

## **Bend it like FIFA: Corruption on and off the Pitch**

Christopher J. Boudreaux  
Texas A&M International University  
AR Sanchez Jr., School of Business  
Laredo, TX 78041 USA  
[cboudreaux@tamiu.edu](mailto:cboudreaux@tamiu.edu). 1-956-326-2511

Gökhan Karahan  
University of Alaska Anchorage  
College of Business and Public Policy  
Anchorage, AK 99508 USA.

R. Morris Coats\*  
Nicholls State University  
College of Business Administration  
Thibodaux, LA 70310 USA.

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### **Abstract**

Throughout 2015, many of FIFA's (Fédération Internationale de Football Association) top executives were arrested, facing charges of bribery, fraud, and money laundering. On December 21, 2015, FIFA's own Ethics Committee decided to ban its long-serving president, Joseph "Sepp" Blatter, for eight years. FIFA has long been plagued by allegations of bribery, but has, until recently, been able to get around them, like a well-curved free-kick shot. Being organized as a not-for-profit organization while generating large revenues, FIFA has enjoyed the services of highly paid executives and employees. For-profit firms are regulated largely through the market process, with stockholders having strong incentives to maintain close oversight and demanding transparency of transactions, and being subject to takeover bids. Not-for-profit organizations receive far less oversight, but are subject to regulation from both the country where they are incorporated and the country where they operate. As a monopolist in rule-making and holding a world championship tournament for the world's most popular sport, FIFA executives and board members are in a position to demand payoffs and/or can punish its adversaries with its venue selection or by banning national teams from tournament participation. Our contribution is to illustrate that corruption is not a problem of selecting the right individuals. Rather, it is an institutional process. Given the recent charges against FIFA's executives, we expect some improvement. However, due to the institutional structure of corruption, and the fact that this is a supra-national non-profit organization, we may not expect corruption to disappear. It will take a powerful, independent, and external judiciary to threaten corrupt behavior from FIFA.

Keywords: *FIFA, Corruption, Institutions, Governance, Football (Soccer)*

JEL Classification: L31, L83, K42 and G39

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\* Tragically, we lost R. Morris Coats as we were writing this paper in December 2015. His contribution to economics as a scholar, teacher, and mentor is admirable, and he will be missed by us all.

## I. INTRODUCTION

In May 2015, FIFA's top executives were arrested after allegations of bribery, fraud, and money laundering were made. It is alleged that these executives engaged in corrupt<sup>1</sup> activities as a means to help secure media, marketing rights, and locations in the World Cup bidding process ([forbes.com](http://forbes.com)). The estimated value of these corrupt activities over the last couple of decades is \$150 million ([washingtonpost.com](http://washingtonpost.com)). It is very likely this number is only the tip of the iceberg. This belief emanates from available data as well as from the vast literature on economics of corruption. For instance, in the latest World Cup organized by Brazil in 2014, FIFA itself made an estimated \$4 billion mainly from corporate sponsorship and TV rights ([fortune.com](http://fortune.com)). Diverting money mainly from educational and social projects, Brazil spent about 15 billion dollars for the World Cup but, according to some, considerable amounts of scarce resources were "captured" by corrupt practices ([sevenpillarsinstitute.org](http://sevenpillarsinstitute.org), [www.foreignpolicy.com](http://www.foreignpolicy.com), and [www.transparency.org](http://www.transparency.org)). There are always allegations to suggest that graft is involved in the selection of the World Cup locations. However, this is not an anomalous occurrence; corruption allegations have been ubiquitous in recent years and date back before the current FIFA president, Joseph "Sepp" Blatter, took office in 1998 ([espnfc.us-A](http://espnfc.us-A)). This paper explores the extent of corruption plaguing FIFA. More importantly, it discusses the circumstances in which FIFA corruption occurs. We also discuss reasons for the prevalence of corrupt behavior and discuss some ways for corruption to be mitigated.

The remainder of the paper is structured as follows: Section II describes FIFA's structure and some institutional factors. Section III presents timeline of significant events since 2010. Section IV provides literature on the economics of corruption and Section V links this literature more

rigorously to FIFA activities and presents some observations on the viability of some suggested solutions to FIFA corruption. Finally, section VI concludes.

## **II. FIFA GOVERNANCE AND INSTITUTIONAL FACTORS**

Before we analyze the corrupt practices of FIFA, it is important to describe the organizational structure. One reason is because it is possible that FIFA is corrupt due to its institutional design. However, as we will discuss later, we argue that FIFA's corruption emanates more from a lack of punishment and the incentives for member countries to engage in rent-seeking behavior. Nonetheless, it is important to describe FIFA's structure.

### **FIFA's Institutional Details**

The governing body of FIFA consists of three branches: (1) the FIFA congress, (2) the Executive Committee, and (3) the General Secretariat. The FIFA congress is the legislative and largest branch. It is comprised of all 209 member associations in 6 confederations. The Executive Committee is the executive branch and consists of the president, eight vice-presidents and 15 members. The president is elected by the Congress in the year following a FIFA World Cup and the vice-presidents and 15 members of the committee are appointed by the confederations and associations. The General Secretariat is the third branch and takes on the administrative role for FIFA. It is comprised of 400 staff members in Zurich, Switzerland. The General Secretariat is responsible for FIFA's finances, international relations, the organization of the FIFA World Cup, and other FIFA football competitions (FIFA-A).

## **Problems with FIFA's Organization**

### **Lack of Accountability**

The perennial issue with FIFA is that there is very little accountability. Pielke (2013) provides an excellent summary of the different mechanisms (hierarchical, supervisory, fiscal, legal, market, peer and reputational) of accountability to which FIFA may be subjected. However, his conclusion is that there does not appear to be an institutional process under which its president and executive committee can be held accountable. A sweeping reform proposal prepared under the auspices of Sepp Blatter by Pieth in 2011 was mostly watered down to a version acceptable to FIFA's leadership.

There are a couple of major reasons for the low degree of accountability. First, FIFA is an international organization that does not directly answer to any country. Although FIFA is incorporated under Swiss law, very little, if any, supervision by Swiss authorities was conducted until May 2015. The latest attempts by the Swiss government to rein in FIFA's corrupt activities are very likely on account of the involvement/pressure applied by the U.S. Department of Justice ([espnfc.us-B](#)). Just like when the U.S. invoked the Foreign Corrupt Practices Act in the case of some of the International Olympic Committee's crooked practices (Pielke 2013), one can only hope that these latest moves by judicial entities will bring enough pressure to implement better governance. The suddenly "empowered" Ethics Committee of FIFA is necessary but not at all sufficient. The ultimate question is how to create a system wherein incentives are aligned in such a way that will create effective as well as efficient governance.

FIFA has the ability to punish national governments that try to supervise their own football federations. It can achieve this by banning countries from qualifying for the World Cup. This happened to Belize in 2011 ([aljazeera.com](http://aljazeera.com)). On the one hand, FIFA provides a disincentive for countries to act as supervisors by requiring football federations to be independent of political will. On the other hand, the same FIFA could act just like a sovereign state demanding certain monetary guarantees from nations such as Brazil (Pielke, 2013).

### **Lack of Regulation and Enforcement**

In a related stream of literature, public choice, the study of economics in non-market settings, argues that regulatory capture can explain the FIFA-Switzerland relationship. Capture theory argues that the regulators will not regulate the organization because it is not in their interest. Rather than regulate the organization, the regulators use their authority in ways that supply benefits for the regulated firm or industry. There are theories such as the revolving door policy, which explains how many regulators leave the non-profit industry to join corporations they previously regulated (Stigler, 1971). This is an appropriate analogy for Switzerland as FIFA is incorporated in Swiss law; FIFA is required to release an annual financial report and is subject to audits under Swiss law. Despite these requirements, many of FIFA's fiscal decisions are undisclosed (FIFA 2011). Capture theory describes this situation. Switzerland is responsible for monitoring FIFA, but it has more to lose than it does to gain if it actually supervises FIFA. For instance, if Switzerland attempts to monitor FIFA, its soccer team(s) may possibly be penalized in the future by FIFA.

Economists may also argue that the regulation of FIFA is a public goods problem. There are two components to public goods. First, the good must be non-rivalrous in consumption. This means that one country's enjoyment of a regulated FIFA does not take away another country's enjoyment. Second, the good must be non-exclusive in consumption. This second characteristic requires that one country's enjoyment is not blocked or degraded even if the country does not contribute to financing the public good. These factors contribute to a system of free riding where member countries hope that another country will take the initiative to bring forth allegations against FIFA even though, in reality, there are no incentives to be the whistle-blowing country. Again, this suggests that, because of free riding, Switzerland faces lower incentives to monitor FIFA. It may take a joint coalition between many countries to effectively punish FIFA, but due to free riding, no other member countries may desire to help monitor FIFA.

### **Member countries have incentives to engage in rent-seeking**

A third reason corruption is prevalent in the FIFA organization is due to the rent seeking behavior of its member countries. There have been a good number of studies on the economic impact of sports infrastructure investments. Based on their own studies and those of a number of other economists, Coates and Humphreys (1999, 2008) claim that the tangible benefits generated by sports subsidies in the U.S. are insignificant. They point out that the reason these hugely taxpayer supported investments tend to be made is because of rent-seeking. In other words, the benefits of these investments tend to accrue to a select/elite group of people (local politicians, team owners, athletes, etc.) who are in position to divert scarce resources for their own benefit at the expense of the taxpayers themselves. Using a parallel argument, we could state that billions spent on world cup infrastructure can create incentives that go beyond simple rent-seeking. As it

was alluded to earlier, significant sums out of Brazil's infrastructure spending for the 2014 World Cup were captured by "illicit" activities such as overpricing and accounting irregularities. Wide spread collusive behavior by the construction firms in South Africa's 2010 World Cup almost reached a billion dollars in today's exchange rate (mg.co.za). Moreover, it is well known that once the world cup is over, a good percentage of these stadiums will be "dead investments." These as well as certain monetary guarantees and favorable tax treatments FIFA demands can create burdens that may leave the citizens of the organizing countries a lot worse off especially when the "lucky" winners already suffer from social and economic malaise. Ultimately, the true level of corruption is beyond the \$150 million dollar worth of illicit activities taking place in the last two or so decades. These activities provide a feedback loop as rent seeking feeds FIFA's corrupt behavior and this corruption increases the incentive to seek rents in the World Cup site selection process. Combined with the opportunity costs, the true impact could reach into many multiples of billions of dollars.

### **III. TIMELINE OF EVENTS LEADING UP TO BLATTER'S BAN FROM SOCCER<sup>2</sup>**

There were numerous events leading up to FIFA president Sepp Blatter's dismissal from international soccer. What has been taking place since the 1970s reveals that this is not about one or two individuals. It is about the culture of sophisticated "back scratching" and governance structure at FIFA. As investigative journalist and the author of two damning books on FIFA's wrongdoings, Andrew Jennings, bluntly calls it, it is "organized crime." It is organized crime by "the FIFA family." In the spirit of preserving space, we will detail the last five years' events in this section.

December 2010: Russia and Qatar are awarded the hosting of 2018 and 2022 World Cup, respectively.

February 2011: Two of FIFA's executive committee members get banned for misconduct in the bidding campaigns for the above mentioned world cups.

March 2011: Mohamad bin Hammam, a Qatari national and FIFA executive committee member, announces his bid for FIFA presidency against Sepp Blatter.

June 2011: FIFA bans Bin Hammam for life on account of improprieties in the 2022 World Cup selection process.

July 2012: Michael J. Garcia is commissioned by FIFA to report on the alleged corrupt activities.

September-December 2014: Garcia sends his 350-page report to FIFA, but the report's summary by Hans-Joachim Eckert, the chairman of the adjudicatory chamber of the Ethics Committee, creates turmoil at FIFA. Garcia resigns from his post as independent ethics investigator after he calls Eckert's summary "incomplete and erroneous."

May-July 2015: A number of FIFA officials are arrested on charges of racketeering, wirefraud and money laundering. FIFA re-elects Blatter for a new four-year term. The U.S. asks for the extradition of several FIFA officials. Illicit exchange of tens of millions of dollars is revealed by several investigations.

July 2015: UEFA president Michel Platini states he will run for FIFA's presidency.

September 2015: Swiss authorities initiate criminal proceedings against Blatter on charges of mismanagement and misappropriation of FIFA funds over TV rights. Moreover, Blatter is also accused of making a "disloyal payment" to the UEFA president Platini for 2 million Swiss Francs. Initially, both Blatter and Platini called this payment a "consulting" fee for the services Platini rendered between 1999 and 2002. Platini claimed that he had received some money

between 1998 and 2002 but the remaining balance was paid much later in 2011, despite the fact that FIFA was running huge surpluses in the interim.

October 2015: Blatter and Platini are suspended from soccer for 90 days.

November 2015: Allegations surface that the German Football Federation was involved in securing the 2006 World Cup for Germany. In fact, Blatter himself hinted that the awarding of the 2006 World Cup organization to Germany may have been influenced by bribery ([www.spiegel.de](http://www.spiegel.de)).

December 2015: Both Blatter and Platini are suspended from soccer for eight years on account of their corrupt activities.<sup>3</sup>

The above limited timeline shows a selected set of events since 2010. It appears that what has been taking place has been rather methodical and purposeful. They cannot be explained away by using excuses such as “lack of attention”, “subordinate responsibility” or “error in judgment”. The question then is what transitioned the governing organization of this globally popular sport to that which we now have, a corrupt network of sub-networks as well as individuals.

#### **IV. ECONOMICS OF CORRUPTION: DETERMINANTS AND OUTCOMES**

Economists and political scientists have studied corruption for many years.<sup>4</sup> Findings suggest that corruption is associated with lower growth and investment (Mauro, 1995), less foreign direct investment (Wei, 2000; Habib and Zurawicki, 2002), lower expenditures on education (Mauro, 1998) and higher income inequality and rates of poverty (Gupta et al. 2002). Because corruption is illegal and resources must be expended to avoid detection, corrupt officials may ‘choose goods whose exact value is difficult to monitor’ (Mauro, 1998, p. 264). Tanzi and Davoodi (1997)

suggest that corruption provides incentives for politicians to push public expenditures in directions in which it is easier to collect bribes, biasing government spending toward large, high-cost construction projects and away from infrastructure maintenance spending and low-cost projects with potentially larger social payoffs (e.g., education and health).

On the other side of the equation, many variables have also been offered as potential determinants of corruption. For a review of the most robust findings in the literature, see, e.g., Treisman (2000) and Serra (2006). Both of these studies perform sensitivity analyses on the determinants of corruption. Serra (2006) finds that corruption is determined to be lower in rich countries, in mature democracies, in countries with British colonial origins, and in Protestant countries. Corruption is higher in the presence of political instability. Treisman (2000) comes to a similar conclusion, but argues that federalism and less openness to international trade are associated with more corruption, both findings that Serra fails to confirm.

One possible reason Serra failed to confirm the same statistically significant effect for federalism is that Fisman and Gatti (2002) find that decentralization is associated with less corruption, not more. Although federalism and decentralization are not completely identical, there are many similarities and we may expect similar economic effects. Complicating matters further, centralization has also been offered as a potential channel for reducing corruption. Olken (2006) performs field research and finds that the most effective way to reduce corruption in rural Indonesian villages is to increase accountability by auditing all government reports. He argues that grassroots development projects did little to reduce corruption.

Research on corruption has discussed many other possible determinants of corruption. Shleifer and Vishny (1993) argue that weak governments have persistently high levels of corruption because there is no top-down control over agencies. Moreover, because corruption is very secretive, it is costly to detect. Ades and Di Tella (1999) argue that a lack of competition and natural resources foster corruption and cite Nigeria as an example of a corrupt connection with oil profits. Persson and Tabellini (2005) analyze the role constitutions play in determining corruption and other important outcome variables. While their theory argues that presidential democracies face less corruption than parliamentary forms of democracy, the empirical evidence is not as strong. They do, however, find more evidence to support their theory when focusing on healthy democracies. Rothstein and Uslander (2005) argue that social trust is associated with lower levels of corruption. Based on the same idea of trust, Dollar et al. (2001) argue that, because women are generally more trustworthy, a larger female representation in government should be associated with lower levels of corruption. Similar findings are presented by Swamy et al. (2001). Brunetti and Weder (2003) argue that countries with more freedom of the press have less corruption. Frechette (2006) criticizes the existing empirical work on corruption for failing to take account of the possibility that corruption and some economic variables (i.e., national income) are determined simultaneously. Applying an instrumental-variables technique to the problem, Frechette finds that corruption and GDP are positively related and that rents foster corruption, *ceteris paribus*.

Natural disasters are also found to be important predictors of corruption. Leeson and Sobel (2007) argue that natural disasters such as hurricanes, tornados, and earthquakes create opportunities for corruption. After these disasters, federal funds are granted to the affected area,

and recent research suggests that the politicians in power engage in corrupt activities due to the surplus of funds. This is perhaps one potential reason for the high level of corrupt activity in Louisiana and Mississippi, which rank number 1 and 2 in corrupt convictions per capita in the U.S. (538, 2015).

Karahan et al. (2006) and Lacombe et al. (2015) explain how opportunities for corruption increase the returns to holding public office. In Mississippi, counties were governed under two systems: a “beat” system and a “unit” system. The beat system is a decentralized decision making system of government where supervisors choose whether to increase expenditures and they choose how to allocate government resources. In contrast, the unit system is a centralized system where supervisors serve mostly as guides on policy and there is a separation of powers at the local level of government. Voter turnout numbers clearly show that corruption provides extra motivation for supervisors to increase their vote-mobilizing efforts. In this setting, beat system supervisors very likely had strong incentives to keep the system that would deliver to them higher returns. Similarly, Persson et al. (2003) argue that accountability in voting is associated with less corruption and provide some evidence that a regime change from proportional to majoritarian representation has a small negative effect on corruption.

This should sound familiar to those familiar with the FIFA organization. FIFA executives operate in a role consistent with the beat system in Mississippi. They have the ability to choose whether and how resources are allocated. FIFA executives accept bids for World Cup sites and are routinely criticized for demanding bribes in exchange for consideration of bidders’ home

countries. One potential improvement is to reduce the power of the FIFA executives and allow for the supervisors to engage in merely advisory roles. Of course, that is easier said than done.

Recently, Holcombe and Boudreaux (2015) have discussed a public choice analysis of regulation and corruption. They argue that excessive regulations naturally invite more corruption and that the redistributive policies of government are unrelated to corruption. However, this analysis does not apply to FIFA. They are both highly corrupt and hardly regulated. Therefore, one possibility is that organizations at both ends of the regulation spectrum have the capacity for enormous graft.

Becker and Stigler (1974) argue that one reason there is corruption in the public sector is due to the relatively low wages compared to the private sector. Their argument is that government officials should be paid more than their private sector counterparts. This creates an incentive to desire the government job. More importantly, it creates an incentive to behave appropriately to keep the government job. However, this also does not apply to FIFA, since FIFA executives were paid over \$88.6 million in 2014, \$40 million of which was allocated to "key management personnel" (Pielke, 2015).

It is important to note that corruption is not only a problem because it misallocates resources, but it also distorts the allocation of resources. Bertrand et al. (2007) conduct an experiment in India and provide bonuses to recipients if the driver's license was obtained quickly. Driver's licenses were indeed obtained quickly, often by bribing agents involved in the process.

Critics of corruption research are sometimes quick to point out that legal enforcement of corruption may be easier said than done because societies plagued with corruption will not consider the importance of mitigating corruption. For instance, persons in corrupt countries may perceive bribes as just another part of conducting business. In other words, it may be possible that corruption is reducing legal enforcement rather than the legal system mitigating corruption. Fortunately, Fisman and Miguel (2007) provide optimistic evidence that corruption can be effectively combated through legal enforcement. They study UN diplomats in Manhattan and recognize a strong correlation between unpaid parking tickets and the corruption level of the diplomats' home countries. However, after 2002, diplomats were no longer allowed to ignore parking tickets, and the illegal parking activities of these diplomats were reduced substantially.

Escaleras, Anbarci, and Register (2007) find disastrous effects of corruption—due to earthquakes. They study 344 earthquakes occurring between 1975 and 2003 and find that more corruption leads to more earthquake related deaths. This is attributed to the link between corruption and substandard construction of housing and public infrastructure that ultimately fails in earthquakes. Similarly, Anbarci, Escaleras, and Register (2006) find that corruption is positively associated with traffic-related fatalities in developing countries. They argue that police stop motorists at random and extort drivers for bribes. Under this scenario, where police stop drivers at random, motorists have a smaller incentive to obey traffic regulations, since they may be fined even if no traffic laws were broken. Ng (2006) provides evidence that corruption is associated with higher firm borrowing costs, lower stock valuation, and worse corporate governance. Moreover, recent studies have expressed concern over the impact of corruption—due to betting—on soccer. It is argued that corruption in betting leads to more cynicism by

consumers and sponsors, which affects the profitability of the sport (Forrest, 2012). Svensson (2005) summarizes the problem of corruption. During an interview of a CEO of a successful Thai manufacturing company, the CEO proclaimed that he wished to be reborn as a customs agent. When a CEO wishes to be a customs agent, we know there is a problem. Unfortunately, the same might be said about FIFA executives, where opportunities for procuring kickbacks are very high. The story up until now has been to describe corruption, particularly as it pertains to FIFA.

#### **V. DISCUSSION: WHAT, IF ANY, CAN BE DONE?**

Two important questions need to be asked: (i) can these findings above be applied to FIFA executives? And (ii) what else (if anything) can be done? In addressing the first question, one potential recommendation would be to appoint FIFA executives who were raised in low corruption countries because research has shown that corruption is, at least in part, a learned behavior (Barr and Serra, 2009). Another recommendation would be to hire more women, which research suggests are less corrupt on average (Dollar et al., 2001; Swamy et al. 2001). In addressing the second question, what else can be done, we can look to similar historical experiences. Fortunately, the closest analogue to FIFA, the Olympics, has traveled the same path, and we can consider similar strategies. The Olympic corruption scandal in 1998 serves as precedent for future possible avenues. The International Olympic Committee (IOC) received criticisms after corruption allegations were charged against it. It involved university scholarships provided by the Salt Lake Organizing Committee which sought to bring the 2002 winter games to Salt Lake City. Other allegations followed with Nagano and Sydney facing allegations of bribery in the bidding process. Sources suggest that as many as 7% of IOC members had taken

bribes from potential host cities (Pielke, 2013; Mallon, 2000; Chappelet, 2011; and Pound, 2011).

While the IOC is not directly accountable to the United States, it is subject to international demands. In April 1999, Congressman Henry Waxman introduced legislation under the US Foreign Corrupt Practices Act, which made it illegal for US corporations to contribute to the IOC unless reforms recommended by the Mitchell Commission were completed. This legislative bill imposed a serious threat to the IOC since US corporations comprise a substantial amount of the IOC's operating revenues (Pielke, 2013).

Mason, Thibault, and Misener (2006) suggest that incorporating corporate sponsors and other stakeholders into the IOC may help reduce corruption in the Olympics. In effect, their argument is that these stakeholders oversee the actions of the IOC, in order to punish corrupt activities. Perhaps a similar construction can be utilized for FIFA. Delegating the management of FIFA executives to an outside board of stakeholders would be expected to reduce corrupt activities—if the stakeholders are hurt by corruption. However, nothing forces FIFA to transfer power to external stakeholders.

A number of studies have stated that increasing female participation in governance may reduce corruption (see Dollar 2001, Swamy et al. 2001, etc.), but a recent study finds that the relationship between corruption and gender is not so clear-cut. It may depend on many institutional, cultural, and historical contexts (Esarey and Chirillo, 2013). Of course, regardless of any presumed relationship between gender and corruption, FIFA may need a change of

attitude toward women in general. Making women's soccer more attractive must not be determined by the "tightness" of their shorts ([bbc.com](http://bbc.com)). Indeed, there has been a recent call for more female governance in FIFA, but as recent research shows, female participation needs to be incorporated throughout the entire structure (Noland, Moran, and Kotschwar, 2016).

Ultimately, however, the question is how to monitor the behavior of the monitor(s) themselves. Even though we do not wish to take lightly FIFA's Ethics Committee decision on December 21, 2015 to ban Sepp Blatter (and Michel Platini) from football for a long time, one wonders if this would have been possible without the extra pressure applied by the U.S. Department of Justice. After all, it was the same FIFA that elected Sepp Blatter to a new four-year term on May 29, 2015 right in the middle of new corruption allegations ([theguardian.com](http://theguardian.com)). This brings us to the discussion of whether another layer of governance may help at all. In other words, is there any guarantee that a highly empowered and independent Ethics Committee or another "upper" layer of some "independent" board is the answer? Works of Alchian and Demsetz (1972), Basu, Bhattacharya, and Mishra (1992), and recently, Rahman (2012) have tried to address the questions concerning the behavior of the monitors in preventing and/or limiting ill-behavior. Moreover, in his comprehensive analysis, Pieth (2011) suggested a number of ways to improve FIFA's corporate governance. Allegations that a member of FIFA's Ethics Committee received bribes from a member of Executive Committee to secure the 2022 World Cup and that Platini was made a "disloyal" payment so as to not challenge Blatter clearly indicate that, in the absence of "enforcement" of legal and financial accountability, the current system of FIFA governance does not guarantee reduced amount of corrupt behavior inasmuch as the same incentives to go corrupt will still exist for a layered governance structure. In order to eliminate corruption, anti-

corruption enforcement must be credible and potential penalties must be strong enough to sufficiently solve the problem.

## **VI. CONCLUDING REMARKS**

In May 2015, the U.S. did bring forth allegations against FIFA. It is interesting to note the wording in Pielke (2013): “It might be difficult to imagine a US member of Congress getting too excited about corruption in FIFA or even CONCACAF (Confederation of North, Central American, and Caribbean Association Football), given the relatively low stature of soccer in the United States.” However, we must be cognizant of the fact that football is not a “world series” played in a single country. A Pew research shows that more than 3 billion people watched some amount of the games during the 2014 World Cup. About 95 million people (about 31 percent of the population) in the US watched it (pew.org). The population dynamics in the US will likely increase these numbers a lot more in the future. There is little evidence out there that any “negativity” will make us turn away from the game we dearly love. And, it is this reality that creates problems for policy makers in terms of addressing the issues that persist.

FIFA corruption is important as it is simply not just about the ill- or illegal behavior at the organization level. As a metaphorical Turkish proverb succinctly states, “the fish starts rotting from the head down.” It is the culture of corruption that seems to be trickling down to the smallest and sometimes unrelated components with sometimes strange feedback effects. FIFA corruption at the highest level, corruption at its lower constituent parts (i.e., UEFA, CONCACAF, etc.), at the national federations, on the pitch are well documented. Combining

this with the opportunity cost of the “infrastructure” spending, “we are talking real rents to extract.” And, thus, we must not expect malfeasance to disappear overnight.

Future scholars may wish to examine the role that women play in governance and apply the analysis to FIFA. Recently, Billie Jean King, an American former World No. 1 professional tennis player, has asked FIFA's new president, Gianni Infantino, to hire more women for senior jobs. Specifically, she suggested three steps: Hire at least one third of female managers, appoint a CEO-like secretary general with a proven track record of support for gender equality, and appoint staff to create a commercial strategy for women's football (ESPNFC, 2016). Whether or not having more women in FIFA will improve the culture of corruption is yet to be seen but will surely be a topic of interest moving forward.

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<sup>1</sup> Corruption is defined as the use/abuse of public office for private gain (Treisman, 2000; Jain, 2001). Fraud, money laundering, drug trades, black market operations, and other illegal acts are not considered corruption because they do not involve the use of public power. However, these activities can rarely persist without the involvement of public officials and the widespread use of corruption (Jain, 2001).

<sup>2</sup> This section draws heavily from the [www.mirror.co.uk](http://www.mirror.co.uk) site. Full web link is provided in the reference section.

<sup>3</sup> FIFA's Appeals Committee on February 24, 2016 announced that the eight year sentences for Platini and Blatter were reduced to six years each. The Committee stated that "Mr. Platini's and Mr. Blatter's activities and the services they had rendered to FIFA, UEFA and football in general over the years should deserve appropriate recognition as a mitigating factor (emphasis added) (fifa.com)-B

<sup>4</sup> The literature on corruption is enormous and far too much to be discussed in this paper. For other reviews of the corruption literature, see, e.g. Bardhan (1997), Jain (2001), Aidt (2003), Svensson (2005), Treisman (2007), and Rose-Ackerman (2013). In addition, Treisman (2000) and Serra (2006) provide sensitivity analyses of the determinants of corruption.