

3.6 The planning and hosting of sports mega-events: sources, forms and the prevention of corruption

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Introduction

Writing as the revelations about alleged corruption at the Fédération Internationale de Football Association (FIFA) and the dramatic resignation speech of the organisation's president, Sepp Blatter, are still being digested,² it is all too easy to consider corruption as yet another form of bread and circuses entertainment provided by sport. Individuals – the 'bad guys' and the 'good guys' – are being identified, and in some cases mocked and vilified for alleged abuses of entrusted power for their own private gain (such as Blatter, Jack Warner and Chuck Blazer of, or once of, FIFA),³ or praised and celebrated for doggedly tracking them down (such as English investigative reporter Andrew Jennings).⁴ Individuals are easier to identify than complex systems, however. This can allow the structure that enables corruption to remain intact. The structure of the system is the 'elephant in the room'; just as the 'criminogenic environment of the financial system'⁵ was responsible for the economic crash of 2007–8, it is necessary to consider the crisis of international sport as part of a systemic crisis. This article sketches some of the ways in which corruption risks enter into the planning and hosting of sports mega-events. It recognises that the sources, forms and consequences of corruption are 'embedded within political and economic systems. Its precise role and effects will depend on the configurations and dynamics of such systems'.⁶

The concept of regional corruption binaries create the potential for accusations of overstepping territorial jurisdiction,⁷ as has happened with respect to the role of the FBI and the US Attorney

General in the 2015 crisis at FIFA, which served as the basis for concerns that the action taken was politically motivated against Russia (host of the 2018 World Cup) and Qatar (host of the 2022 World Cup).⁸ This also raises an important question, though: how else are international sports organisations (ISOs) such as FIFA or the International Olympic Committee (IOC) to be regulated?

Corruption and sport

Why should corruption matter in sport? Because sport matters: sport in its mega-event form is used to political effect by hosts and ISOs alike; elite sport has become a transnational multi-billion-dollar industry; and it engages with the everyday lives of billions of people across the globe. In sports mega-events, this relates to activities such as vote-rigging and the use of undue influence in elections or the selection of hosts, embezzlement and fraud, and bribery. In other words, it involves non-competition decisions made by sports officials, associations and governing bodies.

Corruption in sport is as old as the ancient Olympic Games.⁹ Those guilty of corruption related to the games had to erect columns of shame (*zane*) at their own expense, or that of their city, at the entrance to the Olympic stadium to atone for their actions. In contemporary sport, Wolfgang Maennig suggests that it is no greater nor ‘more widespread in sport than corruption in other areas of human endeavour’.¹⁰ The number of reported cases of management corruption in sport has been increasing, however.¹¹ To examine this we need to consider the context, types and circumstances when corruption can occur in sports mega-events.

Sports mega-events

Since the 1980s rent-seeking behaviour – ‘seeking control of assets and resources that can be used to extract rent from users’ – has become the economic imperative.¹² This has had implications for elite

sport, and in particular its flagship mega-events: the Olympic Games and the men's football World Cup. At the same time as there has been massive growth in the involvement of commercial interests in sport – creating a 'global media sports cultural complex'¹³ in which the role of corporate media and sponsors especially has got bigger and bigger – regulatory systems and demands for greater transparency and accountability in governance have also emerged. In these circumstances, suspicions about the practices of self-regulating bodies claiming relative autonomy from local jurisdictions, such as international sports associations, have grown.

As the IOC and FIFA, among other sports organising bodies, have become business-oriented international non-government organisations, journalists, sociologists and other social scientists have sought to investigate shortcomings in their operations.¹⁴ At the same time, several features of the sports mega-events that these bodies oversee have become attractive and have been used by states for a variety of non-sporting ends, such as economic and social development, nation-building and -signalling (by branding the nation) and to assist in economic and political liberalisation. As Barry Houlihan notes, the 'willingness of governments to humble themselves before the IOC and FIFA through lavish hospitality and the strategic deployment of presidents, prime ministers, royalty and supermodels is a reflection of the value that governments place on international sport'.¹⁵

Since the 1970s there has been concern about 'gigantism' and 'white elephants' in the Olympics – the growth in scale of the events, on the one hand, and the potential to build facilities and stadiums that will be more costly to use and maintain than they are worth, on the other. Economists and other social scientists have assessed sports mega-events in terms of their costs and benefits.¹⁶ Bent Flyvbjerg suggests that an iron law of mega-projects, including sports mega-events, is that they will be 'over budget, over time, over and over again'.¹⁷ Whether this is a constant or not, it is certainly the case that most sports mega-events since the 1970s have attracted political controversy.

There are a number of ‘known unknowns’ with respect to sports mega-events that have remained part of the political debate about these events.¹⁸ These include:

- the emphasis on consumption-based development, as opposed to social redistribution, with respect to the goals of hosting sports mega-events;
- urban regeneration that often leads to the ‘gentrification’ of specific areas being regenerated;
- the displacement (and subsequent ‘replacement’) of poor and less powerful communities of people;
- the use of (often quite extensive) public sector funds to enhance private corporate sector gain;¹⁹
- the local host sites and spaces benefiting global flows of capital, trade and finance;
- the spatial concentration of the impact of the event;
- the impact on employment of hosting sports mega-events – and the duration of the impact;
- the impact on tourism flows is never near what is predicted by proponents of sports mega-events, mainly because ‘non-sport’ tourists usually defer their visit to the location of events and thus effectively are ‘displaced’ by ‘sport-event tourists’;²⁰
- the way in which proponents have to resort to the manufacturing of the consent of local and national publics to get them on their side about staging the event;²¹ and
- the growth of opposition event coalitions as a result of some or all of these developments.²²

Symbolic politics – the politics of promotional culture via public diplomacy, ‘soft power’ and/or propaganda – are thus fundamental features of the contemporary risks of sports mega-events. Whether competing with other cities or nations to host an event, winning the right to do so or actually hosting an event, the potential for symbolic power plays, or pitfalls, is real. All such exercises in promotional politics – nation-branding, city-branding, image alteration – run the danger of heightening reputational

risk to the bidders (and eventual hosts) involved. For example, according to the 2014 GfK survey of national image, hosting the 2014 World Cup, rather than boosting Brazil's reputation in the world, saw the country lose ground in the rankings, while World Cup winners Germany knocked the United States off the top spot after five years.²³

Types and circumstances of potential corruption in sports mega-events

In a relatively simplistic formula, Robert Klitgaard suggests that 'corruption = monopoly + discretion – accountability'.²⁴ Where and when can corruption in sports mega-events occur? Maennig suggests that in circumstances when a sport (or sports event) enjoys high levels of popularity and attractiveness that make it capable of generating large cash flows, economic rents 'result from the fact that...the relevant international sports bodies have a unilateral monopoly over the awarding of sporting title honours'.²⁵

In the case of sports mega-events, several factors increase the scope for corruption. The large number of disparate organisations involved in staging a sports mega-event includes the ISOs, the international federations (IFs), national organising committees (NOCs, in the case of the Olympic Games), local organising committees (LOCs), bid teams and associated political and commercial entities. The membership of these organisations may vary considerably in terms of their recruitment and appointment practices and collective experience, including in the case of LOCs working within a largely inflexible timetable for the completion of projects. The intense international interest in mega-event adds considerably to the scrutiny that its organisers will face, yet this can also create the conditions where anxiety over the pressure to deliver leads to corrupt practices. Corruption in relation to the management of sports mega-events, real or suspected, can thus take a number of forms: for example, acquiring certain positions in sports associations; influencing the allocation of broadcasting or other media rights; fixing the allocation of construction contracts or subcontracts for building stadiums

or facilities; or subcontracting to, for example, small to medium-sized enterprises to undertake work in preparation for the event.²⁶

One constant potential source of corruption is, of course, the governance (internal procedures) of international sports associations and related sports bodies involved in sports mega-events, as the crisis at FIFA in 2015 demonstrates. The announcement in December 2014 that the IOC would adopt ‘Agenda 2020’, a package of recommendations designed to change policy on a variety of issues, including ethics and good governance, promises to create a new benchmark, at least in the IOC.²⁷ However, sceptics might still ask if Agenda 2020 is as much a bid to restore public confidence in hosting the Olympics – at least in democratic states – as an effort to bring about fundamental reforms.

Conclusion: cultures of corruption in the management of sports mega-events

It may be possible to identify ways in which the risk of corruption could be managed better in sports mega-events. Greater democracy, transparency, solidarity and checks and balances within ISOs, NOCs and IFs would all improve governance. Five suggestions in particular have been put forward to manage corruption in sport and in general.²⁸

- Provide and publicise clear codes of conduct to measure behaviour and misbehaviour of those involved – ISOs, IFs, OCs, and other agencies.
- Ensure the fair distribution of any financial surpluses accrued by the staging of sports mega-events – whether by host cities, organising committees, or sports governing organisations.
- Have a high degree of transparency – including detailed documentation of decision-making processes, the monitoring of executive and administrative bodies by an internal auditing department to monitor staff and reducing the degrees of discretion and freedom of information legislation applicable to sport.

- Create financial and other incentives to offset the temptations for corruption by insiders.
- Install systematic internal auditing and control measures in sports bodies, which should bear direct responsibility for any crimes committed by subordinates.

Efforts to manage corruption risks require the establishment of certain defined procedures and protocols. These then become the new ‘rules of the mega-event hosting game’ that like in other sports can in turn be tested, tweaked and, frequently, bent to enable competing potential hosts to gain an advantage. Putting new rules into practice is difficult, however, since changing the culture of an organisation – the tacit, unwritten, unofficial ways of doing things – requires changing the rituals, routines and daily practices of the organisation. When corruption is proved there is a need to focus on anti-corruption measures and cronyism in the re-engineering of the organisation.²⁹

It is possible that Michael Garcia, the former US prosecutor who investigated allegations of wrongdoing with regard to the 2018 and 2022 World Cup hosting decisions, was correct when he said as he resigned from FIFA that ‘[n]o independent governance committee, investigator, or arbitration panel can change the culture of an organization’.³⁰ This may be especially the case for organisations with the distinctive governance characteristics of ISOs that create the potential for corruption³¹ mixed with an enduring belief in the ‘great sport myth’ – an almost ‘unshakeable belief about the inherent purity and goodness of sport’.³² One way forward may be to demand that ‘sports governing bodies have to start operating as big businesses, using best business practices’,³³ possibly using Play the Game sports governance indicators and other means of managing corruption risks. It needs to be remembered, though, that operating in an organisational ‘culture of ethical failure’³⁴ is a systemic problem, not one of individual agents. Will the FIFA crisis in 2015 change everything? Probably not, but it will change some things.

Notes

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² See CNN (US), 'Sepp Blatter: resignation speech in full', 2 June 2015, <http://edition.cnn.com/2015/06/02/football/sepp-blatter-resigns-fifa-speech>; and BBC (UK), 'FIFA corruption crisis: key questions answered', 17 June 2015, www.bbc.com/news/world-europe-32897066.

³ BBC (17 June 2015).

⁴ *The Washington Post* (US), 'How a curmudgeonly old reporter exposed the FIFA scandal that toppled Sepp Blatter', 3 June 2015, www.washingtonpost.com/news/morning-mix/wp/2015/06/03/how-a-curmudgeonly-old-reporter-exposed-the-fifa-scandal-that-toppled-sepp-blatter.

⁵ Andrew Sayer, *Why We Can't Afford the Rich* (Bristol: Policy Press, 2014), p. 273.

⁶ Robert Williams, 'Editorial: The New Politics of Corruption', *Third World Quarterly*, vol. 20 (1999), p. 488.

⁷ Corruption remains a slippery concept, and discussion of it tends to create binaries: the Western and Eastern blocs, developed and developing societies, democratic and authoritarian regimes, regulated and self-regulated organisations and associations. The power to define corruption may be said to lie with the dominant party, with Africa, South America and Asia often considered to be the continents and subcontinents particularly affected by corruption.

⁸ BBC (UK), 'Fifa scandal: is the long arm of US law now overreaching?', 4 June 2015, www.bbc.co.uk/news/world-us-canada-33011847.

⁹ Wolfgang Maennig, 'Corruption in International Sports and Sport Management: Forms, Tendencies, Extent and Countermeasures', *European Sport Management Quarterly*, vol. 5 (2005).

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² Andrew Sayer, *Why We Can't Afford the Rich* (Bristol: Policy Press, 2014), p. 53.

¹³ David Rowe, *Global Media Sport: Flows, Forms and Futures* (London: Bloomsbury Academic, 2011), p. 34.

¹⁴ Yv Simson and Andrew Jennings, *The Lords of the Rings: Power, Money and Drugs in the Modern Olympics* (London: Simon & Schuster, 1992); Andrew Jennings, *Foul! The Secret World of FIFA: Bribes, Vote Rigging and Ticket Scandals* (London: HarperCollins, 2006); John Sugden and Alan Tomlinson, *Badfellas: FIFA Family at War* (Edinburgh: Mainstream Publishing, 2003); John Sugden and Alan Tomlinson, *FIFA and the Contest for World Football: Who Rules the Peoples' Game?* (Cambridge: Polity, 1998); Alan Tomlinson, *FIFA (Fédération Internationale de Football Association): The Men, the Myths and the Money* (London: Routledge, 2014).

¹⁵ Barrie Houlihan, 'Political Involvement in Sport, Physical Education and Recreation', in Anthony Laker (ed.), *The Sociology of Sport and Physical Education: An Introductory Reader* (London: Routledge, 2002), p. 194.

¹⁶ Holger Preuss, *The Economics of Staging the Olympics: A Comparison of the Games 1972–2008* (Cheltenham: Edward Elgar, 2004); David Whitson and John Horne, 'Underestimated Costs and Overestimated Benefits? Comparing the Outcomes of Sports Mega-Events in Canada and Japan', in John Horne and Wolfram Manzenreiter (eds.), *Sports Mega-Events: Social Scientific Analyses of a Global Phenomenon* (Oxford: Blackwell, 2006).

¹⁷ Bent Flyvbjerg, 'What You Should Know about Megaprojects and Why: An Overview', *Project Management Journal*, vol. 45 (2014).

¹⁸ John Horne, 'The Four Knowns of Sports Mega-Events', *Leisure Studies*, vol. 26 (2007), pp. 81–96.

¹⁹ *Ibid.*

²⁰ *Ibid.*

²¹ *Ibid.*

²² Many of these issues are discussed further in the contributions to Richard Gruneau and John Horne (eds.) *Mega-Events and Globalization: Capital and Spectacle in a Changing World Order* (London: Routledge, 2015).

²³ GfK (Germany), 'Germany knocks USA off best nation top spot after 5 years', 12 November 2014, www.gfk.com/news-and-events/press-room/press-releases/pages/germany-knocks-usa-off-best-nation-top-spot.aspx; EBC (Brazil), 'Copa do Mundo não melhorou imagem do país no exterior, aponta índice britânico', 17 November 2014, www.ebc.com.br/noticias/internacional/2014/11/copa-do-mundo-nao-melhorou-imagem-do-pais-no-exterior-aponta-indice.

²⁴ Robert Klitgaard, *Controlling Corruption* (Berkeley: University of California Press, 1988).

²⁵ Wolfgang Maennig, 'Corruption in International Sports and Sport Management: Forms, Tendencies, Extent and Countermeasures', *European Sport Management Quarterly*, vol. 5 (2005), p. 208.

²⁶ On some of these issues with respect to the Asian Football Confederation (AFC) see James M. Dorsey, 'Reforming soccer governance: Tackling political corruption alongside financial wrongdoing', 6 June 2015, <http://mideastsoccer.blogspot.sg/2015/06/reforming-soccer-governance-tackling.html>.

²⁷ International Olympic Committee, 'Olympic Agenda 2020: 20+20 Recommendations', December 2014, www.olympic.org/Documents/Olympic_Agenda_2020/Olympic_Agenda_2020-20-20_Recommendations-ENG.pdf.

²⁸ Derived and adapted from Wolfgang Maennig, 'Corruption in International Sports and Sport Management: Forms, Tendencies, Extent and Countermeasures', *European Sport Management Quarterly*, vol. 5 (2005) and Vito Tanzi, 'Corruption around the World: Causes, Consequences, Scope, and Cures', *IMF Staff Papers*, vol. 45 (1998).

²⁹ The Conversation (UK), 'With Blatter gone, the hard work of changing FIFA culture starts now', 3 June 2015, <https://theconversation.com/with-blatter-gone-the-hard-work-of-changing-fifa-culture-starts-now-42776>.

³⁰ Cited by The Conversation (UK), 'Sepp Blatter's FIFA exit opens door for prosecutors, reformers', 2 June 2015, <https://theconversation.com/sepp-blatters-fifa-exit-opens-door-for-prosecutors-reformers-42729>.

³¹ See Roger Pielke, Jr, Chapter X.X in this volume.

³² Jay Coakley, 'Assessing the Sociology of Sport: On Cultural Sensibilities and the Great Sport Myth', *International Review for the Sociology of Sport*, vol. 50 (2015).

³³ Transparency International, 'Defining the Boundaries: A Blue Print for Enhancing Cricket Administration', 31 January 2012, <http://blog.transparency.org/2012/01/31/defining-the-boundaries-a-blue-print-for-enhancing-cricket-administration>.

³⁴ Naomi Klein, *This Changes Everything* (London: Allen Lane, 2014), p. 334.