

Pay Now, or Pay Later?

The Union Cycliste International (UCI) has recently announced that it will convene an “Independent Commission” to probe into the calamitous doping era in pro cycling over the past fifteen years – rather than implement a more complex and comprehensive Truth and Reconciliation Commission (TRC), which is favored by many observers as the most thorough process of truly cleaning up the sport and establishing a new future direction.

One of the probable reasons for leaning in the direction of this still in-development Independent Commission (IC) approach is the UCI’s desire to focus in on understanding and clearing up any role that the agency *itself* may have had in contributing to corruption during the doping era. This is a laudable goal, and clearly an important component of understanding and correcting past indiscretions. But another reason that the UCI may be leaning towards an IC is simply the tremendously complex logistics of effectively convening, managing and concluding a full TRC process.

There can be little doubt that attempting a full TRC for pro cycling would be a very challenging task: finding the right leadership to staff it, developing the proper legal precedents to allow subpoena powers across different countries, perfecting a consistent framework for assessing guilt and determining amnesty or punishment, and developing a system for enforcing the outcomes are all thorny and complex political problems. The UCI probably fears that it could be opening a Pandora’s Box by instituting a full TRC – setting in motion a sequence of events which could spiral out of control, go on for years, never reach a suitable conclusion, and in the process distract fans from the beauty and competitive allure of the sport. No one denies that successfully initiating, managing and concluding professional sports’ first TRC would be difficult.

However, does this mean that cycling shouldn’t even try? We believe the answer is a definitive no. And it should be pointed out that the issue here is not simply one of moral standards or ethics. The dilemma can also be viewed in simple economic terms – i.e., which approach to dealing with cycling’s sordid past is more effective from a cost perspective? A clearer answer to this question can be found by attempting to quantify the purely economic costs of conducting – or not conducting – a full TRC process. Of course, it’s not really possible to precisely *quantify* the costs of either option, but perhaps we can estimate the alternative costs in enough detail to more clearly see the dilemma.

In the “*Roadmap to Repair Pro Cycling*” (www.theouterline.com) we provided some detailed recommendations regarding a UCI-supported, but independent Truth and Reconciliation Commission. Among the key assumptions was that a panel of judges would conduct a series of six two-week-long hearings in different locations over a two year period, with supporting staff, legal counsel, and access to a range of outside experts. The expenses to support such a staff and the necessary travel, facilities and logistics were also estimated. As can be seen in the Table included at the end of this post, a reasonable estimate of the total cost required to support this effort is in the range of \$4 to \$5 million. This analysis could obviously be further refined, but it is in line with similarly-scaled past TRC efforts, and it seems safe to assume that this figure is

at least in the right neighborhood.

So, will a TRC be expensive to convene, manage and enforce? Yes. Will it be logistically difficult to convene and manage? Yes. Difficult to police and enforce? Yes. There is no doubt about any of this. But what if – because of these costs and complexities – cycling gives up and simply throws in the towel on the idea of a TRC? What costs might the sport face in the future if it does *not* take the more comprehensive and conclusive TRC path?

It is certainly hoped that the IC process – whatever it actually turns out to be – is as successful as possible in rooting out and understanding the causes of the problem. But many observers fear that the IC model may end up being little more than a loose review that will only gather limited testimony, and that the format will provide no protection to those who volunteer testimony. It will probably have no, or limited, power to compel appearance or subpoena testimony, and no authority to offer amnesty or mete out punishment. Worse, it may be viewed by many within the sport as no more than a voluntary opportunity to solitarily admit past crimes – and hence something to avoid. What if the IC *does* turn out to be this sort of well-intended, but ineffective effort – and cycling continues down more or less the same road of persistent scandals in the future? The potential future cost is not easy to estimate, but it can at least be assessed qualitatively.

First, continuous doping scandals, even if less frequent, will insure that cycling only maintains its questionable reputation and marginal status as a professional sport. If the IC declares, “the doping war is now over,” only to see a continuing string of top riders being exposed, with other riders and team officials implicated (as is the pattern), does that mean the sport needs to hold *another* IC? At the very least, cycling will have a harder time trying to repair and build the sort of reputation that it wants and desperately needs.

Second, if cycling’s reputation is not repaired, or if it is not restored as quickly, this will cost the sport – by lowering interest from concerned existing sponsors, or repelling many potential sponsors who may be examining the sport for future investment. Many current sponsors are individually kicking in millions of dollars per year in support of individual teams or events. With a cleaner and more polished image, the number of these sponsors will multiply. Potentially, that’s a lot of dollars. With a continued suspect or tarnished image, those dollars may never materialize.

If sponsors see or fear continuing corruption and decide to stay on the sidelines, cycling teams and events will remain financially shaky, the uncertainty and foreboding surrounding the sport will continue, and it will be more difficult for the sport to attract fans and popular interest. And finally, if fan interest in cycling doesn’t grow, TV coverage and other sources of revenue will continue to be stunted. The sport will remain stalled in the circling pattern where it finds itself today.

The cost of this outcome for cycling might seem impossible to pinpoint, but there are anecdotal figures that can be considered. Some of today’s team sponsors are forking over as much as \$10 million a year, and some larger event sponsorships are in the same range. Many smaller sponsors are contributing at least a few millions dollars per year. Figures aren’t really known –

but it is estimated that the Tour de France attracts over \$50 million in TV revenues each year, and a handful of other events also pull in revenues in the millions of dollars a year range.

With these sorts of sponsorship and revenue figures floating around, it's not too difficult to appreciate that if even a few potential sponsors decide not to enter the sport because of worries about continued doping or corruption, it could be a matter of many millions of direct-investment dollars not coming into the sport. If certain events lose their TV coverage, the cost to the sport could be even greater. Viewed in this qualitative light, it certainly seems like four or five million dollars spent today for a TRC, to improve the odds of cycling's growth and success in the future, is an easy choice.

We hope that an IC will get the sport part of the way towards reformation, but invariably – and as seen in many ICs convened historically for political reconstruction, business review, or national agency inquiry – key participants have an incentive to provide only partial testimony, victims are often not able to provide testimony, and the complete story may never be told, even after the IC report is set in stone. If this *is* the outcome, those who do not choose to come completely clean will essentially guarantee that the sport will continue to be compromised in the future, with weak sponsorship interest, widespread disinvestment and a perpetual degraded market value as permanent scars.

Cycling should pay serious thought to incurring the up-front costs of a TRC now, rather than paying potentially much higher costs and consequences over the long term. Economists may not be able to conduct a thorough and highly quantitative cost-benefit analysis of the IC-TRC decision alternative facing pro cycling, but it should be qualitatively clear that a weak or inconclusive IC process – maybe one that seems easier to get approved and conduct today – could end up costing cycling more over the longer term. Despite the potential costs, the UCI should give this line of reasoning hard thought and analysis before completely abandoning the TRC approach.

At the very least, the UCI's Independent Commission should strive to include critical components of the TRC approach in its upcoming process, to encourage complete witness testimony from all corners, guarantee the legal rights of victims and perpetrators alike, and paint a complete – not selective – picture of the sport, in order to move forward. If the IC gets things right, those who did the most damage won't get the chance to do it all again; if it gets things wrong, history is likely to repeat itself, and the sport may continue down the road of decline.

DISCLAIMER: *As with all postings on theouterline.com, our goal is simply to provide ideas and spur debate about what constitutes real change in professional cycling. If you have an opinion about how to repair and strengthen professional cycling, please contact us, and make your ideas or opinions heard.*

By Steve Maxwell and Joe Harris, January 7, 2014

Estimated Cost for a full Truth and Reconciliation Commission

Item	Cost/Day	Units	# Days	Total Cost	Notes
Personnel					
Chief Judge/ Chairperson	\$3,500.00	1	40	\$140,000	3 10-day sessions, +10 days prep; (= ~ \$700,000 salary)
2 Other Judges	\$2,500.00	2	40	\$200,000	3 10-day sessions, +10 days prep; (= ~ \$450,000 salary)
5 Support/ Analysis Staff	\$1,500.00	5	55	\$412,500	3 10-day sessions, +25 days prep
5 Recorders/ Admin Staff	\$800.00	5	60	\$240,000	3 10-day sessions, +30 days prep and support
External Consultants					
Scientists/ Chemists	\$2,500.00	2	9	\$45,000	3 days each testimony/prep for each session
Subject Matter Expertise and Legal Counsel	\$3,000.00	5	15	\$225,000	5 days testimony/prep for each session
Ethics/Clergy	\$1,500.00	1	6	\$9,000	2 days of prep and testimony review for each session
Information Technology	\$1,200.00	1	90	\$108,000	Email, file management, and information security
Facilities/ Support					
Travel/ Lodging	\$400.00	12	40	\$192,000	All staff for 3, 2-week sessions
Per Diem/ Meals	\$200.00	12	40	\$96,000	Meals, expenses for all staff for 3, 2-week sessions
Meeting facilities	\$3,000.00	1	30	\$90,000	Hearing room, remote conferencing technology costs
Witness	\$3,000.00	60	1	\$180,000	Expenses to call ~ 20 witnesses to each session
Logistics				\$50,000	Publishing and PR support, translation services, laptops, communication fees, etc.
				Total	
				\$1,987,500	
				15%	\$298,125 Contingency buffer
				Annual Total	
				\$2,285,625	
				Grand Total	
				\$4,571,250	