



Fair Play? The FIFA Experience*

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Dear Friends

We all believe in the social role of sports and yet what we see reminds us far more of the world of economic and organized crime.

In the case of FIFA we all know how the problems came about: It used to be an organization regularly threatened by bankruptcy until new media, marketing and merchandizing were invented. Since, the business figures of organizations like FIFA, IOC but also the regional and local organizations of these Sports Governors have skyrocketed.

As a consequence, not only the organizations but their officials have become incredibly rich. The old boys who were in charge simply helped themselves and a little also their friends who were there to elect them. Who was to stop them?

Again, it is not new to us that the organizations transited into multinational enterprises and veritable international organizations. They were endowed with monopoly powers, they commanded not only the attention of their fans but of entire nations and their leaders. They became institutions of public interest.

And yet they continued to be governed like a local chess club. Worse, they lived seemingly above the law – and hardly anyone cared. Certainly not the country hosting them. Switzerland is not only a world power in banking, in commodity trading or as a host of multinational enterprises, it has over sixty Sports Governors enjoying privileges. The biggest privilege is not tax freedom or tax reduction; no, it is regulatory abstinence: The Swiss Parliament could not give a damn about the state of its Sports Governors, not even when the law enforcement agencies raided the “Home of FIFA”, arrested its officials of the “Baur au Lac” – not even when the representatives of an entire continent (the Americas) got themselves indicted by the US Department of Justice: Forget state regulation in the paradise of liberalism, that some have called a “pirate’s den”.

So, we are back to self-regulation. Now, maybe it is an irony of history that the person who ordered the reform of FIFA, was one of the first to prove that some of the reforms really worked: The new independent, professional ethics committee rapidly decapitated both FIFA and UEFA by suspending their Presidents.

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The reform that followed from 2011, at first driven by Mr. Blatter himself, was relatively successful on paper. It moved somewhat in a “stop and go” mode, though, as not everybody liked it. But in the end the paper-form looked good:

It basically went back to the analysis of the institutions given above:

As a multinational enterprise

- it upgraded its financial controls,
- its compliance structure,
- its due diligence with third parties,
- internally, its integrity tests and
- it intended to upgrade the role of the CEO versus the President.

As an international organization it placed special focus on increasing

- democracy,
 - transparency and
 - accountability
- especially in the election- and selection-decisions.

So, all is well?

I am sorry to say, the contrary is the case: the newly elected President, in his first appearance, at the Congress in Mexico, used the techniques of his predecessor – to organize a decision to remove independence from those members of the audit and compliance committee and the ethics committee.

We know from the tapes that have been leaked what his motives were: The old tune, “more money, more money”.

One of the independents understood immediately: Domenico Scala stood down without delay. The others may be personally straight guys, but they are institutionally weakened.

Already in the next challenge the ethics committee demonstrated that it was unable to deal with the Mexico manoeuvre, let alone with the strange behaviour of the new President, accepting gifts of private plane flights from people FIFA was in negotiations with.

Next steps to tone down the meaning of independence followed immediately.

Not a week is passing currently in which I am not getting complaints by disgruntled employees being sacked and being in a disrespectful way immediately accompanied to the door.

In a German newspaper I recently read the headline summing up the image of the new President: “A cold Blatter”, a Blatter without heart.

What is worse, the new administration of FIFA is systematically going back to the old ways, ditching the reforms and forgetting the change of attitude. FIFA has transformed from the house of opulent splendour to a house of fear. And the country hosting the place does not care.

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