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## Sepp Blatter: Wielding Power Through FIFA

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As is shown by the below exchange between two journalists speaking on Swiss public radio, suspicions of corruption within the Fédération Internationale de Football Association (FIFA) were rife even before the “FIFagate” scandal broke at the end of May 2015.

*Christian Favre, journalist & radio news presenter: “To conclude, does Sepp Blatter, as we are often told, does he run his FIFA honestly or not?”*

*Joël Robert, journalist & head of the sports desk: “Well, you know, he runs it honestly because there have been legal proceedings, but Blatter and FIFA have never been caught out. There are still proceedings under way. I tell you*

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that Blatter will be re-elected very comfortably. He will keep going. He has been at FIFA for 30 years, president since '98, but, clearly, if a corruption or some other sort of scandal breaks, well, in that case, Blatter will fall from his throne. But, at the moment, he is solidly seated on that throne." (Radio Suisse Romande, *Forum*, 28 August 2014).

In fact, Sepp Blatter's term as FIFA president had been dogged by allegations of corruption, most of which Blatter had skilfully managed to contain or smother. As a result, FIFA during the "Blatter era" had been seen as a pioneering sport federation whose management principles and methods provided a "strategic model" for all Olympic organisations.

The following analyses draw heavily on research carried out for a sport science doctoral thesis entitled "*The modalities of governance in international non-profit organisations: the case of international sporting federations*" (Arcioni 2007), which examined three sport federations, including FIFA. This thesis used observations, internal and external FIFA documents (activity reports, financial reports, studies/surveys of football and FIFA), and interviews with senior managers, including Sepp Blatter (conducted between 2002 and 2006) to provide a qualitative analysis of FIFA's management methods. Additional and more recent data were obtained from an interview with Blatter, carried out on October 16, 2013 at FIFA's headquarters in Zurich; meetings with Nicolas Maingot, FIFA's Deputy Director of Communication and Public Affairs; press articles about Blatter's career and presidency; internal FIFA documents (activity reports, financial reports, etc.) provided by FIFA; and an scholarly review of FIFAgate and Blatter's fall (Bayle and Rayner 2016).

The present review of Blatter's career covers the period from 1975, when he first joined FIFA, to the eruption of the FIFAgate scandal in 2015. Our analysis is divided into three main sections covering Blatter's rise through the ranks of football administration, the management principles underlying what can be called the "Blatter system", and the events that led to FIFAgate and the collapse of this system. We conclude by examining the legacy Blatter has left for FIFA and for sport in general.

## Sepp Blatter's Career

Joseph S. Blatter was born on March 10, 1936 in Visp, a small town in the Valais canton of Switzerland. He completed his primary and secondary education at Catholic schools in Sion and St-Maurice before going on to study economics and business administration at the University of Lausanne. He was passionate about football from a very young age and played competitively from 1948 until 1971, ending his playing career in Switzerland's amateur football league. The hotel trade was another of his youthful interests, so he spent many of his holidays working in resorts such as Saas-Fee, Zermatt and Locarno, where he became fluent in French, English, Italian and Spanish, as well as his native German.

Although he had hoped to follow a career in journalism—he had joined the Association of Swiss Sports Journalists in 1956—when he graduated from university he accepted a position as head of public relations for the Valais tourist board. His first opportunity to work in sport came in 1964, when he was appointed general secretary of the Swiss Ice Hockey Federation, but by the early 1970s he had decided he wanted to go back to public relations. As a result, he moved to the private sector, joining the Swiss watch manufacturer Longines S.A. as Director of Sports Timing and Public Relations. It was this role that gave him his first experience of the workings of international sport, as Longines was the official timekeeper for the 1972 and 1976 Olympic Games.

Despite his busy professional life, Blatter continued to make time for football, first doing voluntary work organising referees for a local football club and then, from 1970 to 1975, serving as an executive with Swiss first division club Neuchâtel Xamax FC. In the summer of 1975 FIFA's president, João Havelange, asked Blatter to become the federation's new development director and the two men quickly became lifelong allies. Blatter, who had already seen the potential for creating new competitions and for using football as an educational tool, began setting a course that would lead to the creation of World Cups for Women (Senior, U-20 and U-17) and to the development of futsal, all of which have become very important parts of FIFA's activities.

Blatter gradually rose through the FIFA hierarchy, becoming secretary general in 1981 and chief executive officer (CEO) in 1990. Finally, in June 1998, he was elected president, a position he would hold until December 2015. Blatter's decision to stand for election as FIFA president, taken at the end of March 1998, was partly prompted by the encouragement he had received from national associations throughout the world, especially those outside Europe. He owed this support to a number of factors, including his charisma, his relations with national association executives and his thorough knowledge of all the issues facing FIFA. In addition, one of his election pledges was to redistribute FIFA's revenues more equitably, with each member-association being promised US\$1 million per quadrennial cycle. Redistributing FIFA's revenues in this way was intended to help national federations in developing countries, most notably in the southern hemisphere, implement their own and FIFA's development programmes, but it was also a way for Blatter to consolidate his power by gaining the support of poorer footballing nations. Blatter's popularity with the non-European member-associations also ensured him the backing of FIFA's outgoing president, João Havelange. Consequently, at FIFA's 51st Ordinary Congress in Paris, Blatter was elected to the most powerful position in international football, beating his rival Lennart Johansson by 111 votes to 80. Blatter's rise was unique in the world of sport federations, as never before had a major international federation elected a president from the ranks of its salaried staff. Previously, all sport federation presidents had been chosen from among the federation's board and on the basis of highly political criteria. A year later, on 20 June 1999, at the International Olympic Committee's (IOC) 109th Session in Seoul, Sepp Blatter, who was seen as one of the most talented and experienced leaders in international sport,<sup>1</sup> was co-opted as the IOC's 104th member. That same year Blatter was named as one of the IOC's representatives on the Foundation Board of the newly formed World Anti-Doping Agency (WADA).

Blatter had a wide-ranging vision of how football should develop and how FIFA could contribute to this development. Hence, he launched

<sup>1</sup>Source: Walter Gagg, FIFA's Director of Stadiums and Security, interviewed in 2005.

numerous projects that would consolidate and increase FIFA's influence and allow football to evolve in response to changes in both sport and society. An important part of his strategy was to increase women's involvement in all areas of football, from the pitch (players, managers, referees) to the boardroom (clubs, leagues, national associations). He also wanted to cultivate closer relations with FIFA's economic and political partners, and to enhance football's socio-cultural impact within local communities. He realised the importance of effectively communicating FIFA's message through all possible channels, including television, Internet and the new mobile media. In this respect, one of Blatter's first priorities after his election was to negotiate more advantageous television and marketing contracts for FIFA World Cups.

He also took a number of concrete measures to increase the audience for football. For example, he created several new FIFA competitions, including the Club World Cup (new format), Women's U-20 and U-17 World Cups, and the Beach Soccer World Cup. Another major project was to build a new headquarters for FIFA in Zurich, which would enable the federation to concentrate all its expanding operations in one building. The first stone for the building, on the newly renamed FIFA-Strasse (formerly Adolf-Jöhr-Weg), was laid on 14 May 2004 as part of the celebrations for FIFA's 100th anniversary. Designed to project a strong image of FIFA as one of the world's richest and most powerful sport federations, the new "Home of FIFA" was delivered two years later, on April 28, 2006.<sup>2</sup>

Thanks to the experience acquired across the different sectors of global football, FIFA's president appeared to have the foresight and know-how needed to overcome all the challenges facing football and modern sport, so it is perhaps unsurprising that he had his presidential mandate renewed three times, beating his opponents by very wide margins in 2002 and 2011 and being re-elected unopposed in 2007. During his long service as a FIFA executive he helped oversee the

<sup>2</sup>Official inauguration: 29 May 2007, on the eve of the 57 FIFA congress. Facts and figures: total cost—CHF240 million, size of the main building—length: 134 metres, width: 41 metres, height: 12 metres. For more details, go to <http://fr.fifa.com/aboutfifa/federation/insidefifa/news/newsid=528759.html#bienvenue+nouveau+home+fifa>.

staging of nine World Cups (Spain 1982, Mexico 1986, Italy 1990, USA 1994, France 1998, South Korea/Japan 2002,<sup>3</sup> Germany 2006, South Africa 2010 and Brazil 2014) and made numerous contributions to modifying the laws of the game, improving refereeing and developing football in general.

For Sepp Blatter, football is a school of life, the perfect team sport, as it combines “education, personality and a fighting spirit in mutual respect and discipline”.<sup>4</sup> Blatter believed in football as a way of promoting mutual understanding between peoples in a spirit of fair play. “Football for all and all for football” sums up his credo. He felt that “Football is a stage and a football show can attract the media like no other sport. It can inspire artists and create numerous jobs. However, football is first a synonym for passion and emotion. It can both kindle and move. It is the most popular game in the world, a popular topic of conversation”.<sup>5</sup> Football’s importance in the world of sport was clearly demonstrated at the opening ceremony for the 2014 Sochi Olympics, when Blatter stole the thunder of both IOC President Thomas Bach and Russian President Vladimir Putin simply by announcing that he would accept another term as FIFA president if asked to do so.

## The “Blatter System”

A succession of measures introduced during Blatter’s time at FIFA, first under João Havelange and then during his own presidency, profoundly changed the way FIFA was governed. These measures, many of which were taken in response to pressure from the media and FIFA’s stakeholders following scandals prior to FIFAgate, produced a system of governance that was more akin to the management structures adopted by multinationals than to the sport governance model laid out in the “IOC 2000” report. Hence, the way FIFA’s governance evolved

<sup>3</sup>South Korea and Japan entered a joint bid to stage the event after initially entering individual bids. By the time of the vote, there were no other candidates to host the event.

<sup>4</sup>Source: Sepp Blatter, interviewed on 16 October 2013 in Zurich.

<sup>5</sup>Source: <http://fr.fifa.com/aboutfifa/organisation/president/aboutpresident.html>.

is best understood in the light of theories of corporate governance. This evolution produced what we call the “Blatter system”, which included a number of innovative management principles and methods for the international sport sector.

## Framework for Studying FIFA’s Governance During the Blatter Era

The following analysis of how FIFA’s governance evolved during the Blatter era is based on the governance framework described by Perez (2003), which brought a new dimension to the analysis of organisational governance. Perez’s breakthrough was to consider governance at the systemic level (i.e., how an organisation’s governance responds to its external environment) as well as the organisational level (i.e., day-to-day management and internal procedures and safeguards). Table 12.1 shows the five levels of corporate governance described by Perez and the different dimensions of each level proposed by Arcioni.

Applied to FIFA, the first level of governance can be used to assess how well the federation is managed with respect to its financial strength and the efficacy of its management, etc. The four dimensions of the second level provide insight into the composition and strength of power within the federation, whereas the third level examines the internal controls FIFA has put in place to prevent abuses of this power. Level four covers FIFA’s relations with its stakeholders, both within and outside the Olympic/sports system, while the metagovernance level touches upon the issue of sustainable growth (societal dimension) and FIFA’s position within the wider social environment.

From his earliest days as FIFA’s development director, Blatter’s objective was to ensure FIFA continued to grow into one of the world’s largest and most powerful sport federations. The following paragraphs present the measures FIFA has taken, often at the instigation of Blatter, with respect to each level in Perez’s governance model and the impact these measures have had on FIFA’s development. The success of the resulting governance system can be attributed largely to the innovative management principles and methods Blatter introduced.

**Table 12.1** Perez's five levels of governance,<sup>a</sup> as revised by Arcioni<sup>b</sup>**Level 1****Management:** day-to-day management of the organisation's operations

Dimensions:

- Professionalism
- Independence of funding
- Management

**Level 2****Governance:** "management of management" by bodies within the organisation (statutes, board of directors, general assembly, etc.)

Dimensions:

- Identity
- Values
- Flexibility
- Configuration of internal power

**Level 3****Regulation:** "management of governance" by specific schemes (professional bodies, administrative authorities—dedicated authorities, judicial authorities)

Dimensions:

- Controls
- Communication
- Imputability

**Level 4****Harmonisation:** of regulation systems: "governance of governance" (ensuring the organisation is run in harmony with its immediate environment, e.g., within the overall sport system)

Dimensions:

- Stakeholder relations
- Reputation
- Judicial

**Level 5****Metagovernance:** the wider framework in which organisations carry out their actions, including the need to comply with international legislation

Dimensions:

- Metajudicial
- Social and economic
- Conservation and management of resources for development purposes
- Reinforcement of the main social groups
- Implementation means

<sup>a</sup>Perez, R. (2003). *La gouvernance de l'entreprise*. Paris: Ed. La Découverte<sup>b</sup>Arcioni, S. (2007). *The Governance Modes of International Non-Profit Organisations: The Case of 3 International Sporting Federations*. Doctoral thesis, Université Claude Bernard Lyon 1, France, and a report by Arcioni describing a governance assessment system based on 5 levels of governance and 18 dimensions/indicators that correlate with the IOC's "Universal Basic Principles of Good Governance of the Olympic and Sporting Movement"

## Managerial Policy Relative to Structuring and Development

### Level 1: Management

Level 1 in Perez's model of governance covers the operational tools on which FIFA's corporate governance is based. These tools include professionalism, funding, independence, management performance and disciplinary procedures.

In 1975 João Havelange recruited Sepp Blatter as FIFA's new development director with the remit of maximising football's economic potential in order to obtain the revenues needed to fund the sport's and the federation's future growth (see chapter on Havelange). The revenue generation policy Blatter introduced (Sugden and Tomlinson 1998), with support from Adidas chairman Horst Dassler, involved forming alliances between FIFA and major multinational companies such as Coca-Cola. As a result, subsequent World Cups have been sponsored by some of the world's largest brands, which pay considerable sums of money to display their logos within venues and benefit from the exposure provided by global TV coverage of the event. Blatter's new vision of sport as a vehicle for advertising grew out of his earlier experience in public relations for private-sector companies (Bourg and Goudet 2012). In addition, Blatter copyrighted FIFA's logo at the beginning of the 1980s, thereby allowing the federation to develop a very successful series of merchandising products.

Blatter's experience in marketing and the hotel industry also helped him create a close-knit network with marketing companies, multinationals, the media and sport organisations. Coca-Cola's sponsorship in 1976 (approx. US\$5 million) provided the finance he needed to fund his world development programme and create a new, bi-annual junior world championship, the first edition of which was held in Tunisia in 1977. This competition was later divided into two separate competitions for U-17s and U-20s, which attracted the electronics firm JVC as a new sponsor in 1987.

Blatter understood the importance of media coverage, especially television coverage, in leveraging new sponsorship contracts. From a television perspective, football is a "product" with numerous assets, as it guarantees

a spectacle within a set time frame and within a fixed field of play that is easy to cover by cameras. In addition, football appeals to sponsors because it offers “emotion” in the run up to the match, “passion” during the 90 minutes of play and “drama” during stoppage time. It can even become “tragedy” in the case of penalty shoot-outs. Blatter’s idea was to offer television channels and multinational companies true partnerships based on the emotion elicited by football,<sup>6</sup> rather than “classic” sponsorship deals in which the sponsor pays to place a brand name on a jersey or a hoarding, etc. This innovative approach enabled FIFA to attract several new sponsors,<sup>7</sup> including Fujifilm (1986), Philips (1986) and McDonald’s (1994).<sup>8</sup> Football’s continental confederations and the world’s largest clubs<sup>9</sup> soon began following FIFA’s lead, and thereby increased their popularity dramatically, year after year, both within and beyond their borders. Consequently, by the mid-1980s, the world of football was enjoying a dramatic rise in its revenues, as income from sponsorship, merchandising and, later, broadcasting rights replaced ticket sales as the main sources of income. This influx of wealth not only changed the management principles applied by sport organisations<sup>10</sup> and clubs,<sup>11</sup> it also revolutionised the staging of competitions,<sup>12</sup> as the easiest way to increase revenues from broadcasting rights, sponsorship and merchandising was simply to increase the number of competitions being played and the number of teams involved in these competitions. This approach also appealed to the media, as it gave them a larger supply of matches to cover.

<sup>6</sup>Sudgen J. (2002), “Network football”, in Sudgen J., Tomlinson A. (dir.), *Power games. A critical sociology of sport*, London, New York: Routledge, 61–80.

<sup>7</sup>Michael L. Silk, David L. Andrews, C. L. Cole (2005). *Sport and Corporate Nationalism*. New York, USA: Berg.

<sup>8</sup>Herren A. (1994), *90ème anniversaire de la FIFA. 20 ans de présidence Joao Havelange: commemorative book*, op. cit., p. 87.

<sup>9</sup>Partnership between Manchester United and Vodaphone in 2000. See: Hamil S. (2008), “Manchester United: the commercial development of a global football brand”, in Chadwick S., Arthur D., *International cases in the business of sport*, Amsterdam: Elsevier, 2008, pp. 114–134.

<sup>10</sup>Bayle E., Chantelat P. (2013), *La gouvernance des organisations sportives*, Paris: Ed. L’Harmattan.

<sup>11</sup>Pierpoint B. (2000), “Heads above water: business strategies for a new football economy”, *Soccer & Society*, vol. 1, n° 1, pp. 29–38.

<sup>12</sup>Holt M. (2007), “Global success in sport: the effective marketing and branding of the UEFA Champions League”, *International Journal of Sport Marketing & Sponsorship*, pp. 51–61.

In 1993 Blatter began to address the issue of what he considered to be the “bad” contract FIFA had signed with the European Broadcasting Union (EBU), which was worth just CHF11 million (US\$11.5 million) to FIFA in 1982, increasing to around CHF50 million (US\$52 million) in 1998.<sup>13</sup> In 2002 he finally concluded a new contract under which a single source broadcaster paid CHF500 million (US\$521 million) for all the TV and broadcasting rights to the (men’s) World Cup. The new deal was made possible by the liberalisation of the rules governing television advertising (before, most countries banned television channels from showing advertising hoardings in stadiums) and the growth of private television channels. Blatter’s efforts were helped by Horst Dassler, who had set up a specialist sport event marketing company called ISL. Like Blatter, Dassler had quickly realised that television channels would be prepared to spend large sums of money in order to cash in on the rapidly increasing popularity of sport, especially when it came to the largest events, such as the FIFA World Cup and Summer Olympic Games. However, FIFA’s close relations with ISL would lead to one of the first scandals of Blatter’s presidency when bankruptcy proceedings against ISL revealed evidence of widespread corruption. ISL’s demise also led FIFA to take responsibility for negotiating its own broadcasting rights contracts (Table 12.2).

Revenues from TV rights and sponsorship, which amounted to almost US\$4 billion between 2011–2014, were key financial tools for developing football. Moreover, FIFA’s excellent financial health (see Table 12.3) enabled the federation to respond to the growth in its operations by increasing its administrative staff from 73 in 1998 to over 400 at the end of 2013. However, by 2002 Blatter was becoming concerned about FIFA’s image and the need to demonstrate transparency and “good governance”. As a result, he promoted Urs Linsi, an expert in banking governance and transparency, from his position as FIFA finance director to the post of secretary general.

Although football originated in England, it has established roots around the globe and has become one of the world’s most widely played

<sup>13</sup>Eisenberg C., Mason T., Lanfranchi P., Wahl A. (2004), *La FIFA, 1904–2004. Le siècle du football*, op. cit., p. 248.

**Table 12.2** Growth in revenues from TV rights and sponsorship from 1974 to 2014

Time period <sup>a</sup>	1974–1977	1978–1981	1990–1993	1994–1997	2011–2014
TV rights/ year in US\$ millions					2200
Marketing in US\$ millions	1.3	6	27	26	1600
Number of broadcast hours worldwide during a World Cup year		9926	14,693 (1990)	25,408 (1998)	73,042 (2006)

<sup>a</sup>Key dates in Blatter's career at FIFA: 1975, appointed FIFA development director; 1981, became secretary general; 1990, named executive director (CEO); 1998, elected FIFA president

**Table 12.3** FIFA's financial results from 1974 to 2014 (Source FIFA Management Report 2012)

	1974–1977	1978–1981	1990–1993	1994–1997	2011–2014
FIFA's turnover in US\$ millions	5.6	12.2	65.7	98.5	3800
Financial results in US\$ thousands	–742	13	1545	–2100	200,000

sports. What is more, its appeal extends across the entire social spectrum. Despite the ways in which football has changed over the years, a number of characteristics have remained relatively constant, including the game's ability to attract large crowds and to polarise feelings between fans of rival clubs or national teams (Table 12.4).

Similarly, the 400 staff that make up FIFA's administration come from 40 different nationalities and a wide range of social backgrounds (Table 12.5).

In 2003 Blatter hired Jérôme Valcke as Marketing Director. Valcke had started his career at French TV channel Canal + before becoming CEO of Sport + and Sportfive. He used his experience and relationships within the business world to sign a number of lucrative partnership

**Table 12.4** Growth in global football during the Blatter era

Key dates in the Blatter era	1975	1981	1990	1998	2013
Number of national football federations	142	150	166	198	209
Number of clubs (thousands)	103	149		305	301
Number of international competitions	2	3	4	9	16
Number of registered players (millions)	11.6	27.1		31	38.3
Number of professional players (thousands)	42	53		125	110

**Table 12.5** Changes in FIFA's administration during the Blatter era

Key dates in the Blatter era	1975	1981	1990	1998	2013
Number of members on the Executive Committee	22	22	22	24	27
Number of women on the Executive Committee	0	0	0	0	3
Number of staff at FIFA's headquarters	13	20	35	73	400
Number of women (salaried) at FIFA's headquarters	4	8	14	32	157

contracts for FIFA before being "released" from his post over the underhand negotiating methods he used to try and sign a deal with Visa. Despite this scandal, Blatter appointed him secretary general in 2007—a clear sign that Blatter's main objective was to maximise FIFA's financial and managerial performance.

Blatter's approach to developing women's football was to attract sponsors with product ranges aimed specifically at women, such as Johnson and Johnson.<sup>14</sup> He also campaigned for increased media coverage of women's football at the Olympic Games. Women's football is currently experiencing a period of unprecedented growth, partly due to the sums FIFA is spending on developing this area of the game, either directly (e.g., in addition to funding for competitions, in 2012 US\$3,195,000 was allocated to developing women's football), or via the Financial Assistance Programme, which allocates 15% of its budget (US\$37,500 per association, per year) to women's football.

<sup>14</sup>Johnson & Johnson is an American pharmaceuticals company that was created in 1886. It produces pharmaceutical and medical goods, care products and cosmetics, and provides related services to consumers and health professionals.

## Level 2: Governance

Analysing the second level of governance provides insight into an organisation's identity, values, ability to adapt and develop, and power configuration (sovereignty, role, composition and renewal of the Board of Directors, composition of commissions and ad hoc committees, status and function of the president and/or general manager). In the case of FIFA, strategy is decided by the Executive Committee (executive body), guided by the recommendations of 22 standing committees, and implemented by the General Secretariat (administrative body). Decisions on a number of key issues, laid down in FIFA's statutes, have to be referred to the FIFA Congress (legislative body) for approval.

One of the Congress's most important functions is to elect FIFA's president. Vice-presidents are elected by the continental confederations. Because the president is also president of the Executive Committee, the person occupying this position has both executive and operational powers, although he<sup>15</sup> must abide by the Congress's decisions. The Executive Committee, which meets four times a year, consists of 23 people nominated by the continental confederations plus FIFA's president. As a first move towards gender equality, three women were appointed to the Executive Committee in 2013, although only one of these women has voting rights. The president must inform the Executive Committee about all important matters and decisions.<sup>16</sup> This committee (or, in some cases, the Emergency Committee<sup>17</sup>) takes decisions relating to international issues and the ratification of recommendations made by the standing committees. The Executive Committee is also responsible for appointing the secretary general.

The General Secretariat is divided into separate divisions responsible for areas such as development, competitions, football administration, finance, business, personnel services and communication. Directors for these divisions, which employ a total of around 400 staff at FIFA's

<sup>15</sup>FIFA may have a woman president one day, but that day still appears very remote.

<sup>16</sup>Sepp Blatter, FIFA President.

<sup>17</sup>The Emergency Committee deals with all business requiring settlement between two sessions of the Executive Committee. It is composed of FIFA's President and representatives from each confederation, chosen among the members of the Executive Committee, who are appointed by the Executive Committee for four years (<http://fr.fifa.com/aboutfifa/organisation/bodies/excoan-demergency/committee=1882020.html>).

Zurich headquarters, are appointed by the President and the secretary general. The secretary general is also responsible for finance, relationships with member associations, and the staging of FIFA competitions, including the World Cup.

Despite this seeming separation of strategic and operational powers between the Executive Committee and secretariat, there is a degree of overlap between these two bodies. Hence, Blatter's system of governance is presided by a CEO, as in the corporate world.

FIFA currently has 209 member-associations, each of which has one vote within the Congress. Because only 54 of these member associations are in Europe (and therefore members of UEFA<sup>18</sup>), FIFA's president must maintain good relations with national federations outside Europe in order to hold onto and exercise his power.<sup>19</sup>

## Level 3: Regulation

The third level of governance covers the internal controls and transparency mechanisms an organisation puts in place to prevent abuses of power, as well as measures to ensure the imputability of managers. In response to a series of scandals that emerged during the 2000s, FIFA introduced a number of new commissions to oversee its operations, beginning with the financial control mechanism introduced in 2002 after ISL went bankrupt.<sup>20</sup>

<sup>18</sup>UEFA's power, especially its financial power, is considerable. It distributes €600,000 (US\$713,000) to each of its member associations every year, considerably more than the CHF250,000 (US\$260,000) distributed by FIFA. Moreover, contracts with TIM (formerly ISL) for TV rights to UEFA matches are worth more than CHF1.4 billion (US\$1.5 billion).

<sup>19</sup>National football associations in southern hemisphere countries account for more than two-thirds of the votes at FIFA Congresses.

<sup>20</sup>ISL was created in 1983 by Horst Dassler in an attempt to monopolise the lucrative and rapidly expanding market in television rights for major sport events. After very profitable beginnings, ISL became increasingly greedy and started making some very risky investments, paying excessively high prices for a number of events, including US\$1.2 billion to cover nine major tennis tournaments for ten years. It also invested in Brazilian and Chinese football and CART racing in the United States. Finally, ISL, in conjunction with Leo Kirch, paid almost US\$750 million for rights to the 2002 and 2006 Football World Cups. However, the 2002 event, held in South Korea and Japan, proved hard to sell to American and European networks due to match scheduling issues and the high cost. The debts incurred by these poor investments led to ISL being declared bankrupt by a Swiss court in 2001. Part of the group was bought by one of ISL's main competitors, the Leo Kirch group.

Another scandal arose in 2011, when Qatar was chosen to host the 2022 World Cup. Blatter's response was to set up an Independent Commission for Governance and four working groups to address the issues raised. FIFA also announced it was drawing up a road map for governance reform, including proposals for changes to FIFA's Statutes. The recommendations produced by these various commissions and task forces, which were presented to the FIFA Congress in 2013, resulted in numerous reforms to FIFA's oversight mechanisms and the introduction of measures to make the federation's decision-making processes more transparent:

- Restructuring of the Ethics Committee into a two-chamber system with independent investigatory and adjudicatory chambers, each with its own president and vice-president;
- Extension of the Audit Committee's powers to create an Audit and Compliance Committee with an independent president and vice-president;
- Adoption of a new Code of Ethics and a new code of Good Behaviour;
- Appointment of three women (one by election, two by co-optation) to FIFA's Executive Committee;
- Selection by the Executive Committee of no more than three bids to host the FIFA World Cup finals before a final choice is made by the Congress, which can only award one edition of the World Cup at each session;
- Introduction of a vetting procedure for all candidates standing for election or re-election to the positions of president and vice-president, and for prospective members of the Executive Committee, Audit and Compliance Committee or Ethics Committee, including their presidents and vice-presidents;
- Introduction of a sponsor system for candidates for FIFA's presidency in which each candidate must be supported by at least five member-associations and have played an active role in his/her football association during the two to five years before presenting his/her candidacy.
- Improved representation for football's main stakeholders;
- Redrafting of FIFA's Statutes in order to more precisely define FIFA's commitment to ethics and the fight against discrimination;

- Removal of the right of the four British football associations to elect a FIFA vice-president. This vice-president is now nominated by UEFA;
- International Football Association Board (IFAB) to undertake its own reform.

In order to ensure these reforms were implemented fully and correctly, FIFA contracted the internationally respected auditors KPMG to carry out external audits.

#### Level 4: Harmonisation

Level 4 in Perez's governance model examines an organisation's relationships with its immediate external stakeholders. In the case of FIFA, these stakeholders are the sport movement, including the Olympic system, FIFA's commercial partners and sponsors, and the general public. The most important aspect of these relationships is to ensure a large degree of harmony between an organisation's practices and the expectations or requirements of its stakeholders. For example, in line with the IOC's rules on recognising new national Olympic committees, FIFA will only recognise new member-associations if they are the exclusive body representing football for an entire country, defined as an independent state recognised by the international community. In addition, a national association can only become a member of FIFA if it is already a member of the relevant continental confederation. In another example of harmonisation between the interests of FIFA and the IOC, when the IOC dropped its amateurism requirement for athletes taking part in the Olympics, FIFA agreed to allow professional footballers to take part in the Olympics. However, in order to protect the specificity of the FIFA World Cup, the IOC imposed limits on the number of professional players over the age of 23 that each team could field.

Although FIFA has its own Ethics Committee and Code of Ethics, adapted to the world of football, it recognises the authority of two of the most important bodies in modern sport, the Court of Arbitration for Sport (CAS) and the WADA, which Blatter

helped create in 1999.<sup>21</sup> Nevertheless, any footballing disputes have to be referred to FIFA's own arbitrational bodies (Discipline Committee, Ethics Committee, Players' Status Committee, Dispute Resolution Chamber and Board of Appeal) before being taken to the CAS<sup>22</sup> and Blatter came to an agreement with WADA president Dick Pound and IOC president Jacques Rogge that FIFA should have the right to decide individual sanctions in doping cases, rather than applying automatic minimum penalties.<sup>23</sup>

### Level 5: Metagovernance

The fifth level of governance concerns the wider framework in which organisations carry out their actions. Since Blatter arrived at FIFA, the federation's objective has been to grow football worldwide while using the game as a tool for social development. In this respect, FIFA's continued financial success has enabled it to carry out a wide range of programmes with societal as well as sporting goals, such as its Goal programme to develop football infrastructure, the Financial Assistance Programme for member-associations and continental confederations, and the Performance Programme to help professionalize the management of member-associations.<sup>24</sup> A total budget of around US\$800 million was allocated to these programmes for the period 2011–2014. In addition, FIFA has run numerous training courses for sports instructors and sports educators, especially in the southern hemisphere. Beach soccer and futsal are two relatively recent products FIFA has used to develop football by promoting different ways of playing and enjoying the game. Other elements of FIFA's strategy to increase interest in

<sup>21</sup>FIFA has not ratified WADA's founding treaty; rather it reached an agreement with WADA, in 2004 in Paris, that included FIFA's right to decide what sanctions to impose on players. Source: Marco Villiger.

<sup>22</sup>FIFA recognised the CAS in 2003 in Doha. Source: Marco Villiger.

<sup>23</sup>Following the arrival of the new WADA President, Jean-François Lamour, Sepp Blatter became a member of WADA.

<sup>24</sup>FIFA (2004). *FIFA's global report on the development of football*, Zurich: FIFA. No 1 and FIFA (2006). *Activity report 2006 presented at the 56 FIFA Congress in Munich in 2006*. Zurich: FIFA.

playing and watching football include "research and technical assistance" programmes, developing female football, sponsoring research into football medicine, and a social responsibility programme, launched in conjunction with the United Nations and NGOs.

FIFA's buoyant income from television rights, which covers more than 57% of the federation's budget,<sup>25</sup> means that the federation's finances are assured for the foreseeable future and that it does not have to rely on funding from the Olympic revenues redistributed by the IOC. For example, FIFA earned US\$2.4 billion<sup>26</sup> from the 2010 World Cup, alone. Consequently, FIFA is able to provide financial support for a wide range of football development projects as part of its growth and solidarity programme. In fact, the steady increase in FIFA's annual turnover during the Blatter era has enabled the federation to redistribute ever-larger sums to the continental confederations, member-associations and development projects (Table 12.6).

### Innovative Management Principles and Methods

Although much of FIFA's transformation over the four decades between 1975 and 2015 can be ascribed to Blatter's work during his terms as development director, director general and president, much of the credit must also go to his predecessor as president, João Havelange (president from 1974 to 1998). In fact, one of Havelange's first actions after he came to power at FIFA was to appoint Blatter to help him develop and implement his vision for the federation. Hence, Havelange, an international lawyer by training, triggered the process and Blatter, with his background in economics, public relations and club and federation management, implemented it.

Together, these two men seized the opportunities presented by an evolving sporting and social environment, and turned FIFA into one of

<sup>25</sup>IOC (2004). *Report on the 117 IOC Congress*, Athens, Lausanne: IOC.

<sup>26</sup>Source: FIFA financial report 2010: [http://www.fifa.com/mm/document/affederation/administration/01/39/20/45/web\\_fifa\\_fr2010\\_eng\[1\].pdf](http://www.fifa.com/mm/document/affederation/administration/01/39/20/45/web_fifa_fr2010_eng[1].pdf).

**Table 12.6** Increases in FIFA's turnover and in the sums redistributed to FIFA's members during the Blatter era (Source FIFA Management Report 2012)

	1974–1977	1978–1981	1990–1993	1994–1997	2011–2014
FIFA's turnover in US\$ millions	5.6	12.2	65.7	98.5	3800
Sums redistributed to the confederations in US\$ thousands	161	326 <sup>a</sup>	3200	4500	13,200
Sums redistributed to member-associations	93		18,000	14,000	66,800
Sums allocated to World Cup teams in US\$ millions					454
Sums allocated to projects and FIFA competitions in US\$ millions	0.6	1.2	12.4	24	1860
Sums allocated to football development in US\$ millions	1.4	2	21	18	800

<sup>a</sup>Continental confederations plus member-associations

the world's most prosperous sport organisations. This success was not, however, due uniquely to their ability to foresee the importance sport would come to have in modern society; it was also the result of their innovative approach to sport organisation development. For example, they realised the value of having a very powerful institutional image and a strong brand for its flagship competition, the World Cup. This enabled them to market football as a uniquely simple but captivating sport that can be played anywhere in the world. In addition, they developed football's appeal to sponsors by highlighting the emotions and passions aroused by the game. Just as importantly, they understood that ticketing to watch football could be expanded far beyond selling seats in a stadium and that television rights could be negotiated at the same rate as stadium ticket prices multiplied by the number of potential television viewers.

Expanding the audience for football, especially the television audience, allowed them to develop the idea of a business–sport–media partnership in which the product-spectacle became the source of financial profit for all the partners involved: FIFA, sponsors and television companies. Finally, the system they created also encompasses both new media, such as the Internet, and football's grass roots stakeholders, including players, fans and local administrators.

Blatter's strategy for growing FIFA and world football also involved forming partnerships with organisations such as UNICEF, in which football was used as a tool for development and education, especially among underprivileged sections of society and in emerging countries. These programmes were a double success for FIFA as not only did they increase the number of people playing football and audiences for football matches, they created a positive image for the federation around the world.<sup>27</sup>

As FIFA grew, it could no longer be run effectively by the amateur management system it had relied on until the 1970s. Blatter realised this as soon as he arrived at FIFA, so he quickly began reorganising the federation's management along more professional lines. As a result, FIFA is now run in a similar way to many commercial corporations. In addition, Blatter proved to be very skilful in managing difficult situations, especially when it came to answering allegations of misconduct within the press. Using his own approach to crisis management, based on knowledge, expertise, trust (in himself and in others), luck, instinct and spontaneity,<sup>28</sup> he was usually able to ensure any scandal fizzled out within a few days. His ability to emerge untainted from seemingly compromising situations was such that he continued to be showered with awards for his work at FIFA throughout his career. However, neither FIFA's professional management and commercial success, nor Blatter's crisis management skills would be enough to save the system he had created when the FIFAgate scandal broke.

<sup>27</sup>Source: Sepp Blatter, interviewed on 16 October 2013 at FIFA's Zurich headquarters.

<sup>28</sup>Source: Sepp Blatter, interviewed on 16 October 2013 at FIFA's Zurich headquarters.

## FIFAgate and the Fall of the Blatter System

### Masters of Crisis Management—How FIFA and Blatter Overcame Scandal

FIFA officials have been accused of corruption on innumerable occasions, often by investigative journalists, NGOs or whistleblowers from inside or close to FIFA. Such allegations became far more frequent during the final years of João Havelange's long presidency (1974 to 1998), and Sepp Blatter's reign was dogged by repeated accusations of wrongdoing by football's most senior executives. Nevertheless, until the FIFAgate scandal broke in 2015, Blatter always managed to isolate FIFA's accusers and quickly smother any scandal.

In recent years, FIFA has attracted the attentions of a small number of very tenacious journalists, most notably the best-selling English author David Yallop and the Scottish journalist Andrew Jennings, who had earlier exposed numerous instances of corruption within the IOC. Yallop set the ball rolling in 2002 with his book *How They Stole the Game*,<sup>i</sup> in which he suggested that Blatter was elected president of FIFA (by 111 votes to 80) partly thanks to votes bought from African representatives. These allegations were never proven and Blatter won a legal battle to prevent the book being published in Switzerland. In 2006 Jennings, working for the BBC's Panorama programme, investigated allegations of bribery in relation to the attribution of the World Cup. This was the first of a series of documentaries and books about corruption within FIFA<sup>ii</sup> in which Jennings willingly took on the role of public accuser. In 2010 journalists from *The Sunday Times*, a newspaper that had been in the front line of accusations of doping in cycling, published compromising recordings obtained by presenting themselves to FIFA officials as lobbyists for the USA's bid to host the World Cup. That same year, South African journalists associated with Jennings published a book<sup>iii</sup> lambasting FIFA for its predatory way of operating, accusing the federation of accumulating revenues and tax breaks while leaving all expenditure to the host country. Another scandal arose in 2013 over the attribution of the 2022 World Cup to Qatar, with both *France Football*, in January 2013, and *The Sunday Times*, in June 2014, publishing

allegations of corruption. *The Sunday Times*, for example, claimed that FIFA's Qatari vice-president, Mohamed Bin Hammam, had ensured the success of Qatar's World Cup bid by spending US\$5 million to buy votes, mostly from the presidents of 30 African federations. One of FIFA's most influential representatives, Jack Warner, was also implicated. Warner, a Trinidadian businessman, FIFA vice-president and president of the Confederation of North, Central American and Caribbean Association Football (CONCACAF), was accused of accepting US\$1.6 million from Bin Hammam. In April 2015 two *Sunday Times* journalists published *The Ugly Game*,<sup>iv</sup> a blistering account of how Qatar allegedly bought the votes of FIFA's Executive Committee.

FIFA has also been criticised by its own executives and managers, especially in the run up to or following presidential elections and Executive Committee votes to choose World Cup host countries. However, these internal squabbles have had no real impact on FIFA, even when they are picked up by the media. For example, in 2000 Germany was narrowly awarded the 2006 World Cup (by 12 votes to 11) ahead of South Africa, possibly thanks to the abstention of the Oceania Football Confederation's president, Charles Dempsey. One of the reasons Dempsey gave for his subsequent resignation from the Executive Committee was the pressure he had been put under not to vote for South Africa. In 2002 it was the turn of FIFA secretary general, Michel Zen-Ruffinen, to resign after noting in his report "abuses of power" and Blatter's "dictatorial" management. In May 2011 Mohamed Bin Hammam, Blatter's challenger for the FIFA presidency, was accused by CONCACAF's secretary general, Chuck Blazer, of attempting to buy votes by distributing envelopes containing US\$40,000 to the heads of Caribbean football associations, allegedly with the complicity of Jack Warner. Following, an internal enquiry FIFA suspended Warner, who then accused Blatter of making a donation of US\$1 million to his confederation. The accusation was quickly swept aside and Bin Hammam withdrew from the presidential election, making Blatter the only candidate.

In addition to these power battles between senior officials, other accusations have come from whistleblowers who have taken part in or witnessed illicit transactions. For example, in December 2014 a former employee of the Qatar bid confided to *France Football* that she had

witnessed bribes being paid by the Qatar delegation. These allegations were repeated in a documentary shown by German public television channel ARD on 4 May 2015, which named three African members of FIFA's Executive Committee who had been offered US\$1.5 million "encouragements" by the Qatar delegation. Nevertheless, FIFA took no action against either Qatar or the bribes' alleged recipients.

More seriously for FIFA, NGOs such as FATF (2009) and Transparency International (2011) have criticised the federation for some of its practices and its lack of transparency. Because these criticisms are made by independent and supposedly impartial bodies, FIFA has to be seen to respond.

However, despite this litany of accusations, until 2015 FIFA always managed to contain potential scandals before they endangered the federation's stability or its president's position. Where possible, FIFA would silence critics by threatening legal action against them or, in the case of FIFA staff, by pushing them to resign (Michel Zen-Ruffinen in 2002, marketing director Guido Tognoni in 2003). Critics from FIFA's member-associations could also be discredited by expelling them from FIFA or by taking disciplinary action against them. In these latter instances, the severity of any sanction would often depend on the political importance and power of the association in question. In other cases, FIFA was forced to show that it was treating the accusations seriously and taking measures to eradicate the problem. This usually involved expelling or disciplining the people in question, adopting a code of ethics or reforming the federation's rules. However, FIFA's crisis-management methods ensured that investigations into allegations always remained confidential, with only the resulting decisions being divulged. This was also the case for external audits, such as those carried out by KPMG, which failed to reveal any major irregularities in FIFA's accounts for 2007–2010.

Reforms introduced by FIFA in response to its critics' allegations include creating an Ethics Committee and Code of Ethics (2004, revised in 2006, 2009 and 2012) and setting up an independent governance committee (2011), which was to steer the "FIFA boat back into clear, transparent waters", as Blatter had promised to do during his presidential election campaign. FIFA adopted many of the

recommendations made by the committee's chairman,<sup>v</sup> Mark Pieth, a Swiss university professor and expert in governance, including dividing the Ethics Committee into investigatory and adjudicatory chambers, strengthening the Audit and Compliance Committee, introducing a code of conduct, appointing three women to the Executive Committee (one voting member and two observers) and attributing one World Cup at a time. These reforms helped improve FIFA's image but they did not address the issues of age limits and terms of office for the federation's president, conflicts of interest among FIFA's members and executives, or the federation's clannish and nepotistic culture (one of Blatter's nephews heads Infront, the company responsible for managing FIFA's TV rights). In fact, there is no incentive for the 34 people who run FIFA (24 members of the Executive Committee and 10 directors) to change a system that provides them with very lucrative "indemnities" (a total of US\$36.3 million in 2014<sup>vi</sup>). Nor was there any pressure for change from FIFA's confederations and member-associations, given that the federation's revenues are continuing to grow rapidly (FIFA earned US\$5.7 billion between 2011 and 2014, mostly from World Cup television rights, which have increased 20-fold since 1998, and sponsorship contracts). This income allowed FIFA to redistribute over US\$1 billion to its member-associations, ostensibly to finance development projects, although some of these funds appear to end up in the pockets of individuals who, in return, provide "packets of votes" for the president.

FIFA also benefitted from the benevolence of outside authorities, including political, judicial and sporting institutions, as is shown by the way the bankruptcy of ISL was handled by the Swiss courts. Although an investigation by Swiss magistrates into ISL's operations following the company's bankruptcy showed that ISL had paid out CHF160 million in bribes between 1989 and 2001, the case file was not made public until 2012.<sup>vii</sup> Furthermore, according to independent sport's ethics watchdog PlaytheGame, Joao Havelange and his son-in-law, Ricardo Teixeira, who was both president of the Brazilian Football Confederation (CBF) and a member of FIFA's Executive Committee, had received CHF41 million (US\$432 million), but Swiss magistrates refused to prosecute. Following the publication of these allegations, Teixeira left FIFA for "medical reasons" and a year later, in July 2013,

Havelange stepped down as honorary president of FIFA. Nevertheless, FIFA's new Ethics Committee cleared Blatter of any wrongdoing: "*President Blatter's conduct could not be classified in any way as misconduct with regard to any ethics rules... (even if it) may have been clumsy*".

This collusion between FIFA and the Swiss authorities is the result of a combination of legal and financial considerations that have helped create a vast network of inter-institutional relations. Legally, Swiss prosecutors are not obliged to prosecute cases of corruption in the private sector unless one of the parties files a complaint. Moreover, private corruption only became illegal in Switzerland in 2004, when pressure from the OECD's Financial Action Task Force and the GRECO forced the Swiss government to declare private corruption a misdemeanour (it is still not a felony) under the Unfair Competition Act. Until then, bribes paid abroad by Swiss companies had been tax deductible! Even then, the Swiss government assured international sport organisations that they would not be subject to the Unfair Competition Act, as they are not subject to competition. Because of this immunity, and many other powerful incentives (banking secrecy, tolerance of tax evasion, little regulation, low corporation tax—4.25%) and advantages (political stability, protection of privacy), 67 international sport organisations have set up their headquarters in Switzerland. These organisations contribute more than CHF1 billion (US\$1.05 billion) to the Swiss economy every year. Although the legal pressure on sport federations in Switzerland has increased slightly, most members of parliament are happy to maintain the status quo.

### **FIFagate: How FIFA Finally Succumbed to Scandal**

After surviving so many major crises over several decades, FIFA and its president had begun to appear immune to scandal. So, why did things change in 2015? The answer to this question lies in the nature and source of the allegations being made against FIFA. Unlike previous scandals, which had been triggered by isolated accusations from single sources, in 2015 FIFA suddenly faced a barrage of accusations from numerous independent and often powerful sources.

The scandal broke on 27 May 2015, the eve of FIFA's 65th Congress, when the United States Department of Justice (DoJ) published a 161-page indictment accusing 14 defendants (9 FIFA officials, including 2 vice presidents, and 5 sports company executives) with 47 counts of racketeering, fraud, money laundering, bribes and kickbacks amounting to US\$150 million. These charges were the result of a long investigation, launched under the Racketeer Influenced and Corrupt Organizations Act, into bribes relating to FIFA's presidential election in 2011, broadcasting rights, marketing contracts for competitions such as the Copa America, and sponsorship agreements. According to the indictment, corruption within FIFA had been "endemic" for "a period of approximately 25 years". Ten other defendants, including Chuck Blazer and two of Jack Warner's sons, had already pleaded guilty between July 2013 and May 2015. Faced with incontrovertible evidence that he had been involved in racketeering, money laundering, fraud and tax evasion (he had accumulated US\$11 million in undeclared earnings over a period of 19 years), Blazer had agreed to cooperate with the DoJ's investigation.

In conjunction with the publication (on the Internet) of this indictment, Swiss police, acting on an American warrant, arrested seven officials in a luxury hotel in Zurich (*New York Times* journalists, tipped off by Brooklyn's district attorney, were at the scene). FIFA's head office was searched under a warrant issued by Switzerland's attorney general, who was investigating the attribution of the 2018 and 2022 World Cups, while the US authorities searched CONCACAF's headquarters in Miami. At the same time, the head of the DoJ, Loretta Lynch (who had supervised the investigation as a federal prosecutor in Brooklyn), held a news conference in New York alongside the heads of the FBI, James Comey, and of the IRS's Criminal Investigation Division, Richard Weber, who spoke of a "World Cup of fraud" spanning "at least two generations of soccer officials". Lynch stated: "the indictment alleges corruption that is rampant, systemic, and deep-rooted both abroad and here in the United States" (*Financial Times*, 28 May). The cooperation between the Swiss and American authorities surprised many commentators ("Switzerland is playing an unexpected double role", *24 Heures*, 28 May), as there was no legal basis for it. In fact, this action was part of the wider cooperation between the USA and Switzerland that had arisen

out of a series of banking scandals involving two Swiss banks, Swiss UBS and Crédit Swiss, which had been prosecuted under America's Foreign Account Tax Compliance Act.

The DoJ's operation, which was unprecedented in terms of the resources employed and its multi-level coordination, led to an immediate response from FIFA. Between 27 May and 2 June, FIFA's Ethics Committee imposed temporary suspensions on 14 FIFA officials, although FIFA's director of communications, Walter de Gregorio, repeatedly stated that Blatter was not implicated. In fact, many observers, including some of Blatter's greatest critics, believed he would be re-elected president despite the scandal. Effectively, at the end of a Congress marked by unprecedented media coverage and demonstrators brandishing signs reading "Game over for Blatter", the president was re-elected (by 133 votes against 73 votes for Prince Ali, who conceded after the first round), giving the impression that the "unbudgeable" president would extricate himself once again. Switzerland's newspapers agreed: "Despite the scandals, Sepp Blatter wins again" (*Le Temps*, 30 May), "The secrets of the unsinkable captain" (*24 Heures*, 30 May). More presciently, the English Football Association's chairman said he would be "very surprised" if Blatter were to last more than two years.

In fact, too many important stakeholders were abandoning the "unsinkable captain's" ship for Blatter to survive for long. Most Swiss newspapers had already turned against him by 28 May: "Mr Blatter, go" was the title of the editorial in *24 Heures*; "Blatter has lost his credibility" was the headline in *Le Matin*, while *Le Temps* announced "The end of impunity" and *L'Hebdo* wrote of "Sepp Blatter's seven deadly sins". In the UK, members of parliament called for a boycott of the 2022 World Cup and, as a gesture of protest, England's FIFA representative David Gill refused to serve on the Executive Committee. At the same time, FIFA's corporate sponsors (more than a third of its revenues) began to worry about the scandal's impact on their reputations and were threatening to enact clauses allowing them to renegotiate their contracts. Long-term critics of the FIFA system were even harsher, with Guido Tognoni writing: "for the last 40 years, since Havelange was enthroned, FIFA has had a culture of corruption. Blatter didn't start it, but he has always tolerated corruption. It was a way of staying in power"

(*L'Hebdo*, 28 May 2015). Tognoni estimated Blatter's annual "salary" to be over US\$15 million. Newspapers outside Switzerland were just as condemnatory with *The New York Times* noting "the widespread impression of FIFA as a corrupt rogue state" (3 June) and several European newspapers, including *The Guardian* and *Sunday Times* in England, *Mediapart* in France, *Il Fatto Quotidiano* in Italy and *Der Spiegel* in Germany, launching new investigations into FIFA's operations. FIFA was even likened to a mafia organisation.

Nevertheless, some important figures continued to support Blatter, including Switzerland's Minister of Defence and Sports, Ueli Maurer, who chose to sit beside Blatter at the opening of the FIFA Congress, and Peter Gilliéron, the president of the Swiss Football Association and a member of UEFA's Executive Committee, who carefully watched his words. Many of FIFA's staff continued to believe in Blatter, too, and on 3 June he was applauded when he arrived at FIFA headquarters. The same day, Switzerland's Council of States (the upper chamber of parliament) refused, by 23 votes to 22, to follow the Federal Council's recommendation to automatically prosecute all cases of private corruption. And some football executives felt it was still acceptable to publicly acknowledge instances of give and take. For example, the French Football Federation's president, who had supported Blatter's election because France had just been awarded the 2019 Women's World Cup, claimed: "our relations with FIFA are extremely good (...) I like to return a favour when someone has given us something" (Reuters, 28 May 2015).

Events took another dramatic turn four days after Blatter's re-election as FIFA president, when he announced: "I have decided to lay down my mandate at an extraordinary elective congress". This decision was taken after an article in *The New York Times* accused Jérôme Valcke, FIFA's secretary general and Blatter's right-hand man, of making a payment of US\$10 million to CONCACAF in 2008 as a "commission" in exchange for votes to award the 2010 World Cup to South Africa. Blatter's fall was now complete. As many political leaders around the world, especially in Europe, also began denouncing Blatter, Switzerland's politicians began to worry about the effect on the country's image ("Switzerland fears for its image", *Le Matin*, 4 June). In contrast, Russia's president,

Vladimir Putin gave Blatter his official support against “yet another flagrant attempt [by the United States] to extend its jurisdiction to other states” (*The New York Times*, 29 May). As usual, these varying government positions reflected each country’s geopolitical interests, as sport had become an important vector of soft power.<sup>viii</sup>

FIFA’s increasing vulnerability encouraged other, previously reluctant critics to speak out and the crisis rapidly achieved a dimension never before seen at FIFA or in the world of sport: “It is a shock, the surprise we no longer expected to happen, we had got so used to seeing Sepp Blatter weather every storm”; “The extent of the abuses exposed in recent days is such that other continents, other federations could be affected” (*Le Temps*, 3 June). The term FIFagate, first used as a Twitter hashtag on 27 May and quickly picked up by the media, neatly encapsulates this transformative event. The extent of the turnaround in FIFA’s fortunes gave confidence to other bodies and regulators who had once hesitated to investigate corruption in sport. For example, after years of prevarication, Brazilian senators set up a parliamentary commission of enquiry into the CBF, and a prosecutor, who had considered Teixeira “too big a fish for me”, decided to prosecute him for money laundering and fraud. According to Brazilian police, his bank accounts had been swollen by “unusual” payments totalling US\$160 million between 2009 and 2012, when Teixeira was president of the 2014 World Cup organising committee.

Blatter’s decision to stand down while the scandal was still on-going led to great uncertainty as to who would succeed him as FIFA president. UEFA’s president, Michel Platini, was the initial favourite, partly due to the fact that he was one of the first senior football executives to abandon Blatter. Blatter’s revenge was to draw a parallel between Platini’s decision to support Qatar’s bid for the World Cup and his supposedly close links to Qatar’s royal family (French president Nicolas Sarkozy had invited Platini to a dinner that was also attended by Qatar’s crown prince Al-Thani and a representative of the Qatari owners of PSG football club). However, the most damaging revelations came from an investigation by Switzerland’s attorney general into Blatter’s dealings with the Caribbean Football Union, which uncovered evidence of a supposedly “disloyal payment” of €1.83 million (US\$2.2 million)

from Blatter to Platini. France’s media immediately withdrew their support for Platini, who was becoming increasingly isolated in the football world. Switzerland’s criminal investigation into Blatter’s affairs also led FIFA’s largest American sponsors (Coca-Cola, McDonald’s, Visa, Budweiser) to demand Blatter’s immediate resignation on 2 October 2015. Six days later, on 8 October, Platini, Blatter and Valcke were given 90-day suspensions by FIFA’s Ethics Committee, which also announced a six-year suspension and CHF100,000 (US\$105,000) fine against another potential presidential candidate, former FIFA vice president Chung Mong-oon. Although Platini registered for FIFA’s presidential election, his chances were further weakened when UEFA’s Executive Committee “disavowed” him in favour of its secretary general, Gianni Infantino. In the end, Blatter’s and Platini’s careers in football were brought to an end on the same day, 21 December 2015, when FIFA’s Ethics Committee imposed eight-year suspensions and heavy fines on both men for “conflict of interests” and “disloyal management”.

As a result, the way was clear for Infantino to be elected FIFA’s new president at the extraordinary congress held on 26 February 2016. This congress also approved several reforms to FIFA’s governance, including separating political and managerial powers, reducing the number of committees from 26 to 9, limiting the president’s term of office to 12 years, requiring individuals to disclose their remuneration, increasing the role of women within FIFA and imposing a requirement to respect human rights. Some reforms, such as the requirement to provide independent annual audits and create independent adjudicatory bodies to ensure the separation of powers, also apply to FIFA’s member-associations and confederations. Most of these measures were proposed by a reform committee that had been set up in August 2015 along similar lines to the committee set up by the IOC 15 years earlier, and it was widely felt that the solutions introduced by the IOC could provide a model for overcoming the FIFagate crisis.

Despite these reforms, the crisis at FIFA continued. In May 2016, FIFA’s Congress approved Infantino’s proposal to give the Executive Committee the power to sack the heads of the Ethics and Audit and Compliance Committees. This decision immediately led to the resignation of the Audit and Compliance Committee’s chairman, Domenico

Scala, who had earlier stated that Russia and Qatar would possibly no longer be eligible to host the FIFA World Cup in 2018 and 2022 if proof of bribery was found. Furthermore, FIFA's new executives, appointed to replace the 11 members who are facing prosecution, have been unable to contain a never-ending series of scandals, including suspicious payments to Blatter and two other top officials amounting to US\$80 million, controversy over the new president's salary and the appointment of the new secretary general, and accusations by Blatter that the draws for major competitions were rigged.

## Conclusion

Sepp Blatter's four decades as a senior executive and then president of FIFA left an enduring legacy for football, as the way in which he implemented and expanded the vision he shared with his predecessor, Joao Havelange, revolutionised FIFA's management and finances. Nevertheless, his inability or unwillingness to introduce the reforms needed to stamp out the culture of corruption that permeated FIFA's dealings, especially those involving its continental confederations.

Despite his successes, the corrupt practices and clannish power system that permeated the highest levels of FIFA's management eventually led to the collapse of the system he had instigated. In fact, the impact of FIFAgate was so great it shook the whole world of international sport. The reforms introduced by FIFA in the wake of FIFAgate incorporate the main principles of good governance, but FIFA needs to maintain this improvement into the future. Similarly, FIFAgate motivated the Olympic sport federations, via their umbrella organisation, the Association of Summer Olympic International Federations (ASOIF), to take joint action to improve their governance. As a result, all Olympic federations must now follow five principles—transparency, integrity, democracy, sport development and solidarity, and control mechanisms—and measure their success in doing so. Time will tell whether this process will result in real change and have a positive impact on the governance of international, continental and national sport federations.

When Blatter first arrived at FIFA, the federation had an almost entirely amateur management system. Today, FIFA is run as a professional corporation with all the financial mechanisms this implies. A similar approach to management was subsequently adopted by the continental confederations, which are now run on the same lines as FIFA or, more accurately, as UEFA, which is financially and structurally almost FIFA's equal. Even though the other confederations still have huge potential for growth, they have not yet achieved the same degree of autonomy from FIFA as UEFA has.

Blatter's financial legacy is even more spectacular than his managerial legacy. During the four-year period covering his debut at FIFA (1974–1977), the federation earned a total of US\$5.6 million. By 2011–2014, this sum had increased to over US\$3.8 billion, mostly due to revenues from television rights. This massive increase allowed FIFA to plan for the future by putting some of its earnings into a reserve fund that contained almost US\$1.5 billion by the end of 2012. As FIFA continues to develop new areas of football, such as women's football, new markets, especially China and Russia, and new merchandising products, it is difficult to see these revenues falling. In addition, the federation is currently examining the potential of new media, especially mobile media, for maintaining and expanding football's audience.

## Notes

- i. Yallop, *How They Stole the Game*.
- ii. Jennings, *Foul! The Secret World of FIFA: Bribes, Vote Rigging and Ticket Scandals*; Jennings, *Omertà: Sepp Blatter's FIFA Organised Crime Family*.
- iii. Schulz Herzenberg, *Player and Referee: Conflicting Interests and the 2010 FIFA World Cup*.
- iv. Blake and Calvert, *The Ugly Game. The Qatari Plot to Buy the World Cup*.
- v. Pieth, *Reforming FIFA*.
- vi. Jennings, *The Dirty Game: Uncovering the Scandal at FIFA*.
- vii. Op.cit.
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