

2010 FIFA World Cup: An analysis of South Africa's Decision based on Keynes and Game Theory

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Introduction

It appears that South Africa had her expectations in terms of benefits associated with the World Cup. Hence, it could be argued that the decision for South Africa to host the FIFA World Cup may have been a government strategy aimed at addressing South Africa's peculiar socio-economic and developmental challenges. Moreover, South Africa hoped to utilize the World Cup for long term benefits of attracting investors to the country. This paper focuses on a theoretical explanation and contextualization of South Africa's decision to host the 2010 FIFA World Cup. This exercise is conducted through the utilization of an economic theoretical approach. In this regard, its capabilities are contended that the Keynesianism theory and Game theory offer a suitable understanding of South Africa's decision to host the 2010 FIFA World Cup, as opposed to capitalism and monetarism theories.

Discussions Regarding Bidding Process of African Countries for the 2010 FIFA World Cup

There are several issues that are involved when it comes to the bidding processes of the World Cup. Firstly, countries often bid for the right to host sporting events because of several reasons. In this situation, there were attached benefits which included creating better social interactions, stimulating the local economy, showcasing the region to the world, the development of facilities and infrastructure, entertainment and social opportunities, sense of pride and identity, as a result of hosting a sport event (Swart et al.123). What are other environmental, social and economic benefits that can be associated with the hosting of the sporting events?

Secondly, the issue of inequality and differences that exist within the African continent has an impact on the country's economic status and relations. Competitions to host mega-events occur on an unequal basis which, for African countries, is worsened by very unfavorable positioning in the international arena (Cornelissen 2004: 1293). According to Sterken (2010: 10), the FIFA World Cup has not always been open to everyone for competition. Why?

It is only after the Second World War that FIFA began a pattern of alteration between America and Europe, which continued until

the 2002 FIFA World Cup that took place in Korea-Japan. Since then, FIFA did the inspections of different countries from October 2003 to January 2004 to assess the bids and inspection reports (Grundling & Steynberg 2008: 16).

During the FIFA Executive Committee meeting on 23 September 2002, it was resolved that an invitation would only be issued to the African national associations affiliated to FIFA to submit their bids to host the 2010 FIFA World Cup. According to Grundling and Steynberg (2009: 16), the reasons for the FIFA World Cup to come to an African continent were solely based on three factors. Firstly, Africa had never hosted the FIFA games previously. Secondly, the largest number of members of the African Football Confederation among any of the FIFA regions is in Africa. Lastly, the African nations have become increasingly competitive on the world soccer stage (see Matheson & Baade 2003: 4; Sterken 2010: 10; Grundling & Steynberg 2008: 16).

Despite the decision to accord Africa a chance, the bidding process remained tedious and complicated. For instance, Cornelissen (2004: 1296) maintains that for developing countries, the process of constructing their bids, the ways in which these bids were received by the Western World, and the various effects that this might have are significantly influenced by their position in the world. Hence, the African countries FIFA final bids could be understood when placed against the backdrop of the continent's position in a wider international system. According to Grundling and Stynberg (2008:16) five African countries including Nigeria, Egypt, Libya, Morocco, Tunisia and South Africa presented their bids on 30 September 2003. However, towards the end of 2003 Nigeria withdrew and thereby creating a way for South Africa. Reasons for Nigeria's withdrawal remain unclear.

The question remains as to how did South Africa end up being the host? Did South Africa capitalize on the above mentioned facts?

Keynesianism Theory and Game Theory Adopted in the Case Study

There were four theories that were looked at for theoretical explanation and contextualization of South Africa's decision to host the 2010 FIFA World Cup. However, only two theories were relevant for the purpose of this study namely; Keynesianism theory and Game theory in contrast to Capitalism and Monetarism.

Framing this within the Keynesianism theory and Game theory [Conway (2009: 38) and Case and Fair (2007: 683)], the key to Keynes'

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argument is the idea of the government being responsible for the economy. According to Conway (2009: 38 see also Case and Fair, 2007: 683), the key to Keynes' argument is the idea of the government being responsible for the economy. In his argument, Keynes purports that the extra cash spent by government would filter through the economy. Conway illustrates this point by giving an example that building a new motorway creates work for construction firms, whose employees go out and spend their money on food goods and other services which in turn contribute in keeping the wider economy ticking over. Thus, the key to Keynes' argument is the idea of the multiplier effect (Conway, 2009: 39). Keynes also believed that the government had a role to play in fighting inflation and unemployment. He also believed that monetary and fiscal policy should be used to manage macro-economy (Case and Fair, 2007: 683).

Using the Keynesianism in relation to South Africa's decision to host the 2010 FIFA World Cup, it could be argued that the government utilized the event to address its economic and development programs and thereby keeping the economy afloat. About 2.7 million spectators came to South Africa within the period from June to July 2010, not forgetting an estimated number of about 28 million television audiences that watched the FIFA World Cup around the world. Thus, within the period of one month South Africa gained unprecedented levels of publicity. Such publicity may go a long way in advertising South Africa as an investor friendly environment. Keynes' theory would describe such publicity to investors as long term benefits that were created through government's active involvement by hosting the 2010 FIFA World Cup event to address economic challenges. During the TV interview on Aljazeera (12 July 2010), Rich Mkhondo, the Communications Officer of the 2010 FIFA World Cup stated that "the 2010 tournament injected massive and tangible legacies in South Africa; ranging from urban renewal, tourism, transport infrastructure, social and environmental image. It also presented South Africa with long term investment opportunities". Thus, the South African government used the event as a stepping stone to invest in the long-term capital gains.

Game theory could also assist in explaining the decision by South Africa to host event. Before delving on the explanation, it is critical to unpack the theory. According to Conway (2009: 190) the Game theory is the science behind human strategy. It is a study that embarks on second-guessing each others actions and what the ultimate consequences will be. Case and Fair (2007: 314-315) state that Game theorists believe that if two or more people or organizations pursue their own interests and in which no one of them can dictate the outcome, they are playing a game; hence the Game theory. In an attempt to explain South Africa's situation, one would argue that the country employed Game theory as a strategy aimed at assisting her to lure support of the continent and the international community at large to host the event. Looking at the bidding process which was character-

ized by pan-Africanist sentiments, the logo and slogan 'It's Africa's Turn!', as well as the marketing of an event itself (it is Africa's time) one would contend that South Africa appealed to the pan-Africanist ideology for her benefit. Moreover, it should be noted that the official slogan of the 2010 FIFA World Cup was "Ke Nako – Celebrate Africa's Humanity". Ke Nako means 'Its Time'. According to the Local Organizing Committee (LOC), the second part of the theme which is 'Celebrate Africa's Humanity' resonates with the objectives of the global football family as well as the intentions and ambitions of the African Diaspora. Using the Game theory to explain South Africa's appeal to pan-Africanism, it would appear that the country second-guessed FIFA and the international community at large. From this premise, one may argue that South Africa employed this strategy with the thorough consideration of the history of the event. After realizing that FIFA had been alternating between America and Europe but not Asia and Africa, South Africa used that history to her advantage. It should be noted that it was only after the Japan-Korea 2002 FIFA World Cup, that FIFA decided to consider Africa. In this connection, South Africa knew if FIFA refuses her bid, the Federation would be embarrassed and criticized for being unfair to Africa. In this context, FIFA was plunged in a dilemma between sticking to its guns and facing criticism of discrimination or surrender to Africa's demands and risk criticism from the beneficiaries of the status quo.

Therefore, South Africa started its 'game' by deciding to bid for hosting the 2006 FIFA World Cup finals. Although, S. Africa lost the 2006 bidding, South Africa continued to play the 'game' by bidding to be the host of the 2010 FIFA World Cup through employing the same 'technique, of 'pan-Africanist' drive, which was aimed at gathering as much African support as possible. South Africa also second-guessed the continent when it came to its serious competitor (Morocco). In this regard, South Africa would appeal to the African Union (AU), a grouping of 53 African countries with the exclusion of Morocco. This approach may have ensured South Africa's endorsement (by the AU) as an African candidate to host the 2010 FIFA World Cup. Thus, South Africa may have thought that going solo (just as another country bidding for the event) would prove catastrophic; hence an appeal to pan-Africanism. In this regard, the pan-Africanist sentiments were a mere strategy targeting FIFA's and the international community's sympathy. Thus, South Africa effectively used emotional blackmail against FIFA and the international community, to her advantage. Neither FIFA nor the international community could risk criticism for unfairness on Africa. Arguing in the same premise, one would state that FIFA was made to believe that the event was being awarded to the continent (Africa) and not the country (South Africa). Hence, the 'Africa's moment' slogan was dubbed. Conway (2009: 192), further states that the key to Game theory is that in an art of second-guessing people are forced to second-guess other rational, self-interested human intentions. Based on that an assumption is made

that South Africa guessed the heightened expectations and wishes for other African countries, as a result, the concept of the “African six pack” (suggesting that Africans needed to celebrate all six African countries participating) in the tournament came into play. African football stars such as Samuel Eto, Michael Essien, Lucas Radebe, Didier Drogba, Roger Milla and Abedi Pele, played a vital role as ambassadors to market the tournament. Kalusha Bwalya was selected as the 2010 Ambassador. It can be argued that South Africa’s strategy was to ensure that she portrays the event as African as possible.

What is also interesting is that South Africa second-guessed the entire African continent by appealing to the African Union (AU), and having secured its endorsement as an ‘African candidate’ to host the event, one could state that FIFA was made to believe that the event was being awarded to the continent (Africa) rather than the country (South Africa). Hence, the ‘Africa’s moment’ slogan was dubbed. Moreover, South Africa pulled the wild card of the World Cup legacy, which was likely to leave the positive effects on the African continent. The legacy programme included a ‘win in Africa with Africa’ campaign endorsed by FIFA Congress and the ‘Goal program’.

Moreover, South Africa pulled the cards of the 2010 FIFA World Cup legacy, which is likely to leave the positive effects on the African continent. The legacy by FIFA included a ‘win in Africa with Africa’ campaign endorsed by FIFA Congress and the ‘Goal program’. The ‘African legacy’ established by the LOC in November 2006, involved opportunities for other African countries to take part in World Cup, for instance, one programme involved teaching African journalists the main techniques of covering a high-ranking sporting events. Almost 170 African journalists took part in the opening phase of the programme which was held in 2009 in eight capital cities around the continent. Other Opportunities included the preparations for the 2010 FIFA World Cup such as fans’ ambiance for and service to players, teams and fans, opportunities for an environment for business opportunities and excellent infrastructure for competitive football <http://www.fifa.com/aboutfifa/worldwideprograms/wininafrica/index.html>. This strategy went a long way in advertising the 2010 World Cup as an African event.

Capitalism

Capitalism approach goes hand in hand with the free market as it is fuelled by trade (Conway, 2009: 36). According to Case and Fair (2004, 2007), Capitalism theory is also known as a laissez-faire capitalist economy, whereby government virtually plays no role in directing the economy. Since this theory emphasizes maximization of capital by individuals, it would augur well with the argument that South Africa hosted the event to maximize the capital. However, it would fall short of properly explaining the decision by the government to host the event considering that the matter was not a private companies’ reserve, instead the government together with the pri-

vate sector were both working hand in hand to realize the objective of hosting the event. Therefore, the Capitalism theory does not offer a better theoretical understanding of the decision by South Africa to host to stage the 2010 FIFA World Cup.

Monetarism

Monetarists tend to be skeptical of the government’s ability to “manage” the macro economy (Case and Fair (2004, 2007). Friedman, the proponent of the theory, believed that Government should desist from the business of changing the money supply, but should keep the money supply steady, expanding it slightly each year only to allow for the natural growth of the economy (Conway 2009: 42-45). Monetarism does not believe in government fine tuning an economy by regularly adjusting the fiscal policy and the monetary policy in search of a balance between inflation and unemployment. Indeed, the theory recognizes the relevance of government intervention, but to a very limited scale. However, the theory appears to be in collision with the notion that the government takes a centre stage in ensuring healthy economic development and activity. Thus, this theory would make it difficult to understand active involvement of South African government in relation to hosting the FIFA World Cup. Hence, Keynes and Game theory remain relevant for the purpose of this paper. Although both Keynesianism and Game theories, seem to offer a suitable theoretical understanding of South Africa’s decision to host the 2010 FIFA World Cup, the setback could be the sustainability of South Africa’s strategies. For instance Roche (2000: 8) notes that mega-events tend to send ambiguous messages. In this regard, one would agree with Roche considering that South Africa may have unintentionally sent mixed messages to the continent. The first message would be that South Africa can always take the continent for a ride in fulfillment of her national objectives; thus, generating the notion that “Africa matters to South Africa when there is something in it for South Africa”. Another message could be that South Africa can serve as a representative of Africa in the world. The question arises if South Africa will continue with her strategies of using the continent for her biddings of major international events? Will the major African regional economic players continue to support South Africa for future bids? Will South Africa’s game plan backfire? What other theories can be used to contextualize South Africa’s decision to host the 2010 FIFA World Cup?

Conclusion

Cornelissen (2004, 2005) states that South Africa has emerged as a particularly virile events campaigner, coupling with a more aggressive international self-projection based on development of a particular image and the expansion of its tourism sector with a policy of actively pursuing the hosting of different sport (and other) mega-events. It is important that South African government and business entities play a crucial role when it comes to the cooperation between South Africa and

major African regional economic players. According to Grundling and Steynberg (2008: 17), South Africa as the host of the 2010 FIFA World Cup, had a unique opportunity to market herself to the world. This can be illustrated by the bigger businesses, especially those in South Africa's sophisticated financial services sector that stood to benefit from the World Cup. Consequently, South Africa had no difficulty taking advantage of 2010's economic opportunities. For this reason, a major intervention by the Government of South Africa is recommended to ensure that regional economic integration in Africa goes smoothly, without any hesitation and unhealthy competition within the continent.

Recommendations

- South Africa should use its marketing strategies with extreme caution so, as to avoid being viewed as taking advantage of the continent to further her ambitious objectives.
- South Africa should develop well thought marketing strategy without necessarily alienating the major regional economic players in Africa
- It is recommended for the IMC, South African government, and other related bodies to consider the results of this research as it provides an insight for South African government to rethink its foreign investment attraction strategy that takes due cognizance of other major African regional economic players to ensure longer term continental relations and continental support in her future endeavours.
- It is recommended that South Africa should play a leading role in championing the future events in other African countries so, as to win the confidence of the continent.