

POLITICAL, SOCIAL AND ECONOMIC

Aspects of the Olympic Games

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Chapter 1:

Introduction

The Olympic Games are a world renowned sports competition. Athletes from all around the world gather together in one city and compete against each other in a variety of sports to realize their dreams of becoming Olympic champions. The popularity of the Games has dramatically increased with just 14 nations competing in 1896 whilst 199 nations competed in the Sydney Olympic Games (2000).

The Olympic Games originated as religious festivals in ancient Greece, from 776-394 B.C. The concept of the games was realised again 2300 years later in 1896 with the birth of the modern Olympic movement, and an accompanying shift from being a religious festival to a sporting spectacle.¹

The term Olympiad defines a period of four years². The games are held at the beginning of each consecutive Olympiad, and if the Games cannot be held at this time, for any reason, then the event is cancelled and held on the next Olympiad. Hence the games are known as the “Games of the Olympiad”³.

The Winter Games were introduced in 1924 to complement the summer events. Until 1992, both events held in the same year but since then, both games held on alternate even-numbered years. [See Appendix 1: Olympic Games Locations and Years]

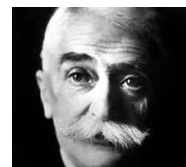
The Modern Olympic Movement

Pierre de Fredy, the Baron de Coubertin, founded the modern Olympic games after inviting delegates to come to Paris to discuss amateur sports at an international athletic

congress. Coubertin then surprised them with a proposal to revive the Olympic Games of classical times and the 78 delegates from 9 countries voted unanimously to support his dream.

Coubertin believed that the Olympics was much more than just a sporting event, and developed a philosophy to underpin the Olympic movement and guide its development.

Pierre de Coubertin 1863-1937



- Born in 1863 in France
- Founder of the Modern Olympic Movement
- Became president of IOC in 1896 for 29 years
- Died in Geneva in 1937
- Disapproved of women and fought to uphold the Olympic ideals

Olympism

The Olympic charter⁴ devised by Coubertin states that Olympism is a philosophy “*exalting and combining in a balanced whole the qualities of body, will and mind,*”

Blending sport with culture and education, it seeks to create a way of life based on the “*joy found in effort, the educational value of good example and respect for universal fundamental ethical principles.*”

The ultimate goal of Olympism is “*to place everywhere sport at the service of the harmonious development of mankind, with a view to encouraging the establishment of*

¹ See section 2 of the AAFLA’s ‘Olympic Primer’

² Defined by dictionary.com

³ ‘Organisation of the Olympic Games’ by the IOC

⁴ Available from the IOC’s website



a peaceful society concerned with the preservation of human dignity.”

Through this philosophy the Olympic Movement aims to “contribute to building a peaceful and better world by educating youth through sport, practiced without discrimination of any kind and in the through the Olympic spirit, which requires mutual understanding with a spirit of friendship, solidarity and fair play.”

According to Jonathan Thomas in “*The Image of Olympism*”⁵ the philosophy, established by Coubertin, is essentially a combination of three factors. These are the militaristic disciplinary ideals of the ancient Olympic Games, the ‘Muscular Christianity’ associated with the English public schools in the 19th century and the need for physical fitness as a consequence of France's poor performance in the recent Franco-Prussian War (1871).

Yet the exact definition of many of the Olympic Ideals described within the Olympic Charter, such as international friendship, understanding, fair-play, respect, courage, ethical principles, etc. has always depended on the economic, political and social climate of the time.

The notion of a philosophy attached to the game is the feature which differentiates the Olympics from other sporting competitions and makes it so universally popular.

Organisation

The International Olympic Committee (IOC) is the supreme authority of the Olympic Movement. It is an independent organisation responsible for determining the host city for the games, preservation of the Olympic ideals worldwide and negotiating valuable financial support for the games.

National Olympic Committees (NOCs) are organisations that promote sport and Olympic ideals and lead the

Olympic Movement within each country.

International Federations (IFs) are organisations responsible for the administration and development of a sport, or a group of sports worldwide whilst National Governing Bodies (NGBs) are organisations that govern a sport within each country and are responsible for selecting the Olympic teams.³

Olympic Symbols

The Olympic Games have two highly distinctive and easily recognisable symbols.⁶

The first is the Olympic flag shown below. The five rings represent the union of the five continents. The colours do not themselves represent any particular continent but were chosen because at least one of these colours is found in each nation’s flag.



Figure 1: Olympic Flag – Source: IOC Website

The second is the Olympic flame. The tradition started in 1928 whereby an Olympic torch relay carries the torch from Olympia, Greece to the host city. It is timed so that the torch arrives at the host in time for the opening ceremony.

⁵ ‘The Image of Olympism and the Practical Reality for the Olympic Movement’ by Jonathan Thomas, 1999

⁶ ‘The Olympic Symbols’ by Olympic Museum Lausanne



Chapter 2:

Political Aspects of the Olympic Games.

The Olympic Games tend to reflect the social and political environment of the time. As an extremely high-profile event, governments have used them as propaganda tools. Alongside this protesters and terrorists have disrupted the games stealing the media focus to draw attention to their cause.

The Olympic games as a platform for protest.

Political whitewash

During the past 100 years, the games, with their international appeal and principles of cultural exchange have been used as a tool for propaganda. It is widely acknowledged that the image of “progression” projected by the Korean government during the Seoul 1988 Olympics bought Korea to the international stage and had a significant part in launching its successful electronics export industry. Yet this relatively benign side-effect can be contrasted with other examples of the manipulation of the Olympic image with much more nefarious goals. Consider the 1936 Berlin Games' carefully choreographed performance and the way it was used to promote the fascist regime and ideology of Aryan superiority. With concerns over civil rights abuses in communist China (c.f Falun Gong), it is a worthwhile activity to examine how governments have acted to manipulate their image through the Olympics to give us an idea of what we might expect at the Beijing games in 2008. One useful case study is the 1968 Mexico City Games.

Case Study: 1968 Mexico City Summer Games

The games in Mexico City are seen as widely controversial, aside from the complicated logistics of holding the games at such an altitude, the games reflected the political unrest of the time. 1968 saw the assassinations

of Martin Luther King and Robert Kennedy and the rise of extreme elements of the Civil rights movement in the US. Internationally, the cold war conflict was provoked by the invasion of Czechoslovakia by the Soviet Union.

In Mexico students organised protests. Initially the students expressed disquiet at the US adventurism in the Dominican Republic, however as the summer progressed, the students became increasingly critical of the Mexican Government. For the president, Diaz Ortaz, the '68 Olympics had presented an ideal publicity event for progress since the Mexican revolution and with the countries political image at stake, the government acted forcefully to control the students. Protests descended into street battles between students and the Army. In late September, military personnel stepped up their already visible street presence, by occupying the National Polytechnic Institute (NPI) in Mexico City. With no attempt to establish a dialogue with the students, the occupation only served to further inflame the situation.⁷

The student protesters were joined by the trade unions, such as the "Railroad Workers Union", who had grown unhappy with government mismanagement of state assets.

On October 2nd, 10 days before the games, police opened fire on a protest in the Trios Cultures square on the Mexico City University campus. An estimated 300 students were killed in the resulting gunfire as well as hundreds of others injured. After the massacre, the Government arrested approximately 2000 students. Most were released later that year. The government tried to justify it's response by calling the student movement a “communist conspiracy”⁸. Despite calls for the games to

⁷ '1968 Mexico Student Movement' Historical Text Archive

⁸ 'A Reflection on the Tlatelolco Massacre' Salvaeloro Zarco



be cancelled, they went ahead on schedule.

This event had a far-reaching impact, changing the political environment of the time. The Mexican government's attempts to control their public image violated human rights. Governments today struggle to maintain a balance between maintaining public order and permitting self-expression. Take for instance the crack-down on civil liberties following the destruction of the World Trade centre in 2001. Major events should attract extra police attention but governments should note that heavy-handed zero tolerance action provokes angry response. In Mexico City the government could have managed the situation better by holding talks with the leaders of the student protests.

Modern crowd control and planning often involves talks with holders of non-violent protests so that people are able to express their opinion safely without letting the protest escalate out of control. When planning to host the Olympics, politicians should solicit public opinion, and avoid using the games as a "publicity stunt" or "political whitewash". However leaving aside the Olympic ideals and accepting that the games "will" be manipulated in 2008, what might we expect?

Analysis: Beijing 2008 – A political tool?

Beijing hopes to project the image of modernity in the forthcoming games. Western industry already clamours to find business opportunities in China. However, beyond its friendly façade, the communist single party state lacks transparency and ultimately this will undermine investor confidence. If this undermines growth, the growing well-educated middle class may break from Chinese traditionalism and protest against the government. Doesn't this bring about exactly the conditions that existed in Mexico '68? The Tiananmen Square massacre suggests that the Chinese government would not shy away from a heavy-handed silencing of its critics. With this in mind, the public should be aware of Chinese propaganda at the

Olympics and attempts to gloss over the government's human rights record.

Terrorism at the Olympics

The high media profile of the games make it a likely target for terrorism. The hostage situation that arose from the Munich Olympics is a powerful example of the threat that international terrorism poses to the games.

Case Study: 1972 Summer Games Munich, Germany

At 4am on September 5th 1972, 8 Arab gunmen infiltrated the Olympic village apartments where the Israeli wrestling team were staying. Despite the efforts of the team's coach, Moshe Weinberger, the terrorists succeeded in taking 9 Israeli athletes hostage, killing Weinberger and another in the process. Other athletes in nearby apartments managed to escape and were able to alert the authorities who were otherwise unaware of the attack despite the gunfire in the Olympic village.

The Palestinian group the Black September organisation claimed responsibility for the action. Their demands included the release of 234 Arab and German prisoners held in Israel and West Germany.

The Egyptian government refused to cooperate with the terrorist demands for a plane to Cairo. This led the police commissioner Manfred Schreiber to conclude that the only remaining solution was to mount a hostage rescue operation. In order to contain the terrorists, he decided to intercept the group at Furstenfeldbruck airport, German Intelligence underestimated the terrorist threat, assigning only five snipers to the eight terrorists.

In the failed rescue attempt, all nine athletes and five of the terrorists were killed. The three remaining terrorists were captured. A German police investigation found that a few of the hostages may have been inadvertently shot by the German snipers. The three captured terrorists gave



details of 15 further Arab guerrillas plotting terrorist attacks at the games.⁹

The games were suspended following the attack. A memorial service was held at the stadium and was attended by over 80,000 people. IOC President Avery Brundage acknowledged that the tragedy had changed the atmosphere of the event but felt that “*the games must go on*”¹⁰. Israeli competitor Mark Spitz, who had set a gold medal record by winning four individual and 3 relay swimming events, left the games over continuing security fears.¹¹

The Munich terrorist attack led to a rapid expansion of the size and activities of the Israeli intelligence agency MOSSAD and recognition of the threat to Jews from Arab terrorists that continues to this day.

German intelligence had not foreseen terrorist violence at the Olympics and the police were ill-prepared to deal with it. The IOC’s response was to issue guidelines to try and ensure tighter security for subsequent games. The increased focus on security can be seen at the Montreal Olympics where 100 million USD ensured the presence of sixteen thousand police and soldiers to curb the threat of terrorism.

Despite a vast improvement in security of the games terrorist events still occur. In Atlanta (1996), a bomb planted by Eric Rudolph in the centennial Olympic park detonated killing two people and injuring 110 others, as well as causing a significant amount of damage. The lawsuits issued by several victims of the attack suggested that the authorities could have done more to prevent the attack.

In Sydney (2000) the international intelligence community

identified and foiled a specific terrorist attack on Lucas Height nuclear reactor¹². During the Games 50,000 volunteers were given powers to search and detain suspects, alongside 5,000 military personnel¹³. Later investigations found that other groups had plans to attack the games, including Jemaah Islamiah (JI), later involved in the Bali bombing in 2002 and associated with Al-Qaeda¹⁴. The fact that these plans did not go ahead was almost certainly due to the extensive security presence at the Games.

It is worthy to note that the security operation permitted some non-violent protests over aboriginal rights to occur, and is widely perceived to have achieved a good balance between allowing self-expression and ensuring public safety.

Olympic Boycotts

Over the years many countries have refused to participate in particular games for political reasons. These boycotts have often overshadowed the games themselves. Former IOC president Avery Brundage aimed to “*separate sport from politics*”, yet it seems that countries still aim to use their teams as a political tool.

The IOC banned South Africa from the Olympic Games in Tokyo in 1964 over its policy on racial segregation. This ban continued right up until 1992. South Africa was permitted to participate in the Barcelona Games following its denunciation of apartheid policies.

32 African countries boycotted the 1976 Montreal Games in a dispute over the IOC decision to permit New Zealand to participate. The countries objected to the New Zealand Rugby Team's recent tour of racially segregated South Africa. The IOC chose not to intervene in the dispute, as Rugby is not an Olympic sport. Many felt that a

⁹ ‘Countering Terrorism, the Israeli Response to 1972 Munich Massacre’
Alexander B Calahan, 1995, Marine Corps College

¹⁰ ‘Terrorism: The Tainted Games’ The unofficial Olympics Website

¹¹ ‘Olympic Spirit’ Article

¹² ‘Olympic Bomb Case Far From Settled’ CNN news article

¹³ ‘Sydney Security Operation’ WSWW.org news article

¹⁴ ‘Olympic Plot Failed’ CNN news article



diplomatic compromise could have been reached, but the IOC refused to participate in talks.¹⁵

Taiwan also refused to participate in 1976 following the Canadian government's refusal to allow it to compete as the Republic of China. Canadian Prime minister Pierre-Trudeau was under pressure from the Peoples Republic of China (an important trading partner) to reject Taiwan's status, Canada was accused of violating the host city contract by acting partially in political matters.

The Soviet Union invaded Afghanistan in December 1979, the year before the Olympics in Moscow. In response to the Soviet invasion, US president Jimmy Carter gave an ultimatum. On January the 20th he declared that if the Soviet army did not withdraw from Afghanistan then the US would not send a team to the Moscow games. Other western governments followed his lead. The result was that all national Olympic committees (NOC s) were put under great pressure from their own governments not to submit teams. The UK NOC voted to submit a team despite the influence of Margaret Thatcher. Canada and West Germany did not participate, however, Italy, Spain and France did send in national teams. In total 65 NOCs refused to take part, although it is suspected that some smaller countries declared a boycott in the hope of receiving aid and support from the US.¹⁶

In retaliation for the 1980 boycott, the Soviet Union and 13 communist allies refused to participate in the 1984 Los Angeles games. Romania was the only Warsaw pact country to send a team to the games. This led to a largely unbalanced games where the US teams dominated the medals table.

North Korea boycotted the 1988 Seoul Olympics. Talks with the IOC over North Korea's plans to co-host the games had broken down. The proposal (although

ultimately unsuccessful) was an important step in uniting the countries divided by the Korean War. As we shall see, it also played an important role in redefining the role of the IOC in a political context. North Korea's Communist allies in Cuba and Ethiopia supported North Korea's political statement by joining them in the boycott.¹⁶

The collapse of the Soviet Union in 1989 marked the end of bipolar cold war politics and many of the political ties which were necessary for organised boycotts of the games were destroyed. In Barcelona(1992)for the first time in 20 years, the worlds nations were fully represented in competition at the games. South Africa, North Korea and Cuba returned to full participation in the games. 1992 also saw a reunified Germany competing under 1 flag, and the 12 former countries of the Soviet Union submitting a united team.¹⁵

Perhaps as a result of the failure of negotiations over the Korean co-hosting bid, decisions were made to award the following games to the far more politically stable countries of Barcelona, Atlanta, and Sydney. It seems as if the IOC are choosing less controversial bids to ensure public support for the games and maintain a positive public image.

The Olympic truce

The Greek concept of an Olympic truce or "Ekecheiria", was established in the 9th century when Greece was ruled by city-states. The truce guaranteed the safety of athletes and spectators on their journey to and from the games and ensured Olympia would be respected as a religious site. Thucydides, a greek historian recounts that the Lacedaemonians were banned from participating in the Games, after they attacked a fortress in Lepreum, a town near Olympia, during the truce.

On the 3rd of November 2003, the UN General Assembly unanimously adopted the draft UN Resolution of the Olympic Truce. It was co-sponsored by 190 out of 191 UN member-states, a number unprecedented in UN history.

¹⁵ 'Olympic Almanac' InfoPlease.com article

¹⁶ 'Politics and the Olympics – Some New Dimensions' John J MacAloon, 1997, University of Chicago



(The only exception was Iraq, which is not represented in the current Session of the General Assembly.) This agreement follows over a decade of work and resolution drafting in resurrecting the Olympic truce, in 1992 it was used to allow athletes from the former Yugoslavian states to compete in the forthcoming winter Olympics in Lillehammer.¹⁷

The ruling follows Greece's appeal to the UN earlier in 2003 for a global ceasefire from 13-29 August when the games are held in Athens. UN secretary General Kofi Annan announced "*The call to observe the Olympic truce is an appeal for the Games to silence the guns - all over the world. It gives parties in violent conflict a reason to pause, to provide relief to suffering populations, to reflect on the misery of war, and to open dialogue*"¹⁸. This is a positive step in resolving political struggles and helps to associate the Olympic Games with peace rather than conflict. The Greek Foreign Minister George Papandreou declared "*If we could have peace for 16 days, maybe, just maybe, that we can have it forever.*" It is the authors' opinion that the olympic truce can have little impact on the complex nature of current international conflict but nevertheless represents an important symbol reminding spectators that the games strives to be more than just a sporting event.

Conclusions

According to Richard Pound, the Canadian IOC member, the IOC negotiations with North Korea represented a turning point in the political aspirations of the IOC. He alleges in his book "five rings around Korea" that the IOC's previous attempts to separate sport from politics were "a fig-leaf to hide its political inadequacies". Pound recognises that the disagreements which lead to previous Olympic boycotts were "political problems beyond the ability of a part-time organization having no particular international status".

The negotiations in 1998 represented an attempt by the IOC to exert itself in a new international role – acting as an international power broker between the two parts of the divided nation. Why might it make such a paradigm shift in its attitude towards political conflict?

John McAloon of the university of Chicago argues that the Los Angeles boycott was the turning point in this decision. Recognising that the power governments could exert over each NOC has important implications for the games itself, provided the IOC with the political will to "actively engage government entities and state politicians in Olympic affairs".

Since 1988, the IOC has attempted to develop its political role as a non-government-organisation (NGO) through "Olympic aid" to war-ravaged Sarajevo and its negotiations as an equal partner to the UN in developing the Olympic Truce. McAloon reflects in 1997 that awarding of subsequent Olympics to Barcelona, Lillehammer, Atlanta, Sydney and Nagano reflect relative uncontroversial choices, insignificant from the standpoint of international politics, yet the IOC's decision to host the 2008 games in Beijing must surely demonstrate a willingness to challenge political issues head-on. Havana is a short-listed candidate for the 2012 Olympics. Whilst the authors believe it has little chance of winning, the IOC have demonstrated the will to defy the wishes of the worlds greatest superpower showing it's confidence in following a proactive role towards the Olympic movements goal of peace and international understanding.

¹⁷ 'Greece Prepares Olympic Truce' BBC News article

¹⁸ International Olympic Truce Centre



Chapter 3:

Social Aspects of the Olympic Games

The IOC is seen as figureheads of the sports industry and as such they are faced with defining guidelines on contentious sporting issues, such as drugs and cheating, and encouraging universal participation in sport.

Competitors

According to the Olympic Charter the Olympic Movement is “*without any discrimination of any kind*”. An athlete’s talent should be the only factor which determines whether they should compete. For the Games, the IOC’s only stipulation is that the athlete must be a citizen of the country they represent. IFs, NGBs and NOCs determine age limits and the eligibility of professional athletes on a sport-by-sport basis. The inclusive nature of the Olympics has facilitated a massive growth in the acceptance of women in sport and was instrumental in establishing the Paralympics, a competition for disabled athletes.

Professionalism

Whilst the inclusive nature of the games seems implicitly enshrined in the Olympic charter, Coubertin took the view that only amateur athletes should compete in the games and early Olympic banned professional athletes from taking part. However, the definition of “professional” sport seems to have been unclear. In the 1912 games, Thorpe, an American athlete, had his 2 medals stripped from him after the IOC discovered that he had played semi-pro baseball for \$25 a week two years prior. 29 years after Thorpe's death, the medals and records were restored.

The winter Olympics at Sapporo (1972) give us an insight into the internal politics of the IOC, where personal principles can become embroiled in policy

decisions. In his final year as IOC president, Brundage aimed to make a lasting impression upon the Olympic movement by taking a stand against creeping commercialism in the games.

Case Study 1972 Winter Games – Sapporo Japan

On the eve of the winter games, Brundage threatened to disqualify 40 alpine skiers for “professionalism”. In the previous winter games, at Grenoble in 1968 Brundage ordered that all trademarks be removed from skis before the games. He had to settle instead for the advertising being removed before official photographs were taken. As part of that compromise, the executive committee voted 28-14 to make an example of the highest profile skier, 33yr old Karl Schranz. Schranz had already won the world cup championship and was representing Austria in the tournament. He earned a reported \$50,000 a year “testing ski equipment”. He was disqualified from the tournament, and retired soon afterwards. His statement to the press said “This thing of amateur purity is something that dates back to the 19th century when amateur sportsmen were regarded as gentlemen and everyone else as an outcast. The Olympics should be a competition of skill and strength and speed – and no more”.¹⁹

A similar event occurred in the ice-hockey tournament in 1972. The Canadian team pulled out of the games over a dispute of “professionalism”. The team felt it was unfair to compete against “state-sponsored amateurs” from eastern European countries. The Canadian team boycotted further games and did not

¹⁹ ‘Olympic History’ CBS Sportsline Website



return until 1980.

Professional Athletes Today

The reference to amateur athletes in the Olympic rules was deleted in 1981. Since then, professional athletes have been allowed to participate in the Games. One of the most distinct examples would be that professional basketball players were allowed to play in the National Basketball Association in the Summer Games in Barcelona in 1992. Today, professional athletes can compete in the Games with only a few restrictions. It is now up to the individual sports groups to decide whether or not professional athletes should take part in the Games.

Women in Modern Olympic Games

In the ancient Olympic Games women were not allowed to watch the Games. All spectators were asked to strip before entering the stadium in order to prove their gender. Maidens were only allowed to compete in the foot-races for three different age groups along a 525-foot track known as the Heraea Games. By starting their own Olympics, the ancient Greek women paved the way for women in sports today. At the establishment of the modern Olympics, Pierre de Coubertin opposed the idea that women should compete saying *"We consider that the Olympic Games should be reserved for men"*

However, pressure from feminist groups made this position untenable. Since the 1900 Olympics, both genders have competed in the Games in single-sex events. Since then, the number of Olympic female athletes has increased from 11 to 4254 (38% of the total competitors) in the 2000 Sydney Games²⁰.

²⁰An article "New Record for Women's Sport" by Professor Stivachtis

Gender equality and female competitiveness are two growing issues in the Olympic Games. Women's sport has become increasingly competitive and many women wish to compete equally alongside men. Others feel that the fundamental differences between men and women's physique mean that the two sexes can never compete equally side-by-side. Only in equestrian events do men and women compete as equals

There were also concerns that male athletes might disguise as females in order to enter the female events. For more than 30 years, all female athletes were required to go through 'Gender verification' tests.

Did you know...?

In the 1996 Olympic Game in Atlanta, 1 in 400 female athletes was tested male under the buccal smear test. However, all were cleared after undergoing a physical examination.*

Indeed the issue of gender seems far less black and white than it might otherwise seem. Embryonic abnormalities mean that some athletes have ambiguous genitalia. This made gender verification difficult before the advent of genetic testing. At the 2000 Sydney Olympic Games, the IOC discontinued the compulsory gender tests as they had proved to be inaccurate in as a minority of female athletes with chromosome abnormalities.

Transgender athletes (especially male to female) present another difficult decision. Some argue that male-to-female transsexuals gain advantages due to hormonal effects. However, due to the pressure on human rights and gender discriminations, IOC medical director Patrick Schamasch announced that transsexual athletes will be allowed in the Sydney 2000 Game to compete after a certain amount of time after the sex

* A sample of cells is taken from the athlete's cheek and is examined for the presence of chromosomes.



change surgery.

Case Study: Genetic Abnormalities

Stella Walsh, a female Polish sprinter who had an apparent chromosomal mosaicism had her medals stripped off. She was the 'Queen' of Track and field with 11 world records. However, the world learnt about her secret when she was killed in a cross-fire outside a shopping mall. An autopsy was done and they discovered that Stella Walsh had male sexual organs and had both male and female chromosomes.*

In some fundamentalist Muslim countries, women are banned from participating the Olympic Games due to cultural beliefs such as Islamic dress codes. Hassiba Boulmerka, an Algerian athlete, took part in the 1992 Games and won the 1500m gold medal despite death threats from Islamic fundamentalists who opposed her wearing shorts and singlet in the competition²¹. There were 9 teams that brought no female athletes at all to the 2000 Olympic Game in Sydney²². Some feminist groups argued that gender discrimination should be treated similarly to racial discrimination and any countries which inhibit women from taking part should be excluded from the games.

Paralympic Games

The first Paralympic Summer Games was held in 1960 and the first Paralympic Winter Game in 1976. It is held in the same year and venues as the Olympic Game. Athletes are divided into different classes based on their specific medical and technical ability. It is the second largest sports event in the world, second only to the Olympic Games. In the upcoming Paralympic

* Different cells within an individual, who has developed from a single fertilized egg, have a different chromosomal makeup.

²¹ Article 'Empowering Women in Sports', the Empowering Women Series No.4 by Feminist Majority Foundation

²² An article "New Record for Women's Sport" by Professor Stivachtis

Game 2004 in Athens, the world will see around 4000 athletes from 130 countries taking part. The number of athletes has increased by 10 folds since 1960²³.

Competitiveness

The ancient Greeks referred to the Olympic Games as the 'crowned' games. Victorious athletes were crowned with a simple chaplet of wild olive. Nothing was offered for second or third place. As a religious event, athletes competed for the favour of the gods. Winners were heralded as heroes in their hometown. It seems reasonable to assume that this fame was a powerful motivating factor for athletes at the ancient games and it remains so today.

The modern competitive spirit of the Games is summed up by the American athlete Jesse Owen, who won four medals in 1936 Olympic Games.

*"...Olympic Games offer competition with the animal excitement of physical combat, strength matched against strength, style against style, stamina, courage against courage. And above all, the Olympic Games offer a singular spirit of camaraderie born of shared victories, and understanding born of shared defeats."*²⁴

This is epitomised in the Olympic motto "*Citius, Altius, Fortius*" Latin for "Faster, Higher, Stronger".

Pressures on Athletes

This highly competitive environment applies a huge weight on the athletes' shoulders. The commercial pressure of obtaining sponsorship exacerbates these stresses. Athletes who cannot win medals or have a negative media image are not attractive to sponsors. The athletes dependence on sponsorship makes them

²³ Article 'Athens 2004 Paralympic Games' by the official Greek presidency

²⁴ Article 'Sports Education' written by Jesse Owens



vulnerable to commercial influences²⁵. This places an increased pressure on athletes to win at any cost. It was these pressures that tempted Tonya Harding, an American figure skater, to eliminate her closest competition.

Case Study: 1994 Winter Games

Lillehammer

The winter games were notable for the rivalry between American figure skaters Nancy Kerrigan and Tonya Harding. On January the 6th, Nancy Kerrigan was attacked after her skating practice in Detroit. Her assailant wielded a metal bar and injured her knee preventing her from participating in the forthcoming games later that year. Before the attack, Kerrigan was the tipped as favourite to win the US championships.²⁶ The 1991 champion Tonya Harding stepped in and won the championship and a place on the Olympic team. The man arrested over the attack Shaun Eckhard told the FBI that Harding's ex-husband Jeff Gillooly had been involved. Harding admitted she knew about the attack. The United States Olympic Committee intended to bar Harding from competing, but were forced to retract from their position when Harding threatened a \$25 million dollar lawsuit. Kerrigan recovered enough to compete in the winter Games. She won the silver medal, narrowly missing out on the Gold medal. Tonya Harding did not receive a jail term, unlike the two men behind the attack.

Another consequence of the intense pressures on athletes is that they may feel the need to take performance-enhancing drugs.

Drug abuse and testing in

²⁵ 'Superhuman heroes', The Economist Jun 4th 1998

²⁶ 'Alleyes on ice for Harding-Kerrigan Showdown' Washington Post Article

Modern Olympic Games

Cheating was a crime not tolerated during the ancient Olympic Games. Any athlete that was caught cheating, using special diets or stimulating potions was fined. This money was used by the authorities to build a statue of the athlete at the foot of Mount Kronius, with his name and a message describing his offence.

In the modern Olympic Games, doping is the most common form of cheating. It is considered to be the use of any artificial means or foreign substances, deliberately or unintentionally, to enhance performance. Modern Olympic Games ban athletes from using drugs for two very legitimate reasons: It defeats the Olympic ideal of fair play and can adversely affect the health of the athlete who uses it.

In 1968, Australia's Ron Clarke was the first athlete to undergo drug tests at Olympic Games in Mexico. A Medical Commission was established by the International Olympic Committee and International Cycling Union and set up its first list of prohibited substances in 1967. This list is updated every year and sent to all the team doctors before the Olympic Game.

In all the Olympic finals the athletes who gain the first four places and another athlete, usually chosen at random, are selected for a drug test. For the first time in the 2000 Olympic Game in Sydney, athletes were subjected to pre-Olympic and out-of-competition drug testing in an attempt to detect drugs like anabolic steroids.

Out of all the Olympic events, more athletes from track, field and swimming events use performance-enhancing drugs because these events have the strongest culture of competition. Athletes in these fields also rely heavily on physique and individual's weaknesses are highly exposed.



Case Study: Biggest Drug scandal in Olympic history

Recently, it was revealed that US authorities covered up drug test results in 1988 Olympic Game in Seoul. After the shot put World Champion CJ Hunter's drug positive tests were publicised, International Amateur Athletics Federation (IAAF) disclosed the fact that apart from CJ Hunter, American authority covered up the positive drug test result of 15 other American athletes.

In contrast, the infamous Canadian athlete Ben Johnson had his medal stripped off as a result of testing positive for stanozolol just days after setting the world record of 9.79 seconds in the 1988 Olympic Games. He was seen as expansible because his athletic image was not ideal. He was then banned from the track for life after a second positive test in 1993.²⁷

Despite the enormous effort put into anti-doping, the problem of drug-use still exists. Some countries, or individuals, attempt to cheat the system by investigating and using drugs that are undetectable under current drug tests, e.g. human growth hormone. Others challenge the system abusing grey areas by, for instance, using 'natural' food supplements like turtle blood and steroid-like creatin which are not illegal. For example, USA got away with supplying their cyclist with blood that was pre-oxygenated. Although this practice has since been banned, similar practices like sleeping in oxygenated tents are not. How do we draw the line?

Case Study: Unintentional drug taking

The Romanian gymnast Andreea Raducan was recently stripped of her gold medal in 2000 Sydney Olympic Game for taking cold medicine. The cold pills, which contained pseudo-ephedrine, a banned stimulant, were prescribed by her team doctor. Although the substance did not give her any advantage in the competition, the IOC decided to send a clear message that drugs would not be tolerated and took her individual gold medal away, leaving her the team gold and silver from the vault.

The previous president of the IOC, Juan Antonio Samaranch, suggested that only performance-enhancing drugs that are harmful to the human body should be banned. However, this would seriously defeat the spirit of fair play and the suggestion invoked many objections.

Drug abuse is seen as a serious offence, which could lead to disqualification of the athlete from the event. In extreme cases, the athlete can even be banned for life. .

Conclusion

Through the examples above, it has been shown that the modern games are more inclusive than ever before.

Successful athletes attract media attention, which can be exploited through sponsorship for commercial gain. Yet this potential reward may place pressure on athletes to win at any cost, leading them to take dangerous performance-enhancing drugs and otherwise undermine the spirit of fair-play at the games.

²⁷ Article written by famous track coach Charlie Francis

Chapter 4:

Economic Aspects of the Olympic Games

Those cities that do compete for the games are not just motivated by the honour of hosting the worlds biggest and most prestigious sporting mega-event. Many believe that there is economic advantage in hosting the games. These advantages might be short-term - for instance a huge influx of tourists staying in the city, or construction jobs building the infrastructure for the games. The games may also bring long term benefits, for instance the productivity gains delivered by new transport infrastructure. The games may also bring intangible benefits, consider the boost to a city's reputation, or the sense of well being generated by new sporting facilities and open space.

However, over the past 50 years the costs of hosting the olympic games have increased²⁸ Those investing private money in the games demand accountability. Citizens who see their tax money spent on Olympic bids would like to ensure that that money brings benefits to their lives. This demand for accountability has lead to the emergence of citizen oversight committees and detailed cost-benefit analyses for the games.

This chapter will consider both the sources of revenue for the games and the long term legacy of the games. By reviewing the economic impact of previous Olympic games, and examining the bid for the 2012 London Olympic games we hope to be able to answer the question:

“Should London host the olympic games in 2012?”

Bidding Process

The host city for the Olympic Games is elected by the IOC executive committee 7 years prior to the announcement of the Olympic games. This long process is

necessary to complete the organisation and infrastructure investment for hosting the games. The selection procedure begins 3 years prior to that date with an invitation to the National Organising Committees (NOCs) to nominate a host city for the games. Soon after the NOC submits the name of their chosen city to the IOC, the applicant city pays a 150,000USD²⁹ fee to the IOC to secure their nomination. This fee pales into insignificance when compared to the cost of producing a competitive bid - estimated at £13m for London 2012 Olympics³⁰

Case Study: Denver 1976

The need for application fee was proven after the 1976 Winter Olympic Games. The city of Denver initially won the bid for the games in 1967 but in a referendum in 1972, the citizens rejected hosting the games on environmental and economic grounds and consequently the event had to be moved to Innsbruck.

The applicant city's responses to a detailed questionnaire allow the IOC to produce a shortlist of candidate cities, each of whom are invited to submit a more detailed bid. A year later, the IOC executive committee considers those bids according to a published criteria and a vote by IOC members decides the winning city. The IOC forms an OCOG (Organising Committee of the Olympic Games) and signs the Host City Contract(HCC) which regulates the obligations of the host city.

Whilst bidding for the games:

“The Olympic parties or their representatives shall not,

²⁹ Candidature Acceptance Procedure, IOC Lausanne

³⁰UK Olympics 'would boost capital' : BBC News Friday, 16 January, 2004, 12:24 GMT

²⁸History of the Cost of Hosting the Olympic Games. Jill McEachern



directly or indirectly, solicit, accept or offer any concealed remuneration, commission, benefit or service of any nature connected with the organisation of the Olympic Games.”³¹

Case Study: Melbourne 1956

A record 11 countries placed bids for the 2008 Olympic games but the bidding process has not always been so competitive. During the period 1928-1958, before the commercial elements of the games were fully developed there was only a single candidate city for each Olympiad. The need for a formal bidding process did not emerge until after the embarrassment of the Melbourne Games 1956 when the equestrian event were cancelled (and eventually moved to Sweden) due to Australian quarantine laws. Since then, applicant cities have been forced to complete a comprehensive questionnaire to prove that they are capable of hosting the Games before they be approved as official “Candidate Cities” by the IOC executive committee.

Despite this, corruption scandals have tarnished the Olympic image. Part of this report will consider these events and ask what can be done to prevent such corruption in the future

Trends in Funding the Olympic Games

Over the past 100 years, different OCOG's have adopted varying approaches to financing the Olympic games. For many host cities the Olympic games is an opportunity to make investments in infrastructure and to attract the additional tourism and business revenues which have typically followed a successful Olympic games.

The Olympics could hardly have taken place in a more diverse range of economies. Consider for example the contrasting economic circumstances of the United States (Host of the Los Angeles Olympics in 1984 and Atlanta

Olympics in 1996), a rich capitalist democracy and the USSR which was a communist single-party state when it hosted the 1980 Moscow Olympic games.

The IOC Olympic Charter states that the “financial responsibility for the organisation and staging of the games... shall be entirely assumed jointly and severally by the host city and the OCOG³²” and “The IOC shall have no financial responsibility whatsoever. ” Hence the Olympic Games can be viewed as a franchise model, with the IOC awarding the rights to host the games to the host city, regulating the “corporate design” of the games and receiving a share of the Olympic revenues whilst the OCOG acts as the franchisee, bearing the financial risk of the games.

As a result of this diverse economic situations of the host cities, and the different investment needs of the different nations, each OCOG has attempted to finance their Olympics by a unique formula. Preuss (2000) attempts to divide the different financing models into three categories

Period 1 (1896 – 1968)

Restriction of the Olympic events to amateur athletes and the high cost of international travel at the time kept the first Olympic games small. Because of this, the macro-economic impact of the games was negligible. Much of the funding for the games came from private donations. Without mass-market appeal, there was little opportunity to raise money through sponsorship or advertising. The sale of media rights was not even considered until the 1948 London Olympics where the organising committee agreed to charge the BBC 1000 guineas for TV and Radio broadcasting rights. The OCOG did not cash the cheque for fear of placing an unnecessary burden upon the BBC.³³ This sense of economic naivety seems to characterise the early games where the focus seems to have been on

³¹ IOC Code of Ethics : IOC ethics commission

³²IOC Olympic Charter: Rule 40

³³ IOC: 100 years of Olympic Marketing



playing sport rather than money making.

The massacre of 300 students just three weeks before 1968 Mexico City games was a wake-up call to those who considered the Olympics merely a sporting event and prompted cities to consider the wider social and economic impact of hosting the Olympics not just in terms of the cost of hosting the event but also the opportunity costs that it entails.

Period 2 (1969-1980)

This period is characterised by an increase in the popularity of the games, this made it necessary to find new sources of funding to support the organisation of the games. The increase in the influence of the mass media during this period led to the emergence of TV rights and sponsorship as important sources of revenue for the games. This is discussed later in this report. The period also marks the dawning realisation that the Olympics can have a long term economic impact on the host city both in a negative manner through the economic burden incurred through Olympic debt and in a positive manner through investment in the public infrastructure of the host city. Both the Munich and Montreal Olympics were financed largely through public funding. With very little information about the organisation of the Moscow Games in 1980, it is the tremendous deficit left by the Montreal Olympics that is the defining event of this period, leading to the impression that the hosting of the Olympic games is financially unbearable.

Period 3(1981-2002)

The debt incurred by the citizens of Montreal awakened citizens to the economic cost of hosting the Olympic Games. During preparations for the 1984 Los Angeles Olympics citizens called a referendum and voted against the use of public money for the event . Similar movements worldwide exerted such political pressure elsewhere that

no other city entered the race for the 1984 Olympics. Without any competition, the Los Angeles OCOG used its strong position to renegotiate the host city agreement, declining all financial responsibility for the games.

To generate funds - the team, led by the exuberant Mr Ueberroth, aggressively sold media and sponsorship rights. Success came from a number of different sales strategies. A blind auction raised \$225m for US television rights. Patriotic pride was used to try and raise the stakes between US and Japanese sponsors – IBM being bullied into sponsoring the event with the threat that NEC (a Japanese electronics giant) might otherwise take a prominent place in Olympic marketing. At the same time, Eastman Kodak (an American photographic company) rested on its patriotic laurels, losing its position to rival Fuji Film for the position as official film sponsor. The USD225m³⁴ operational surplus is celebrated as a great olympic success, in marked contrast to the 1976 Montreal Games.

The Atlanta Olympics attempted to follow a similar model, however lacking the marketing expertise shown at the Los Angeles games, Atlanta barely broke even³⁴. Moreover – the Atlanta games were accused of being over-commercialised and sparked a genuine attempt by the IOC to redefine the aims of the Olympic games in line with Pierre de Coubertin's Olympic Charter of 1894.

Games held at Seoul in 1988, Barcelona in 1992 and Sydney in 2000 all adopted a mixed financing model using money both from the state and from private enterprise to underpin the operational and investment costs. This approach attempts to balance the interests of all the Olympic stakeholders (inc. IOC, OCOG, Citizens, Athletes). Figure 2 shows the mix of private and public financing used in each of the games since 1972.

³⁴Make or break : Economist Sep 14th 2000.

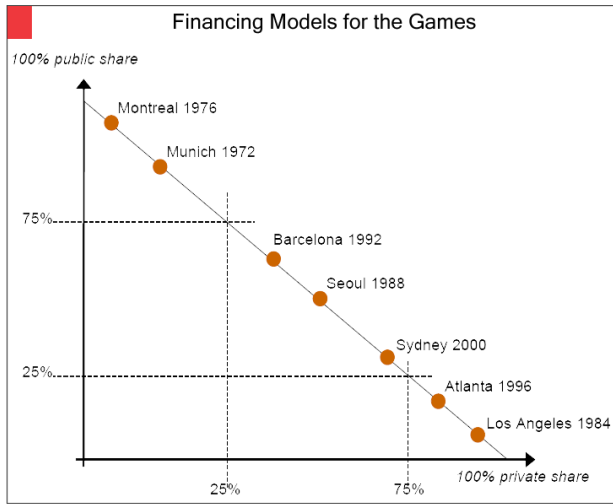


Figure 2: Financing Models for the Games : Source - Preuss(2004)

Through this discussion of Olympic events we can define two financial dimensions

“Expensive Games vs Cheap Games”

Expensive games are those which required extensive investments in city infrastructure, compensating short-term expenditure with long-term benefits. These include Sydney, Barcelona, Seoul and Montreal. Cheap games have taken the opposite approach, maximising short-term profit, this can be seen in Los Angeles and Atlanta.

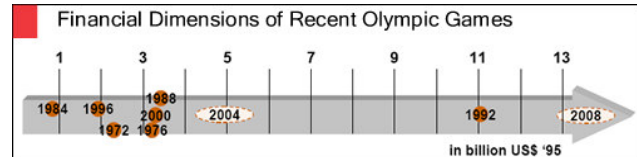


Figure 4: Financial Dimensions of Recent Olympic Games : Source - Preuss(2004)

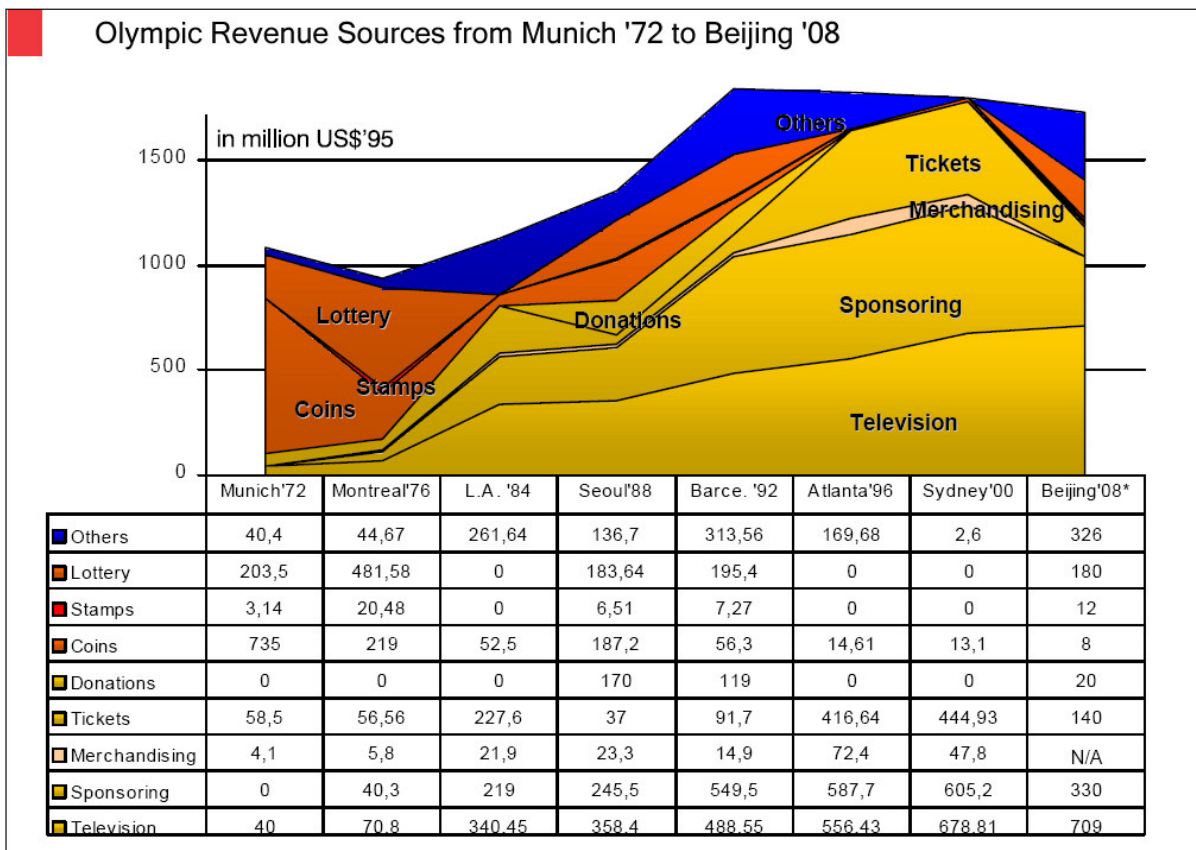


Figure 3: Olympic Revenue Sources - Source Preuss(2004)



“Privately Funded vs Publicly funded games”

This is the trade-off between using public and private money to fund the games.

Revenue breakdown

Olympic revenues come from many different sources, foremost amongst those sources today are the sales of TV rights, revenue from sponsorship and merchandising, Ticket sales during the games and “Special Financing Means” - i.e. Olympic lotteries, coins and stamps. The changing proportions of each measure can be seen in figure 3. Revenues from sales of Television Rights and Sponsorship are discussed in greater detail below.

Television Rights

Media coverage brings benefits to the IOC, raising public awareness of the games and helping differentiate the Olympics from other sporting event through promotion of “Olympic Ideals” plus creating opportunities for advertising and sponsorship.

TV(Film) Coverage of the Olympic games started as early as Berlin 1936 when it was used for Nazi Party Propaganda.³⁵ However it wasn't until 1957 that Avery Brundage, IOC president, recognised the value of broadcast revenues as a “wonderful opportunity to develop interest in the Olympic movement”. This increasingly lucrative source of revenue has been the driving force in the expansion of the Olympic Games.

Brundage expressed regret in a letter to the IOC executive board that “we have made no reservations of these [TV] rights for the games, and perhaps we should have done so.” The IOC amended the Olympic Charter in 1957 to

read “Television Rights to report the games, sold by the Organizing Committee, shall subject to the approval of the IOC and proceeds from the sale shall be distributed according to it's [IOC's] instructions.”

A conflict of interest has arisen over the sharing of the revenues between the IOC and the OCOG. The IOC is committed to preserving “Olympic Ideals” in perpetuity, whereas the OCOG aims for profit maximization during the period of hosting the Games.

Until 1966, the IOC received fixed sums from the sale of these television Rights. However following the Mexican OCOG's successful sale of TV rights to the US network ABC, the IOC founded a separate “Television Commission”. In 1971 the IOC amended the Olympic Charter to emphasise its “exclusive right to the revenues from selling TV rights and its sole right to decide upon the form of distribution”. Hence the IOC was able to increase its revenues by 30% in each Olympiad. This is shown in figure 3.

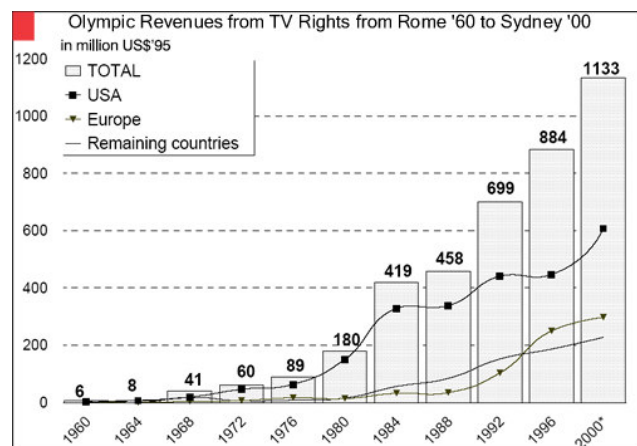


Figure 5 : Olympic Revenues from TV Rights : Source : Preuss(2004)

With the IOC's influence in negotiations firmly established, the IOC took an equal role with the OCOG in TV rights talks. However, the aggressive attitude of the Seoul OCOG towards TV Stations and their obstinacy in the face of IOC decisions convinced the IOC to “restrict

³⁵ [Leni Riefenstahl](#) – ‘Olympia’ 1938



the OCOGs role in future TV rights negotiation. ”³⁶ Since 1988, the IOC has negotiated the sale of television rights alone.

The sharing of Olympic revenue between OCOG and IOC has also changed. Recognising that the organisers mainly invested the money from TV rights in the infrastructure required to host the games – the IOC reduced the share of TV revenue which is passed on to the OCOG claiming “*it is not the task of the IOC to pursue urban re-development but to support sport.*”

The IOC has already sold the rights for the Olympic games until the 2008 Olympic games. The ATHOC organising committee will receive 37.5% of the revenues from TV rights in 2004.³⁷

Marketing

The value of the Olympics as a brand was recognised as early as 1913 when Pierre de Coubertin designed the Olympic emblem. The 5 rings are instantly recognised and symbolise the unity of the worlds countries bought together in sport. The Olympic ideals laid out by Coubertin include equality of opportunity, competition, determination and international understanding. Industry benefits through associating their brand with those Olympic ideals and from the strong potential for advertising their product to spectators.

The development of relations between industry and the Olympic movement reflects the growing commercialization of the games. During the period 1896-1927, advertising was limited to the sports venues themselves through program sales/ billboard advertising and sales of services to spectators at the games. These activities were not organized by the OCOG. With the introduction of the five rings as the official Olympic

emblem in 1928, the first Olympic Merchandising was sold. Many companies began using the term ‘Olympic’ in their advertisements. Avery Brundage – later president of the IOC recognised this threat to the image of the games and began to take action to prevent the use of the Olympic emblem in advertisements. When the baker Helms bought the rights “*to advertise without any limitations of language whatsoever*” in 1948, Brundage replied with the statement “*in commercializing the games he [Helms] is violating the whole spirit of the games.*”

The 1980’s marked the beginning of the most successful era of corporate sponsorship. Under new leadership the IOC sought to exploit this revenue source by establishing the “New Source of Financing Committee in 1982. The idea of exclusive sponsorship was established by Uberroth as he sought private support for the 1984 Los Angeles games, and in 1983, the IOC established “The Olympic Program” (TOP) as an official sponsorship package managed by the ISL agency – 51% of which was owned by Adidas.

Alongside TOP, the OCOGs and NOCs developed their own “Partners” and “Sponsors” programs respectively. The OCOG's have heavily promoted merchandising as it was one of the few remaining revenue opportunities outside of the control of the IOC.

Marketing is a valuable source of income for organizing Olympic committees. The evidence for this can be found in figure 5 above which shows that for the past 3 Olympic games, marketing has made up 30% of all Olympic revenues.

The financial deficit of the Montreal 1976 games highlighted the need for private money to finance the expansion of the games. A city making a decision to bid for the Olympics is presented with a conflict of interests between its citizens’ desire that the public money used to host the games will benefit them, and the IOC who claim “*it is not the task of the IOC to pursue urban re-development but to support sport.*”

³⁶ Alaszkiwicz and McPhail 1986 paper “Olympic Television Rights”

³⁷ D Diamantis : Economic Aspects of the Athens Olympic Games



As a compromise, the organizing committee must be seen to be making the most of available private finance to placate the citizens of the host city (who's opinions have in the past disrupted Olympic plans c.f. Denver 1956, Los Angeles 1984, Vancouver 2010). As further evidence to the vital nature of private finance through sponsorship 86% of those questioned immediately before the Atlanta Games agreed that it would be impossible to host the games without marketing. The authors agree with this opinion, arguing that whilst Marketing and TV revenues scale well with the size of the games (bigger games = more spectators = more sponsorship revenues), other measures such as Olympic coin sales, revenues from lotteries, ticket sales and public money are limited by the size of the host economy. From this it becomes clear that without Olympic marketing, the "fostering Brotherhood" aspect of the Olympic charter would be threatened. Olympic sponsorship has increased the size of the games and widened participation. According to the current IOC President Jacques Rogge

"The games were not universal before the sponsors came to support them; only the rich countries could participate. Now more funds are available to the teams from developing countries."

A common allegation made of the Olympic games is that *"Overcommercialism threatens the Olympic ideals."*

So what is over-commercialism? Preuss argues that over-commercialism is the proliferation of Olympic sponsors diluting the Olympic brand. This makes the Games seem like a commercial façade rather than a celebration of sporting achievements and the Olympic ideals. Certainly scandals in Salt Lake City and Nagano suggest that the growing commercial element of the games introduces opportunities for corruption. The authors of this report argue that this is not in the interests of the IOC whose franchise depends on the public's acceptance of these Olympic ideals

Without the Olympic's supporting philosophy, the games

importance is diminished and the organizers cannot hope to attract the number of supporters that it currently does. Therefore neither is it in the long-term interests of the sponsors to overcommercialise the games.

What is more – it is not certain that it is in the OCOG's interests to proliferate sponsors. Montreal had over 630 sponsors and yet raised an insignificant amount of private finance, one should also consider the negative effect that over-commercialisation has on ticket sales.

So it becomes clear that although sponsorship is necessary, it should be carefully controlled and coordinated so that the maximum revenues can be made without dilution of the Olympic brand.

One of the ways that the IOC had had tried to take control of sponsorship, the TOP program, seeks long-term partners in exclusive deals in an attempt to align the interests of both commercial sponsors and the IOC. The IOC has taken steps to prevent ambush marketing (deliberate attempts by companies to associate themselves with the Olympics without paying sponsorship). These have not always proved successful, Spectators wearing clothing produced by brands other than the official Olympic sponsor were asked to remove their clothing at the Sydney Olympics. This heavy-handed approach only reinforced the opinion that the games were over-commercialised. A more successful approach has been through press conferences naming and shaming the profiteers.

Olympic Corruption

The Salt Lake City Olympics bought IOC corruption to the front-pages of the world's media. The scandal centered on allegations that members of the Salt Lake City Bid committee had paid bribes to IOC officials to secure its place as host of the 2002 Winter Olympics. Four separate enquires by the FBI, IRS and the US Department of Justice found evidence of wrongdoing which led to the



expulsion of six members of the IOC and criminal charges of bribery and corruption against Tom Welsh and Dave Johnson – the two men in charge of the Salt Lake City bid.

Other cities have also faced allegations of impropriety. In January 1999, John Coates, President of the Australian Olympic Committee and a leader of the Sydney 2000 bid, admitted that he had offered US\$35,000 apiece to two African members of the IOC in return for their supporting votes. Suspicion must also be levied at the Nagano 1998 OCOG who destroyed all their documentation immediately following the games. Dossiers produced by various bid committees and leaked to the media show the intricate personal details of IOC officials and how bid committees conspired to exploit their weaknesses.

Knecht(1999) claims that corruption always consists of an “active corrupter” and a “passive purchasable”. Yet it has become clear to the authors of this report that bribery has become an institutional part of the Olympic bidding process. Evidence from IOC member Marc Hodler in 1998 and a report published in 1991 by the Toronto bid committee suggests that the IOC was well aware of their official's dishonesty. The Toronto Report alleges that 18 of the 69 members who visited Toronto cashed in their first class tickets, pocketing the proceeds. It suggests that IOC members made inappropriate demands for money, jewellery and even free plastic surgery, yet the IOC failed even to acknowledge the report.

As bid committees attempted to distance themselves from the Salt Lake city scandal – more examples of IOC officials soliciting bribes emerged. A report from the British Olympic Association suggested misconduct by officials during negotiations for the proposed 2000 Manchester games. The report claimed that, amongst other offences, an Indian IOC Member had asked the chairman of the committee to secure a place for his daughter at a top London university!

It is obvious that the IOC yields great power over candidate cities. Not only does it have to power award

(and remove) the games, it has direct control over 40% of the OCOG's revenue. Preuss claims that cities have been led into a “Prisoner's Dilemma” – Those cities who have not bought Olympic votes are punished by smaller chances of being awarded the games, however all those who have offered bribes all have practically the same chance of winning. Game theory suggests that the dominant strategy for all cities is corruption.

The Economist claims that Salt Lake City's

“previous bids for the games [by Salt Lake City] failed partly because it did less than its rivals to pander to visiting IOC members. The decision to award last year's Winter Olympics to Nagano, with its lousy facilities and mediocre snow, seems to have been a turning-point.”

Indeed other sources seem to indicate that candidate cities believe that they are obliged to offer bribes in order to compete with other bidding cities. John Coates says that his payments to IOC officials were “within IOC guidelines and similar to plans used by bidding committees from Beijing and Manchester”

The IOC's members are not elected, but co-opted by “friends” already on the committee. This ensures deep loyalty to the president and his executive board. Members serve until they reach 80. This ensures an environment of unaccountability and secrecy. The unpaid nature of the job tempts members to seek income from other sources and many IOC members beyond retirement age have nothing to lose from allegations of fraud and corruption. The chairman of the Manchester 2000 bid said that IOC members are “independent and responsible to nobody and the candidate cities treat them like gods”

Ultimately corruption is not in the best interests of the Olympic movement. Apart from undermining the Olympic ideals and attracting public scorn, it scares away commercial sponsors, to whom good corporate-governance and strong ethics have become very important following the Enron/WorldCom/Tyco scandals. By



judging the Olympic bids on anything other than their ability to host the games, the IOC risks undermining the success of the games and destroying public interest.

So what steps have been taken to try and ensure that corruption does not take place in the future? The IOC president Carlos Samaranch acknowledged that the IOC *"must root out all forms of inappropriate or unethical behaviour among our membership."* His actions since 1999 have centred around reducing the number of people evaluating the bid cities and introducing an "ethics committee" to oversee all the operations of the IOC. However it is the authors' opinion that these steps do little to prevent corruption in the future. The concentration of voting power higher in the IOC hierarchy does not guarantee impartiality or honesty, Samaranch's reputation itself is tainted by a spell as sports minister in General Franco's Fascist Government. The notion of an ethics committee is fundamentally flawed by the fact Mr Samaranch insists that it is made up of IOC members.

It is the opinion of the authors' that unless IOC members are made accountable for their decisions and their behaviour through independent scrutiny, the Olympic movement will be permanently tarnished. However the problem of corruption remains, whilst the OCOG is publicly accountable, the IOC is not. The authors believe that unaccountable unelected individuals playing with a small number of lucrative deals seems like a dangerous mix. The author's opinion is that this corruptible method of allocation is the greatest threat to the games, and that the IOC should take appropriate measures to ensure their decisions have independent oversight.

Olympic Legacy

Since 1972, the growing size of the Games has brought enough income to allow cities to dramatically modify their landscapes and build purpose-built facilities for the games. These include the venues built to host sports events, transport systems for access those venues, and

"Olympic villages" for use by the participating athletes.

Many of these new constructions last beyond the games and hence leave a legacy in the city for years to come. There is no guarantee, however, that the effects of this building program will be wholly positive; opportunity cost and residual debt frequently provoke citizens in the question: "Is it worth it?"

Urban Renewal

Across the world, governments are constantly trying to rejuvenate failing parts of their cities. The term "urban renewal" is widely used to describe their efforts to revamp and recover inner-city areas such as old industrial zones, dock areas and run-down low-cost housing estates. Hosting an Olympic Games provides an ideal opportunity to designate these areas for reuse and renewal.

Barcelona is a city which prides itself on its rich culture and architecture. However, following Spain's transition to democracy in 1975, the economic depression wiped out much of Barcelona's industry. These disused industrial areas degraded the image of the city. The city's nomination to host the 1992 Olympic Games allowed the city to develop its cultural heritage into a thriving tourism industry. \$2.4 billion dollars was spent on renovating the harbour and port areas to create a modern commercial zone with luxury hotels and office blocks³⁸.

Local government claimed that with the political and financial support that the games attracted, they managed to achieve 50 years of infrastructure development in 8 years. Over \$8 billion was spent on a new ring road, improvement of the sewage system, a new airport and telecommunications system. The new infrastructure allowed the flow of passengers into the city through its airport to increase from 2.9 million in 1991 to 21 million in 2001. The result of all the construction put together

³⁸ Source: The Observer - 8 December 2002



meant a relative increase in Barcelona's road system of 15%, a 17% increase in the size of its sewage system and 78% more beaches and green zones. Each of these are considerable improvements, but as Pasqual Maragall, former mayor of the city, who was re-elected for a fourth term following the Olympic spending spree, explains the Games are "*a pretext. You've got to use it to produce change, otherwise it is a lost opportunity*". (Data from City of Barcelona).

Tokyo and Munich are further examples of how cities' infrastructures had dramatically benefited from hosting the Olympics. Tokyo's transport infrastructure was unsustainable due to the rapid increase in the population and use of private motorised transport. However, in the world's spotlight the government was pushed to address the problem and quickly constructed a network of urban expressways in time for the Games. Munich took the opportunity to improve upon its dated trams and suburban trains, and created an integrated rail network. This also allowed the city to introduce the largest pedestrian zone in Europe much to the benefit and safety of Munich's citizens.

Olympic Venues

Olympic venues are often the main area of attention when a city plans to host an Olympic games. These range from swimming pools to vélodromes. At the centre of every Olympics is the athletics stadium, and naturally a lot of money and effort is gambled on the stadium being a success both during and after the games.

Although they only make up a fraction of the projects that a city undertakes, the Olympic venues are often designed for a specific sport, and so can have a lasting financial impact on a city if there is no follow-up demand.

Sydney's Olympic stadium is the most recent purpose built venue, having been constructed especially to host the 2000 Games. Now known as the "Telstra Stadium", its

lasting legacy is a successful one, having been modified to host cricket and Australian Rules Football matches. In November 2003, it hosted the Rugby Union World Cup final. This regular use means that the stadium continues to raise revenue for the state.

Other examples of stadia that are still in use are the Olympic stadia in Rome (1960) and Munich (1972). After hosting an Olympic Games, both subsequently hosted Football World Cup Finals in 1974 and 1990 respectively. The two stadia also host regular football matches for their resident clubs Bayern Munich, and the Italian sides Lazio and Roma. In all these examples, the presence of a large stadium built for the Olympics has allowed the city to attract other large sporting events, bringing in significant revenues for the city.

Employment effects

Aside from the positive impact of urban redevelopment, The Olympic games provides benefit through employment effects

Proving a long term employment benefit from the games is difficult because the number of jobs available in any city depends on many different economic effects. Many of those complex interactions can be eliminated by considering employment effects in Olympic Winter Games. The winter games has tended to be hosted by small cities, with a much smaller range of different industries, hence it becomes easier to determine the specific impact of the games. Data from Lillehammer shown in figure

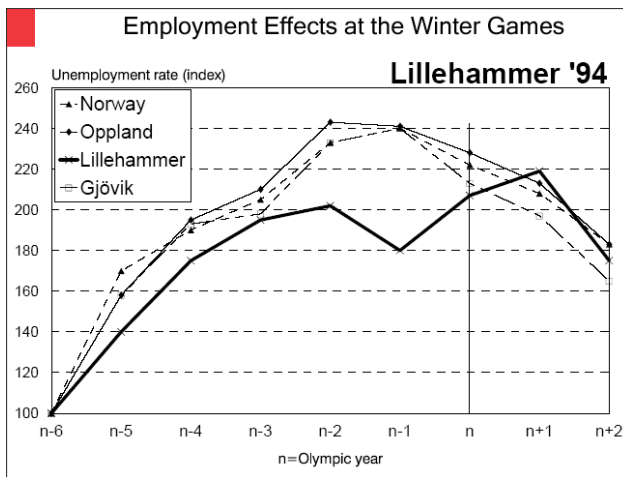


Figure 6 : Employment effects at the winter games : Preuss(2004)

6 demonstrates a temporary drop in unemployment due to the '94 games. Proving this benefit in the long-term is impossible without of model of "what would happen without the games." Yet its seems clear that the hosting of a successful Games raises the tourist profile a city, leading to a potential medium-term boost of employment in that industry.

Intangible Benefits

Hosting the Olympic Games brings intangible benefits to the citizens of the host city. The economic and social benefit of these effects cannot be fully quantified. One commonly cited intangible benefit is the "raising of the international profile of the host city." This may lead to directly measurable benefits such as increased tourism. Consider also the benefit to the health of citizens due to improved sports facilities or the relaxing atmosphere created by new parkland. The effectiveness of the games in providing these benefits is impossible to quantify without the presence of a model of what might happen without hosting the games.

Economic arguments for not hosting the Olympic Games

The Montreal Olympics is widely acknowledged as a financial failure because of the residual debt left after the event, the following section examines the 1976 Olympics in detail and attempts to examine what went wrong.

Olympic Debt

"Les Olympiques n'auront pas plus de déficit qu'un homme peut avoir un bébé." (Translation : The Olympics can no more have a deficit than a man can have a baby.)

Montréal Mayor Jean Drapeau, January 23, 1973

Thirty years later, The enormous debt left by the 1976 Olympic games is legendary. When including the interest paid on the debt and a \$537m CAD bill for completing the Olympic facilities after the games, the city's debt totalled 2.73billion CAD in a staggering constast to Mayor Drapeau's misjudged statement.

In February 2003 the 2010 Winter Olympic Games referendum in Vancouver provided a focus point for groups who oppose the Olympic games. It provided the perfect opportunity to examine those issues which made for such an acute financial disaster, with the aim of preventing it from happening again.

The plans for the Montreal Olympics included a number of elaborate new sports facilities and transport infrastructure. The Canadian economy struggled with inflation at 10.9% during the mid-1970's.³⁹ The escalating costs of building materials and labour for the extensive new developments meant that pre-inflation budgets vastly underestimated construction costs. The ambitious design for the Olympic stadium by Roger Tallibert called for an all-plastic roof, sweeping curves and an extensive tower to

³⁹ Source : 1975 Anti-Inflation Act

<http://canadianeconomy.gc.ca/english/economy/1975economic.html>



host the Olympic flame. Late-modifications to the design put the construction behind schedule and the winning construction bid was priced on a time plus materials basis, which failed to set out milestones for the workers, and encouraged laziness.

Furthermore a shortage of skilled labour in the province meant many workers were bought in from the USA. Since the Canadian anti-inflation act of 1975 capped wages for Canadian construction workers, labour disputes formed between US and native workers who were paid unequal amounts. This, combined with a series of bizarre mistakes in construction due to confusion between imperial and metric units meant that the stadium was unfinished at the time of the Olympics. The structure which was budgeted to cost only \$200 million was finally completed in "late 1977" for a final total of over 1bn USD. The residual debt from this "investment" was still being paid off in 2000, earning the stadium the nickname the "Big Owe"

Other disputed operating expenses include a 100 million USD outlay for security personnel, but after the tragedy of the 1972 Munich games, no price seemed too high for ensuring the security of the Olympic games. Sixteen thousand police and soldiers were on duty with a budget of \$100 million for security alone.

According to Holger Preuss, professor of sports economy and management in Cologne, all games over the past 30 years have turned an operational profit (see figure 7).

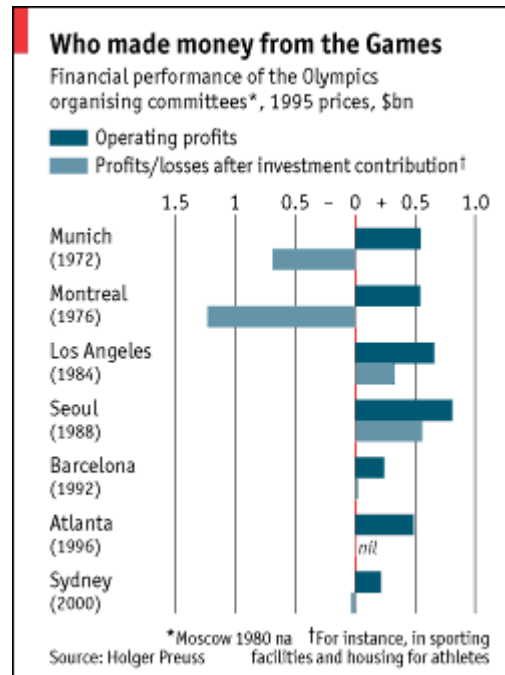


Figure 7 : Financial Performance of the Games :

Source - Economist

This is largely thanks to the sales of broadcasting rights and sponsorship deals, which together typically cover 40-60% of the local OCOG budgets. It is investment not operating costs which have caused Olympic games to run at a loss. The city of Montreal had to borrow heavily to cover the costs of it's investment in new sporting facilities and city infrastructure.

Considering the extremely heavy investment required in the facilities and infrastructure necessary to host the games, it is worth questioning whether it was a sensible decision for Montreal to host the Olympics in 1976. Other Olympic efforts since then have concentrated on renovating and reusing existing sporting facilities, where there will be a follow-up demand for those facilities, and constructing temporary facilities where there is not. The Los Angeles Olympics was staged without building new facilities by adapting the existing facilities in the city and those of the nearby University of California (UCLA). Only 13 of 112 Olympic venues for the Seoul Olympics were constructed from scratch. It is the opinion of the authors that the city of Montreal did not have the necessary infrastructure to host the games in 1976 and was



unwise to make an Olympic bid.

The decision to host the games was particularly unwise when considering the lack of political support for the Montreal Games. Canada would not underwrite the cost of the games due to a “written guarantee that the federal government would not be called upon to absorb the deficit nor to assume interim financing” MONTREAL OCOG 1976: 55

This meant that the OCOG had to stage the Games with the sole financial support of the city. Each of the Olympic games held since 1972 has attracted a different mix of financial support from private and public sources. A summary of the division of financial responsibility can be seen in figure 2, which shows that the Montreal Olympics was financed almost entirely from the public purse.

However setting aside the authors’ opinion that the 1956 Montreal Olympic Games bid was economically unsound, the headline figures which herald the event as an economic disaster overstate the issue at hand. In reality, the Montreal Olympic games provided the political push for new investment in infrastructure projects which would otherwise not have happened, or would have been postponed without the Olympic events of the summer of 1956.

While it is clear that many of the building projects associated with the Olympic games in Montreal were mismanaged, the enormous headline figures showing the cost of the Olympics in Montreal hides the intermingling between the operational budget for the games and the city’s investment budget. The investments made for the Olympics have provided a lasting legacy for the people of Montreal and their economic value is extremely difficult to quantify. Today Montreal is a thriving centre of commerce, but it is impossible to attribute that success to any single government policy or city investment.

One of the problems of assessing the value of those investments is that many of the facilities were handed over to the city upon the completion of the games. As

noted by Dr Preuss, “*This corresponds to a depreciation of the [value of] facilities in 17 days. Business enterprises investing in a facility used over a longer period would depreciate it over the actual life cycle [of that facility]*” Therefore the billion dollar losses of the Montreal OCOG, if considered over the lifespan of those investments made in the city of Montreal seem much less outrageous particularly if one considers the long-term macro-economic benefit to the city. A fairer system would involve selling the OCOG assets or leasing them back to the city – this would make it easier to separate the operating expenses of the games from investments made in the host city.

Since 1996, the IOC Olympic Charter has stated that “*any candidate city shall offer guarantees as considered satisfactory by the IOC executive Board. Such guarantees may be given by the city itself, local, regional or national public collectivities, the state or third parties*”

A complicated set of contracts regulates the financial responsibilities of all the interested bodies (both public guarantors and private investors) and should make it easier to separate investment and operational budgets for future games.

The legacy and lesson to be learned from the Montreal Games is summed up by Richard Pound, chair of Montreal McGill University's Board of Governors, vice-president of the International Olympic Committee and himself an Olympic athlete.

“*We wanted our metro extension, our highway extension, and a sports complex, not just for the two weeks during the games, but for the community as a whole and for years to come, so we borrowed the money. The big problem with Montreal is that we never separated the infrastructure budget from its operating budget. The organization, OCOG, actually made about \$135 million, a far bigger surplus, when you compare the size of the economies, than Los Angeles. But everything got lumped together, so the popular myth is that the Olympics cost us \$1.2 billion. We*



were going to have all that new infrastructure anyway, just not necessarily in one shot.”

Rising Consumer Prices/ Rent

The Olympics Games creates a sharp impulse of commercial activity. If demand outstrips supply in any one marketplace, price increases are likely⁴⁰. In the construction industry, it could be supposed that demand might outstrip local supply leading to an increase in the price of labour. The influx of tourism into a city might bring about a rise in the price of hotel rooms. In Athens, many citizens intend to rent out their homes to visitors at up to 10 times the normal going rate. It might be reasonable to suggest that speculation in property and goods drives prices still higher, and spreads the effect of price increases over a larger time frame

Preuss(2000) considers this phenomenon in detail. One way to assess its impact is to compare price level changes with other similar cities or regions. Considering the huge construction effort in Montreal, we might assume a significant rise in the cost of living. Yet the data in figure

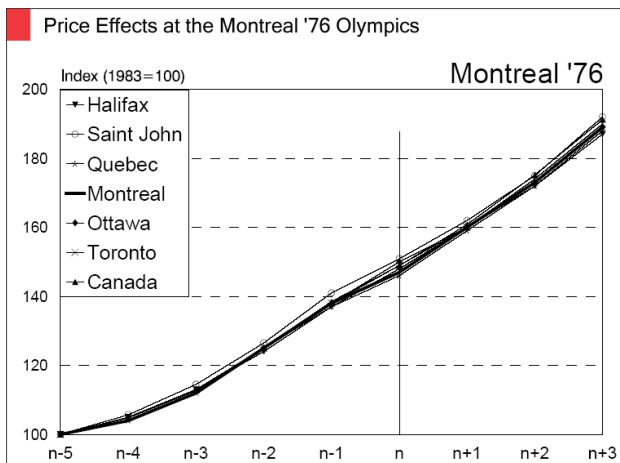


Figure 8: Price effects at the Montreal Games : Source : Preuss(2004)

8 seems to refute this. The data shows no general increase in the consumer price index either before or after the games. Figures derived from Seoul and Los Angeles also suggest no major deviation from prices when compared to similar cities elsewhere in their respective countries.

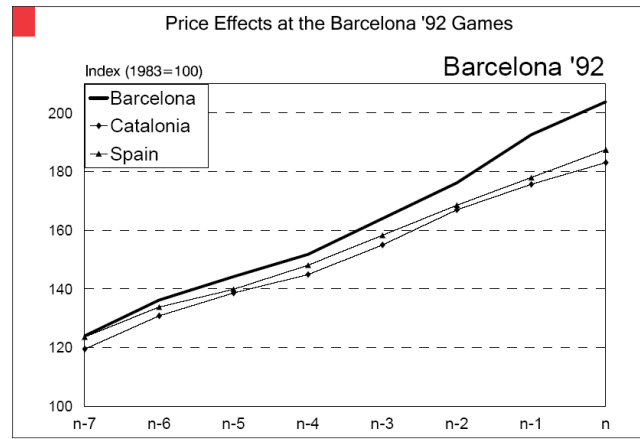


Figure 9: Price Effects at the Barcelona Games : Source Preuss (2004)

Yet data from Barcelona shows that the consumer price index rose steadily in the years preceding the games. From this data, the authors suggest that the significance of price rises has more to do with the relative sizes of the host economy and the level of international trade than the spending on infrastructure. Using this hypothesis we can predict price rises consistent with Barcelona at the Athens Olympics. This can be justified since Greece has a relatively small economy . Figures from the WorldBank⁴¹ show Greece’s 2002 GDP to be \$132billion approximately four times less than Spain’s which stands at USD 650 billion. As a comparison, the UK’s GDP was 1.552 trillion dollars for the same year. From this we can conclude that significant prices increases for the London Games are unlikely.

Economic Benefits

As already seen, the 1992 Barcelona Olympic Games provided the opportunity for the revival of the city. Improvements to infrastructure and declining urban areas, however, was all a result of the foundations laid by sound economic planning and organisation.

By hosting the Olympics, Barcelona was simply able to generate the extra revenue to pursue these goals of city improvement. In fact, Barcelona stands out amongst Olympic cities, as 75.2% of the total revenue was

⁴⁰ Chapter 2 Microeconomics Pindyck and Rubinfeld

⁴¹ www.worldbank.org



generated directly by the Games themselves – primarily through sponsorship and TV rights.

Perhaps the most obvious example of a city which proved economically successful (as well as in practically every other aspect), was the Sydney Games in 2000. From a purely economic point of view, there is no doubt that Sydney has benefited tremendously. Having put on a brilliant spectacle for the entire world to see, it is no surprise that Sydney has now become one of the most famous cities in the world, and the tourism figures prove it. In 2001, the year after the games, an additional 1.6 million tourists visited Sydney, bringing in \$6billion. The Games themselves provided \$6.1billion in terms of international publicity, and have also encouraged the use of the city for future meetings events. The city has secured approximately \$203million on meetings for various congresses and organisations booked since October 2000.⁴²

Local Opinion

Tourism benefits locals, however the locals have different needs to the tourists.

Dr Helen Lenskyj⁴³, a professor at the University of Toronto has studied the effects of the Olympic Games on local residents. She suggests that the ideal way to organise the Games is to spread the venues across a large area of the country, and use existing facilities to minimise adverse social and environmental effects. However this dilutes the Olympic atmosphere and reduces the commercial influence of sponsors over spectators.

Dr Lenskyj claims that for the preparation of the 2000 Games in Sydney the taxpayers were not consulted regarding the city's preparation for the Games. Instead the needs of the big investors took priority. This meant low-income residents were required to be evicted from their

homes for new construction work. A similar case arose at the Atlanta games, where 10,000 residents were evicted from low-cost housing to make way for the new Olympic village.⁴⁴

Dr Lenskyj shows her concern for the preparation of Vancouver to host the 2010 Winter Olympic games. She believes that costly developments such as the "Sea-to-Sky" highway⁴⁵ will not bring long-term benefits for the majority of residents. Instead, she argues, the motivation behind the development is to attract sponsors and provide short-term profits.

Some detractors from the Games have argued that "*the Games only benefit the Upper classes*" for further discussion see Preuss's "Problemizing arguments of the opponents of Olympic Games."

Some local residents have felt sufficiently strongly about these issues that they have formed pressure groups, lobbying politicians to reconsider their Olympic plans.

In Stockholm this opinion provoked unprecedented direct action to sabotage the city's Olympic bid.

Case Study: Stockholm stadium bombing 1997

The site of the Olympic stadium in Stockholm Sweden, was bombed in 1997. The bombing was the culmination of a series of attacks by groups who opposed Swedish plans to stage the 2004 Olympics. The city was one of the main contenders for the games until the bombing. A significant part of the structure and glasswork of the stadium was damaged in the explosion. Although the Swedish government denied the bombing influenced the decision to withdraw, the bombing effectively ended their chances of a successful bid, not only because of the damage to the stadium but damage to Stockholm's

⁴² Source: Australasian Special Events Industrial News

⁴³ Source: Vancouver Courier – May 2002

⁴⁴ 'Best Olympics Ever?', The Social Impacts of Sydney 2000' Helen Lenskyj

⁴⁵ See <http://www.seatoskyimprovements.ca>



reputation and leading to fears over domestic security.
Consequently the 2004 games were awarded to Athens.⁴⁶

⁴⁶ 'The Lost Games' The Unofficial Olympics Website

Chapter 5:

London's Bid to Host the 2012 Olympic Games

London has been nominated by the British Olympic Association to host the Olympic Games in 2012. The bid has been accepted by the IOC into a shortlist of cities, along with Paris, Madrid, New York, Rio de Janeiro, Havana and Leipzig. The vote to decide which city wins the bid will take place by IOC members in July 2005.⁴⁷

This chapter will outline London's plans for the development and will conclude by answering the question whether London should host the Olympic Games in 2012.

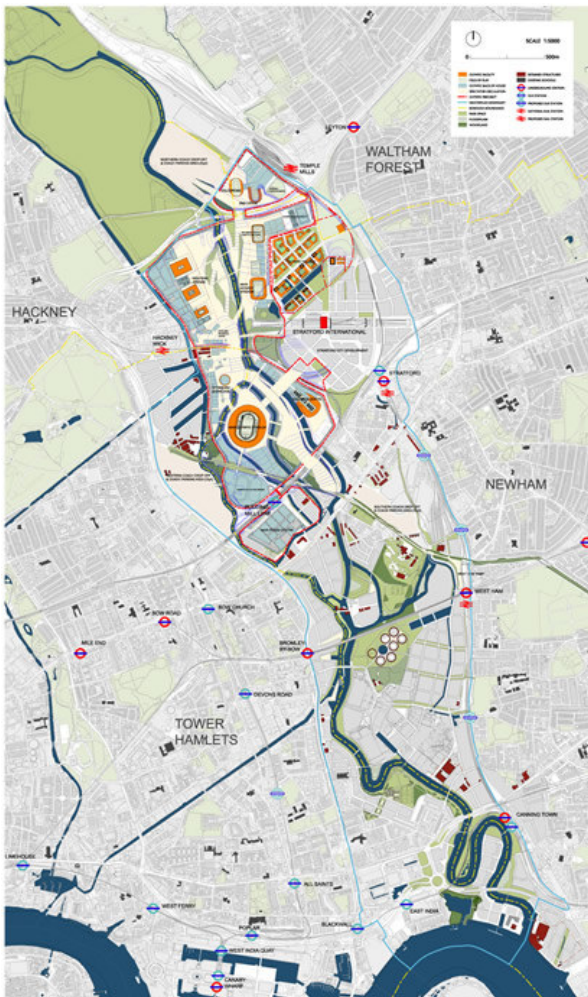


Figure 10 : Urban Development "Master Plan" : Source - Lower Lea Valley.com

Urban Regeneration

The main emphasis of the bid is on the plans to comprehensively redevelop the east-end of London. The Lower Lea Valley, one of London's poorest areas, has been chosen for the main area of development, known henceforth as the Olympic Zone, see figure 10.⁴⁸

An 80,000-seater stadium is planned for Marshgate Lane, Stratford alongside an Olympic village with 17,000 beds. The Olympic Village will be designed so that it can be turned into 5,000 homes once the games have finished, and hence leaving a lasting legacy of new housing stock in the area while recouping construction costs.

Other proposals include: an aquatic centre with a 50-metre pool; a vélodrome and BMX track; a complex for the Paralympics, basketball and volleyball events.

The plans are designed to fit in with the IOC's idea of a "compact Games", with more than half of the events within a 15-minute drive of the Olympic village. The Olympic village itself is just three miles from the heart of London.⁴⁹

Barcelona (1992) and Sydney (2000) both built successfully on reclamation areas and the Lea Valley project will incorporate some of the lessons learned from those two previous host cities. One such lesson is to aim to avoid building the 500,000-capacity plazas that cannot be filled after the event has finished.

The plan calls for a Olympic site comprising permanent and temporary structures over which the grid of streets

⁴⁷ 'Nine NOCs/Cities express interest in hosting the 2012 Olympic Games' IOC Press Release

⁴⁸ 'The Masterplan' Lowerleavalley.com

⁴⁹ 'London 2012: The Olympic Park' London2012.org



and squares of the future city can be laid, while the training facilities developed for the Games will remain as a national training centre promoting British sport. This will provide East London with its own world-class venues.

Impact on local residents

The London bid committee is keen to emphasise that the long-term needs of residents are being considered in all aspects of the planning of this development.

A spokesman said at the bid ceremony at the Royal Opera House: "We will deliver excellence without extravagance. London 2012 is committed to ensuring that no venues are built without a clear plan for their post-Olympic use. There will be no white elephants at the London Olympics."⁵⁰ Clearly the political repercussions of the Millennium dome are still being felt.

Considerable effort is being placed in creating a community environment through improving "social cohesion through the promotion of diversity and inclusiveness of minority ethnic communities and disabled groups."⁵¹

The long-term sporting legacy of the proposed Olympic Zone development should create long-term job opportunities. This aspect is welcomed due to the region's high levels of unemployment.

Local residents should be aware that many of the jobs promised by those promoting the Games are short-term positions. The authors believe that the claims⁵² of long-term employment benefits made by the London Bid Committee have deliberately misled Londoners in order to gain support. However, this is not to detract from the value of useful work-experience gained through those

short-term positions.

As previously explained, London's large economy protects the city from acute price rise during the games.

Transport

The ability of London's ageing and overcrowded transport infrastructure to cope with the influx of tourists, athletes and officials has been heavily criticised.

However this criticism has been refuted by the London Bid Committee. It is suggested that London transport currently supports over 20 million journeys per day and the 1 million journeys through central London would mean a modest 5% increase in road/rail traffic⁵³. London's mayor, Ken Livingstone (a strong supporter of the London bid), even makes the claim that the number of passengers would **decrease** during the Games: "It would be 21% less than normal at that time of year because people would be on holiday."⁵⁴

In order to ease congestion several new projects have been proposed. A Channel Tunnel Rail Link is proposed to link a new 'Stratford International Transport Hub' to Kings Cross and from there onto Northern Europe via the Channel Tunnel. The shuttle service, due to be completed in 2006, would provide a journey time from Stratford to central London of just seven minutes.⁵⁴



Figure 11 : Channel Tunnel Rail link : Source news.bbc.co.uk

⁵⁰ 'London unveils its Olympic 2012 bid' BBC London News, January 16, 2004

⁵¹ 'London Bid Summary – A Cost/Benefit Analysis' Ove Arup, 21 May 2002

⁵² 90,000 jobs created

⁵³ 'London 2012: Transport' London2012.org

⁵⁴ 'No problem' over Games transport' BBC News, 16 January, 2004



Improvements to the transport infrastructure in the area include 45% extra capacity added on the Jubilee line, extensions to the Docklands Light Railway (DLR) to London City Airport and a £1bn extension of the East London line to improve connections.⁵³

A new subsidiary of Transport For London, the Olympic Transport Agency, is proposed to deal exclusively with managing the transport system for the Games, such as allocating and distributing capacity and setting up Park and Ride schemes around the M25, so that the whole of London's transport system works efficiently.⁵¹

One of the main concerns is whether all of this development it can be completed in time. However according to bid leader, Barbara Cassani, this is not an issue as the government has given the bid team guarantees that the £17bn transport improvements will be delivered in time. But an internal report prepared for London transport commissioner Bob Kiley said that, without the east London extension, the Jubilee line would "grind to a halt during the Olympics".⁵⁴

Improvement of public transport will not only affect the smooth running of the Games, but also leave London with a better transport system. There is already severe overcrowding at peak times, so it is likely that expansion of the Underground or bus network would be universally welcomed. These changes would truly benefit locals, and perhaps, as occurred in Barcelona, enhance its status as a world-leading city.

Countrywide Impact

Inevitably if London wins the bid then the global profile of the city and the UK as a whole would be increased. This would then prompt a large number of spectators to visit London for the Games. This would benefit London's tourist industry who have seen a sharp decline in profits since September 11th 2001, due to American reluctance to travel abroad. It would be reasonable to assume that this would prompt an increase in the levels of tourism over the

whole of the UK.

UK sport would benefit from the provision of over 100 training venues. UK's sports education and sports community centres hope to benefit from increased spending in the run-up to the Games, designed to ensure Olympic success.

Economic Aspects

As was seen in Chapter 4, hosting an Olympic Games can be a risky endeavour. There is precedent to make a huge operational loss (Montreal). However recent games have been profitable, for example Sydney (2000) boasting a \$2bn profit. How does London propose to fund the games?

£625m raised by increasing London Band D council tax bills by £20, starting in 2006/7

£250m from the London Development Agency

£1.5bn from a new Olympic lottery game and form existing lottery funds

This makes the total cost of staging the Games £2.375 billion.

Many Londoners resent the plans to add an extra £20 on their council tax to pay for the Games that will only directly benefit those in the East End. This sentiment is shared by locals of Vancouver as it prepares for the 2010 Winter Games, who too believe that any additional tax or one-off charge is making the local public donate money to a cause from which they will never see a beneficial return, and giving them no choice but to pay depending on their geographical location. A popular opinion is that the economic achievements of London are often used to benefit the whole of the UK, and that there is no reason why the Treasury could not contribute, especially considering there are some national benefits.

However the likelihood of overspending is perilously high, Sydney's costs rose by over a half and Athens' costs



have already doubled in the rush to complete the project on time. As the government underwrites London's bid, it is foreseeable that the Treasury could be forced to foot the bill of the excess expenditure after all.

A cost-benefit analysis by Ove Arup⁵¹ predicts that there could be as much as a £494 million deficit from the construction and operating expenditure. This is hoped to be offset by revenues generated by tourism which is predicted to be from £280-£507 million by Arup, but others, such as London Business Board chairman Ian Barlow, estimate the figure would be closer to £1.5 billion⁵⁵. This means there could actually be a loss of £145 million or a surplus of over £1 billion.

Should London Host the 2012 Olympic Games?

London is a forerunner in the bidding race, currently lying in second place with odds of 5/2. However Paris is currently the bookies favourite with odds at 11/8.

It is the authors' opinion that the regeneration can only bring positive effects to the area, and the Lower Lea area has long been described as a 'tear in the fabric of London which needs repairing'⁵⁶, but this regeneration is likely to take place whether London wins the bid or not.

The increase in tourism revenues and effect on the worldwide image of London can also only be a positive attribute.

There were valid queries raised about the suitability of London's transport infrastructure to cope with the increase in passengers. However the counter-argument of only a 5% increase in passenger on a lower-than-normal total due to the season and suitable extensions and capacity increases to existing lines, mean that the transport is

unlikely to be as great of a problem as first thought.

The main concerns with the project are whether the financing can be secured and agreed on by all parties, and whether Britain has the expertise to manage a project of this scale⁵⁷.

⁵⁵ 'London bid 2012 - the facts' BBC London News

⁵⁶ 'London bid 2012 - developing The Games' BBC London News

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Chapter 6:

Conclusion

The Olympic games has developed from one man's dream into a multi-million pound world wide media spectacle. The massive increase in the size and economic value of the Olympic event means the Games now has significant macro-economic and political consequences. Corruption scandals suggest that the IOC does not have an appropriate organisation structure to cope with its increase in influence. The authors believe that dilution of the Olympic ideals through corruption and over-commercialisation is the greatest threat to the Olympic movement. London's bid for the Olympics seems well organised, and with the political support of the government it stands a

significant chance of being chosen as the host city for the 2012 Olympic Games. Yet the authors believe that many Londoners are being misled about the extent of the positive economic impact of the games and should be aware that the Games is unlikely to make a profit for the city.

We wish to thank our supervisor Mike Lee for his guidance and feedback. We would also like to thank Holger Preuss, Professor of Sports Economy at University of Mainz, Germany for his advice and encouragement in assessing the economic impact of the games.



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