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4 Corruption in Sport

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Introduction

Corruption in sport was initially meant to refer to any action that aims at and succeeds in earning money with distorting the outcome of sport contests by means of bribing and throwing a game for money or non-monetary economic compensation. Nowadays, corrupt sport has extended to other un**ethical** behavior such as distorting the allocation of **mega-sporting events**, biasing some decisions made by sport **governing** bodies and fixing bet-related matches. Corrupt sport dates back to the earliest centuries when sporting events emerged. Maennig (2006) reports documented cases of bribing competitors at the Olympic Games in 388, 332 and 12 B.C. Revealed corruption scandals increased in modern sports, namely in boxing, US college basketball, South Korean, Swedish and Turkish basketball, English, Indian, Kenyan and South African cricket, French handball, Australian and English rugby, African, Asian, European and Latin American football, Japanese sumo wrestling, Austrian, Russian and Serbian tennis, South Korean volleyball, and Chinese and English snooker. With growing money inflows attracted into sport and globalisation of the sports economy (Andreff, 2008 & 2012a), nowadays corruption can plague, up to some point, anyone and all the facets of sport business. Corrupt sport has become such significant criminal **economic** activity that it should – and would have to – deserve a deeper focus on the

most global opportunity for corruption which lies in sport betting scandals related to **match fixing**. With the emergence of on-line betting the latter is the spearhead of borderline economic behaviour and, in many occurrences, of naked criminality, which is out of reach for both national governmental regulation and sanctions designed by national and international sport governing bodies.

Learning Outcomes

Upon completing this chapter, students will be able to:

1. Understand how an economic analysis of sport corruption can inform sport managers about the multifaceted nature of the concept of corruption in sport.
2. Understand how corruption distorts sporting outcomes, infringes the rules of the game, destroys outcome uncertainty, dampens sport credibility, and undermines sport integrity.
3. Discuss how corruption may be combatted in sport through prohibition, sanctions, regulation, taxation and a co-ordination between these policy tools.

A Typology of Sport Corruption

A typology of corrupt sport is featured here that may be useful for stepping up appropriate responses in the combat against corruption. It starts with cases currently considered as petty corruption between sport insiders (**1**). In some cases, corruption operates without significant amounts of money that is coined barter corruption (**2**). Corruption may affect the highest sport governing bodies, with some known cases in point (**3**). With increased inflows of money into sport, new forms of corruption emerged through first sport betting scandals (**4**). With economic and sport globalisation, global criminal networks entered the sport gambling business; now they organise match fixing on a wide scale related to global on-line fraudulent sport bets(**5**). In the face of huge international betting scandals related to match fixing, the enforcement of a global taxation levied on sport bets is recommended (**6**).

1. Petty corruption: on-the-spot corruption between sport insiders

The most ancient type of corrupt sport is the one spontaneously emerging during the course of a sporting contest between two competitors or two teams. Competitor A bribes competitor B to let him/her win. Or even competitor A would bribe opponent B to accept helping him/her to win in the face of a third opponent. Such on-the-spot corruption is not planned in advance and occurs when an opportunity of securing a win randomly appears in the progress of a sport contest. It is a sort of petty (as distinct from heavily criminal) corruption that distorts a sporting outcome without endangering anyone's life or creating a huge societal issue. For instance, in long-distance cycling races like Tour de France, in some circumstances winning a stage happens to be bargained between two riders who finish ahead of the peloton, eventually one rider bribing the other (Andreff, 2014). Caruso (2008) evidenced spontaneous cooperation between rivals in sport contests. In a football match, players of the two teams speak each other – just like two cycling riders at the end of a stage – or simply signal to the opponents, by kicking aimlessly and lazily the ball, their willingness to exert fewer efforts and fix the result. Such corruption usually involves monetary payments. Winning a Tour de France stage is bargained in the range of €100,000 with a variance depending on race circumstances and the type of (mountain or not) stage. This kind of corruption emerges between sport insiders, no one of the corrupt or corruptors operate from outside the sports industry. Sport insiders are athletes/players, coaches, referees, umpires, and sport managers from the club level up to international sport governing bodies.

2. Barter corruption: buying a sport win without cash

Another type of petty corruption between sport insiders works without money. In such barter corruption, an athlete or a team A on the brink of being relegated downward in the sporting hierarchy, and thus in absolute need of a win, offers an athlete or team B to let it win; the bribe is not paid in cash but later on with some planned losses accepted by A in further matches against B. Barter corruption is difficult to detect since there is no money flow or material indices. A fascinating methodology consists in creative use of existing data sources (Duggan &Levitt, 2002)to detect corruption in Japanese professional sumo wrestling. The incentive structure ofpromotion in sumo wrestling leads to gains from trade between wrestlers on the margin forachieving a winning record and their opponents. The authors show that wrestlers win adisproportionate share of the matches when they are on the margin. Increased effort

cannotexplain the findings. Match rigging disappears in times of increased media scrutiny. Wrestlerswho are victorious when on the bubble lose more frequently than would be expected the nexttime they meet that opponent, suggesting that part of the payment for throwing a match is a future payment in-kind. Reciprocity agreements between stables of wrestlers appear to exist,suggesting that collusive behaviour is not carried out solely by individual actors.

Case 1: Corruption in Japanese sumo wrestling with payment in kind

A sumo tournament involves 66 wrestlers participating in 15 bouts each. A wrestler who achieves a winning record (eight wins or more) is guaranteed to rise up the official ranking; a wrestler with a losing record falls in the ranking. The critical eighth win result in a promotion rather than relegation. A data set of over 64,000 wrestler matches (32,000 bouts) between January 1989 and January 2000 shows that 26% of all wrestlers finished with exactly eight wins compared to only 12% with seven wins. Distinguishing between match rigging and wrestler effort, a statistical analysis has shown an excess win likelihood of between 12-16% for wrestlers on the bubble. There is thus a significant probability that in a match involving a wrestler on the bubble, the two wrestlers collude in favour of the former's win – that is match rigging and corruption though without immediate money at stake. If this assumption were to be correct, one must find some sort of compensation provided to the wrestler who accepted colluding for losing the match.

The likelihood that the two wrestlers will meet again soon is high: in the data set, 74% of the wrestlers who meet when one is on the margin for eight wins will face one another again within a year. There from comes a second statistical test that confirms collusion-corruption. The wrestler who was on the margin in the last meeting is statistically less likely to win than would otherwise be predicted. This statistical finding is consistent with the fact that part of the compensation for throwing a match is non-monetary and consists in the promise of the opponent returning the favour in the next meeting. Corruption here occurs with a payment in kind. The statistical evidence is that wrestlers who were on the bubble do much worse in the next meeting with the same opponent, losing 10% more frequently than would be expected, which is consistent with the match rigging hypothesis. In 2000, the Japanese press published articles where two former sumo wrestlers have made public the names of 29 wrestlers who they allege to be corrupt and 14 wrestlers who they claim refuse to rig matches. Conclusion: a creative use of data can reveal the evidence of corruption (more details in Duggan & Levitt, 2002).

Tools for Analysis

The Japanese Sumo Association attempted to eliminate the economic basis of match rigging in 2000 in changing the incentive structure of wrestlers on the margin; moreover the level of public scrutiny increased. Both changes led to a significantly lower number of rigged matches until 2003 (Dietl *et al.*, 2010). However, after the period of publication process, from 2003 to 2006, the abnormally high winning probabilities of wrestlers on the margin in bubble matches reappeared as well as their loss in the next match with the same opponent with an abnormally high probability. This confirms Duggan and Levitt's findings that the structure of promotion-relegation provides sumo wrestlers with incentives to rig matches.

Comparable corrupt behaviour is tanking in US college basketball (Balsdon *et al.*, 2007) or in closed leagues with a rookie draft system based on reverse-order-of-finish picks for new players entering the league. At a moment in the sporting season, some teams are no longer in contention for the play-offs; they do prefer deliberately underperform and unexpectedly lose games to go down the ranking and therefore improve their pick position on the reverse-order-of-finish draft. This sort of match rigging is coined tanking - obtaining quality players at higher draft picks. As long as players are pressed on to throw games without monetary bribes, this is still barter corruption. All the next types of corrupt sports to some extent involve sport outsiders, often coined corruptors or criminals.

Statistical detection of sport corruption is actually fascinating. However, it requires a detailed data set that is not evenly available in all sports. Moreover, the same creative use of data would not work with team sports since it is much more difficult or impossible to detect in statistics of a match between two teams which ones of the players have thrown the match. Now, once detected this way, is corruption more credible than through the emergence of a match-fixing scandal in the media? And even if it were to be convincing enough, the next question is: could a wrestler or a player be sued in a court for corruption only on the basis of such statistical evidence? These questions open new avenues for reflection and debate about sport corruption.

Action Learning

Could you imagine sport contests in which the competitors would not be able to talk together and communicate - in order to avoid petty corruption? Which ones? Are new communication technologies a hindrance or a facilitator to petty corruption?

In which sports (beyond sumo wrestling) do you think that a creative use of data bases could be replicated in view of detecting barter corruption?

3. Corruption at the level of sport governing bodies

A next scheme is when corrupt sport insiders belong to governing bodies. A major case in point happens to emerge when allocating mega-sporting events such as the Olympics and FIFA World Cup or appointing someone to honorary VIP position in sport governing bodies (Maennig, 2005).

Creeping rumours about such corruption are many but difficult to empirically verify. Sticking to unveiled evidence, after a report written by FIFA general secretary, a complaint introduced to the court in 2002 was accusing the FIFA president of corruption and embezzlement in view of diverting funds toward some FIFA members, namely the incumbent presidents of CONMEBOL (Latin American football confederation) and CAF (African football)[1]. In the same vein, bribing was well-documented about allocating the 2000 Games to Sydney. A peak of corruption was reached in the allocation of the 2002 Winter Games to Salt Lake City to such an extent that it triggered a whole reform of the IOC, and the exclusion of IOC executive committee members in 1999. In 2010, FIFA suspended two executive members suspected to have sold their votes for allocating the 2022 World Cup to Qatar, and the Qatari president of Asia's football confederation (AFC) under fraud presumption. Executive members of sport governing bodies and government's ministers were revealed to have participated in betting scandals in Taiwanese baseball (Lee, 2008).

Case 2: Candidate cities bribing the votes of IOC members

As of the explosion in the number of candidatures for hosting the Olympics during the mid-1980s, candidate cities attempted to influence IOC members in ways that were ethically questionable. A fairly significant number of IOC members accepted favours from candidate cities or even demanded for themselves or their entourage: valuable gifts of all kinds, study grants, free vacations, and flight tickets, paid internships and jobs or even cash. These practices were made public in the media as of 1986 when electing the 1992 Olympic cities. They probably existed before that date (notably regarding the election of Seoul over Nagoya for the 1988 Games) but in a more undetectable way. Illicit embezzlements and bribes had already occurred in 1991 when Nagano won the bid over Salt Lake City for the 1998 Winter Olympics. At nearly the same time, suspicion fell on Robert Helmick, a former president of the International Swimming Federation and the architect of the Atlanta victory for 1996. The head of the 2000 Sydney candidature committee openly admitted various questionable aspects of lobbying, including the use of "agents" in charge of obtaining votes or grants to African national Olympic committees awarded on the eve of the vote. The further Sheridan report published in 1999 has established that Sydney 2000 bribed VIPs to become the Olympics host city. In September 1993, just before the IOC cast its votes, the Australian Olympic Committee had offered $65,000 to two IOC members, representatives of Kenya and Uganda.

Four enquiry commissions were created in 1999 regarding the attribution of the 2002 Winter Games which came out with around 30 IOC members in office (out of 104) who were implicated to varying degrees in rigged votes. Four of them resigned of their own accord, ten were officially reprimanded with varying degrees of severity, and around ten were called into question by the media but escaped any form of action by the IOC. The six excluded IOC members are Augustin Arroyo (Ecuador), Zein el- Abdin Gadir (Sudan), Sergio Santander Fantini (Chile), Jean-Claude Ganga (Congo), Lamine Keita (Mali), and Paul Wallwork (Samoa). The infamous Mr. Kim Un-yong (South Korea), a former President of the International Taekwondo and Judo Federations, and a former IOC deputy president, was censured in 1999

[1] More about this case can be found in the journalist's book by Jennings (2006).

and eventually resigned in 2005, under strong pressure. Unveiling naked corruption has triggered a reform of the IOC attribution rules (more details in Chappelet & Kübler-Mabbott, 2008 and Andreff, 2012b).

Tools for Analysis

The question is to know whether the reform of IOC attribution rules was enough to put a brake on corruption. According to Chappelet and Kübler-Mabbott the changes were going in the direction of improving IOC governance. Nevertheless, you still may have heard rumours about corruption in the course of the attribution process of the 2014 Winter Games to Sochi and 2016 Summer Games to Rio de Janeiro. What would happen if Doha is candidate to hosting the Games in the near future? Is there any way out from this third type of corruption? As suggested in Andreff (2012), the first step would be to change the allocation mode for global mega-sporting events. One option could be to design a rotation rule across continents and countries to host a given mega-sporting event – FIFA has made a step forward on this path since the attribution of the 2002 World Cup to two Asian countries, then to South Africa in 2010. It may not be enough as a corruption-hedging recipe. Another more radical option would be to cut the roots of corruption in the allocation of mega-sporting events with a new regulation that skip out city candidatures. It would consist in fixing once and for all a single site for each such event - as Greece unsuccessfully suggested it with Olympia for the 1996 Summer Games. However, one can guess that such option must be fought against by the IOC as well as multinational companies for the sake of their own private financial interests and revenues.

Action learning

How do you understand the relationship between corruption and the quality of governance in sport governing bodies?

Should the latter be submitted to a regular or permanent auditing of their decisions and expenditures?

4. First betting scandals and point-shaving: major frauds in the cradle

Before sport economic globalisation and on-line betting, a major opportunity for corrupt sport to emerge was already found in sport gambling which provides an opportunity to fraud since it creates an incentive to lose a sport contest through match fixing in view of making money

against the likelihood of a sport performance. The 1964 betting scandal in British football is a front running case.The Italian black market for football bets – *Totonero* – developed alongside with the official and controlled *Totocalcio*; some matches were usually rigged in relation to *Totonero* betting. More recently, AS Roma was found to corrupt referees in 1999. The *Calciopoli* case in the 2000s revealed significant referee corruption. In 2006 some Juventus Turin's managers were convinced of rigging 18 matches through corrupting referees, and the club was relegated for that (see Case 3 below). In 2011, the justice revealed that 47 actors of the *Calciocomese* case, including some criminals from outside football, developed a whole system of illicit bets related to match fixing in *Serie B* (2nd division) and *Lega Pro* (3rd division). In Spanish and Portuguese football in 2004 and in Brazilian football in 2005, several club managers and referees were arrested and sued for organising fix-related bets. The Japanese *yakuzas* which control the baseball betting system are known to fix matches. Even in German *Bundesliga*, a referee, Robert Hoyzer, was sentenced to jail for having rigged matches in 2004 on the results of which he was betting himself in relation with Croatian punters and criminals. All this planted the seeds for global betting networks connected to match fixing that emerged in the past recent years.

In North America, point-shaving is a specific kind of corrupt sport in which an athlete is promised money in exchange for an assurance that its team will not cover the point spread. The corruptor then bets on that team's opponent and pays the corrupt player with proceeds from a winning wager.Few cases of point-shaving have been documented. However, point-shaving has been found to be widespread in National Collegiate Athletic Association basketball by comparing bet and game outcomes with those in professional sports (Wolfers, 2006). In examining 44,120 men's college basketball games played between 1989 and 2005, Wolfers offers evidence that point-shaving occurs far more frequently than previously believed and estimates that at least 1% of games involve gambling corruption. Borghesi's (2008) results suggest that unusual patterns previously suspected to be indicators of point-shaving are ubiquitous throughout sports and unlikely to be caused only by corruption. Line shading by sports bookmakers may explain the anomalies in game and bet outcome distribution as well. Legal and illegal gambling markets are thus intertwined because illicit bookmakers often balance their positions by placing bets at legitimate sports bookmakers.

Case 3: Referee match rigging in Italian football Serie A

Table 1: Matches likely to have been rigged by Juventus managers before the 2004-2005 season

Season	Match day	Match	Result	Rigged episode
1994-1995	18	Juventus-Brescia	2 -1	Last minute irregular penalty
1996-1997	20	Juventus-Perugia	2 - 1	Perugia was denied penalty
1997-1998	3	Juventus-Brescia	4 - 0	Brescia was denied penalty
1997-1998	11	Juventus-Lazio	2 - 1	Penalty for Juventus
1997-1998	19	Juventus-Roma	3 - 1	Referee favours to Juventus
1997-1998	21	Juventus-Sampdoria	3 - 0	Inexistent goal for Juventus
1997-1998	25	Juventus-Napoli	2 - 2	Referee favours to Juventus
1997-1998	30	Empoli-Juventus	0 - 1	Empoli was denied a goal
1997-1998	31	Juventus-Inter	1 - 0	Inter was denied penalty
1999-2000	33	Juventus-Parma	1 - 0	Parma was denied goal
2001-2002	3	Juventus-Chievo	3 - 2	Penalty for Juventus
2001-2002	14	A.C.Milan-Juventus	1 - 1	Penalty for Juventus
2001-2002	15	Inter-Chievo	1 - 2	Inter was denied penalty
2002-2003	17	Chievo-Juventus	1 - 4	2 penalties for Juventus
2002-2003	20	Juventus-Empoli	1 - 0	Penalty for Juventus
2002-2003	29	Juventus-Roma	2 - 1	Penalty for Juventus
2003-2004	10	Modena-Juventus	0 - 2	Referee favours to Juventus
2003-2004	16	Sampdoria-Juventus	1 - 2	Referee favours to Juventus
2003-2004	24	Brescia-Juventus	2 - 3	Referee favours to Juventus

Rigging a match has a crucial role in affecting its outcome. For example, in the 1994-95 championship one minute before the end of Juventus-Brescia match, the referee offered a non existing penalty to Juventus. In Italian Serie A, the assignment of referees was extremely complex and highly discretionary. Matches were classified different levels (the so-called *griglie*) depending on their importance for the championship final outcome. Many referees in each *griglia* were selected on the basis of (non-publicly) evaluating their past performance. In May 2006, a major scandal was uncovered by Italian prosecutors after tapping phone conversations in relation with an investigation at Juventus with regards to the 2004-05 football season. They found that the general manager of this football club, Luciano Moggi, have had a large number of contacts with referees, football federation officials and journalists during the 2004-05 championship, won by Juventus. These contacts were finalised to rig matches by choosing referees favourable to Juventus. Referees were selected by a team of former referees with whom Moggi had extensive phone conversations.

The tricky strategy used by Moggi was to ask referees to give a red card to the most important players of a rival team during the match right before the rigged match in order to minimise the risk of a loss or a draw in the latter. For instance, Jankulowski was given a red card for futile reasons in the Udinese-Brescia match, and consequently missed the following match he should have played against Juventus. Then the rigged match had ex-post a seemingly "fair" outcome despite the fact that one or two key players were out of the game and this could significantly affect the result. In other cases, the referee in matches under investigation offered a penalty kick or neglected an offside presumably in favour of one team. In all these occurrences, tapped phone conversations certify direct contacts between managers of the corrupting team, the official selecting referees and sometimes referees themselves. Corrupting managers were threatening referees to destroy their reputation if they had not complied with their requests.

A total of 78 matches that is about 2 per weekly fixtures were likely to have been rigged. They involved not only Juventus, but were mostly in favour of Juventus since they were favourably conditioning the outcomes of other Juventus matches. Other teams involved in the scandal were A.C. Milan, Fiorentina, Lazio, and Reggina. A.C. Milan was accused of having influenced the assignment of linesmen for its match against Chievo Verona, April 2005; while Fiorentina's owner and Lazio's chairman were accused of having used a match-rigging method similar to Moggi's throughout referee designation. The Italian Football Federation decided that Juventus should be relegated to Serie B (second division) with a 9 points deduction for the 2006-07 championship; the sanctions were 8 points for A.C.Milan; 15 points and exclusion from the Champions League for Fiorentina; 3 points and exclusion from the UEFA Cup for Lazio; 15 points for Reggina. Very low pecuniary sanctions were sentenced to those managers presumably involved in match rigging. Moggi was fined € 30,000 while his annual wage with Juventus at the moment was in the range of € 2.7 million. Most of these sanctions had small effects on the involved teams' budgets. Basically, fans of those teams caught for corruption *de facto* were the major losers since their favourite team was relegated (more details inBoeri & Severgnini, 2008).

Tools for Analysis

Aforementioned telephone calls were tapped on an investigation about the use of doping by Juventus team. Sport corruption is often unveiled only by chance. Referee assignment is the weakest link in the sport chain which is targeted by corruptors. A next case will show that players are not that strong link either. Sport insiders must always be involved for sport corruption to operate smoothly. Thus the cure, if any, must be applied first within the sport movement itself. Then a question comes up: are the above-mentioned sanctions harsh enough for preventing sport

corruption to be a revolving process? Juventus relegation is a rather significant sanction but its effect is not long-lasting; Juventus was promoted the next year in Serie A. And what think about a fine of 0.01% of the corrupting manager's annual revenue? Why not envisage a life-ban of corruptors and corrupt from football business to cut the roots of corruption? Short of lifelong sanctions, match rigging is a chronic disease in (Italian) football from earlier than 2004-05 (Table 1).

Action learning

Can it be conceived to prohibit sport betting for the sake of sport integrity? Would not such prohibition be frustrating to consumers – those keen or attracted to betting? Would not such prohibition fuel even more the black (illegal) sport gambling market?

5. Match-fixingrelated bets and global on-line fraudulent sport betting networks

Globalisation has brought about increased economic competition in the sport gambling market due to both the Internet and market deregulation. Now, punters have a direct access to foreign bookmakers while the gambling business must be liberalised under pressure of international organisations such as WTO or the EU. The volume of sporting bets has skyrocketed, the opportunity for frauds as well (Forrest *et al.*, 2008). Alongside with globalisation sprung up product differentiation of offered bets such as live betting (60% of all placed bets nowadays), in-play betting, handicap betting, spread betting, proposition betting, and betting exchanges, all of which encompass new risks. Now, as a result, fraudulent fixes often materialise in spot-fixing instead of match-outcome fixes.

Match and spot fixing have become the most widespread form of corrupt sport in recent years. Fraudulent networks of punters and criminals rig matches through bribing players or referees whereas placing bets on the fix through Internet. Despite the surveillance of 30,000 games per season in 43 European football leagues, such corrupt business is skyrocketing; in 2011, about 10% of matches were felt suspicious, in 2012 about 700 gameswere found to be rigged, primarily in lower professional divisions. Many of these fraudulent networks are based in Asia, namely China, Malaysia, Singapore, Philippineswhere betting outlays are not limited, and in some Central Eastern European countries. Interpol dismantled 272 such irregular bookmakers in 2007,

arrested 1,300 people suspected to organise bets on fixed matches in Asia and seized $16 million in cash in 2008. Before cracking down on these networks, Interpol assessed the volume of their irregular bets to $1.5 billion. Talking of corrupt sport in 2013 cannot avoid focusing on match fixing connected to irregular betting.

By the 1960s, with growing football interest and increased demand for bets, a second form of betting was introduced with football pools or Toto-betting: all placed bets were summed up in a pool and the winners shared the money of the pool less charges. Thus fixtures and results were used by a growing number of independent betting providers and the football property rights were moderately attenuated. In the 21st century, with football globalisation and the invention of Internet, a third type of betting emerged with betting platforms: anyone can offer a bet on any game in the world and punters can take up the bet and bet against it choosing among the different above-mentioned products in the sport betting market. National betting regulation can be easily circumvented through global on-line betting possibilities. Now, the fixtures and results are used by so many different providers that football property rights are completely attenuated (Dietl & Weingärtner, 2012).

Then there is an over-use of those public goods in which consists football fixtures and results and, as for any public good, the variable cost of offering a single new bet is negligible, close to nil. Coupled with the new sport betting products, this has led to explosive market growth, the situation becoming definitely uncontrollable for football. This extensive usage of a public good by the gambling industry, and the possibility to bet high sums, increases the likelihood of match fixing. The direct cost of prevention and investigation against match fixing grows and, by the same token, the indirect cost of more frequent betting scandals is up. This new analysis ends up with examining various solutions for football getting rid of these external costs of fix-related betting.

Case 4: The match-fixing technology of gambling corruptors

The journalist and academic Declan Hill has spent over ten years leaving close to and observing from within some match-fixing networks operating in soccer; the outcome is his famous book *The Fix* (Hill, 2008). He inferred from this long-lasting experience a sort of check list of all that a gambling network has to do to successfully fix a match and pocket a huge amount of money from its bets on the fix. Let us call it the five-stage technology of successful bet-related match fixing.

Stage 1: Access. The first problem that confronts a gambling corruptor is how to get access to the players or the referee. The easiest access is to be a soccer insider working with a league, a club or some governing

body. Otherwise a second method of ensuring access to players relies on "runner-arranged contacts". Corruptors have to employ "agents", known as "runners", to access players or referees.
Stage 2: The Set Up. There are two options. In some Asian highly corrupt leagues, corruptors use fast and direct approaches (for instance with a telephone call) to the targeted player or referee. In leagues of low corruption, corruptors face a more difficult job. A counterfeit intimacy method must often be implemented. The idea is to find the player/referee weakness (he likes drugs or expensive watches or blond prostitutes, etc.) to exploit it for compromising the targeted match fixer. Once the latter has accepted gifts or money, he is ripe for corruption.
Stage 3: Calling the Fix. Since the ultimate goal of fixing is profit-maximisation two fixes must go together: the fixing of the game and the fixing of the gambling market. To fix the market corruptors have to find out the spread of the betting market, and place the bet that will ensure the greatest profit. Whereas they must make completely sure that players will deliver that result by following their instructions. In the gambling market, corruptors usually will not place a bet in their own names, and preferably will use third parties, known as "beards", "mules" or "runners". Technically there are many ways of legally rigging the betting market while some other possible methods are dishonest and fraudulent; corruptors must each time choose the most appropriate method. Finally it is crucial that corruptors signal the corrupt players or referees what is to be done on the pitch without attracting any attention and let them give him a signal that they have understood (for instance shooting the ball offside or in the corner, etc., with live betting).
Stage 4: Performance. For the most part, the players do not perform fixes by deliberately losing the match. They simply underperform at the appropriate time in the game to achieve the desired result. Or referees take a wrong decision as if it were a slight mistake in judgment.
Stage 5: Payment. Over 70% of the payments of the corrupt players in gambling fixes are in cash, often in to steps. A first symbolic payment settles the deal that the player will take part in fixing the match. The main payment is reserved for after the match once the fix is achieved (more details in Hill, 2009).

Tools for Analysis

The technology of match fixing related to betting is rather sophisticated. In practice, a corruptor cannot operate alone through the five aforementioned stages. Thus corruptors act within hidden networks that are not easy to detect. Nowadays, sport corruption is far away from initial petty corruption and has reached a high degree of networking and organisation. This is facilitated with on-line betting and globalisation. Since it is not possible to put a policeman in the back of any potential match fixer, even less behind potential fraudulent gamblers, combating this last type of sport corruption therefore requires sophisticated technology as well (electronic surveillance to instantly check unbelievable odds) and coordination between a network of different international organisations. In the past recent years, an increasing cooperationis witnessed in the fight against betting-related match fixing namely between the UN, the Council of Europe, the European Union, Interpol, and Sport Accord. Would it be enough to detect such sophisticated match fixing? Surely not because you have noticed that a sport insider (player, referee) must always be involved as match fixer; practically the fix cannot materialise without an active participation

from inside the sport. Thus combating match fixing first and foremost must come from within the sport movement that is sport governing bodies. They did not do enough so far. Did they?

Case 5: Some football leagues are more affected by match fixing than others

Extending on first Declan Hill's works, a Fixed-Match Database (FMD) has gathered evidence about 301 fixed matches in 60 different countries and 55 different soccer leagues and cup games; data are structured along with 39 quantitative and qualitative variables. A second data base (FMD2) only selects 137 games with the highest degree of certainty that a fix actually occurred. Next, these games were matched with a randomly selected control group of 130 honestly played games. From this comparison, the factors that lead to wide-scale match corruption are: a/ leagues marked by high relative exploitation of players (low wages, non-payment of wages), b/ an expectation of official corruption, and c/ the presence of large illegal gambling networks. Country ranking on the World Bank's CPI (Corruption Perception Index) does not affect the presence of high levels of match fixing in the country. Singapore, ranked fifth in the CPI index, had a soccer league that suffers from high levels of corruption as do countries like Vietnam, which is ranked 106 places below it on the CPI listings. Some leagues defend their product quality by actively sanctioning players or coaches who suggest that any match corruption may be going on. On the other hand, some football associations themselves may be corrupt organisations (Colombia, Brazil).
From the database, it is also possible to know who has detected match corruption. The largest number of fixes (42%) was revealed by police investigations. Confession of a participant in the media and independent media investigations represent about 18% each in total detection. Confession of an outsider is slightly over 10% of detection occurrences. One finds betting patterns, and spectators below 5%, and the football association administration only 2%. This confirms that most football associations do not publicise corruption cases, on the contrary they attempt to blur or hide them. Absent transparency always facilitates and triggers blooming corruption (more details in Hill, 2010).

Tools for Analysis

A variable of course does not appear in the database which is the inflow of money at stake in each federation fixed matches overall. The richer is a federation the higher probability to attract corruptors and criminals appealed by apparently unlimited money on tap. The most numerous detected corruption cases have been found in football, cricket, tennis, snooker that is wealthy sports. Therefore an economist would infer that a radical option to definitely cut the roots of sport corruption seems to be a final halt of money inflow in sports. The question is whether it is feasible or even realistic when rich sports are so much financially flooded out and economically globalised. That is the reason why less comprehensive solutions are looked for such as prohibition, sanction, regulation and taxation (see the below conclusion).

Action learning

Could sport hedge against economic market globalization, in particular sport betting and gambling? (see also 6 below). Are the different sports evenly threatened by betting-related match

fixing? Which ones seem safer to you? Which ones seem the most exposed to the above-described match-fixing technology?

Conclusion: What is to be done?

All economic analyses conclude that the bigger money inflow into sport the higher sport corruption. Since a drastic money withdrawal from sport, whatever nice a solution, is unrealistic with current sport economic globalisation, other options must be looked for. One is the *prohibition* of activities that most likely channel corruption, for instance sport betting. Countries have opted for prohibiting sporting bets: the US, Brazil, Cuba, Indonesia, India, Malaysia and several CIS countries. Another group still maintains a state monopoly over sport betting such as Canada, Chile, China, Colombia, Japan, South Korea, Singapore and a few European countries (Finland, Greece, Hungary, the Netherlands, Norway and Portugal). The great bulk of irregular fix-connected sport bets emanate from these countries namely China, Malaysia, and Colombia. National prohibition or a state-owned betting system generates, in a global sport betting market, a worldwide black market primarily based in those countries where punters have to circumvent a legal impossibility to bet or a legal possibility to bet only under state control. A safety valve was created in countries like the US, with a local exemption to overall betting prohibition in Delaware and Nevada; the outcome is that illegal bets overall – not only sporting bets – are 99 times bigger than legal ones (AGA, 2012).

Standard counteracting policies against corruption are sanctions that raise the cost of corruption and regulation that increases corruption prevention, surveillance and detection. In terms of *sanctions*, criminalisation of corruptors and corrupt activities is conceived of as the major tool to combat match fixing and illegal or irregular betting (UNODC & IOC, 2011). Maennig (2008) advocates sanctions that would maximally worsen the bad reputation of corrupt sport insiders and by the same token would increase ex post non-monetary costs of corruption; corruptors and corrupt insiders would have to be more cautious to avoid detection and sanction so that the expected value of direct monetary costs of corruption would increase.

When it comes to *regulation*, the target may be either the price to pay or the volume of sport corruption. Regulation maintains some ex ante control over potential corrupt activities as, about sport betting, delivering licenses to gambling operators (Panama, the UK and most European

countries). For Maennig, controls over sport bets must be strengthened in view of making punters more aware of their responsibilities. In some countries, gambling operators are imposed the payment of a property right to offer sport bets (1% to 2.5% of bets) or some sorts of bets are forbidden like spread betting that favours match fixing.

Another option for public regulation would be to fix a very high minimum price of sport bets that would put a ceiling on and deteriorate the rate of return to punters which, at the end of the day, would deflate the volume of bets and thus the likelihood of match fixing. Fine tuning a regulation can diminish the number of betting scandalsthough not definitely phase them out. Moreover, domestic regulation against sport corruption and match fixing enforced on a national base would crowd corruptors and match fixers out to those countries without regulation or where regulation is usually circumvented. Illegal bets would then migrate to China, Colombia, or Malaysia: in fact, already done! Last not least, the more significant regulation the more crucial the issues of enforcing it and avoiding regulators themselves to be interested in corrupt business.

Dietl and Weingärtner (2012) follow up Coase (1960) in assuming that transaction costs are nil or negligible; then the identity of who holds the property rights on an asset does not matter. They suggest an original solution to resolve the issue of external costs borne by football due to completely attenuated property rights on public goods (fixtures, results). It is to find a reallocation of property rights over sport betting that would nullify external costs for football, once admitted that the objective is a "social optimum, but also with regard to the optimum outcome for the game of football and its institutions" (p. 10). And since "the government will always aim for the social optimum rather than the football optimum" (p. 12), they do not trust regulation or taxation as the best solution. Therefore they advocate allocating the property rights over sport bets to the producing football institutions rather than the exploiting betting providers. A complete elimination of betting scandals simply requires that football institutions stop selling any property rights to the gambling industry.

Is such radical solution realistic? For the one, would the football (sport) institutions decide to deprive themselves from attracting money into their industry through sport betting? Would they cut themselves from the betting godsend simply to clean up betting scandals? Here comes the

issue of good or bad governance of sport clubs and governing bodies, in particular in football (Andreff, 2007). If transaction costs are not nil, the allocation of property rights over public goods (fixtures, results) to football (sport) private institutions – a solution that must be coined privatisation -, often leads in different contexts to embezzlements, cheating, asset grabbing … and corruption (Andreff, 2005). Combating corruption in creating new opportunities for corruption is paradoxical, to say the least. Eventually, such a privatisation drive would not phase out the illegal sport betting market since those bookmakers or operators which would have not paid the rights to use sport results for offering bets would become "now unofficial betting providers» (p. 15). Betting scandals will go on. Finally, if one actuallyconsiders betting scandals as a social issue, it is debatable to look for a football (sport) social optimum instead of an overall social optimum (for all industries and the whole society). The latter has no chance to coincide with specific aspirations of the football (sport) institutions and industry.

Dietl and Weingärtner contend that taxation of bookmakers and betting operators whose receipts would compensate football for the burden of its external costs is likely to significantly reduce the quantity of betting scandals but they object that the tax must be too high and perhaps so high that it would dissuade all football betting. Such taxation would not necessarily affect bookmakers' behaviour in such a way that they avoid those types of bets that facilitate match fixing. More basically, domestic taxation in a national betting market would not be efficient in the face of global fix-related sport betting markets. Thus we suggest here a new tool to combat fix-connected sporting bets, a so-called *global 'Sportbettobin' tax* with a variable tax rate (Appendix 1). It is inspired from the famous Tobin (1978) tax, and closer to the sports industry, the so-called "Coubertobin" tax (Andreff, 2001, 2004, 2010). The former targeted a slowdown in global financial transactions and international capital flows while the latter was pushed forward with the aim of hindering and scaling down the flourishing international trade (transfers) of athletes below the age of 18 from developing to developed countries. The interesting aspect of the latter is its variable rate which increases when the age of transferred athletes is going down whereas the Tobin tax was designed with a 1% fix rate, and its first ongoing implementations retain even a lower rate.

In order to adapt the concept to sport betting, one has first to sketch the threshold over which the 'Sportbettobin' tax should be levied, *i.e.* the amount of bet winnings that triggers taxation, say at the lowest 1% rate. A low tax rate may have a sort of moralising impact on punters as well as a low threshold of winnings above which levying the tax. But one cannot expect to actually slowdown sport betting on fixes only with such moralising effect. The debate is open about how high this threshold should be: €50,000, 100,000, 500,000 or 1 million? It would be more efficient to put a brake on fix-connected sport betting with a variable tax rate rising quite above the moralising 1% level. A tax rate growing with the amount of winnings above the threshold is likely to dissuade a number of bets placed by match fixers or crowd out criminals using those bets to enrich themselves; they would move out of sport corruption for some other criminal activity. If the highest rate of taxation is fixed high enough, the worst of fix-connected sport betting would vanish since the tax would confiscate the great bulk of winnings and lower match fixing profitability down enough to dry it up. With such a tax, hyper-gains on rigged bets would shrink due to hyper-taxation of winnings.

What the revenues from the 'Sportbettobin' tax would be used for? Overall fiscal receipts would first finance more efficient and widespread surveillance systems of on-line sport betting and match fixing. It may also help some countries, among the Asian and less developed ones, where betting on fixes is the most concentrated, to implement rigorous systems of surveillance. Which body would be accountable for levying the 'Sportbettobin' tax? Various options may be envisaged such as a specific worldwide organisation like a World Fund for the Tax on Sport Betting or a branch of an existing intergovernmental body placed under the aegis of the UN as the UNDP, or the World Bank. In any case, it should not be an international sport governing body (an international sport federation or the IOC) for the one because it is plenty of sport insiders whose the most greedy may be corrupt, and because the accountability of public taxation must never fall into a private body's hands; levying a global tax must remain within the responsibility of a public governing body.

Useful Websites

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Transparency International - http://www.transparency.org/topic/detail/sport

Interpol, Integrity in Sport - http://www.interpol.int/Crime-areas/Integrity-in-Sport/Integrity-in-sport

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Council of Europe, Enlarged Partial Agreement on Sport: www.coe.int/t/dg4/epas/
European Lotteries: www.el-sport.org
Financial Action Task Force on Money Laundering: www.fatf-gafi.org/fr/
Money laundering through the football sector, FATF report (www.fatf-gafi.org/NCCT_fr.htm)
United Nations Office on Drugs and Crime: www.unodc.org

Appendix 1: A 'Sportbettobin' tax

A simple model of a Tobin tax adapted to sport betting which should be dissuasive and likely to de-link bets from match fixing is:

$$T_b = G \,.\, [t + s_X \,.\, G_X]$$

with T_b: overall fiscal receipts derived from levying the 'Sportbettobin' tax;

G: gains drawn from sport betting;

t : the first tax rate over the lowest threshold that triggers tax enforcement, say 1%;

$s_x > 1$ (x being variable) is a super-tax at a variable rate which depends on different higher thresholds than the first one, *i.e.* a super-tax varying with the taxation tranche;

G_X are different thresholds of betting gains that delineate upper taxation tranches (and thus rates).

For example, assume that the first threshold for levying the tax is $G_x = G_a$ = €50,000; with a 1% tax rate someone having bet and gained €60,000 would pay: T_b= 0.01x(60,000 – 50,000) = €100.

If the gain jumps over a second threshold G_b = €100,000, the winner has to pay also the super-tax s_x, say at a 5% rate. A winner who had gained €200,000 would pay an overall tax T_b= 0.01x(100,000 – 50,000) + 0.05x150,000 = €8,000.

If the gain passes over a third threshold G_c = €1million, the tax reaches a 30% rate. A winner of €2million would pay T_b = 500 + 0,05x950,000 + 0,30x1,000,000 = €348,000.

Assume that the tax must be nearly prohibitive over some very high threshold, say G_d = €10million, then the rate is as high as 90%. A bet winner gaining €20million would pay an overall tax T_b = 500 + 0,05x950,000 + 0,30x9,000,000 + 0,90x10,000,000 = €11,748,000 (over

55% of its gains). Winning €100million a match fixer would be levied as punter €82.748.000; at this level, the tax is confiscatory. A match fixer (and of course any punter) would quit the match-fixing business quite ahead of reaching such heavy taxation.