather than projects to benefit the local population, to support long-term urban development or to create economic growth (Kinossian & Morgan, 2014).
Fourth, Russia is characterised by a weak rule of law and dysfunctional formal institutions (Shlapentokh, 2006; World Justice Project, 2014). This predicament results in a limited enforceability of laws and regulations and poor public oversight, thus exacerbating the legal dimension of event seizure and the state of exception that is associated with events. Fifth, constrained civil liberties and, as a result, a weak civil society, which results in limited democratic control over government decisions and an almost complete absence of accountability of the government to the citizens (Freedom House, 2014). Thus, the voice of the public is diminished when it comes to ensuring that mega-events serve the citizens. Unlike in Brazil, where large protests during the Confederations Cup in 2013 directed global attention to the central question “A World Cup for whom?”, repression of public opinion in Russia makes large-scale protests unlikely.

Against this background of propitious circumstances for event seizure in Russia, the paper examines how the process of seizure unfolded in the preparation for the World Cup 2018. For this purpose, it draws on public printed material from a range of contexts, including government publications and officials’ public statements, budgets and development plans, federal and regional legislation, reports from FIFA and consulting agencies, and federal and regional media coverage from news agencies, newspapers and online portals. I identified media articles with a key word search of “World Cup 2018” in the database Integrum, which covers all major Russian newspapers, and through more specific search terms, for example, using the stadium name when looking for material on stadia. Articles were then sourced from Integrum or straight from the website. Given extensive state intervention in the media, I have sought, wherever possible, to rely on independent Russian newspapers or news agencies, but have drawn from government-owned or influenced newspapers when presenting the point of view of the Russian government. Analysis of the documents proceeded in an inductive fashion with the aim of trying to better understand the processes of preparing for the World Cup 2018. The notion of event seizure—and its three dimensions—emerged after the analysis as a description of the phenomena found and was not imposed on it from the start.

Each of the following sections looks at one of the dimensions of event seizure. The first is concerned with infrastructural seizure and shows how professional-grade sports infrastructure prevails over infrastructure for larger urban development needs; the second section considers financial seizure and elite appropriation of rents, while the public has to cover the risks of cost overruns; and the third and final section examines legal seizure and the introduction of exceptional event-related legislation into Russian jurisdiction.

**Infrastructural seizure: creating privileged infrastructure**

The planning process for the World Cup started in the spirit of the bid, intending to spread infrastructural development to the whole of Russia. From the initial pool of 13 applicants, on 29 September 2012, the organisers chose 11 host cities, all located in the European part of Russia (see Figure 1). While Moscow and St. Petersburg are included, the rest are provincial capitals, which have much smaller populations, much lower international profiles, and less developed infrastructural bases, reflecting the
uneven spatial articulation of post-socialist urban development (Golubchikov, Badyina, & Makhrova, 2014). Making it on the list of host cities was important for cities for at least two reasons. First, in a highly centralised budgetary system, it promised access to federal money for regional development. Despite attempts at decentralisation in the 1990s, revenue raising powers remain concentrated in Moscow and cities are dependent on transfers from higher levels of the administration (Kinossian, 2013). Cities hoped that the selection as a host for the World Cup would offer a route to secure funding for fast-tracking investments. Expressing this expectation, Leonid Rapoport, the Minister of Sports for the Sverdlovsk Region, of which Ekaterinburg is the capital, declared: “That’s not just funding for the development of sporting infrastructure, it’s funding for roads, to build the metro, to realise the Straži Urala complex [twin high-rise office towers], for environmental, medical, informational issues” (RIA Novosti, 2012).

The second reason was the expected boost that new infrastructure projects and hosting World Cup Games would provide in the quest for an international reputation. While ambitions to position themselves in the global urban competition have characterised Moscow and St. Petersburg for some time now (Golubchikov, 2010; Trumbull, 2010), these have also started to spread to second-order cities such as Nizhniy Novgorod or Kazan’ (Kinossian, 2012; Makarychev & Yatsyk, 2015), which are increasingly seeking to position themselves in the global symbolic economy and the attendant capital flows (cf. Koch, 2014).
The central administration asked the 11 host cities to submit development projects for the World Cup investment programme. True to the idea of harnessing the event as a catalyst, the cities viewed this as a chance to include those projects that were high on their development agendas—new transport lines, parks, neighbourhoods—even though these may have had no immediate relation to the World Cup. In total, the 11 host cities submitted 1,129 projects with a total cost of USD 42 billion [RUB 1,390 billion] (Kazmin et al., 2013)—close to the bill of the Sochi Olympics or a little less than 10% of the annual federal budget of Russia.1

In the spring of 2013, the central government needed to make a final decision on the budget for the event. At that time, the preparations for Sochi were spiralling out of control, with facilities lagging behind schedule and ever higher cost estimates (Orttung & Zhemukhov, 2014). The economic growth forecasts for Russia looked dim and officials wanted to avoid the World Cup becoming another uncontrollable drain on the budget. As a consequence, the list of projects had to be reduced and the necessity for the event became the major criterion for funding projects. In June 2013, the government approved 271 projects for a total of USD 20 billion [RUB 660 billion] (Government of the Russian Federation, 2013). These included 7 new stadia, 86 training grounds, 62 hotels as well as the upgrades for the airport terminals and the links between the airport and the city. Table 1 details the allocation of costs to the different categories.

Encapsulating the infrastructural dimension of event seizure, the trimmed preparation list reflected the demands of the event rather than those of urban development. As Igor’ Shuvalov, Deputy Prime Minister in charge of the World Cup, remarked: “We have trimmed absolutely everything. There is nothing extraneous, not a single obsolete object. [We have kept] only what is associated with the World Cup” (quoted in Rozhkov & Kazmin, 2013). The projects of immediate relevance for the event or required by FIFA received approval, whereas those relating to wider urban development issues were cut.

Among the projects that did not make it on the list were metro extensions, road resurfacing projects, hospital renovations, communication infrastructure upgrades at the local level, but also a high-speed rail link between Moscow and Kazan’ (see Figure 1) of about USD 30 billion. Instead, airport extensions, transport links from the airport to the stadium, training sites and hotel accommodations received approval. This scaling down of the investment programme redirected funding towards the immediate needs of the event and its stakeholders and away from those of the cities and its citizens.

Stadia provide a good illustration of infrastructural event seizure, because they have the highest priority in the construction programme. If nothing else is finished, the stadia need to be completed to host the event. This requirement makes them privileged infrastructure, but also turns them into potential resource drains, since completion needs to happen at any cost. This privileged status became evident in 2015, when the Russian government imposed a 10% general cut to the federal budget, but ringfenced expenditure for the World Cup stadia.

Table 2 provides an overview of the sizes and costs of the stadia. Six of the twelve stadia are being constructed from scratch for the World Cup, while a further four are new, but were built for other occasions such as the Universiade 2013 (Kazan’), as stadia
Table 2. Stadium Projects for the 2018 FIFA World Cup (as of March 2015).

| City          | Population Million | Stadium Name | Status   | Opened | Capacity Event | Capacity Post-event | Planned Cost USD million | Current Cost kUSD | Per Seat   | Overrun | Investor | Developer | Contractor          |
|---------------|--------------------|--------------|----------|--------|----------------|----------------------|--------------------------|---------------------|------------|----------|---------|----------|-----------|-----------------|
| Moscow        | 11.5               | Luzhniki     | Upgrade  | 1956   | 81,000        | 81,000               | 240                      | 589\(^b\)           | 7.3        | 145%     | Federal | Fedun (Lukoil) | Stadion Spartak |
| Moscow        |                    | Otkrytie     | New\(^c\) | 2014   | 44,000        | 44,000               | 290                      | 448\(^b\)           | 10.2       | 55%      | Federal | Sport Spartak | Stadion Sinara |
| Ekaterinburg  | 1.4                | Central      | Upgrade\(^a\) | 1957 | 35,000        | 33,000               | 160                      | 448                 | 12.8       | 180%     | Federal | Sport | Spartak | Sinara       |
| Kaliningrad   | 0.4                | Baltic Arena | New\(^a\) | 2017\(^e\) | 35,000        | 25,000               | 210                      | 472                 | 13.5       | 125%     | Federal | Sport Engineering | Sport Engineering |
| Kazan\(^f\)  | 1.1                | Kazan Arena  | New\(^a\) | 2013   | 45,100        | 45,100               | 250                      | 430\(^b\)           | 9.5        | 72%      | Federal | Sport Engineering | PSO-Kazan |
| Nizhny Novgorod | 1.3            | Strelka      | New\(^a\) | 2017\(^e\) | 44,900        | 44,900               | 240                      | 508                 | 11.3       | 112%     | Federal | Sport Engineering | Stroytransgaz |
| Rostov        | 1.1                | Levberdon    | New\(^a\) | 2017\(^e\) | 43,700        | 40,000               | 225                      | 604                 | 13.8       | 174%     | Federal | Sport Engineering | Crocus |
| Samara        | 1.2                | Cosmos Arena | New\(^a\) | 2017\(^e\) | 45,000        | 45,000               | 180                      | 395                 | 8.8        | 119%     | Federal | Sport Engineering | PSO-Kazan |
| Saransk       | 0.3                | Yubileyny    | New\(^a\) | 2017\(^e\) | 45,000        | 25,000               | 180                      | 511                 | 11.4       | 184%     | Federal | Sport Engineering | PSO-Kazan |
| Sochi         | 0.3                | Fisht        | New\(^a\) | 2014   | 47,600        | 25,000               | 225                      | 672\(^b\)           | 14.1       | 199%     | Federal | Olimpstroy | Ingeokom |
| St. Petersburg | 4.9               | Zenit        | New\(^a\) | 2016\(^e\) | 67,000        | 67,000               | 415                      | 1,043\(^b\)         | 15.6       | 151%     | Federal | Gazprom & State | Transstroy |
| Volgograd     | 1.0                | Pobeda       | New\(^a\) | 2017\(^e\) | 45,015        | 35,000               | 210                      | 493                 | 11.0       | 135%     | Federal | Sport Engineering | Stroytransgaz |
| **AVERAGE**   |                    |              |          |        |                |                      |                          |                     |            |          |         |          |          |                 |
| **TOTAL**     |                    |              |          |        |                |                      |                          |                     |            |          |         |          |          |                 |

Sources: Population data from 2010 census; FIFA (2010); Vedomosti, Interfax, Don News, ITAR-TASS, gazeta.ru; rusdevelopers.ru; Sport Engineering. \(e\) = expected. 
\(^a\)Built or upgraded specifically for World Cup 2018. 
\(^b\)Costs not part of the USD 20 billion package due to separate budgeting. 
\(^c\)Built for Spartak club. 
\(^d\)Built for Universiade 2013. 
\(^e\)Built for Winter Olympics 2014. 
\(^f\)Built for Zenit club. 
\(^g\)New stadia includes all stadia declared as “new” in FIFA (2010).
for the football clubs Spartak and Zenit (Moscow and St. Petersburg) or for the 2014 Winter Olympic Games (Sochi). The two remaining ones, Luzhniki in Moscow and the Central Stadium in Ekaterinburg, are upgraded, but at a cost that is similar to a new-build.

Financial seizure: public funding, cost overruns and elite profiteering

Financial seizure occurs where funds, usually from the public purse, are directed to the event but produce limited public benefit. Often, these funds have to cover the cost overruns from construction and thus benefit the developers and contractors, which tend to be large, well-connected corporations. The fixed deadlines for the delivery of sport infrastructure exacerbates these cost overruns, since pushing the deadline back to avoid additional shifts or expensive equipment is impossible. Infrastructural seizure through the creation of privileged infrastructure thus also increases financial seizure.

For the World Cup 2018, financial seizure has three aspects. The first is a high and rising share of public funds that are used for unprofitable projects with limited benefit for the public; the second is elite profiteering from state contracts; and the third is cost overruns. Even though private investment was meant to contribute more than one-third to the total costs for the World Cup (see Table 1), it only funded one stadium: Spartak in Moscow. All other stadia were financed from the federal budget. Similar to the World Cups in South Africa and Brazil (Almeida et al., 2013), private investors and the clubs themselves were reluctant to take on the investment risks of stadia due to the arenas’ questionable commercial prospects. Sochi, Saransk, Kaliningrad and Volgograd, for example, do not have clubs in the top division and it will likely be the federal government who will take care of upkeep costs if the clubs cannot afford them.

The stadium construction creates artificial supply that will outstrip demand in cities, even if some of the capacities are to be reduced after the event, as envisioned. The largest stadia in Russia have just over 30,000 seats. Even before new construction, most World Cup cities had stadia that were adequate for the demand. The average occupancy rate for the stadia of the top 15 teams in Russia is below 60%. Whereas stadia in Russia had a seating capacity of about 1.4 million at the time of the bid in 2010, the new venues will add about 400,000 new seats and expand the existing capacity by more than a quarter. This is not counting other new stadium projects, which will contribute another 150,000 seats (KPMG, 2014).

This new capacity meets a situation where attendance of football matches is among the lowest in Europe. The total number of spectators per season is about 2.8 million, or 2.0% of the Russian population. That’s far below England’s and Germany’s 13–14 million, or, respectively, 24% and 16% of the population. On average, 13,000 fans go to a Russian top division game—far below current stadium capacities. Since 2007, attendance has stagnated at that level, despite the regular upgrade of stadia and rising disposable income. As a consequence of the low attendance numbers, ticket sales make up only 5% of Russian clubs’ revenues. Research shows that game attendance is less dependent on whether stadia are modern or not, but on club marketing (KPMG, 2014). The new stadia are thus unlikely to attract significantly more visitors that would enable them to recoup their construction and maintenance costs. For Russia, this means that stadia will consume a large part of the federal budget for the event, but will add little
additional utility over the existing sports infrastructure. FIFA recognised as much when, in August 2014, it recommended to reduce the number of stadia to 10—an offer the Russian government turned down.

The second aspect of financial seizure is elite profiteering. Officials went to great lengths to point out that there would be a break with the profligate planning for the Winter Games in Sochi, which cost USD 55 billion—an unparalleled amount (Müller, 2014). In the wake of the financial crisis, the preparation for the World Cup was to “demonstrate a novel approach to the planning of state expenditure” (Kazmin et al., 2013). But instead of curbing clientelism, as envisioned, the preparation for the World Cup has intensified it. It provides justification for state largesse and imposes deadlines, creating a sense of urgency that compromises checks and balances on state spending and the awarding of contracts.

That the preparation for the World Cup 2018 also serves the purpose of distributing resources to cronies is most visible in the role of “Sport Engineering”, a state company belonging to the Ministry of Sports and holding contracts to develop most of the stadia (see Table 2, column “developer”). An initial proposal from the Ministry of Sports suggested having Sport Engineering as the only contractor for building the stadia. Perceived as one of the most brazen attempts of misappropriating state funds through intransparent awarding of contracts, the Russian government rejected this proposal and made a tendering process mandatory (V1, 2012). Nevertheless, Sport Engineering won the tenders for most stadia, although it was often not the lowest bidder. In fact, it sometimes remained the only bidder.

Sport Engineering, however, does not do most of the development and projecting work itself, but contracts it out to Russian or international subcontractors. In those cases, the amount paid to the final contractors is lower than the original sum—sometimes significantly so. In one case, Sport Engineering kept between 22% and 32% of the contract sum, claiming this was because it remained responsible to oversee the project work. Commentators, on the other hand, suggested that this share exaggerated the true value added and much of it was going to cronies (Kazmin et al., 2013; V1, 2012).

The third and last aspect of financial seizure is the cost overruns associated with event construction. Non-transparency and a lack of competition have resulted in inflated costs for the stadia. Developers chose contractors often without tenders, citing time pressure as the main reason. Even the Russian audit chamber, usually a rather tame body and reluctant to flag financial irregularities, found that the contracts for stadium design were overpriced by more than 100% (Nicholson, 2014). In the 5 years between the bid in 2010 and March 2015, the projected total cost for the stadia more than doubled from USD 2.8 billion to USD 6.6 billion (see Table 2). This, however, is unlikely to be the final tally. In South Africa, for example, the cost of the stadia exploded more than tenfold over the bid estimates (see Figure 2 and Taal, 2011). In Brazil, the cost increased from USD 1.1 billion in the bid (FIFA, 2007) to about USD 4.4 billion just before the event.

Figure 2 shows that even in March 2015, 3 years before the event, the total costs for stadia were already higher than in any of the previous four World Cups. At USD 577 million, the average cost per stadium is 58% higher than in Brazil, although stadium construction for the World Cup 2014 was marred by schedule slips and cost overruns (Gaffney, 2013). Per seat, average costs are USD 11,000 (see Figure 3). The cheapest
stadium is the upgrade of Luzhniki with a projected USD 7,300 per seat, whereas the one in St. Petersburg comes in at a steep USD 15,600 per seat. Even the escalated costs for the World Cup stadia in Brazil still amount to just above USD 6,000 per seat, with previous World Cups significantly cheaper (see Figure 3). The high costs and the cost overruns result in a public subsidy for the contractors of stadium construction, for the
clubs that are going to play in the stadia and, if not compensated by higher ticket prices, for the fans of the clubs.

While the costs to the public are going up, private investment, by contrast, is going down. Private investors were meant to contribute towards the profitable sectors of World Cup construction, chief among them hotels and expansions of airport capacities. The envisioned share of 34% of private investments was optimistic to begin with, but the economic recession, the devaluation of the rouble and the sanctions against Russia from 2014 have made it even more unlikely that private investors will bear a significant part of the costs. Rising inflation and higher interest rates on debt as well as falling disposable income have made the prospects of filling additional hotels or passenger terminals look dire, and banks and investors have become wary at the elevated risks (Fedorov, 2015).

**Legal seizure: precedence of the event**

A third and final sense in which the event effects a seizure is the preferential legal treatment it receives. In preparation for the World Cup, the Russian administration introduced a series of exceptions to existing legislation which go far beyond FIFA’s official requirements. The so-called World Cup Law—federal law 108-FZ, in force since 7 June 2013—stipulates changes to no less than eight fundamental codes, among them the Civil Code of Russia, the Labour Code, the Tax Code, the Land Code, the Arbitration Procedure Code, the Housing Code, the Town Planning Code and the Forest Code.

Some of those changes are familiar from previous World Cups and designed to safeguard the marketing and sponsorship revenue accruing to FIFA. The most prominent amendment is exemption from income tax and other fees that companies operating in Russia would otherwise be subject to. This exemption constitutes an indirect subsidy often ignored when calculating the costs of the event. Another amendment guarantees FIFA and its partners the exclusive right on all commercial activities in a 2-km radius around the stadia during the matches. It mandates special brand protection for the FIFA mark and guarantees extensive exclusive rights of advertisements for sponsors (Federal Law 108-FZ, chapter 8).

Not just protecting commercial interests, the legislative amendments also curtail the rights of individual citizens (cf. also Gaffney, 2010; Sánchez & Broudehoux, 2013; Shin & Li, 2013). They weaken or suspend legislation designed to protect citizens against state arbitrariness or commercial exploitation, or the environment against damage. The new federal law limits public gatherings during the event and imposes movement restrictions on citizens (article 13). It allows prohibiting any kind of public event unrelated to the World Cup, including protests. It suspends public hearings or the publication of plans for urban rezoning, as mandated in the Town Planning Code (article 27). Environmental impact assessments are limited to a maximum duration of 45 days (article 29). Authorities and contractors have the right to cut forests for World Cup construction without having to respect the rules of the Forest Code (article 35).

Of greatest concern, however, are changes in the Civil Code, the fundamental source of civil law, and the Labour Code. The amendment of the Civil Code facilitates the imposition of servitudes and expropriations for the World Cup until the end of 2017.
(articles 30 and 32). It continues a tradition of hollowing out property rights for special events in Russia that was started with the Olympic Games in Sochi 2014 and continued for the APEC summit in Vladivostok in 2012. The new expropriation regime gives the affected parties only 10 days to appeal the decision and the compensation offered in court, and the court another 10 days to reach a verdict (articles 30.25 and 30.26). This puts up major roadblocks for a fair procedure: 10 days are not sufficient to determine the market price for a given property or to prepare for the onerous litigation involved, leaving affected citizens ill-prepared to defend themselves.

The World Cup Law also modifies the Labour Code, introducing a number of exceptions that relax protection of workers associated with the operation of the World Cup, such as staff of FIFA and its subcontractors, broadcasters, marketing partners and the local organizing committee and its subsidiaries (articles 9 and 11). Thus, employers covered by article 11 do not have to obtain work permits for foreign workers, can set overtime work schedules and are exempted from compensating overtime or weekend work according to the rules laid down in the Labour Code. The law reserves the right to introduce a similar facilitated regime for hiring and employing foreign workers for infrastructure projects for the event (article 9.5). The upshot of these revisions is that they not only hollow out basic rights of the Labour Code, but several of them appear to violate article 37 of the Russian constitution, which prohibits discrimination against workers, in this case those involved in the World Cup, and guarantees set working hours and holidays (Labour Confederation of Russia, 2013).

In preparation for the mega-event, the Russian government has thus suspended basic rights and violated the fundamental legal principle of equality before the law, privileging the interests of stakeholders associated with the World Cup over those of ordinary citizens. The amendments to legislation go significantly beyond what FIFA requires: they do not just protect FIFA’s commercial interests, but place the event at large above the law. Legal seizure facilitates infrastructural and financial seizure: it privileges event-related infrastructure exempting it from numerous legal checks and it increases financial seizure through strengthening the position of elites—owners of the rights parcels of land or of companies with World Cup contracts, politicians—vis-à-vis workers, citizens and the environment. The weakening of citizen rights, for example, the protection of property or the right to adequate compensation, profits those elites who have an immediate stake in the event. This shows well the dual aspect of event seizure, emphasised earlier. It is not just the event which seizes the host society and introduces an exception to the regular rule of law—as with the World Cup Law 108-FZ—but it is also elites seizing the event as a pretext and occasion to claim a share of the resources connected to it.

**Conclusion**

This paper has developed the notion of “event seizure” to conceptualise the processes by which events, and the elites associated with them, take hold of host societies and impose their own priorities. Event seizure emphasises the disruptive character of mega-events through which mega-events do not so much serve cities and citizens, as make them subservient to the event. Event seizure is a dual process in which, on the
one hand, an event takes advantage of host societies but, on the other hand, domestic elites take advantage of the exceptional circumstances and the heightened sense of urgency that mega-events bring with them to extract resources from the event. The paper has distinguished three dimensions of event seizure. Infrastructural seizure, where event-related projects crowd out infrastructure that serve wider urban needs; financial seizure, where the public underwrites cost overruns while political and business elites profit the event; and legal seizure, where the event introduces exceptional legislation, infringing citizen rights and opening legal loopholes for event preparation.

Instead of Russia seizing the event, the event has seized Russia—its resources, its citizens, its legislation. If the original intention was to harness the World Cup 2018 for the “long-term needs of cities and communities” (Zubko, 2010, p. np) and speed up regional development in Russia’s provincial capitals, overpriced infrastructure for the immediate needs of the event has crowded out the priorities of host cities. Despite hosting what is set to become the most expensive World Cup ever at USD 20 billion, much of this money goes into stadia, training sites and airport extensions, which take precedence over public transport, information and communication infrastructure, health or education.

Event seizure is a phenomenon not confined to Russia, but occurs in almost all hosts of large events. The factors facilitating event seizure are present in many host countries of large event to a greater or lesser degree: hierarchical and intransparent decision-making, elite capture, a neopatrimonial political system encouraging rent-seeking, weak rule of law, dysfunctional formal institutions, limited civil society activism and citizen participation. Thus, event seizure plagued the previous World Cup host countries of South Africa and Brazil and the preparations for the Olympic Games 2016 in Rio de Janeiro (Cottle, 2011; Gaffney, 2013; Maharaj, 2011). But beyond emerging economies, it is also evident in the numerous oversized and underused infrastructure objects and repeated cost overruns that characterise mega-events around the world (Horne, 2007). It is thus less a question of whether event seizure occurs at all, but to what degree it occurs and how it can best be counteracted.

Notes

1. All monetary amounts in this paper were calculated in Russian rubles (RUB) in the original and then converted into US-Dollars (USD) at a rate of RUB 33.45 = 1 USD. This is the average exchange rate between May 2009 (the time the World Cup bids were submitted to FIFA) and December 2014 and smoothes out exchange rate fluctuations that would occur if a rate at one particular point in time was taken.

2. In contrast to previous World Cups, Russia builds a much higher share of new stadia versus upgrades (Russia: 10 new, 2 upgrade; Brazil: 6 new, 6 upgrade; South Africa: 5 new, 5 upgrade; Germany: 5 new, 7 upgrade). Upgrading stadia, however, does not necessarily cost less per seat, because of additional costs for removal of outdated equipment and constraints on construction mandated by the old stadium. Thus, the two upgraded stadia for the World Cup 2018 have a cost per seat similar to that of the new stadia (see Table 2). Thus, the differing shares of new versus upgraded stadia cannot fully explain the difference in price per seat for the World Cup stadia.
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