How and why FIFA got so corrupt.

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Summary

First of all when writing about corruption you need to define something that scholars don’t agree on what is and secondly corruption is by its nature something that is hidden especially if it is done successfully, so put that together it makes for an challenging but very interesting thing to research. Scholars though do agree on what crimes constitute as corruption, nepotism, patronage, legislative conflict of interest, bureaucratic conflict of interest, fraud, kickbacks, bribery, theft and abuse.

Trying to take all the definitions of corruption to make a one working definition is next to impossible but by using all of them we get a better understanding of what corruption entails. I looked into different reasons why corruption can occur and I split it into three frames of reasoning. One is deterrents reasoning while the next looks into the incentives and lastly I looked at social capital through the feminist theory. So I look at variety of reasons why and how the corruption within FIFA has gotten so bad. I looked at how FIFA as an organization works and how it supports Lastly I looked at deterrents to corruption, even though there are more deterrents available than I specify here, I focused on those FIFA could and should try to install into their organization if they honestly want to change.
1 Introduction

How and why FIFA got so corrupt is the question I will be asking in this essay. Corruption is both an interesting and important phenomenon to research, because corruption undermines the stability, efficiency and fairness of a society and its ability to deliver sustainable development to its members. Bribery that moves public resources into private hands is serious in its own but more importantly corruption influences policy choices made by public officials. Corruption distorts the procurement process and results in uneconomic projects which can saddle developing countries with debts they can’t repay. The immoral are rewarded and the honest become demoralized and the consequences are that the legitimacy of the state in the eyes of the people is compromised. Corruption needs to be pursued for several reasons, firstly because it is immoral, illegal and bad for business, but mostly because people everywhere pay the cost of corruption one way or another (Shacklock, Sampford, & Connors, 2006).

First of all though I need to define what corruption is and because there is no agreement I will have to give you a fair examples on definitions which hopefully together will build a comprehensive view on the matter. Second problem with writing about corruption within FIFA is that it in a topic that has mainly been written about by newspapers and investigative reporters. Because of that most of my citation about FIFA and football will not be of the usually high standards of a BA thesis, but I will though only use highly regarded newspapers and skip the rumor mills that write about football with no or limited regards to the truth. Thirdly I will try to fit definition of corruption that mainly focus on governments and see if they can fit as well for Non-governmental organization. To limit the length of the paper I will only write about the corruption within FIFA while Sepp Blatter was president, both because most of the information about the corruption deal with that timeframe and also I feel that historical corruption that goes back decades adds little to no value to the paper.

On Wednesday the 27th of May, only 2 days after Sepp Blatter had been re-elected, FBI agents in plain clothes walked into the lobby of Baur au Lac hotel in Zurich, they got a few hotel keys from the staff and proceeded upstairs to the rooms. The action and the arrests of that day made the headlines of almost every single newspaper around the globe. The
indictment names 14 people on charges including, racketeering, wire fraud and money laundering. Of those arrested that day 9 were football officials while the others were sports-marketing executives and an intermediary who facilitated illegal payments. All those arrested that day had connections with United States or South America (Apuzzo, Clifford, & Rashbaum, 2015). This would probably not have happened if Chuck Blazer, a former member of the executive committee, had not decided to turn state witness for the FBI and expose everything he knew about the corruption within FIFA. He admitted to taking bribes and kickbacks for broadcast rights. He used that money to live an extraordinarily lavish lifestyle with two apartments in New York’s Trump Tower where one of them is rumored to be for his cat. This lifestyle and more importantly that he didn’t pay his taxes for 5 years was the reasoning behind the original FBI investigation into him. These arrests started a snowball effect that we still can’t see the end of (Boren, 2015).

Football or soccer is the most popular sport in the world, and are competed in by men, women and children all over the world. What makes the game beautiful in eyes of many that it does not matter where and how you play it the rules are always the same. Two teams, two goals and one ball (Stølen, Chamari, Castagna, & Wisløf, 2005) A lot of young kids play in schools or in the streets and lot of those kids go for practices in specialized football clubs, in each country there is a federation that is an organization of those clubs, these federation distribute grant money to the clubs, set the referees on games, take care of transfers of players between clubs and the national teams and send their representative to vote in their continental federation which there are six Asian Football Confederation (AFC), Confédération Africaine de Football (CAF), Confederation of North, Central American and Caribbean Association Football (CONCAFA), Confederación Sudamericana de Fútbol (CONMEBOL), Oceania Football Confederation (OFC) and Union of European Football Associations (UEFA). Also each federation sends their representative to vote in the congress of Fédération Internationale de Football Association (hereafter referred to as FIFA), which is the highest authority of football in the world. Their job is not just to decide who holds the World Cup competition every 4th year but also they decide the rules of the game, which there haven’t been many changes made since the invention of the game. FIFA has 209 member countries which makes it the largest assembly of countries in the world, for example the United Nations only have 195 member nations as FIFA recognizes 18 dependent territories as a full-
fledged members (FIFA, FIFA STATUTES: Regulations Governing the application of the Statutes Standing Orders of the Congress, 2014). Like many know there have been problem of corruption within FIFA and also some of the continental federation. Originally when I had the idea for this essay I was going to write it about if there was a problem with corruption within FIFA but since the arrests of many senior members of FIFA there is really no question if there is corruption there. What I will write about instead is how and why the corruption within FIFA has gotten so bad.
2 What is corruption?

Before I start trying to define corruption, I feel I must start with saying what types of crimes can be construed as corruption and within what frame.

I will start with looking at abuse of office by public officials, even though some can in fact fit into both categories, within that category I look at; Nepotism: A civil servant gives a position to a relative rather than to a better qualified applicant.

Patronage: when a ruling political party uses their power to remove anyone that support another party.

Legislative conflict of interest: When you use your power or voting right to get a company you own part in a contract or a tax concessions to booster your own personal wealth.

Bureaucratic conflict of interest: Government bureaucrats use their insider knowledge to open up a consulting firm which gives advice to private clients.

In certain countries these acts may not be seen as illegal so by some definitions which I will talk about later should not be considered corruption (Heidenheimer & Johnston, 2011).

Secondly I look at business corruption, these types of corruption differ from the official corruption in the way that these types are usually done by someone who is not an officeholder. The most common one which falls under this category of corruption are;

Kickbacks: A kickback can take place when for example person A is paid under the table to make sure that a certain contract is given to company or person B without it necessarily being the best one for the company or department that person A works for, or person A gets paid to make sure that products are at a higher quality or more of than official contracts say they are supposed to be and the money is kept from the company he is representing.

Bribery: Bribery and kickback are lot alike and bribery is often used to explain corruption when kickbacks occur the difference is that kickback is a bribe that is paid usually after a contract has been done while bribery is to get a contract.

Fraud: If we consider the person a government official who is using his power to take unauthorized funds from the government accounts than that is called embezzlement, but when a person or a company use deception to get excessive government funding or benefits
we call it fraud. An example of this we see a lot are people claiming benefits for unemployment when they have a job which pays under the table or a contractor who overcharges for costs of materials or sells you quality products and then uses subpar products without your knowledge.

Theft: Theft and fraud are a lot a alike but the key difference is deception if there is no deception then we can say it would be theft.

Abuse: It occurs when a for example a person gets benefits from the government to pay rent or go to school and even though it may not be illegal they use the money to buy alcohol or a new car or in fact any other way that the money was intended for (Heidenheimer & Johnston, 2011).
3 Scholarly definition of corruption

There is a consensus the corruption is the act when the power of a public office is used for personal gain, in a way that contravenes the rules of the game. In this case we must take note the difference between using the power that comes with the public office and the same crimes which can be done without it. Fraud, bribery, theft and other crimes don’t automatically become corruption unless there is some kind of public power connected to it (Jain, 2001).

Like I mention here before there is no one accepted definition on corruption, but there are though few of them, some work together while other dismiss one another, together they make a solid explanation on what is corruption

Some Scholars define corruption as deviation from behavior in the public interest, “A corrupt act violates responsibility toward at least one system of public or civic order and... A system of public or civic order exalts common interest over special interest”

The problem with this definition is that at it lacks a definition for what the populous sees as public interest and that the interest of the public may vary from person to person and with that thought in mind you could say that any decision corrupt or not may be in the public interest (Montinola & Lancaster, 1997).

One of the most popular definition on corruption comes from Nye, he defines it as “behavior which deviates from the normal duties of a public role because of private-regarding (family, close private clique), pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence” (Nye, 1967).

This definition often referred as the public-office-centered definition has been criticized for being too narrow as it looks too much whether an act is illegal or not. For example if an official is not forbidden by law to except expensive gifts or allocate jobs to friends and family, does it mean that those are not an act of corruption (Montinola & Lancaster, 1997).

Some scholars that have criticized this definition have come up with their own variation of it. For example

“The sanction of positive law are applied only to those more flagrant practices which past
experience has shown to be so Pernicious that sentiment has crystallized statutory prohibitions and adverse judicial decisions.”

With this he is arguing that corruption must be defined to include behavior that deviates, not only from the law but the norm and moral standards of the public. Problem with this is that the moral standards of the people may differ. Researchers that have been looking into corruption in third world countries have found that the western views on corruption for officials may not here to same standards in those countries as it is often seen as a part of the salary and a way to make a living to accept gratuities. Is it then still corruption if it is the norm?

If we give in to this definition that if corruption is the norm in some systems must we not do so within all systems, as there is no system that is perfect, but there is also some gradient in how much corruption and what types of them is acceptable. Problem with this explanation is that we can’t set the same expectation for bureaucrats as elected officials as we should expect more of them (Montinola & Lancaster, 1997).

An interesting definition on corruption is that an act is corrupt when the weight of public opinion deems it to be corrupt. This simple but elegant definition is best explained in the work of Arnold J. Heidenheimer(2011). “The corruptness of political acts is determined by the interaction between the judgment of a particular act by the public and by political elites or public officials”. According to his thought on the matter you can split the corruption into three different categories black, white and grey corruption. It is black corruption when the offence is so heinous that both the public and the political elite want it restricted, he names an example in if a public official would be caught in drug trafficking, both the public and the political elite would demand punishment for the guilty party. On the other scale of corruption there is white corruption, there we see the offences that both the public and the political elite find corrupt but are of such small scale that they are not necessarily in need of punishment. An example is made of official fixing parking tickets for constitutes. Between those extremes we find the grey corruption, these cases are often those hardest to uncover and therefore often the most destructive. But more to the point these grey corruption cases needs to be that type of corruption that only the public want punishment or the political elite.

The obvious flaw with this definition is that it does not account for why only one group wants punishment while the other doesn’t. It does not go into legality of those acts as a way
to set boundaries for what corruption is and lastly it does not deal with the fickle mind of the public as a certain issue may be important one day and not the next (Peters & Welch, 1978).

The last definition on what corruption is deals with impartiality as a rule to determine corruption. The basic line through this definition is that impartiality embodies the idea that those who are equally deserving ought to be treated equally. At its most general then, corruption involves a holder of public office violating the impartiality principle in order to achieve private gain.

The author of this definition Oskar Kurer (2005) makes a distinction between allowed discrimination and un-allowed. As laws state that some persons are allowed to drive and other aren’t and that prisoners may not have all the same rights as those who are not. But there are some rules that specify the categories of cases that deserve and ought to be treated equally and whose unequal treatment constitution a case of corruption. The cases where the discrimination should not be seen are for example the distribution of rights and obligations, gets what, when and how. Typical non-discrimination ban public officials from discriminating in favor of those who are socially close, or those who are able to pay the highest price. “More generally, corrupt acts can be defined as violations of non-discrimination norms governing the behavior of holders of public office that are motivated by gain” (Kurer, 2005).

The problem with this definition is that how can you act impartial when you are deciding between two choices when for example redistributing benefits, how can you act impartially when deciding to cut benefits from the elderly to give more to parents or vice versa.

Also say if the government is deciding if to keep giving money to the unemployed or deciding if to keep the health services private or socialized the impartiality principle may say that if we are treating everyone equally it is better to not give someone money and not others or that private hospitals may be better for the government and most people but then some will fall through the crack (Teorell, 2008).
4 How FIFA Works

FIFA is an association governed by Swiss laws founded in 1904 and based in Zurich. FIFA themselves split their organization into 6 different areas. The president, FIFA congress, committees, home of FIFA, marketing and TV (FIFA).

4.1 The President

The role of the president of FIFA is as follows:
A) The FIFA President is in charge of FIFA’s executive office of the FIFA President, which is responsible for carrying out administrative work and any transactions designated by the FIFA President.
B) He proposes the guidelines for FIFA’s overall strategy to the FIFA Executive Committee. He implements the guidelines for FIFA’s overall strategy. He approves the targets of the divisions at the proposal of the FIFA Secretary General. He approves the creation of a new division at the proposal of the FIFA Secretary General. He appraises the FIFA Secretary General’s performance. He approves any action proposed by the FIFA Secretary General for appraising and supporting the performances of the division directors, advisory directors and subdivision directors (collectively: “directors”).
C) He prepares the business, rulings and decisions of the FIFA Executive Committee and the FIFA Congress, subject to the FIFA Secretary General’s. He produces a report not less than once a year for the FIFA Executive Committee and the FIFA Congress.
D) He may propose the appointment or dismissal of the FIFA Secretary General.
E) He approves the appointment of any directors proposed by the FIFA Secretary General. He engages the FIFA Deputy Secretary General and terminates his employment, both at the suggestion of the FIFA Secretary General. He engages the members of the executive office of the FIFA President and terminates their employment; he approves those salary structures (including bonuses) proposed by the FIFA Secretary General and social benefits that do not fall under the competence of the Compensation Sub-Committee.
F) He approves the FIFA Secretary General’s proposals regarding the foundation, liquidation and restructuring of subsidiaries and the acquisition and sale of holdings in companies and refers the decisions to the FIFA Executive Committee for approval.

H) He approves representatives of FIFA’s subsidiaries at the proposal of the FIFA Secretary General and of companies in which FIFA has holdings.

The FIFA President may delegate certain duties, powers and responsibilities that have been assigned to him to the FIFA Secretary General or individual members of the FIFA Executive Committee. In such cases, the FIFA Secretary General or the individual members of the FIFA Executive Committee shall report to the FIFA President (FIFA, FIFA Organisation Regulations, 2013).

The problem with these regulations for the Presidents job description is that is allows him too much power as I will go over in other parts of this essay and the lack of supervision of his job allows him to make unilateral decisions that affect other parts of the organization and the football world in whole.

4.2 FIFA congress

The FIFA congress is made up by each member country within FIFA and each country has one vote. The job of the congress is to decide weather to admit, suspend or expel a member.
To decide the location of FIFA (a formality since it has been in Zurich since 1932).
It is responsible for amending the Statutes, the Regulations Governing the Application of the Statutes and the Standing Orders of the Congress.
It may remove a FIFA Executive Committee member from office.
Approves the balance sheet and income statement,
Most importantly it elects the president every four years.
According to the statues , the FIFA congress is the organisation’s supreme body (FIFA, FIFA.com).

4.3 FIFA Committee’s

FIFA committees make up an very important part of FIFA as they decide what happens in the world of football, The two most important committees are the executive committee and emergency committee and I will go over their job description in more detail in another parts of this essay.

Becide these two committees there are 25 standing committee’s ,some that deal in single
tournaments that FIFA holds while other deal with specific aspects of football or FIFA as an association. The members are appointed by the executive committee and answer as well to them so that final decisions are made by the executive committee (FIFA, FIFA.com).

4.4 Home of FIFA

The offices of FIFA are in Zurich, Switzerland and employ around 400 people, at its head is the FIFA secretary general, who is responsible for implementing the decisions of the executive committee. The secretary general is also responsible for the finances of FIFA, international relations, the organisation of the World cup and other tournaments associated with FIFA. The general secretariat which the secretary general is the head of is comprised of 7 divisions: Communications and Public Affairs Division, Legal Affairs Division, Competitions Division, Member Associations and Development Division, TV Division, HR and Corporate Services, FIFA Security, these divisions are then divided into smaller departments (FIFA, FIFA.com).

4.5 FIFA Marketing and TV departments

Marketing and TV departments within FIFA are probably the most important departments within the FIFA organization as they are responsible for the intake of capital into the organization.

The marketing department is responsible for defining sponsors rights packages and delivering those rights while adding further value to those packages to ensure maximum return for both FIFA and sponsors. Promote FIFA events to maximize the value for FIFA sponsors and host countries. Manage brand identity for FIFA and FIFA events (FIFA, FIFA.com).

The TV department is responsible for selling and distribution of TV, radio, broadband and mobile audiovisual rights, making FIFA films and products, broadcaster servicing and host broadcasting production (FIFA, FIFA.com).

The problem with this structure is that everyone and everything within FIFA must answer to the executive committee and the committee is controlled in large by the president of FIFA. This means that how well and clean the organization is run depends in way to much of the actions of one man.
5 Deterrents

These theories look at how a system with lack of deterrents can influence the likelihood of corruption.

5.1 Legal accountability

The likelihood of corruption increases if a possible gain from it outweighs the risk of punishment if you are in fact apprehended. With that said it also matter how likely it is that you do get caught and how severe the possible punishment would be if you would get caught (Jain, 2001).

Arvind Jain talks about 4 factors that matter when an individual is considering taking apart in corrupt behavior.

1. Probability of getting caught: If the system that the individual is working in is corrupt already there is less likelihood that any effort shall be taken to apprehend those who are corrupt, where as if the corruption is infrequent, there is more likelihood that efforts will be made to apprehend those individual who are acting outside their boundaries of their jobs in a corrupt way. Also in very corrupt systems you can often find a secret system that protects those who are acting corrupt.

2. Enforcement: The extent of which law-enforcement officials are corrupt will determine the effect of anti-corruption efforts. Surveys have in some countries shown that the more corrupt the system is the likelihood that investigators will be corrupt as well.

3. Independence of the judiciary from politicians: Grand corruption requires that politician take control of the judicial system to protect themselves even further.

4. Equal access to the law for everyone: A system where the legal channels are open for everyone and accessible makes it likelier that the system has better counter balancing forces against corruption and with it lower levels of corruption (Jain, 2001).

Within FIFA there has been the history of approved corruption versus unapproved corruption. Sepp Blatter has been at the center of these cases many times and is a master of...
getting others in trouble while until recently walking away squeaky clean. Sepp Blatter was handpicked to become the president by his predecessor Joao Havelange and beating out his Swedish rival in 1998 in a close vote. Leading up to the elections and after them the corruption allegation followed as 20 leading figures within world football each were handed 50 thousand dollars from a ruler of a middle eastern state who was backing Sepp Blatter. Blatters response to this was of course denying everything and when he was asked to research this he denied and said he couldn’t start an investigation into himself (Campell & Kuper, 1999).

A case of accepted corruption can be seen shortly into Sepp Blatters reign as the head of FIFA when their marketing partner, the Swiss company International Sport and Leisure (I.S.L.) go into bankruptcy with debts of over more than 100 million dollars and putting FIFA in financial trouble. Investigation by the Swiss authorities and later FIFA found that there key members hat gotten kickbacks in the amounts of tens of millions of dollars. Not surprisingly The FIFA report calls his conduct "clumsy" but declares it did not involve "criminal or ethical misconduct." More interestingly FIFA who released their first code of ethics in 2004 and the same FIFA report admits that it had no ethics rules within it (Eckert, 2013). A clear case to prove that it does matter if you are on Sepp Blatters side can been seen in the case of Jack Warner then vice president of FIFA and the president of Trinidad and Tobago Soccer who in 2006 is accuses of ticket fraud as he resold tickets for the World Cup in Germany 2006 and made in excess of 1 million dollars. In response to that Sepp Blatter stated he was simply disappointed (Hughes, 2006). But in 2011 Jack Warner got suspended and later fired as he arranged a meeting between Caribbean soccer officials and presidential candidate Mohammed Bin Hammam of Qatar. In that meeting each official was offered a bribe in the amount of 40 thousand dollars to vote for Mohammed Bin Hammam in the upcoming elections, but one of the officials who took the bribe took a picture of it before returning the money. That picture and the fact that Mohammed Bin Hammam and Jack Warner were conspiring against Sepp Blatter resulted in that they were both banned from football (Association, 2011).

A major problem within FIFA has been that they weren’t accountable to anyone but themselves which has resulted in that even when they have investigated themselves they can interpret the result in way that they seem good. We see this in the investigation that
was done after the process for picking Russia and Qatar to hold the competition in 2018 and 2022. The Sunday Times got to members from the executive committee on tape asking for payments in exchange for votes and England’s bid chief revealed that 4 member of that committee had asked for bribes, one in the form of 2.5 million dollars and another asked for a knighthood. FIFA then finally mounted an ethics investigation into the bids and declared that even that violations of the code of ethics had been breached it had not affected the integrity of the vote. These results shocked many and even the investigators themselves as Michael J. Garcia the lead investigator resigned in protest as these were not what he had found out. While the head of the adjudicatory arm of FIFA’s ethics committee, Hans-Joachim Eckert released a 42 page summary of the report which called the results incorrect and incomplete and denied releasing it. In the original report done by Garcia there were rumored to be many findings on serious ethical violations which would lead to many executive committee members being prosecuted (Borden, 2014).

5.2 Lack of transparency

There are though more ways we can within a similar frame of thinking explain why corruption is likely to occur and among them are Lack of transparency. In many countries lack of transparency in rules, laws and process increases the risk of corruption. The process and procedures on decision making are not clear. The rules are changed without a properly publicized announcement. Laws and regulation are written in a way that only trained lawyers can understand them and are even written in a way so that you can interpret them in your favor. So at times it is difficult to understand or determine if decisions and actions were made in the correct way and if corruption played a part in the decision making (Tanzi, 1998).

For this I will look at how the decision of which country will get to host the World Cup, this process has gone through some changes since the dawn of FIFA and the World Cup. In fact only one of the first seven competition needed a vote to decide which country would get the competition and until 1966 the FIFA congress which each nation has one vote would decide it. After that the executive committee took over the responsibility of selecting host nation for future competition. In the process for the 2018 and 2022 World Cups they changed their practices as they decided both at the same time, which was surprising as this has not come
before their congress. The way to get the competition is that a country submits its bid to FIFA, they visit each potential host country and the executive committee votes to determine the winner.

First whiff of corruption was for the process of getting Germany the competition in 2006 as the vote was between them and South Africa the executive committee voted 12 to 11 and the member from the Oceana delegate abstained from the final vote, despite instructions from his region to support South Africa. If he would not have done this the competition would have gone to South Africa as the tie-casting vote would have been Sepp Blatter who publicly supported South Africa.

After the decision to give South Africa the competition for years later and Brazil after that, Sepp Blatter made a decision for the 2018 competition that only European countries would be eligible even though there was no policy that allowed such decision (Morris, 2011).

Because the voting ballot is secret it allows voters make deals without the fear of exposure, allowing voters to trade votes in hopes of reaching the later rounds, where voters often have to make a last minute changes because there first choice is out of the running, this process is very unpredictable and has the potential for misconduct at different stages (Morris, 2011).

5.3 Complexity of projects.

When projects and investments get bigger and more diverse the complexity of those projects often rise significantly and if corruption influences these projects we can see few things happen for example an increase in the share of public investment and a fall in the average productivity of that investment. The writing of contracts for complex projects is difficult and inevitably some areas of uncertainty and eventual disagreement will need to be resolved through negotiation. In some of these phases, a strategically placed high-level official can manipulate the process to select a particular project. He can also tailor the specifications of the design to favor a given company by, for example, providing inside information to certain company. The company who pays the bribe usually doesn’t have to worry about making the money back even if the cost of the bribe is high as the deal can often include that the cost of the project can go up after the deal has been done, they can put the bribe in the contract as a consulting cost or even use cheaper building material to save money. The cost usually ends up with the taxpayers as the project can end up more complex and costly than it has to be or having to pay the increased cost of upkeep if the
materials were of inferior quality. If people were still not sure why this should matter to them the reasons are, a by-product of this is that the economic growth of a country is significantly negatively affected and the corruption influences which project will be done and which aren’t so projects can be completed and never used or the upkeep becomes so expensive that any positive influence of it is canceled out (Tanzi & Davoodi, Corruption, public investment, and growth, 1998).

We don’t have to search far to see this in action as we look to Brazil, who hosted the World Cup games in 2014. After the FBI indictment of FIFA officials they have been looking at over one thousand contracts given to various companies and people on suspicion that they were not done by the books (Menezes, 2015).

Some of these infractions are more serious than others as investigation into the buildings of the stadiums as some contracts to build the stadium look like they were pre-decided before bidding for contracts were made available. In at least one of those stadiums they are investigating a company for inflating the price of the stadium in the amount of 12 million dollars.

Protestor were active before, through and after the competition as the government spent in excess of 3 billion dollars building stadiums which were obvious that they could never make money on, and some which I will go over are so bad investment that they don’t even cover maintenance cost (BBC, 2015).

I could write this whole essay on how bad the choices for location of the stadiums where, as for example one of the stadiums which was built in middle of the jungle and in a city that has no professional football team, where people travel mostly to it by plane or a boat and is over 150 km from the more populated areas of Brazil.

The most expensive stadium that was built at the cost of 550 million dollars is now used as a bus terminal.

Even stadiums that have a local football team that attracts enough audience at the stadiums are finding out that they are losing money being there as they were not built well enough and the income goes to fix and cover maintenance on them. These are just 3 examples and I could easily make more than that. This is some way because of FIFA rules as the say that a host nation needs to build at least 8 new stadiums to be eligible to host the World Cup. Though the government in Brazil decided to build 12 new stadiums even though they had plenty of large and quality stadiums (Manfred, 2015).
6 Incentives

These theories look at how incentives can increase the risk of corrupt behavior.

6.1 Quality of government

Quality of government and the influence of government on corruption is a good way to explain why corruption happens and can be compared to the way FIFA operates. Most commonly used way is provided by the World Bank.

“1. The process by which governments are selected, monitored, and replaced.
2. The capacity of the government to effectively formulate and implement sound policies.
3. The respect of citizens and the state for the institutions that govern economic and social interactions among them.” (Teorell, 2008)

The flaw with this is that it does not look at the system of power well enough as it focus too much at the people who are in power but not at those who have the access to power. Secondly it looks only at the economic problems of governance but not at the people and the social trust and the well-being of the people (Teorell, 2008).

As with most concepts within political science there is an opposing theory and Huther and Shah (1998) have defined Quality of Government as.

“Governance is a multifaceted concept encompassing all aspects of the exercise of authority through formal and informal institutions in the management of the resource endowment of a state. The quality of governance is thus determined by the impact of this exercise of power on the quality of life enjoyed by its citizens.”

In their paper they have created a formula to measure the quality of governance and within it they look at 4 main factors which they then brake down to 2 to 3 factors:

1. Citizen Participation Index which looks at political freedom and Political stability.
2. Government Orientation Index which looks at Judicial Efficiency, Bureaucratic Efficiency and Lack of Corruption.
3. Social Development Index which looks at Human Development and Egalitarian Income Distribution.

First of all the reality there is only one person who really matters within FIFA or at least that is how it has been for a long time, the current president of FIFA, Sepp Blatter has been described by The Daily Mail as “smug, self-righteous Zurich gnome.” The Guardian called him “the most successful non-homicidal dictator of the past century”. But this is only one half of the coin as in some countries he is described quite differently. Osiris Guzman, president of Dominic Republic soccer compares him to Jesus Christ, Nelson Mandela, Moses, Martin Luther King Jr. and so on. Why he is so popular in certain areas of the world is easy to understand. First of all we must understand how the voting system for president is done. Every 4 years the FIFA congress comes together and votes for president. Each country has one vote regardless of size and interest in football. So for example Germany, England or Brazil has the same voting power as Saint Kitts & Nevis and Faroe Islands. This gives countries that have never competed in competition and never will a big leverage on who will become the president of FIFA. This is the reason that even when FIFA was being rattled by scandal after scandal for the last elections everybody knew that Sepp Blatter would win. As he took the podium in Bahamas to talk to the delegates from 35 member countries from that area he said FIFA has given 330 million dollars to the 35 countries since 1999 and expects that number to be 150 to 180 million in the next four years.

More interestingly is also that while he was not running unopposed no other candidate is allowed to talk as his speech is categorized as presidential welcoming address (Panja, Martin, & Silver, 2015).

Secondly I will look at how the government of FIFA to effectively formulate and implement sound policies. Here we can see one of the few positives of FIFA as even though they have their problem with democratic decision making as I have gone over in other parts of this essay, they are quite good at handling it when other governments go too far. With this I am referring to how they handle it when governments of countries try to control their football association. The rules are simple heads of each association has to be democratically elected, Governments may not interfere in their work, by for example changing the results of leagues or setting a quota on certain background of their national player as some members of the French government wanted to do. Another example is from Ethiopia where the government
wanted to replace the whole association to have it run by people closer to their political view which resulted in that Ethiopian national teams were suspended from all competition for nearly 2 years until the government caved in (Regenass, 2011).

Other parts of the theories I have or will write about in different parts of this essay.

6.2 Salary versus illegal income

Those engaging in corrupt behavior must believe that the income from corrupt acts must be worth the risk of penalties from those acts. If their legitimate income from their job is fair and the employees are happy with their salary there is less chance that corruption is accepted and in fact some studies in western countries have shown that higher salary discourage corruption. While in less developed countries the salary needs to be much higher to discourage corruption (Jain, 2001).

If we start by taking this theory in two parts first of all we look at the salary factor and this is one of the few things that we can’t directly connect as a reasoning for the corruption within FIFA as their employees get paid very well as the average salary and pension contribution in 2014 was 242 thousand dollars which is very high especially considering that the average pay is higher than most private banks in Switzerland where FIFA is based, also an interesting angle is that if we consider the fact that FIFA is technically a non-profit organization. The people within FIFA with the most power and those that have been most connected to the scandals that have been reported, the 25 members of the executive committee and 12 directors of the organization were paid 42 million dollars in total in salaries and pension benefits (Bergin, 2015).

The second part of the theory which looks at the income of corrupt acts and the risk of penalties of they got caught then the tables to turn as these salaries don’t even come close to the amounts that some of these top executives are rumored to have received in bribes in excess of 150 million dollars through the years for securing TV deals and or for voting for certain country to host the World Cup competition, for example there is solid proof that Jack Warner former Concacaf chief (Confederation of North, Central American and Caribbean Association Football) received 10 million dollars for his and 2 other votes for the competition in 2010 (Futterman, Viswanatha, & Matthews, 2015).
7 Social Capital theory

7.1 Women, government and corruption

An interesting way to look at the problems of corruption within FIFA is to look at them from the viewpoint of feminist scholars. For that definition we must first think of corruption from a wide perspective, meaning that corruption is not just embezzlement or bribery but also at the immoral acts we often see within corrupt systems (Johnson, Einarsdóttir, & Pétursdóttir, 2013). Through the years some studies have found that women are more likely to exhibit helping behavior, vote based on social issues, score more highly on test on integrity and take stronger stance on ethical behavior (Dollar, Fisman, & Gatti, 2001).

With these results in mind we can assume that women are less likely to sacrifice the common good for personal gain. By having more diverse government and increasing the participation of women in the higher roles of the government we should see that corruption and other ethical problems should decrease. Too support that some studies have also shown that a mere presence of women has a positive effect on their male counterpart (Dollar, Fisman, & Gatti, 2001).

When we see the studies that have been done on this subject we wonder why gender equality is not at the forefront of every government or organization which has to deal with it. First of all the people who are in control can use their power to put people that are loyal to them and their way of life in important position and therefore increasing the likely hood of keeping the status quo (Johnson, Einarsdóttir, & Pétursdóttir, 2013).
If we start by looking at the organization chart for FIFA we can see that there is only one female there, Christine Maria Botta and she is the office manager in the office of the president.

What is even more interesting in this regard is that after the scandal only 2 people have lost their job besides Sepp Blatter who has temporarily been replaced while they investigate him and of those two one of them is Christina Collenberg who was the director of human resources and services (Howard, 2012).

But this tells only part of the story, to look at the structure of FIFA we must also look at the executive committee, which job is to determine the dates, locations and format of tournaments, appointing delegates to IFAB (which decides the rules of football worldwide) and electing and dismissing the General Secretary.

Within the Executive Committee there is a president, 8 vice presidents and 15 members, of them are no female vice president and only 2 female members. So the ratio there is 92 % men versus only 8% female (FIFA, 2015).

Then we have the emergency committee, who deals with all matters required immediate
settlement when the executive committee is not seated, and is made up of the president and one member from each confederation, so 7 members in total and not surprising there is no female within that committee.

Even some members of FIFA have admitted that this is a problem as the Chair of the FIFA task force for women’s football sent a report to the reform committee in October of 2015 where she states that the problem besides what I have listed here before is that only 2 of 209 member association presidents are women, less than 1% of the voting population in FIFA congress, and in most confederation there are none at all. She even states that having a woman board member in the business sector has resulted that on average 26% better share price versus all men board, 56% better earnings before interest and tax (EBIT) (Curtis, Schmid, & Struber, 2012), and most importantly reduced severity and frequency of fraud (Dodd & Bareman, 2015).
8  Can FIFA escape from corruption.

As I have gone over here before there are many reasons why corruption was allowed to flourish within FIFA but there are number of ways that they and other can fight it if they wish to do so. The Financial Action Task Force on Money Laundering (FATF) which was founded in 1989 by the members of the G-7 governments, the European Commission and 8 other countries have made an report on how to fight it (FATF).

In their report the name a fair few examples on how to combat corruption and I will cover some of them that can and should be used to fight corruption especially within FIFA. Governments should have in place co-operation with multi agency bodies, to provide input and assistance on fighting corruption, especially those who are responsible for the investigation and prosecution of corruption and other related offences. Look closer at the money that people are taking in and making sure that it require a reliable trail of business relationship, transactions and discloses the true ownership and movement of assets.

Implementing safeguards to hinder the people who are likely to act corrupt from getting the power to do so, this can be done by screening employees and having strict rules that makes sure that no one person can make decisions that affect the whole. Looking at the customers and developing a clear understanding of a customer relationship including all relevant parties, in order to effectively understand and manage the risks stemming from that relationship. If there is a reason to look closer at certain relationship or contracts to do so and allow and help with investigation in that matter.

Make safeguards that make sure that money and assets that person in power to get from illegal activities can’t be registered on business partners, family members, or foreign individuals or companies (shell companies).

Making sure that all paper trails regarding money transfers are kept so that individual can prove that money they have received are gotten legally and that investigators can access them readily and in timely fashion.

There needs to be rules and laws that allow investigators to access all these information so that there is no delay or time to hide assets.
Make a framework so that anyone can report a person for illegal activities in a safe manner, and making a framework with the help of national governments to freeze assets and seizing illegal assets.

Many countries have established specialized dedicated units to investigate corruption, such units should be free from undue political influence (FORCE, 2013). This is something FIFA should do in collaboration with the law enforcement in Switzerland and other countries. These dedicated units could and should be able to most of these steps I have written here before and could not just stop some of the corruption that has been running ramped within FIFA but could also be a major deterrent factor.
9 Conclusion:

The question I started with was “how and why the corruption within FIFA got so bad?” I feel that this question has been answered to the best of my ability. First of all if you look at the definitions of corruption you should see a picture merging on what criteria you can use to see what corruption entails. I see it as a public office holder misusing his power for private gain. Or to go a little deeper when a public office holder uses his power unethically or breaks the law for gain from himself or someone close to him. First of the theories I looked at why corruption occurs and blossoms within a system was Legal accountability which looks at the lack deterrents, risk of getting caught and numbers of opportunities within a system to determine the likelihood of corruption. Secondly I looked at how the lack of transparency in how the system is being ran and how decisions are being made can change from day to day which makes it a lot easier to act corruptly. Finally within the same frame I looked at how the complexity of projects, like for example the world cup can increase the opportunities of corrupt people in filling their pockets with money while leaving the taxpayers footing the bill. Quality of government is a different way to look at why corruption occurs as its focus lays within the government and how the people who are in charge, how they get replaced, their effectiveness and how well they are respected by the people they govern. Within FIFA there is only one person that really matters, the president as he seems to be able to make decisions without any input from others and without repercussions. This misbalance in power causes that if the president is corrupt or condones corruption other will follow in his footsteps. I looked at salary versus illegal income and even though the top executives and in fact most of the staff was getting paid higher salary than could be expected it did not seem to matter as a preventive aspect against corruption because both of the income from corrupt act and the lack of deterrents within FIFA. Lastly I looked at feminist theory and how the lack of representatives of females within the ranks of executives and those who make decisions can greatly affect in a negative way the likelihood of corruption. This is something FIFA has got to change as most of the people in charge not just at FIFA but also at a national level see the game of football as a man’s game. Some within FIFA agree that this is a problem as FIFA could and should be at the forefront
for equal rights in sports and in the boardroom as research has shown great increase in profit from companies that have female participation, in fact there has to be a fair few of them to get these results as token women does not affect this in the same way. Looking at FIFA and their corruption scandals through the years that Sepp Blatter was president you get the sense that even though most people wanted the game and FIFA clean, the executives and other higher members of FIFA were perfectly happy with how the organization was being operated and why not, they were making more money than they knew what to do with.. When looking at the structure of FIFA and how every part of it is controlled by such a small number of people who all answer to one man. I have to question if FIFA was destined to be corrupt under the leadership of Sepp Blatter and I feel that when he got elected and later re-elected through bribery and other corrupt behavior you can’t be surprised when that kind of leadership trickles down to his subordinates. That being said I feel that their system of lack of deterrents in whole made for a kind of perfect storm in way that not only made corruption likely but inevitable. Lastly I looked at possible deterrents to fight corruption which mainly focuses on more security and co-operations with the countries that have representatives within FIFA. I think that there is a need to start over in a way, clear the table of all those who are suspected in corruption cases and start again with much tighter surveillance and security from within.
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