

Notes for Remarks by
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The IOC in Crisis – The End of the Beginning

Good afternoon and thank you for the opportunity to be here at the Canadian Club. It hardly seems possible that it has been 2½ years since I was here to speak about the future of the Olympic Games following the 1996 Games in Atlanta. Since then, there has been an excellent Olympic Winter Games in Nagano last year and some very fine work in preparation for the Games in Sydney next year as well as for the 2002 Olympic Winter Games in Salt Lake City. All of these good things have, however, faded into virtual oblivion in the face of the extraordinary attention focused on the selection process for the Games in Salt Lake and the inappropriate conduct on the part of some members of the IOC, the Salt Lake bidding committee and the United States Olympic Committee.

I cannot recall anything comparable in the sense of media attention since the efforts to cause a boycott of the 1980 Olympic Games in Moscow. The current issue has been even more intensive. It is not my purpose today to discuss the faults of any group other than the one I represent, namely the IOC. There is no doubt that the conduct of some of our members did not match up to the standards that the vast majority of IOC members expect of each other and the public expects. There is no doubt that, despite the fact that the IOC is a completely private organization which receives no government support, we have been slow to realize that there is, because of the huge success we have made of the Olympic Games and the Olympic Movement, a growing public interest in who we are, how we operate and how we deploy our privately-generated resources.

I am occasionally bemused by the current level of public interest in the IOC and the reasons for it. I mean generally, not in relation to the Salt Lake City scandal. When the IOC was as poor as the proverbial church mouse, no one cared who we were or how we operated. Hosting the Games was often a matter of how much financial burden a host city

was prepared to absorb or an adjunct to a complete infrastructural overhaul of a city, such as was the case with Rome, Tokyo, Munich, Montreal, Moscow, Seoul and, to some extent, even Barcelona. Focus was on costs, not revenues, since for all intents and purposes, there were no significant revenues attached to the Games. The IOC's choice, from time to time, of a host city was largely a matter of great importance in the candidate cities, but only of passing interest to the world at large, which accepted with equanimity that the next Games, some six or seven years hence, would be in some foreign city about which it knew little and cared less.

But, over the past twenty years, that picture has changed dramatically, in large part because of the work that the IOC has accomplished. The Games are now an extremely valuable property, which can generate billions of non-tax base revenues for the host city and country. The IOC has taken control of the Games and has adopted an approach which, in commercial terms, operates as something in the nature of a franchise. Instead of turning our Games over to a local Organizing Committee and letting it decide how our product will be presented, we now have detailed guidelines to ensure that the Games are presented the way we want them to be presented, with minimum standards to be observed. We have taken control of negotiating the television rights and the principal international marketing rights and, in the process of controlling all use of the five Olympic rings, have made these rights far more valuable than ever before.

The Games themselves have become universal; there will be some 200 countries participating in Sydney next year – a remarkable demonstration of the importance of the Olympic Movement. If we look forward to the next Summer Games to be awarded, a conservative estimate of the available revenues indicates that, under the Olympic banner, there will be some \$3.3 billion dollars raised in relation to those Games: \$1.7 billion from television rights, \$600 million from international sponsorships, \$600 million from domestic sponsorships in the host country and \$400 million from ticket sales. A good part of the revenues go toward the financing of the Games themselves (approximately half of the

television and international sponsorships and 95% of the domestic sponsorships and ticket sales) and the balance is applied to the support of athletes, through their international federations and their national Olympic committees by means of the Olympic Solidarity programme and other developmental and humanitarian programmes operated by the IOC.

Money attracts interest. In both a positive and a negative sense, as we have discovered. As it relates to the economics of hosting a Games, there is more and more interest by candidate cities to bid for the Games, since the share of Olympic revenues accruing to the host city should exceed the cost of organizing the Games. In a speech to the Ontario Institute of Chartered Accountants last fall, I estimated that, were Toronto to be awarded the 2008 Olympic Games, it would have in hand some \$2.5 billion dollars before a single dollar of tax base revenues needed to be used. This is a very positive spin-off for the Olympic Movement.

But it also seems to have its dark side and to give rise to temptations on the part of candidate cities and some IOC members to act inappropriately. As it relates to our members so implicated, we have acted quickly and decisively to deal with the problem. We have expelled six members. Four others have resigned and one who would have been recommended for expulsion has died. Ten others, whose conduct was less than exemplary, but short of what called for the extreme penalty of expulsion, have received public warnings for their behaviour, a matter of public declaration by the IOC that the proper standards of conduct must be maintained. This is a very serious response to the situation of personal conduct and indicates the degree to which the IOC takes the matter to heart. We have also taken steps to ensure that such conduct in relation to bidding cities does not occur again in the future. We have moved to limit the possibility of further improper conduct in relation to the selection of our host city for the 2006 Olympic Winter Games, which will occur this June. There will be no visits to the candidate cities by IOC members. There will be no visits by members of the bidding committees to IOC members. There will be a small selection college composed of some IOC members, some athletes,

international federation and national Olympic committee representatives, the identities of whom will not be known until the day the selection of the host city will be made. This small group will reduce the field to two finalists and the IOC members as a whole will make the final choice, all on the same day.

As for the future, we will see how this interim solution works in practice before deciding how we will proceed in future. The most important issue for the IOC is that we do not make a mistake in our selection of host cities, since the Olympic Games is the engine which drives the whole Olympic Movement and it is essential that each Games be successful. Whether one agrees with our particular choices over the years or not, I submit that we have not made a mistake in the selection of our host cities. In response to those who want to see what we do with our money, we have taken the unusual step, as a private organization having no legal obligation to do so, of publishing our audited financial statements, which are prepared in accordance with international standards. Considering the fact that the IOC redistributes approximately 93% of the money raised under its auspices, the story is one that is good and, in retrospect, I wish we had done so earlier. But our financial statements are now a matter of public record and we have published the corporate equivalent of an Annual Report, which we will continue to do, probably on a biannual basis, since that conforms to our "business cycle" of Games every two years. You can find them on our website, if you want to see them for yourselves.

We have also established an Ethics Commission, which will be composed of a majority of members from outside the IOC itself, to provide guidance on matters of organizational conduct, business practices, conflicts of interest and other matters on which its advice may be sought. This will be a standing commission, not just one established for purposes of the current situation arising out of the Salt Lake City scandal. The past few months have also brought home to us that it is time to re-examine some of the fundamental principles that have guided the activities of the IOC over the past century. The philosophical basis of the Olympic Movement remains entirely sound and perhaps even more relevant than

ever before as society evolves. The manner in which the IOC has been established and organized should now be reassessed to see if it can be improved in light of the vastly changed nature and extent of sport in the world today.

The IOC has acted to address this problem by establishing a special Commission, which we are calling "IOC 2000", to be charged with examining all aspects of our organization, including the basis on which IOC members are selected, term limits for members and the entire gamut of issues that bear on the coordination of the Olympic Movement. Even in a matter as important to the IOC as this, we have undertaken to include in this Commission persons from outside the IOC, so that we can be sure we address all of the issues which a broad spectrum of the public believe to be important. We hope that this Commission will have an interim report ready by the time of our Session in June and a final report, on which we can act, by the end of the year. Our plans at this stage will be to have another Extraordinary Session of the IOC before the end of the year, so that we can implement the changes and enter the new Millennium in whatever the new format of the IOC will be.

I should also say a few words about our president, Juan Antonio Samaranch. There has been a substantial body of opinion expressed through the media, that he should resign immediately. The Immediate Resignation Theory, as I understand it, is that this scandal occurred during his presidency and that he must, therefore, take "responsibility" for it and resign. This may be a corporate model for behaviour, as a signal that there has been a change of direction. It may be a corporate model, but it is not one that is appropriate for an organization such as the IOC. The IOC is not a business corporation, either legally or conceptually. It consists of somewhat more than 100 members scattered throughout the world, all volunteers who serve without remuneration, who meet once per year at an annual Session. They have been selected for their personal qualities and what they can bring to the Olympic Movement and are, deliberately, clothed with as much personal independence of action as the IOC can provide.

That independence has been the hallmark of the IOC and it is that independence which has enabled the IOC, and with it the Olympic Movement, not only to survive, but also to grow to be the most important sporting movement in the world. It has kept the Olympic Movement from being subjected to the dictates of governments who have wanted to use it for political purposes. It enabled the IOC to force Hitler to remove swastikas from the Olympic stadium in Berlin. It enabled the Olympic Movement to defy the demands and pressures of many governments to cancel or move the 1980 Olympic Games in Moscow. It enabled the Olympic Movement to lead the expulsion of South Africa from the society of Olympic sport, well before governments were able to mount any effective sanctions regarding apartheid and to lead the way to welcoming South Africa back when apartheid in sport was dismantled. It enabled the Olympic Movement to find a solution to the problem often described as the "two Chinas" and allow the People's Republic of China and Taiwan to compete with equal status, a solution that has eluded all political organizations. It enabled the IOC to solve the problems attendant upon the holding of the 1988 Olympic Games in Seoul, without getting bogged down in the complete impasse which characterizes the political process conducted by governments. That independence has not come, however, without cost, as the behaviour of some essentially unregulated members has demonstrated.

Looking back, it is certainly clear that the problem which has led to the present crisis ought to have been recognized sooner and been dealt with by anticipation, rather than solution. That is unfortunate and we are paying part of the price for that failure at this time. What is even more important than the fact that we are in this mess is that we are trying to move toward a solution. We are doing this in the best interests of the Olympic Movement. We want the focus of attention to rest where it belongs – on the fabulous Olympic Games and the magnificent athletes who bring alive the dreams of almost everyone on the planet – the dream to be there, on a special day, when all their efforts over many years come together and maybe, just maybe, they may become an Olympic champion. Or even, just to be Olympians, the best their countries have produced, being there to take part in the greatest

sporting festival in the world. None of us want that dream to be tarnished by the actions of a few members of the IOC or bidding committees. We want to make sure that this is the only time in our history when this conduct will be a factor in the Olympic Movement. We need to put in play the process to ensure such a result and we need to implement that process. And we need to do it quickly. We need someone to lead that process who has demonstrated, over a period of almost twenty years that he is capable of most remarkable results, as Juan Antonio Samaranch's record makes clear. His acceptance of responsibility is to solve the problem that has arisen, not to resign. He set out what he intended the IOC to do at our recent Extraordinary Session in Lausanne. There were many tough and uncompromising steps in his proposals, including the expulsion of colleagues and opening the governance of a private organization to outsiders. Then, in a move that demonstrated his resolve to implement the solutions, he turned the Session over to the first Vice President, called for a secret ballot and left the room. After twenty years in organizations, one tends to accumulate enemies rather than friends, as many of us in this room will know from various experiences in different organizations, so it was a huge personal risk. The result of the secret ballot was virtually unanimous in support of his leadership. I was an enthusiastic part of that majority. The last thing in the world that the IOC needed in the midst of a crisis was some sort of leadership campaign. The thing we most needed was stability at the top, to make sure we did what had to be done. And we got that. And we got done what had to be done.

There is still more to be accomplished before the end of this year, but we now have the blueprint to follow. I am not here today to suggest to you that all the problems are behind us – far from it. In Churchillian terms, this is not the end, nor even the beginning of the end, but it is certainly the end of the beginning. If I may leave you with some thoughts at the end of these remarks, they are the following:

The IOC has accepted its share of the blame for what has happened and has acted swiftly to deal with the offending members and to put in place a process for reform. This has been a painful experience for the IOC, but from this pain will come an even stronger

Pound, April 6, 1999

8

institution for the future, more capable of discharging its responsibility to coordinate and guide the Olympic Movement. The core values of the Olympic Movement remain unaffected by the actions of a few and the ideals which athletes and the public expect within the Olympic Movement will continue to be reinforced.

Thank you for your attention and for your understanding.