Economic cooperation between public and private sectors – a comparative analysis of the Olympic Games in Athens 2004 and London 2012

Julia Jastrząbek
Poznań University of Economics and Business, Poland

Summary
The Olympic Games are considered to be the most important sports event in the world. In spite of the sports’ dimension of the Olympics, there are many other aspects which should be taken into consideration when thinking about the Olympics. These refer to economic, political, organisational and social fields. An appropriate budget, organisational structure, sports and non-sports infrastructure are just a few of the necessary issues. The major aim of this article is to present the spectrum of cooperation between the public and private sector during the Athens 2004 and London 2012 Olympic Games, the economic effectiveness of the Olympics in both cities and the realisation of the Olympic Legacy focused on post-game infrastructure and other facilities and areas of a socio-economic reality. The results of this study reveal that only a host city where an appropriate organisational structure, net of stakeholders, budget and strategy for Olympic infrastructure are established, is capable of drawing potential benefits from The Olympic Legacy.

Keywords: The Olympic Games, professional sports, sports industry, sports economics, sports management, public-private partnership

Introduction
The Olympic Games are the most important sports competition for athletes in the world. For two weeks, the world’s attention is focused on rivalry between the best athletes. Live spectators or TV viewers support their representatives whole-heartedly.

Over the last several years, to the ancient Olympic rule citius, altius, fortius (faster, higher, stronger), a forth term – carius has been added, meaning – more expensive [Olszański 1995/1996, p. 144]. The Olympic Games is not just a sports rivalry. It is also a huge venture in many areas of the present economy. In order to organise the Olympic Games, the host city needs to incur significant financial outlays to complete all necessary investments dedicated to the event. The tendency of growing costs is unequivocal. Hence, many experts and specialists in sports economics debate this problem and research whether being the Olympic host city positively affects socio-economic development and improvement of well-being.

The main premise of the subject is a broadening discussion on cost-effectiveness of staging the Olympics. The Olympic event may become a huge opportunity for the host city development, especially in urban and sports infrastructure and residents welfare. The main thesis of this paper is that suitable and proper cooperation between public and private sectors contributes to the better organisation process and usefulness of post-Olympic infrastructure in the future.

The major aim of this paper is comparative analysis of organisational structure, expenditures on the Olympic Games in Athens 2004 and London 2012, as well as the economic effectiveness of the Athens and London Games organisation. Moreover, it was presented to what extent both host cities secured the benefits from staging the Olympics, which are specified as Olympic Legacy. It is reasonable to consider if the Olympic Games should be evaluated only through the prism of economic effectiveness or whether it is a sports event which carries many benefits for society and raises the prestige and renown of a host city.

Research methods used in this paper refer to monographs and reports written and published by Olympic Organization Committees, government agendas as well as international and academic institutions. Moreover, the method of effectiveness ratios has been used to examine the financial burden for public and private budgets and comparative analysis of both Olympic host cities’ economic effectiveness.
The Olympic Games as an example of cooperation between public and private sectors

The Olympic event is preceded by years of preparations in the area of infrastructure and other organizational aspects, including construction of Olympic venues, transportation, communication, the Olympic Village and many more. Statistics relating to the Olympic Games from Barcelona 1992 to London 2012 prove how great and on what a large scale the Olympic event is held. Throughout the years, the number of athletes and competitions has been continuously increasing, thus acknowledging the Games’ importance and prestige as a paramount, worldwide sports event. For example, the number of nations participating in the Olympic event in Barcelona was 169. In London 2012, this number increased to 204. The number of athletes raised from 9,356 in Barcelona to 10,568 in London 2012 [London East Research Institute of the University of East London 2007, p. 20-21 and IOC 2013].

The Olympic Games are a global event, gathering the biggest interest of media, sponsors, and first and foremost, sporting fans and spectators all over the world, independently of inhabited latitude. In English literature, this kind of global sports competitions is defined as a “mega event” [Matheson 2006, p. 2]. In order to organise such an event, hosts must allocate several millions of dollars. In the history of Olympic budgets, expenditures may oscillate around 50 billion dollars – as in the case of the 2014 Winter Olympic Games in Sochi. Although the organisation of global sports event is a huge financial venture for the host city, there are still candidates eager to hold these kind of events.

Over the decades, several Olympic management models have been noticed and classified. It is especially important while considering the range of competences and obligations on public and private sector institutions. According to [Poynter 2009b, p. 15-16], governance may be varied according to three categories:

- State centred – where central government provides the policy framework and the role of non-state institutions is mainly restricted to (part) financing and delivery of the project (e.g. Montreal, Athens and Beijing);
- Public/private partnership – where the economic or commercial interests of the latter are privileged in the process of the project development (e.g. Atlanta);
- Networks of stakeholders – where the interests of all stakeholders (the state, private sector, local communities and civic groups) are represented in the governance framework and the vision and policy goals of the project (e.g. Barcelona, Sydney, London).

Business practice has formed models of cooperation between public and private sectors. In context of this issue, it is noteworthy to quote the definition of public-private partnership (next PPP) as an example of intersectoral collaboration.

The term partnership is mostly described “as an agreement between two or more partners who cooperate together in order to achieve a joint aim”. There is not one, generally valid definition specifying the PPP mechanism. [Korbus and Strawiński 2009, p. 23] define PPP as: “a form (instrument) of efficient public service delivery, provided by administration (or rather authority served by this administration) in cooperation with the private partner. Construction or modernisation of infrastructure itself is entirely the consequence or condition for public tasks to be effectively executed by local authorities or municipalities”. On the basis of the above definition, it can be concluded that the PPP’s primary aim is the mutual execution of obligations performing by the partners within a scope of the project implementation. There is no “one-sector” responsibility for succeeding in the project [Korbus and Strawiński 2009, s. 23]. [Rydel 2009, p. 5] underlines the duration of partnership: “public-private partnership is a long-term cooperation between public and private sectors in the pursuit of service realisation for society”. PPP is a long-lasting process, which frequently lasts dozen or several dozen years. Long-term mutual cooperation shows that in the face of economic and political changes associated with parliamentary and council elections, actions within a frame of cooperation between the public and private sector need to be efficient and harmonious, independently of the politics of the state or council authorities. This is the core of a successful project in the PPP formula.

The PPP definition presented by the European Parliament highlights another hallmark of this form of cooperation [Regulation (EU) No. 1303/2013, p. 20]: “PPP means forms of cooperation between public bodies and the private sector, which aim is to improve the delivery process of investments in infrastructure projects or other types of operations, deliver public services through risk sharing, benefit from private sector knowledge or additional sources of capital”. The above definition brings new elements into efficient and successful investment process within the PPP model. It emphasises the significance of risk as an inherent element of investment implementation in the PPP model. Risk appears on the side of the private partner as well as public, so that risk management is very relevant in order to complete the investment.

More PPP ventures are being commonly undertaken to prepare global sporting events such as the Olympic Games and the FIFA World Cup®. It is claimed that the participation of private entities in the organisational process of these events is widely noticed, mostly in the financial dimension. The private sector contributes to the budget for sports venue construction and transportation infrastructure, the development of which is strategic to host a great sports event smoothly. For public authorities, PPP is considered to be an alternative and opportunity to decrease construction and operating costs by making an agreement with a private partner. Moreover, as a rule, a private partner is more experienced in
the field of sports arena management. Consequently, the project realisation is aimed at increasing efficiency in usefulness and finance, relieving council budgets. Public authorities do not have to provide funds solely. As a result, construction costs are not too onerous for taxpayers because if a sports object would have been financed entirely by public authorities, that situation could lead to a tax raise and debt of local government unit. An example of a city which has been facing long-term debt aftermath the Olympic Games in 1976 is Montreal. Construction costs of particular Olympic infrastructure elements exceeded initial plans. The Olympic stadium is nicknamed the “Big O”, but among the city residents, it was called the “Big Owe” because of its construction and maintenance costs [CBC News 2006]. After the Olympics, the city had $1.5 billion debt which the city had to pay off for the next 30 years. A special tobacco tax needed to be imposed to repay the above mentioned sum. In the middle of November 2006, it was announced that the debt was paid off [CBC News 2006]. The budget of the Olympic Games in Montreal is claimed to have been a financial disaster.

Los Angeles was the first host city where the 1984 Olympic Games’ organisation process were supported with a large share of private entities. This model of organisation initiated “an era of commercialisation” [Poynter and Roberts 2009b, p. 123]. Negative experiences in the organisation process of the Montreal Olympic Games have been one of the main reasons to involve private institutions in the 1984 Los Angeles Olympic Games’ preparation process.

The 1996 Summer Olympic Games in Atlanta are an example of an event where the PPP model was used on a large scale. Atlanta established three key entities responsible for the supervision of preparation. A tripartite agreement called the Tri-Party Agreement was set up and represented by: a private sector – The Atlanta Committee for the Olympic Games (ACOG), state authorities – Olympic Authority (MAOGA) and the Host City. It practically turned out that ACOG was a leading institution [Poynter and Roberts 2009b, p. 123]. Responsibility for preparations and staging the Olympics was upon the ACOG. The private sector representatives dominated a preparation process strategy and possessed the actual decision-making power. In 1992, the non-profit organisation was appointed – Cooperation for Olympic Development in Atlanta (CODA), the main accountability of which was to manage the urban regeneration of districts adjacent to the Olympic arenas. Since the beginning of activity, collaboration in CODA has been very tough and no joint strategy has been created. Moreover, its activity has been marginalised. The aftermath of the event, The Olympic Park, has become a symbol of public and private sectors’ relationship collapse and a shameful sign of private interest superiority over those public [Poynter and Roberts 2009, p. 123]. Since then, a special rule has been adopted stating that the host city application has to provide funds from the public resources in order to avoid the scenario that the private sector would dominate and impose its own vision of the Olympics [Poynter and Roberts 2009b, p. 123].

**Comparative analysis of budget and organisational structure in Athens 2004 and London 2012**

The organisational structure presents mutual relationships and connections between various entities which are part of an institution or venture. In the case of the Olympic Games, this structure emerges what kind of public and private sector entities are responsible for preparations and hosting the Games as well as the scope of their common relationships.

The organisation and responsibility for staging the Olympics in Athens mainly relied on the public sector. Greece represented a state-centred management model executed by the Greek government [Poynter 2009c, p. 31]. Although, the public sector had the furthest decision-making power, the private sector was supposed to have participated in preparations for the upcoming event. The organisational structure of the Athens 2004 Olympic Games was dominated by public entities with the government of Greece on top. The government took responsibility for the Games’ organisation in general. Under the auspices of the government, the Inter-ministerial Committee was created to coordinate preparations for the Olympics, followed by the advice body National Committee for the Olympic Games – Athens 2004. The Organising Committee for the Olympic Games – ATHENS 2004 was represented by the private sector. This organisation was supposed to operate as a free-market private entity, notwithstanding its entirely principal shareholder was the Greek government [IOBE 2015, p. 31].

The Olympic Games in Athens was assumed to be financed from four sources – the public sector, the Athens 2004 Committee, the Worker’s Housing Organisation and funds from the private sector.

It is difficult to find reliable information about genuine numbers regarding the Athens Olympic Games over the years prior to the event. The vast majority of data is based on information presented by international institutions, experts in economics and sports as well as journalists. The first budget version assumed that the government would provide 2.5 billion EUR. That sum was supposed to have covered the expenditures on infrastructure projects. The estimates were verified over time and the amount raised to 4.5 billion EUR [Berman 2010, p. 16].

The public sector expenditures on the Games’ organisation reached the sum of approximately 7.2 billion EUR. That cost did not include the 1.3 billion EUR expenditures incurred by the private investors and other entities on transportation, communication infrastructure projects, etc. and the 280 million EUR cost of The
The 2012 London Olympic Games governance model differed from the Athenian one. It was represented by the net of stakeholders. To implement the plans of staging the Olympics in London, close cooperation between three following key stakeholders was required [The London Organising Committee for the Olympic Games and Paralympic Games 2012, p. 17]:

- Central Government – to provide financial underwriting and political will.
- City/local government – to sign the Host City Contract and provide transportation and land.
- British Olympic Association – to submit the bid to the IOC.

The Olympic Games in London was scrutinised by three principals: the Government (represented by the Department for Culture, Media and Sport – the Secretary of State is the Olympic Minister, with Olympic matters overseen by the Cabinet Committee), the Mayor of London and the British Olympic Association (BOA) [National Audit Office 2007, p. 9]. Two new entities were established to take the lead in delivering the Games – the Olympic Delivery Authority and the London Organising Committee of the Olympic and Paralympic Games (LOCOG) [National Audit Office 2007, p. 9]. The Committee was running as a private body on the basis of a Joint Venture Agreement (JVA) between DCMS, BOA and the Mayor of London, responsible for the operational and staging aspects of the Games.

ODA was a public entity supervised by the Department for Culture, Media and Sport (DCMS) and established under the document London Olympic Games and Paralympic Games Act 2006. The ODA’s responsibilities were site preparations, building new sports venues, managing them after the Olympics and providing their legacy usage. Apart from that, the ODA was obliged to deliver the Olympic Village, media facilities, infrastructure and transportation projects [NAO 2007, p. 12; Poynter and MacRury 2009a]. The London Development Agency was responsible for land acquisition at the Olympic Park site. Another public institution was the Greater London Authority (GLA). Being one of the signatories to the Host City Contract, it was mainly responsible for security and public safety, covering transportation policy, fire and emergency services, but also economic development, planning, culture and the environment. The Government was represented by the earlier mentioned Department for Culture, Media and Sport with over-arching control for managing the Government’s interests, responsibilities and overseeing the public bodies involved in the Games’ organisational structure [NAO 2007, p. 12]. In the organisation of The London Olympic Games, many institutions representing the public and private sectors were involved. The most important was the Olympic Board supervising the rest of the institutions. The Olympic Board consisted of the Secretary of State for Culture, Media and Sport, Mayor of London, Chief of British Olympic Association, Chair of LOCOG and Chair of Olympic Delivery Authority [NAO 2007, p. 12].

The above-described core entities played the most important role in the organisational process but it cannot be forgotten that many other organisations were also involved such as Sport England or the Olympic Lottery Distributor. The responsibility of the organisation was disseminated throughout all engaged institutions, thus, no individual accountability appeared for the pos-

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1 It is worth mentioning that the Paralympic Games budget was estimated at 130 million USD.
sible problems or shortcomings during the preparations.

Summarising, the organisational structure of the 2012 London Olympic Games consisted of a vast net of stakeholders. Each of them had significant input in the Olympic venture.

Both the public and private sector shared financial contribution to the Olympics. The public sector was represented by the Government (especially the ODA and the Exchequer), local councils (e.g. the Mayor of London) and the National Olympic Committee. The origin of the private sector financial input was from the LOCOG, TV broadcast companies, principal sponsors (TOP – The Olympic Partnership), as well as the LOCOG partners, sponsors and suppliers [Kitchin 2011, p. 133].

London’s budget analysis will be presented at three periods – December 2004, when the final bid was submitted to the IOC, March 2007, when significant budget revision was done and May 2013, presenting the final budget report. The analysis allows to reveal how the budget assumptions evolved throughout the pre-Olympic time, as well as the financial result.

While London was submitting its official bid to the IOC in November 2004, the organisation cost was estimated at approximately 4 billion GBP. This sum comprised the private sector contribution of 3.4 billion GBP, the private sector participated in costs in the amount of 738 million GBP [House of Commons. Committee of Public Accounts 2008, p. 3-4].

A significant revision of the London Olympics’ budget took place when the city was announced to be the host of the 2012 Olympic Games. In March 2007, DCMS and ODA revised the initial budget to the amount of 9.325 billion GBP. Compared to the November 2004 budget, this is 5.289 billion GBP more. This amount sustained until March 2009, despite of the global financial crisis. In May 2010, the Government decided to reduce the public financial resources from 9.3 billion GBP to 9.2 billion GBP [National Audit Office 2012, p. 23]. In May 2013, the expected public sector contribution in the Olympic Games preparation was 9.2 billion GBP. Moreover, it was announced that the Olympic budget will be balanced with the 528 million GBP surplus, provided that there will be no additional costs, which should have been covered from the public sector budget after the Olympics.

LOCOG mainly financed the Games from the private sector funds, supposing the LOCOG was the self-financed entity, i.e. the financial assets were claimed to have been covered by outward resources, e.g. sponsorship agreements, ticket sales, official merchandising and IOC financial payments. In case of lack of financial coverage from the LOCOG, the public sector guaranteed possible financial risks regarding the LOCOG activity would be refunded and secured [National Audit Office 2012, p. 29].

The first LOCOG budget plan dated November 2005 assumed balanced expenditures and revenues at 1.539 billion GBP. In March 2007, the expected expenditures and revenues bound with the Games’ organisation raised to the amount of 2.4 billion GBP, including the public sector participation in the LOCOG expenditures in the amount of nearly 1 billion GBP (989 million GBP). After the Olympics, the LOCOG published a report, presenting financial statements for September 2012, including the year of staging the Olympics. During this period, the expenditures were estimated at almost 1.897 billion GBP. The LOCOG total expenditure reached the accumulated value of almost 2.4 billion GBP. The final report published by LOCOG in May 2013 stated that the venture noted a 52.8 million GBP loss.

Economic effectiveness comparative analysis of the Olympic Games in Athens and London

Financial analysis instruments enable estimation of the economic effectiveness of the Olympic Games’ organisation. Particularly, it is fundamental while examining the relative quantities and financial burden on the scale of the whole host country.

In order to conduct thorough research of the ratios concerning the Olympics’ expenditure (1)-(9), the financial data from the Olympic official reports and studies presenting both host cities’ budgets has been used. The macroeconomic and demographic data have been derived from the Eurostat statistical base for the Olympic year in Athens (2004) and London (2012). Their value is a denominator for the ratios and completes the essential data needed to analyse the economic effectiveness of the Olympic Games in Athens and London. Expenditures during the Olympic Games have been defined as an amount of incurred expenditure at the moment of staging the Olympics in the host city.

The economic effectiveness ratios from the group (1)-(9) reached the following outcomes for the Olympic year:

The above analysis shows that the total expenditure for the Olympic Games per capita is amounted to 838.16 EUR. Taking into consideration Greece’s economy, its relatively modest share in the global GDP, the result is fairly significant. Moreover, total expenditure for the Olympic Games’ organisation accounted for as much as 9.94% of the total general government expenditure in 2004. That outcome reveals that the financial burden for the Greek economy has been highly undeniable, regarding the fact that estimations of total expenditure amount are divergent, depending on issued publications with budgetary accounts. The total expenditure for the Olympic Games’ organisation has been 4.74% of Greece’s GDP at market prices. In the Olympic year, the economic effectiveness ratios in London reached much lower rates than in Athens. The public sector expenditure for the Olympic Games has been accounted for at 0.56% of the United Kingdom GDP; 1.19% of
the total general government expenditure and the total expenditure for the Olympic Games per capita has been at 146.44 GBP. In order to standardise the accounts, that sum was converted into EUR. Having taken the average exchange rate for 2012 GBP/EUR = 1.1916, the total expenditure per capita was estimated at 210 EUR. This amount is fourfold less for London than Athens.

Comparing the economic effectiveness of the Olympic Games in Athens and London, the latter city has definitely reached better outcomes. Obviously, the main reasons for that conclusion are differences in economic (GDP and total general government expenditure) as well as demographic ratios (population). Nevertheless, the UK’s economy has managed to absorb the huge costs of the Olympics organisation better than Greece. This research is justified with per capita ratios showing the expenditure per one resident in Greece and Great Britain. Great Britain’s economy is approximately tenfold bigger than Greece. A more developed country, with favourable macroeconomic indicators, is capable of dealing with the long-term financial burden of the Olympic Games preparations and staging the event much better. The economic effectiveness analysis results are just one of the issues consisting of the comprehensive effectiveness evaluation of the Olympic event. The second issue is to what extent the potential stemming from the Olympic investments could be fulfilled? It begs the question: is there an opportunity for the host country to derive profits from Olympic Legacy?

**Table 1. The economic effectiveness ratios of the Olympic Games in Athens and London for the category of expenditure in the Olympic year**

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Value</th>
<th>Greece</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Public sector expenditure on the Olympic Games</td>
<td>3,72%</td>
<td>0,56%</td>
<td></td>
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<tr>
<td>Gross Domestic Product at market prices</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(2) Public sector expenditure on the Olympic Games</td>
<td>7,81%</td>
<td>1,19%</td>
<td></td>
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<tr>
<td>Total general government expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Public sector expenditure on the Olympic Games</td>
<td>658,30 €</td>
<td>174,49 €</td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td>(146,44 £)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) OCOG expenditure on the Olympic Games</td>
<td>1,02%</td>
<td>0,11%</td>
<td></td>
</tr>
<tr>
<td>Gross Domestic Product at market prices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) OCOG expenditure on the Olympic Games</td>
<td>2,13%</td>
<td>0,24%</td>
<td></td>
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<tr>
<td>Total general government expenditure</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(6) OCOG expenditure on the Olympic Games</td>
<td>179,87 €</td>
<td>35,60 €</td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td>(29,87 £)</td>
<td></td>
<td></td>
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<tr>
<td>(7) Total expenditure on the Olympic Games</td>
<td>4,74%</td>
<td>0,67%</td>
<td></td>
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<tr>
<td>Gross Domestic Product at market prices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8) Total expenditure on the Olympic Games</td>
<td>9,94%</td>
<td>1,44%</td>
<td></td>
</tr>
<tr>
<td>Total general government expenditure</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(9) Total expenditure on the Olympic Games</td>
<td>838,16 €</td>
<td>210,09 €</td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td>(176,31 £)</td>
<td></td>
<td></td>
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</tbody>
</table>

Olympic Legacy in Athens and London

Olympic Legacy refers to economic, social, cultural and environmental development of a host city [Poynter 2009c, p. 13], including: infrastructure improvements in transportation, housing, public transport, regeneration of the most deprived or post-industrial areas, unemployment rate decrease, business activity enhancement, social inclusion and poverty decline.

Unfortunately, in the case of Athens, the city did not fully take advantage of the socio-economic development opportunity as a consequence of the Olympic Games. Nonetheless, the event itself relatively achieved organisational success. Ten years after the Olympic Games in Athens 2004, several global press agencies and magazines published articles about the current state of the Olympic areas in Greece’s capital. It turned out that the Olympic venues are in very bad condition, unused and disrupted due to lack of an appropriate management. In 2008, the estimated cost of venue maintenance was 784 million EUR, even though they resembled more an uninhabited city than a place where the biggest sporting event had been staged four years earlier [Zimbalist 2016, p. 70].

The negative results of Athens Olympic Legacy have been exacerbated by the global economic crisis and Greece has unfortunately become its shameful symbol. Many arguments are in favour of the statement that the costs of the Olympic Games in Greece could be partly contributed to the dramatic economic situation [Malkoutzis 2014].

In face of all the above facts, one question should be posed: why has Athens not managed to execute Olympic Legacy? Firstly, political instability, inappropriate administration of the Olympic venues and lack of vision and strategy after staging the Olympics might be perceived as the main reasons. It appears that Greece put too much focus on the preparations themselves, which had ended just few days before the Olympics’ beginning. Struggling with severe delays and warnings from the IOC, Greece had to put a lot of effort (and money) into finalising Olympic investments, but unfortunately, they did not have enough financial resources to maintain these areas after the event [Govan 2011]. Secondly, cooperation between the public and private sector has not been established on an appropriate level. Public opinion accused the public sector representatives that entrepreneurs and developers benefited from the Olympics while the state did not have money to maintain the stadiums [Govan 2011]. Admittedly, evaluation of the Olympics in Athens is much more difficult because, on the one hand, sports fans all over the world had a great opportunity to witness the fantastic sporting spectacle but, on the other hand, the Games left behind unfulfilled potential, massive costs and debt.

The London Olympic Legacy plan has been one of the most ambitious over the last years [Zimbalist 2016, p. 114]. Initiators of London’s candidacy to be the Games’ host in 2012 put great emphasis on the effective usefulness of the post-Olympic infrastructure. With reason, the London Olympic Legacy plan stands in a row with Barcelona’s, the 1992 Olympic Games’ host.

The main premise of the London plan has been revitalisation and development of the West London districts. Formerly, this area had been a manufacture centre, surrounded by docklands. Technological changes in the 70s and 80s of the 20th century had led to the closure of many manufacturing plants, causing progressive deprivation and devastation of West London areas. One of the most important problems was lack of public transportation lines connecting west London districts with the city hub [Zimbalist 2016, p. 114]. Local communities were characterised by relatively high unemployment rates, social inequalities, insufficient quantity of housing supply in the proportion to population density.

The first part of the Olympic Legacy in London assumed proper use and management of The Olympic Park after the event. Before the beginning of the Olympics, The Olympic Park Legacy Company (OPLC) had been set up and became the owner of the Olympic Park. The main responsibility of the company was to manage the Park as well as lead long-term politics of the Olympic Legacy realisation. In April 2012, the above venture was replaced by the organisation London Legacy Development Corporation (LLDC). LLDC is under the auspices of the Mayor of London. Moreover, it cooperates with numerous public and private sector entities, local communities, domestic and international sport, cultural and recreational organisations. LLDC is also responsible for providing five- and ten-year strategies. The vision is to create new, dynamic metropolitan centre for London. Queen Elizabeth Olympic Park is projected to be a place contributing to changes in surrounding areas, influencing the residents daily living, promoting growth and investments for London and the United Kingdom.

The Olympic Park, apart from its primary sports function, has become a popular touristic destination. Moreover a strategy was created consisting of housing construction plans, public spatial economy and social infrastructure (including schools, libraries, health centres and meeting spaces for local communities). By 2023, it is planned that globally recognised sports events will have taken place, including the 2017 IAAF World Championships in London, as well as the creation of new workplaces, economic possibilities for the local communities, building 2,500 new houses and increasing the access to sports arenas and cultural events in the Olympic Park.

The Olympic Park is a strategic area stimulating West London development and transformation. According to governmental statistics, the Olympic Park location in this part of the city has positive impact on the local communities. In a survey conducted among residents, 69% answered that the Olympics had positive impact on Great Britain’s capital [DCMS 2012, p. 28].

2 Including Reuters, Huffington Post, Daily Mail, Politico, Times, The Guardian
Except for the investments in sports venues, public transportation is also widely developed in the west districts due to the Olympic event. Basic convergence indicators reveal that West London seems to be catching up with the remaining parts of London in terms of socio-economic situation [DCMS 2012, p. 33].

Despite the many positive effects of the London Olympic Games’ organisation, a few aspects have not been achieved, especially, that the Games has not significantly affected the local economies in west districts, where the Olympic events had been concentrated. Several planned investments could not be carried out on account of lack of public financial resources and disinterest from the private investors [Zimbalist 2016, p. 120]. The Olympic Village construction was supposed to be financed by the private investor, but was finally sponsored using public money in the amount of 1 billion GBP. In 2011, right before the beginning of the Games, The Olympic Village had been sold to the Qatar Real Estate Agency for 275 million GBP [Boykoff 2012]. Organisers were also accused of the threefold budget overrun in relation to the initial plan in the Bid Book, which indicates that gentrification of West London districts was more aimed at wealth relocation understood as the number of investments made in these areas rather than to produce this wealth itself [Zimbalist 2016, p. 123].

Summarising, the Olympic Legacy in London can be appraised as relatively positive; but obviously, this depends on the groups of interest which were supposed to benefit from the Olympics utmost. It appears that the private sector turned the Olympics into success to the greatest extent by signing contracts providing lots of services dedicated to the Olympic event. Owing to the strategy of the post-Olympic infrastructure usefulness appropriately, the public sector has changed the character of West London districts, partly raising the standard of living for local communities. Undoubtedly, it is very difficult to reconcile the interests of all the engaged groups so that each of them would be the main beneficiary. The reality presented in the reports by government agendas is completely different than the actual state. In spite of numerous doubts and reservations of the real impact of the Olympic Games on the West London residents material situation, the Games itself and investments made due to the Olympic event can be perceived as very profitable to the UK capital.

Conclusions

The Olympic Games’ organisation could be a catalyst for positive changes in the host country economy. However, a potential candidate has to prove economic and political stability in order to reach organisational success. Consequently, it is easier to establish more predictable and transparent cooperation between the public and private sector. A more socio-economically developed country is able to derive potential from the Olympic event organisation more effectively and in a less burdensome manner for public finances. This assertion is confirmed by the economic effectiveness comparative analysis of two host cities – Athens and London. The conducted analysis reveals that Great Britain, as one of the most developed global economies, has burdened the public finances less than in the case of Greece. The Olympic infrastructure management plan plays a very significant role, especially when it comes to sports venues and what kind of benefits from the Olympics’ organisation are dedicated to the local communities.

The activity of the public and private sectors is also very relevant and crucial. In the case of Athens, a state-centred model in which the public sector had dominated was a relative failure. A model based on networks of stakeholders represented by London allowed to distribute the responsibilities and obligations more evenly and reasonably, having constrained the risk of possible failures and delays during the plan and investments realisation. The organisational success of London presented thorough coordination of activities and created a model of governance – a global sports event management process like the summer Olympic Games.

Another issue regards the Olympic Games’ budgets. Expenditures declared in the submitted bids by the candidates are very often inadequately understated and the final account overdrawn several times as a result. Athens has been struggling with that problem after the Olympic Games in 2004, then fell into serious financial troubles. Moreover, the country has faced economic crisis. The London Olympic Games’ budget also exceeded the initial bid plans. Nevertheless, London had a complex strategy and plan as to how the Games could be used for socio-economic development of the most neglected and deprived districts of the UK capital. This is the most important aspect which distinguishes the London Olympic Games.

In conclusion, the Olympic Games may be a great opportunity for socio-economic development in many aspects. Fundamental aspects which determine the organisational success are the following: the host country’s economic condition; political, economic and institutional environment and wide, strong support of the idea of making the Games expressed by the nation. Efficient and harmonious cooperation between the public and private sectors as well as establishment of appropriate, long-term Olympic infrastructure management plan seems to be the key to success. Without that, as history has proved in the past, even the most expensive and spectacular Olympic Games would not be able to generate success in the future.

References


