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**The Olympic Games: Past History
and Present Expectations**

by

John Wilkinson

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1 INTRODUCTION

One of the most important events which has happened to Sydney in recent times has been gaining the right to host the 2000 Olympic Games. There has been great excitement, and widespread public support, over Sydney's staging the premier athletics event in the world and there is also a hope that the Games may give the city a lift and even increase prosperity.

This paper looks at the background to the modern Olympic movement and the changes which have taken place in approaches to the presentation of an Olympiad. It also examines expectations that people have of the Games and how these appear to be realised.

2 THE CHANGING NATURE OF THE MODERN OLYMPIC GAMES

(a) The Rebirth of the Modern Olympic Games

The revival of the ancient Olympic Games was undertaken by the Frenchman Baron Pierre de Coubertin who, in 1894, was the driving force in the establishment of the International Congress of Paris for the Re-establishment of the Olympic Games. Representatives from 12 countries were present at the congress which resolved to re-establish the Games and to hold the first Olympiad in Athens in 1896 (opened by the King and Queen of Greece). The first two Olympiads (the second being held in Paris in 1900) were successes from the point of view of athlete and spectator attendance, but the next two Olympiads (St. Louis 1904 and Athens 1906) were both disappointing. The revival of the success of the Games began with the London Olympics of 1908 and the Stockholm Olympics of 1912. War then interrupted the staging of the Olympics but from the Antwerp Olympics of 1920 onwards the Games increasingly captured the attention of the international public.¹

De Coubertin, an educator, was not so much concerned with the Games themselves but with the influence the Games could exert in popularising the educational role of sport: a feature of late nineteenth century British private schools which he greatly admired. It was in keeping with this emphasis on athletic prowess open to all which led the original International Olympic Committee to uphold the principle that participation in the Olympiads should be on an amateur status.² As originally conceived by de Coubertin the modern day Olympic Games were intended as a celebration of the endeavours of the unaided individual with the larger aim of inspiring schoolchildren to play sport. Accordingly amateur athletes saw the Olympics as the celebration of, and a confirmation of, amateur athletics. When the Victorian Olympic Council, for example, submitted its bid in 1948 to the IOC for the rights to have the 1956 Olympics staged in Melbourne, one of the main considerations behind the VOC's bid was that having the Games held in Melbourne would stimulate amateur athletics in Victoria.³ Even on the topic of the Olympic Games themselves, de Coubertin declared that "The important thing in the Olympic

¹ Lord Killanin and John Rodda (ed.s), *The Olympic Games: 80 Years of People, Events and Records* (Barrie and Jenkins, London, 1974), pp.12-47.

² *Ibid.*, pp.138-144.

³ Shane Cahill, "*The Friendly Games?*" *The Melbourne Olympic Games in Australian Culture 1946-1956* (MA Thesis, University of Melbourne, 1989), p.20. The VOC hoped the Olympic Park stadium, built in 1912, could be refurbished as a home for amateur athletics.

Games is not to win but to take part."⁴

(b) Government and Business and the Modern Olympics

As the modern Olympiads developed to the stage of being the premier sporting event in the world, changes began to take place in the nature of the event.

By the 1920s business had begun to take interest in the Olympic Games. During the 1920s a group of business people in southern California, aware of the impact which staging the Games might have on the then rather small town of Los Angeles, formed an association which gained representation on the American Olympic Committee and helped the committee, in 1923, to secure the 1932 Olympics for Los Angeles. To assist the American bid the association even built a brand new stadium which it leased back to the city of Los Angeles and to various sporting and entertainment groups. When the financial crash occurred on Wall Street, in late 1929, the association proceeded to ensure the commitment of athletes to travel to Los Angeles by offering to build an "athletes village" - the first ever constructed for an Olympiad - which would feed and house athletes for \$2 a day. The Los Angeles Olympics also saw the introduction of a victory stand for medal presentation and the provision of teletype machines for use by the press.⁵

By the time of the 1936 Olympics in Berlin even governments had begun to focus on the prestige that hosting an Olympiad could bring to their nations. The Berlin Olympics were organised on a massive scale with thousands of people involved and even the military being brought in to help. They were also the first to be televised: broadcast on a closed-circuit system to halls throughout Germany. Foreign visitor arrivals for the Games reached near record numbers with around 150,000 foreign tourists attending the Berlin Olympics.⁶

War again interrupted the Games and forced the next three Olympiads (London 1948, Helsinki 1952 and Melbourne 1956) to be conducted on a more scaled-down level but the trend which had developed during the 1930s resurfaced once peace returned. Well before the IOC in 1949 actually awarded the 1956 Games to Melbourne, the Melbourne City Council, as the administrative body of the city hosting the Olympics, insisted that the prominent businessman and city councillor, Frank Beaurepaire, be appointed president of the VOC. Ray Connelly, the Mayor of Melbourne, was moved to declare a successful

⁴ Bret Harris, "Real Barriers to a Reservoir of Talent" in *The Australian*, 31 August 1994, p.11.

⁵ Killanin and Rodda, op.cit., pp.53-54. See also Cahill, op.cit., pp.26-27.

⁶ Killanin and Rodda, op.cit., p.59.

Melbourne bid for the 1956 Games would lift the city out of its "present doldrums". When Melbourne's bid was finally successful, in April 1949, the city's press declared that this presented "incalculable commercial opportunities" for Melbourne.⁷ By 1960 the return of conditions of prosperity allowed business and government once more to fully involve themselves with the Olympics, in turn altering the focus of the Games themselves.

A contributor to Lord Killanin's edited work on the Olympic Games has written that in his opinion "the last Olympics staged in the Coubertin spirit were in Helsinki in 1952." The huge investment by the Italian government in the Rome Olympics of 1960 renewed the emphasis, which had developed with the Los Angeles and Berlin Olympics, of shifting the focus away from the athletes and more towards the event itself and the prestige it provides to the host nation. Nick auf der Maur, who was a member of the Montreal City Council during the 1976 Olympics, wrote that "Rome was a watershed. The Games were televised worldwide. And the Italians used the opportunity to build all manner of roads and public works, spending a total of half a billion dollars."⁸

Japan went further in hosting the 1964 Olympics. The Japanese Olympic Committee itself commented in a report that "Japanese businessmen. . .view the Olympics as a chance in a lifetime to show their wares to the international set." Between 1962 and 1964 there was a boom in public works associated with the Games. Not only was nearly \$2 billion spent on stadium and directly linked Olympic outlays, but a huge amount of money was spent on public improvements such as the completion of the Tokyo-Osaka bullet train, the building of thirty miles of a new underground railway system and the construction of the first stage of the Tokyo Metropolitan Motorway. To some degree the event itself appeared to have overtaken the athletes in importance.⁹

⁷ Cahill, op.cit., pp.23-57. Frank Beaurepaire had won a silver medal for swimming at the London Olympics of 1908 and then later in Melbourne, in the 1920s, set up the Beaurepaire Tyre Service. He was much influenced by the way business had involved itself with the preparations for the first Los Angeles Olympics and, upon returning from attending those Olympics in an official capacity, used the word "Olympic" as the brand name for his business products: see *ibid.*, p.23.

⁸ *ibid.*, p.77. Nick auf der Maur, *The Billion Dollar Game: Jean Drapeau and the 1976 Olympics* (Last Post Books, James Lorimer and Company, Toronto, 1976), p.135.

⁹ Michael Underdown, *The Seoul Olympics as a Symbol of the New Korea - The Tokyo Model*, paper presented at the 9th Biennial Conference of the Asian Studies Association of Australia, University of New England, Armidale, 6-9 July 1992, p.4; Robert Guillain, *The Japanese Challenge*, translated from the French by Patrick O'Brian (Hamish Hamilton, London, 1970), pp.12,126; Herman Kahn and Thomas Pepper, *The Japanese*

Subsequent Olympics tended to be staged on similar lines with business making greater inroads into what had once been an arena of amateur endeavour. Some adverse effects of staging Olympiads also began to appear such as social unrest and, more regularly, financial debt incurred from expansive preparations for the Games.

When Mexico City, in 1963, was awarded the rights to host the 1968 Olympics, the Adidas footwear company gained the agreement of the Mexican government for Adidas footwear to feature in the Games. The Mexican government signed an agreement with Adidas whereby, in return for the company building a plant in Mexico, it would have exclusive shoe-marketing rights during the Games. Meanwhile opposition groups in Mexico mounted a campaign against the government's spending a large amount of money on something which seemed to lie outside the country's most immediate priorities. In a mass demonstration, ten days before the Games were held, 260 people were killed and 1,200 were injured.¹⁰

The 1972 Olympics in Munich continued the emphasis on the event itself. John Rodda has written that, "The preparation of the city was one of luxury and lavishness, which had a counter-productive side since, with the news of the final bill of £300 million, others shrank from the idea of being host."¹¹

The city of Montreal went even further in expenditure over its hosting of the 1976 Olympics. As with Olympiads staged since 1960 the Montreal Olympics seemed as concerned with the interests of Quebec business as it was with athletics. Lord Killanin, then chairperson of the International Olympic Committee, remarked on the fact that the original organising committee established to prepare for the Games included so few people with international sports backgrounds.¹²

The 22nd and 23rd Olympiads, in Moscow (1980) and again in Los Angeles (1984), were showpieces for two contrasting ends of the political spectrum. Colin Michael Hall has commented that "the 1980 Moscow Olympics attempted to show the success of state Marxism to the western world" while "the 1984 Los Angeles Olympics were as much a celebration of American

Challenge: The Success and Failure of Economic Success (Harper and Row, London, 1970), p.133; Robert Trumbull, "Only Finishing Touches Remain as New-Look Tokyo Prepares for Olympics" in the *New York Times*, section 5, 27 September 1964, p.7.

¹⁰ Killanin and Rodda, op.cit., p.79; auf der Maur, op.cit., p.135.

¹¹ Killanin and Rodda, op.cit., p.81.

¹² Auf der Maur, op.cit., p.52.

capitalism".¹³

The 24th Olympics in Seoul (1988) were similarly as a showcase for south Korea. Over \$3 billion were spent by the government in preparation for the Games and potential political opposition to the Games was suppressed. Michael Underdown has written that, "In the three months before the 10th Asian Games (1986), which were seen as a dry run for the Olympics, a total of 263,564 arrests were made, while in the week before the Asian Games started, 100 universities and colleges were raided by police and five campuses closed completely."¹⁴

The most recent Olympiad, the 25th held in Barcelona, was staged in a style similar to all the other Olympics which have been mounted since 1960. A huge amount of public money was spent on Olympics-associated public works such as a coastal ring road system linking the venue sites, expansion of the airport facilities and the building of new telecommunications towers.¹⁵

From de Coubertin's original intention of having creating the world's premier celebration of amateur athletics, the involvement of both the business community and governments now seems to take precedence to the point where they appear to be the recipients of the awarding of the rights to host an Olympiad. This indicates that there is an expectation on the part of business and government that something will be gained from their nation's hosting an Olympiad. The question is - will this eventuate?

¹³ Colin Michael Hall, *Hallmark Tourist Events: Impacts, Management and Planning* (Belhaven Press, London, 1992), p.90.

¹⁴ Underdown, *op.cit.*, pp.5-6.

¹⁵ See *Barcelona Olympic Games: A Successful Example of Project Management* (Barcelona City Council, Barcelona, 1992), p.13.

3 ORGANISATION OF THE GAMES

(a) The Magnitude of Hosting an Olympic Games

An Olympic Games is a vast undertaking. Nick auf der Maur wrote of Montreal's experiences of hosting of the 1976 Olympics that "The organisation of the Games is a staggeringly complex endeavour, involving moving and housing more than 11,000 athletes and sports officials . . . around some twenty-one competition sites and fifty-six warmup and training facilities over a sixteen-day period. This effort included responsibility for "a vast quantity of technical arrangements involving computerised timings, results systems, communications, a security setup second to none in the world, and revenue producing schemes." For the Canadian armed forces, which eventually had 16,000 men and women deployed at the Games, it was their biggest operation since the Korean War.¹⁶

The organisation of the second Los Angeles Olympics even involved the President of the USA in the planning stages. Following the IOC's approval, in 1978, of LA as the host city for the 23rd Olympics, officials of the Los Angeles Olympic Organising Committee (LAOOC) met with President Reagan and members of his staff in 1981. In 1982 another meeting was held which included both President Reagan and the President of the IOC, Juan Antonio Samaranch. After this meeting Reagan established a White House Task Force on the Olympic Games chaired by his deputy chief of staff, Michael Deaver. The aim of the task force, according to Richard Perelman's retrospective account of the 23rd Olympics, was to bring together "top-level people from each federal agency and cabinet-level departments having a role in the Games or with the Organising Committee. The purpose of the Task Force was to help the LAOOC, not by circumventing existing laws or regulations, but by eliminating unnecessary obstacles." Similarly, after George Deukmejian became Governor of California in 1983, he also appointed a task force for the Olympic Games to work in the same manner on a state level.¹⁷

The staging of the Barcelona 1992 Olympics has provided the most recent demonstration of the vast scale of such an undertaking. For the 25th Olympics a huge number of people were hired for a multitude of jobs.¹⁸ Overall the report outlines at least ten areas of operation central to the mounting of an

¹⁶ Auf der Maur, *op.cit.*, pp.51,64.

¹⁷ Richard Perelman (ed.), *Olympic Retrospective: The Games of Los Angeles* (The Los Angeles Olympic Organising Committee, Los Angeles, 1985), pp.149-152.

¹⁸ *Official Report of the Games of the XXV Olympiad, Barcelona 1992*, Vol.11, p.101.

Olympics Games:

- **Central Organisation** During the Barcelona Games 45,133 people were engaged on around 400 jobs. Command and direction of the Games was controlled by a Main Operations Centre working on the basis of a Master Plan.
- **Financial Management** The budget for the staging of the Barcelona Olympics was adapted to the Master Plan and was revised systematically on the basis of the contents of the Plan and the division into periods of the tasks associated with each project. The project managers made their economic assessment from the costs expected from creation to completion. A computerised Economic Information and Management System was created including in a single package all the subsystems of purchases, budget control, logistics and warehousing, general accounting and financial and treasury management.
- **News Media and Telecommunications** 12,831 people working for newspapers, magazines, radio and television were accredited to the Barcelona Games. 7,951 broadcasters from around the world were accredited at the 25th Games and an especially created Olympic Radio and Television Broadcasting Service (Radio-Television Olimpica '92 - RTO '92) employed 3,337 personnel. The Spanish telecommunications network was restructured with the installation of 19 traffic centres, 450,000 digital links, 800,000 digital lines, 500 high capacity and 900 low capacity transmission systems, 65,000 kilometres of fibre optic cable and 1,300 kilometres of conduit.
- **Venues and Equipment** The hosting of the Barcelona Olympics entailed the conversion of 43 competition venues. The total works undertaken for the staging of the 1992 Olympics included the installation of 900 kilometres of cable, 160 generators, a continuous feed air conditioning system, 75 kilometres of fencing, 90,000 extra seats for spectators, 2,972 desks for the press, 1,688 desks for the Olympic Radio and Television Service, 1,300 kiosks, 1,080 chemical toilets, 397 prefabricated booths, 167 simultaneous interpretation booths, 160 tents, 20,000 cupboards, 25,000 chairs, 10,500 tables, 3,500 armchairs and 5,000 waste paper baskets.
- **Computing Services** Three large computing projects were created for the 1992 Olympics: one for the internal systems, one for support systems to promote the Games and the last for the organisational requirements of the Games. When Barcelona was preparing its bid for the 1992 Olympics it commissioned the Barcelona Computing and Telecommunications Study which dealt with all the technology projects and aspects of the computer systems, and television and electronics

undertakings necessary for the organisation of the Games. At the beginning of 1991 the first of two large computers was put into operation. During the operations phase of the Games 4,500 personal computers were installed.

- **Legal Services** Between winning the bid to host the Games in 1986, and staging the Games in 1992, the legal affairs section of the Organising Committee prepared 3,080 contracts dealing with such matters as the cession of facilities, procurement of resources, procurement of sponsorship, licences and copyright.
- **Insurance** A Games Insurance Plan was drafted from an analysis of risks with the co-operation of external advisers. The Plan set out policies to be taken out to cover eventualities such as accidents to athletes and to spectators.
- **Ticketing** Sales of tickets are not only a very delicate issue in their own right but are the vital element in ensuring maximum occupation of venues. Optimum revenue from sales is also crucial.
- **Catering** During the Games 800,000 meals were supplied for competitors and 500,000 for organisation staff.
- **Public Information** A public information section was established by the Organising Committee to deal with a vast amount of requests for information on the Games. Publications were prepared beforehand in the four official languages of the Olympics. During the Games themselves 250 volunteers were on duty to provide information.¹⁹

Because holding an Olympics is such a large-scale operation, it is worth noting the difficulties that can occur in mounting such an event.

¹⁹ *Official Report of the Games of the XXV Olympiad, Barcelona 1992*, Vol.11 pp.46-101 and Vol.111 pp.55-62,107-109,127,157,287,363-367,395. The magnitude of hosting such an event has similarly impressed Australian government officials in the past. In 1978 the Wran government established an interdepartmental committee to examine whether Sydney should bid to host the 1988 Olympic Games. The committee concluded in its report, delivered in 1979, that although Sydney had the administrative capacity to hold an Olympic Games it could not afford the venues. The report is currently held in the NSW State Archives.

(b) Problems in Mounting an Olympic Games

At least two stagings of the Olympic Games in recent times have encountered significant organisational problems: Melbourne 1956 and Montreal 1976. In both cases the major problem was that of delays in construction of facilities but associated difficulties emerged such as shortfalls in funding and cost overruns.

Melbourne 1956 was the first notable case of dramatic delays in construction to the point where the International Olympic Committee amended the bidding procedures for future Olympic Games. Melbourne was awarded the rights to host the 16th Summer Olympics in April 1949 but between then and 1954, when building of venues finally began, there was a five year period when virtually no construction took place at all. During 1950 and 1951 the Victorian Government argued with the newly-elected Federal Government of Menzies over federal funding to help Melbourne stage the Games. When Menzies announced in late 1951 that the Federal Government would not assist with funding for the Games, the premier of Victoria declared that his government might have to withdraw its own financial support for the event. Even Menzies' agreement in 1952 to support the project did not lead to the start of construction, since the trustees of the pre-eminent sporting venue in Melbourne, the Melbourne Cricket Ground, refused to allow the MCC to be used for the Olympic Games. This led Avery Brundage, the then chairperson of the IOC, to write to the Organising Committee in Melbourne, in early 1953, to request that the IOC be allowed to take the Games away from Melbourne so that a better organised city could be host. Even after the trustees of the MCC relented, in February 1953, work on the Games sites did not effectively get under way until mid-1954. Meanwhile, at the May 1953 meeting of the IOC it was decided that, as a result of the mishaps in Melbourne, in future all candidate cities would be required to provide detailed and costed plans.²⁰

The second case of major delays in organisation was that of Montreal 1976. Although it was in May 1970 that Montreal was awarded the rights to stage the 21st Summer Olympics it was three years, between then and the northern hemisphere summer of 1973, before construction was begun on some of the Games venues, and it was not until the summer of 1974 that building work was begun on the main stadium. This caused the current chairperson of the IOC, Lord Killanin, to write to the Mayor of Montreal to ask why the city had delayed starting for so long. Even after work on the stadium had begun, its design was so complex that, by the middle of 1975, its construction was so far behind schedule that city officials approached the premier of Quebec to inform him that it was possible that the main stadium might not be ready for the Games. There was also a dispute over funding, between the Montreal City Council and the Canadian National Government, similar to that which had

²⁰ Cahill, *op.cit.*, pp.62-113.

developed between the Victorian State Government and the Australian Federal Government. Nick auf der Maur wrote that from the outset of preparations for the Montreal Olympics the Mayor of Montreal "and his coterie had always expected that in the end, as costs mounted, the federal government would bail them out. . .But. . .that avenue was closed to Montreal." Auf der Maur added that in the end "Quebec politicians seriously considered cancelling the Games outright late in 1975." Finally, in November 1975, the premier of Quebec decided to remove control from the Montreal City Council and an Olympics Installation Board was established, led by a regional government minister, to oversee all building at the main Olympic venue.²¹

Although the Barcelona Games did not suffer delays to the same extent as Melbourne and Montreal, mishaps did occur and delays were experienced in the schedule for completion of the venues. The Barcelona City Council admitted in 1992 that "The inauguration of the Olympic Stadium - on 8 September 1989 under very demanding rainfall conditions - brought defects in the design and organisation of the execution process to light." By 1990, as the official report of the Barcelona Olympics observed afterwards, "works on the facilities were generally somewhat behind schedule".²²

Even the Atlanta Committee for the Olympic Games (ACOG) appears to have encountered similar organisational problems in realising plans for hosting the latest Games. The *Atlanta Journal-Constitution* reported in September 1993 that "The venues have been shifted considerably since the original bid, as ACOG officials have jettisoned plans assembled when the Games were theory rather than a series of practical challenges. For example, Stone Mountain Park was projected to host a half-dozen sports. Now, plans call for only three."²³

²¹ Auf der Maur, *op.cit.*, pp.127-130.

²² *Official Report of the Games of the XXV Olympiad, Barcelona 1992*, Vol.11, p.39.

²³ Bert Roughton, "Time Running Out for Tinkering with Plans" in the *Atlanta Journal-Constitution*, Olympic Update, 19 September 1993, p.H10. Since Atlanta was awarded the rights to host the 1996 Olympic Games the following sports venues have been changed: badminton has been moved from the Georgia World Congress Centre to the Georgia State University; equestrian events have been moved from Stone Mountain Park to the City of Conyers; rowing has been moved from Stone Mountain Park to Lake Lanier; shooting has been moved from Stone Mountain Park to the Wolf Creek shooting complex; tennis has been moved from Blackburn Park to Stone Mountain Park and weightlifting has been moved from the Atlanta Civic Centre to the Georgia World Congress Centre (information supplied by the Atlanta Committee for the Olympic Games).

(c) **Monitoring the Staging of an Olympic Games**

Experiences of difficulties which can occur in preparing for an Olympics has at least led city councils and governments to establish agencies which are able to monitor the organisation and progress of such an undertaking. The problems encountered in Barcelona in keeping to the construction timetable led in November 1990 to the establishment of a Task Force monitoring group which turned to the Bechtel Corporation for advice. As the Barcelona City Council commented in 1992 "The basic mission of the Task Force is to monitor execution of the Olympic works, independently of the building firms themselves".²⁴

In planning for the 1996 Olympics the Georgia State Legislature, in 1989, created the Metropolitan Atlanta Olympic Games Authority (MAOGA) to sign the Host City Contract with the IOC and to provide oversight of the preparations for the 1996 Games. Two years later a tripartite agreement was concluded between the City of Atlanta, the Metropolitan Atlanta Olympic Games Authority and the Atlanta Committee for the Olympic Games setting out responsibilities for the Games. Under the terms of the 1991 agreement, MAOGA is responsible for the following undertakings:

- financial monitoring of ACOG
- ownership and construction of the Olympic Stadium
- approval of construction contracts over \$250,000 for all venues
- entering into intergovernmental contracts on behalf of ACOG

Whereas the Atlanta Committee for the Olympic Games is composed of private citizens (seven of whom are appointed by the United States Olympic Committee), the Metropolitan Atlanta Olympic Games Authority is composed of the Mayor of Atlanta; the President of the Atlanta City Council; the chairman of the Fulton County Commission; two appointees of the Mayor of Atlanta (from members of the Atlanta City Council); three appointees of the Governor of Georgia; a representative of the Georgia World Congress Center Authority; a representative of the Stone Mountain Authority; a representative of the Georgia Board of Regents; and a representative of Savannah.²⁵

²⁴ *Barcelona Olympic Games: A Successful Example of Project Management*, pp.25-27.

²⁵ Metropolitan Atlanta Olympic Games Authority, *Description and Mission Statement*, September 1994; *ibid.*, *ACOG, MAOGA and the City of Atlanta: An Explanation of the Relationships and Responsibilities*.

4 ECONOMIC EXPECTATIONS

(a) The Economic Objectives of Staging Large-Scale Events

Seemingly the strongest underlying assumption in a nation's hosting of an Olympic Games, in the present day, is the expectation that hosting an Olympiad will result in a vastly increased international exposure and a resulting overall economic gain for the city, and even the nation, mounting the Games. An associated economic strategy is that the Games can be used as a stratagem for modernising a city to assist in the realisation of the first objective. Other expectations include hopes of increased tourist arrivals (engendering increased expenditure in the hotel, restaurant and retail section of business), increased activity in the building sector and increased investment in real estate.²⁶

In an interview in the *Pacific Islands Monthly* magazine, for example, regarding a joint conference of the Fiji-Australia Business Councils, the senior Australian trade commissioner in Fiji pointed out that a keynote speaker would be Rod McGeoch, former chief executive officer of the Sydney Olympic Bid Committee, and that McGeoch "would be speaking on not only the opportunities for tourism, but also the vast linkages the Sydney 2000 Olympics present for trading opportunities."²⁷

The official report of the 1992 Barcelona Olympics notes that one of the major economic considerations in the city's bid to host the 25th Olympics was "the vast increase in the international projection of Barcelona". The report also acknowledged that "When Barcelona bade for the Games of the XXV Olympiad, the authorities were aware that this was to be an opportunity to invest in the future, to transform the city's appearance. The needs of the Olympic Family - in the widest sense, served as a pretext and as a spring-

²⁶ Nick auf der Maur commented from his experience on the Montreal City Council in the 1970s that, "By 1970, everyone knew that the Olympics had become very big business. . . cities, or at least the people who ran them, saw the Olympics as a prestige venture, a chance for a massive shot in the arm." See auf der Maur, op.cit., p.14.

²⁷ "The Spin-Offs for Fiji" in the *Pacific Islands Monthly*, Vol.64 no.6, June 1994, p.29. In an interview on the AM program on ABC radio, 10 August 1993, shortly before the outcomes of the bids for the 2000 Olympics were announced, the former Lord Mayor of Brisbane, Sallyanne Atkinson, spoke of her view of the increased international profile which Brisbane had accrued from its own bid to host an Olympic Games: "Every time the Olympic Games is talked about, Brisbane gets a mention. For example, we had a write-up in a leading international business journal that comes out of New York. Brisbane was talked about in that and that goes into boardrooms all over the world."

board for a transformation of Barcelona and its area of influence". The report adds that "The Games acted as a catalyst in starting and completing the large scale construction works that Barcelona needed, not only for the organisation of the Games but also for the modernisation and development of the city."²⁸

Similar expectations seem to underlie the hosting of the Atlanta Games in 1996. In September 1994 the *Atlanta-Journal Constitution* reported that "Georgia's economic development community has created a program that uses the Atlanta Olympics as a way to attract new corporate investment to the city and state. The program, called Operation Legacy, brought in 44 site selection consultants to tour the area during the summer. The consultants help companies make decisions about where to locate their offices and factories. The programs plans to invite up to 500 consultants and corporate chief executives to Georgia over the next two years. About 200 will be invited back for the Olympics."²⁹

(b) Assessing the Economic Impact of Large-Scale Events

A basically contradictory element at the heart of assessing what a city may gain from holding an Olympiad is the fact that because of the six or seven year interval between submitting bids to the IOC and the actual staging of an Olympiad, cities wishing to host an Olympics have to convince their own citizens of the benefits years before the results can actually be known.

A notable outcome of this dilemma is the use of various economic forecasting techniques in the material produced by cities to support the value of mounting an Olympics. According to Michael Hall, director of the Tourism Program at the University of Canberra, the three most common forms of economic evaluation for the impact of an Olympiad, or similar "hallmark tourist event", are the following:

- Tourism Multipliers
- Input-Output Analysis
- Cost-Benefit Analysis³⁰

²⁸ *Official Report of the Games of the XXV Olympiad, Barcelona 1992, Vol.II, p.83,97,147.*

²⁸ "Economic Leaders use Olympics to Pitch Atlanta to Execs" in the *Atlanta Constitution-Journal, The 1996 Report, September 1994, p.9.*

³⁰ Hall, op.cit., pp.51-53.

All the above methods of analysis, however, have problems associated with them as Hall describes.

Tourism multipliers deal with the way in which expenditure on tourism filters throughout the economy, stimulating other sectors of the economy. It is based on the Keynesian principle of recirculation of a proportion of income by a region's recipients into consumption spending which then stimulates further employment and income. The multiplier, in the case of tourism, can be looked at as "a coefficient which expresses the amount of income generated in an area by an additional unit of tourist spending".³¹ Impacts of a multiplier in tourism are categorised in terms of primary and secondary impacts. A primary impact could be the purchase of food and drink by a tourist. Secondary impacts tend to be those arising from the re-spending of money in the form of local business transactions - for example new investment by event organisers in equipment and supplies or the purchase of goods and services by event employees. Hall, however, comments that "As a measure of economic benefit from tourism, the multiplier technique has been increasingly subject to question, particularly as its use has often produced exaggerated results."³²

Input-Output Analysis, according to Hall, "seeks to determine how the aggregate secondary effects of an economic activity, such as tourism spending, work their way through an economy based on the specific supply and demand interactions between different economic agents such as industries or industry sectors".³³ This technique, writes Hall, "is of use to policy-makers in determining changes in output, income, employment, government revenue, and inflow of foreign expenditure as a result of touristic activity such as a hallmark event. The concept of interdependence between industries is central to input-output analysis as it is based upon the transactions between all producers and consumers within an economy."³⁴ The difficulty with input-output analysis,

³¹ Hall op.cit., p.51 citing B.H. Archer, "The Value of Multipliers and their Policy Implications" in *Tourism Management*, 3: 236-241.

³² Hall op.cit., p.52 citing B.H. Archer, *Tourism Multipliers: the State of the Art*, Bangor Occasional Papers in Economics No.11 (University of Wales Press, Bangor, 1977); D.C Frechtling, "Assessing the Impacts of Travel and Tourism - Introduction to Travel Impact Estimation" in J.R.B. Ritchie and C.R. Goeldner (ed.s), *Travel, Tourism and Hospitality Research: A Handbook for Managers and Researchers* (John Wiley and Sons, New York, 1987), pp.325-331; C.G. Hughes, "The Employment and Economic Effects of Tourism Reappraised" in *Tourism Management*, 3 (3): 167-176.

³³ Hall ibid., citing A. Bull, *The Economics of Travel and Tourism* (Longman Cheshire, Melbourne, 1991), pp.142-143.

³⁴ Ibid.

according to Hall, is that "the onerous data requirements of input-output analysis have tended to limit its use. Furthermore, there is a paucity of suitable economic data, particularly at the regional level at which many events occur, and there are substantial methodological difficulties in defining exactly what the tourism sector is."³⁵

Cost-Benefit Analysis in relation to tourism, writes Hall, "is a response to demands for a more complete examination of the social, environmental and economic effects of tourism." On an overall level the difficulty which emerges with cost-benefit analysis, according to Hall, is "in the assessment of non-market values such as environmental quality and aesthetics, and in the forecasting of outcomes".³⁶ Hall comments that in the last category of difficulty, forecasting of outcomes, "Excessively large cost-benefit ratios in the study of hallmark events have emerged". Some of the reasons why this might have occurred, according to Hall, include the failure to account for the economic impact that would have occurred anyway but which has switched from one industry to another; counting of taxation benefits of expenditure generation as additional to the multiplier 'flow-ons' when they have already been included; input-output multipliers (rather than value-added multipliers), which by themselves can result in major over-estimates of the impact of events, are frequently uncritically used leading to double counting of gross output effects.³⁷

³⁵ Hall op.cit., pp.52-53 citing K. Socher and P. Tschurtsenthaler, "The Role and Impact of Mega-Events: Economic Perspectives - The Case of the Winter Olympic Games 1964 and 1976 at Innsbruck" in *The Role and Impact of Mega-Events on Regional and National Tourism Development* (Association Internationale d'Experts Scientifiques du Tourisme, St. Gallen, 1987), pp.103-117.

³⁶ Ibid., p.53.

³⁷ Hall op.cit., p.53 citing P.G. Lynch and R.C. Jensen, "The Economic Impact of the XII Commonwealth Games on the Brisbane Region" in *Urban Policy and Research*, 2 (3): 11-14; J.P.A. Burns and T.J. Mules, "A Framework for the Analysis of Major Special Events" in J.P.A. Burns, J.H. Hatch and T.J. Mules (ed.s), *The Adelaide Grand Prix: The Impact of a Special Event* (Centre for South Australian Economic Studies, Adelaide, 1986), pp.5-38. D. Getz has commented that research in this area "has been biased towards exaggeration of the economic benefits in order to gain credibility and support for organisers, and has been flawed by theoretical and methodological problems". See his *Festivals, Special Events, and Tourism* (Van Nostrand, New York, 1991), p.61 cited in Hall op.cit., p.50. See also J. Armstrong, "International Events and Popular Myths" in *International Events: The Real Tourism Impact*, proceedings of the 1985 Conference of the Canadian Chapter of the Travel and Tourism Research Association (Edmonton, 1986) cited in ibid., p.50.

(c) Gains

A number of large-scale events have indeed been quite successful. Burns and Mules, in their analysis of the economic impact of the 1985 Adelaide Grand Prix concluded that "adjusted figures show that the Grand Prix did better, on purely tangible costs and benefits, than just about any other use of the money." They estimated the total costs of staging the event at \$6.5 million and the total benefits at \$24.8 million.³⁸

Olympic Games themselves, despite reservations mentioned above, do sometimes seem to bring direct overall economic gains to the host city and surrounding regions. The official report of the 1984 Los Angeles Olympics states that the economic impact "was concentrated in the calendar year 1984. The total impact - a remarkable \$3.29 billion is significant in the context of the Southern California economy. For example, the total impact of \$3.29 billion represents 1.6 per cent of the current year's total gross product in Los Angeles County." The overall economic impact of the LA Olympics, according to the official report, occurred "on two levels: primary and induced, with primary impact referring to the initial first round expenditures directly associated with the event, with induced impact referring to the subsequent re-spending of the initial (primary) income."³⁹

An important factor in the individual financial success of the LA Games was the ability of the Los Angeles Olympic Organising Committee to gain significant sums of money from sponsorship by major American companies and from television rights. The approach taken by the LAOOC, according to the official report of the LA Games, was to "first, reach agreements with sponsors as early as possible and require a large portion of the sponsorship money up front, and second, demand refundable deposits from prospective host broadcasters as a prerequisite to bidding."⁴⁰ By the end of 1979 the LAOOC had signed the first two of its sponsorship contracts: with Coca-Cola and with Anheuser Busch. By the end of 1983 the Organising Committee had secured sponsorship from over 20 major American companies including IBM, Xerox, Warner Communications, AT and T and Westinghouse. As the official report recalled "In most cases, sponsors were large multi-national corporations which paid a minimum of four million dollars to the LAOOC in cash, goods and/or

³⁸ J.P.A. Burns and T.J. Mules, "An Economic Evaluation of the Adelaide Grand Prix " in G.P. Syme, B.J. Shaw, D.M. Fenton and W.S. Mueller (ed.s), *The Planning and Evaluation of Hallmark Events* (Avebury, Aldershot, 1989), pp.179-180 cited in Hall, op.cit., pp.54-55.

³⁹ *Official Report of the Games of the XXIII Olympiad, Los Angeles 1984, Vol.1, p.312.*

⁴⁰ *Ibid.*, p.305.

services in exchange for the designation, "official" sponsor of the Games." Cash commitments alone, from such sponsors, totalled US\$95.5 million. In the area of television broadcasting, as the official report describes, "the American Broadcasting Company's (ABC) bid of \$100 million for rights and \$125 million for production and supportive services was the winning bid for domestic rights." In the end 156 nations paid around US\$286 million for broadcasting rights to the Games. As the report acknowledges, "the two largest sources of revenue in the early years of the LAOOC proved to be the sale of broadcasting rights and sponsorship fees."⁴¹

If economic considerations are to be an important feature of staging an Olympiad, a more realistic way to assess the value of holding an Olympics may be to focus on particular areas of business activity which may benefit from the event. Even with regard to evaluating the impact of the Games on individual spheres of business, this has to be undertaken with subtlety since the Olympics may stimulate one level without affecting another.

Tourism is clearly one of the principal fields of business activity stimulated by such a huge event: but it is often stimulated in different ways. Distance, however, can be a significant factor in determining tourist attendance - something borne out by attendance at the 1988 Brisbane Expo, where many of the trips made to the Expo were repeat visits by local Brisbane inhabitants or inhabitants of nearby regions. Similarly at the Cold Coast Indy Car Events the predominant group in attendance have been local residents of south-east Queensland. And at the 1992 Barcelona Olympics according to the official report, the "largest group" attending was the "Spanish public".⁴²

The building sector clearly benefits from the construction of venues undertaken in preparations for an Olympic Games. Nick auf der Maur recalled that during 1975, when work on the venues for the Montreal Olympic Games was reaching its peak, there were nearly two hundred cranes employed at the Olympics site making it one of the biggest building projects in Canada.⁴³ The outline provided by the Barcelona City Council on the economic impact of the Barcelona Olympics states that during, 1987-1992, 128,000 jobs were created

⁴¹ In 1984 ticket sales became the second largest source of revenue. See *ibid.*, pp.305-309.

⁴² See also Hall, *op.cit.*, p.60; *Official Report of the Games of the XXV Olympiad, Barcelona 1992, Vol.3, p.397*; David Fagan, "Skids under Queensland's Expensive Party" in *The Australian*, 16 March 1994, p.8. Part of the success of the 1992 Winter Olympic Games in Norway was also due to a high level of attendance by Norwegian citizens. See Nicole Jeffrey, "Taking Norway's Winning Way" in *The Australian*, 4 March 1994, p.18.

⁴³ Auf der Maur, *op.cit.*, p.119.

of which many were in the building sector.⁴⁴

Real estate is another area likely to be affected by the staging of an Olympics. Analysis by the Real Estate Institute of Queensland of figures from the Queensland Department of Lands shows that during the year the Expo was held in Brisbane (1988) house prices rose from approximately \$80,000 for a detached house to \$107,000.⁴⁵ Correspondingly, rents in Brisbane during the same period also surged. The Southside Urban Research Group in Brisbane reported that during the period June 1987-June 1988 there was a 62% increase in the rental for a two-bedroom flat and a 44% increase in the rental for a three-bedroom house. Similar rent increases occurred during the America's Cup Defence Series held in Perth the year before. Hall writes that "rent increases prior to and during the period of the America's Cup defence were in many cases well over the consumer price index".⁴⁶ Real estate was likewise affected in Barcelona during the preparations for the Olympics. Ferran Brunet, in his study of the economic aspects of the 1992 Games (commissioned for the IOC), writes that in Barcelona "The revival of the real-estate market was sudden and ferocious from the time of the Olympic nomination until the middle of 1990. . .the market price of new and old housing rose between 1986 and

⁴⁴ Auf der Maur, op.cit., p.119; Barcelona City Council, *The Economic Impact of the Barcelona '92 Olympic Games* (Barcelona City Council, Barcelona, 1992), p.22. Richard Joel, chief executive of the Brisbane Office of Economic Development in 1993, has been reported in the press as saying that Brisbane's hosting of the 1982 Commonwealth Games and 1988 World Expo "caused a boom" in construction in Brisbane. See Justine Ferrari and Trudy Harris, "Homeowners Can't Bank on Olympic Gold" in *The Australian*, 4 September 1993, p.5.

⁴⁵ Real Estate Institute of Queensland, *Analysis of Queensland Department of Lands Data* (REIQ, Brisbane, 1990). Rod Samut, the former chairman of the Brisbane Office for Economic Development, was quoted in the press in 1993, that "Brisbane underwent a property boom after hosting the Commonwealth Games in 1982, which accelerated after staging the World Expo in 1988." See "Homeowners Can't Bank on Olympic Gold".

⁴⁶ Hall, op.cit., citing P. Day, *The Big Party Syndrome: A Study of the Impact of Special Events and Inner Urban Change in Brisbane* (Department of Social Work, University of Queensland, Brisbane, 1988), pp.19-20; S. O'Connor and M. Quekkett, "Why Perth Has the Biggest Rent Rises" in *The Australian*, 23 March 1987, p.6; J. Morrison, "Perth Leads the Increase in Housing Rents" in *ibid.*, 28 March 1987, p.35. Not all real estate markets in host cities have profited by the staging of Olympic Games. The journalist John Hallows wrote in 1993 that "Residential values in . . .Olympic cities have usually dived after the Games. In Los Angeles, there was a property slump so severe that prices have still not recovered." See "Olympic House Bubble May Have Burst" in the *Sunday Telegraph*, 3 October 1993, p.46.

1992. . .by 240% and 287% respectively."⁴⁷

(d) Losses

The fortunes of national economies are clearly dependent on factors far greater than the hosting of an Olympiad: they are in fact much more dependent on the progress of the international economy as a whole. The greatest single factor influencing the Spanish economy during late 1992 and 1993 was the international recession of the early 1990s - the influence of which the Barcelona Olympics could only temporarily hold back. Similarly despite the optimism of the Melbourne business community regarding the benefits from hosting the Olympics, the expansion of the Victorian economy during the 1950s was not generally affected by the staging of the 16th Olympiad but was driven overall by high rates of immigration, foreign investment and public works construction.⁴⁸ Furthermore, employment related to the Olympics is

⁴⁷ Ferran Brunet, *Economy of the 1992 Barcelona Olympic Games*, translated by Adapta Traductions (International Olympic Committee, Lausanne, 1993), p.91.

⁴⁸ Frank Beaurepaire, as the business representative on the Victorian bid committee, wrote in 1948 that "It is difficult for anyone who has not seen the Olympic Games to visualise their immensity and what they mean to the city and the country in which they are held." See Cahill, *op.cit.*, p.37. For a contrasting perspective on the development of the Victorian economy as a whole during the 1950s, on the other hand, see Brian Galligan, "Victoria: The Political Economy of a Liberal State" in Brian Head (ed.), *The Politics of Development in Australia* (Allen and Unwin, Sydney, 1986), p.116. By 1993 the impact of the international recession on the Spanish economy was demonstrated both in the unemployment rate and in uncertainty in the business community. Unemployment, which had already reached 16% in 1991, a year before the Games were even opened, reached 22% in 1993 (see *The Spanish Economy: Recent Developments and Prospects*, published by the Spanish Treasury, July 1993). In late 1993 rumours appeared in the press that Volkswagen intended closing its SEAT car plant in Barcelona - then the biggest car factory in Spain (see "VW Closes Spain's Biggest Vehicle Plant" in *The Australian*, 28 October 1993, p.16). This in fact did not happen but the Spanish government and the Catalonian government had to provide the equivalent of millions of dollars to ensure the continued viability of the operation (information supplied by TKM Automotive, Sydney). Ferran Brunet has commented that "After the Olympic Games, in fact, in 1993, the economic crisis, the effects of which could clearly be seen in many countries from 1990 onwards, started to be felt in Barcelona as well, thus confounding the forecasts of many private 'Olympic' investors. In some cases the crisis caused companies to suspend payments, as was the case for the owners of the Hotel Les Arts, who suspended payments to their suppliers." See Brunet, *op.cit.*, p.62. The building of too many hotels in Barcelona left an over supply of hotel space once the Olympics had ended. See Peter Barge,

often of limited duration. Richard Perelman, in reviewing the 1984 LA Olympics, noted that "Given the short term nature of the peak Olympic Games period, it was estimated that most of the employment opportunities were of four months duration or less".⁴⁹

Even the most financially successful of the modern Olympic Games has suffered some losses. The official report of the 1984 Los Angeles Olympics termed the adverse impact on the LA Games as "displacement" and listed some of the factors possibly contributing to this "displacement" as follows:

- regional summer tourism in the USA and in southern California not rising back up to its record 1982 levels
- a relatively high American dollar dissuading foreign visitors from visiting the USA and inducing Americans to travel overseas
- widespread American media reports of potential crowding at the Games and of possibly exorbitant visitor travel and accommodation pricing in Los Angeles throughout the first half of 1984
- Los Angeles and districts residents made alternative holiday arrangements to avoid a crush of visitors at the Games.⁵⁰

Shortfalls in visitor attendance is an adverse factor which has similarly affected other large-scale events. Actual tourist arrivals at the Tokyo Olympics were well below expectations. One hotel manager told the *Far Eastern Economic Review* in 1965 that "We built and programmed for 420,000 foreign tourists in 1964, some 130,000 coming just for the Olympiad. But only 51,382 actually came and only 360,000 in the whole year."⁵¹ Some recent large-scale events in Australia have experienced similar problems. Before the America's Cup Defence Series was held in Perth, in 1987, the Centre for Applied and Business Research in Perth estimated in 1986 that 1.2 million visitors would come to Perth for the series. During the five month period over which the

Likely Impact of Olympic Decision on Hotel Values, press release, JLW Transact, 5 April 1993.

⁴⁹ Perelman, op.cit., p.121.

⁵⁰ *Official Report of the Games of the XXIII Olympiad*, Los Angeles 1984, Vol.1, p.312. Richard Perelman, in his review of the second LA Olympics, remarked that "Traffic on Los Angeles freeways was surprisingly light during the Olympic period." See Perelman, op.cit., p.434.

⁵¹ Stuart Griffin, "Tourist Troubles" in *Far Eastern Economic Review*, Vol.XLIX no.7, 12 August 1965, p.304.

defence series was held 930,600 visitors actually came: about 325,000 fewer than estimated. In particular less than half the estimated interstate visitors came.⁵²

An issue of greater concern is the amount of public money spent on large-scale events vis a vis the end return from them. Hall has noted that in recent years "governments at both the regional and national level have been seeking to minimise the overt financial costs of hallmark events." He writes that, in the case of the 1988 Brisbane Expo "these principles were enshrined in Queensland State law. The Queensland Expo '88 Act stated, that it required the Brisbane Exposition and South Bank Redevelopment Authority (BESBRA) to 'secure the recovery of and an adequate return on moneys expended in or for the purpose of presenting Expo '88 or thereafter developing and improving those lands with a view to their disposal and to achieve a net financial result that will not be a burden of cost on the government of Queensland.'" Hall comments that "In the case of Expo no direct subsidies were received. However, substantial indirect subsidies did occur from national, state and municipal governments in the form of the provision of infrastructure facilities and financial support for the event." According to Carrol and Donohue, "the historical accounting value of the indirect, public subsidies which have so far been identified amount to \$129.7 million." Indirect subsidies from the Queensland Government, according to Hall, included the improvement of rail facilities and transport services to the Expo site; improvements to car parking, ferry and pedestrian access and road services; the provision of the Queensland Pavilion; and the provision of sub-market interest rates on loans raised by the Queensland Government on behalf of the Exposition Authority. Despite all this assistance the audited accounts for Brisbane Exposition and South Bank Redevelopment Authority, according to Hall, "revealed a total loss of \$11,148,000."⁵³

Similarly with the Indy Car races held at the Gold Coast about \$35 million in income has been generated by the event between 1991 and 1993, but between 1991 and 1994 an estimated \$60 million of Queensland Government funds have

⁵² Centre for Applied and Business Research, University of Western Australia, *America's Cup Defence Series, 1986/87: Main Report*, prepared on behalf of the America's Cup Office, the Government of Western Australia and the Commonwealth America's Cup Support Group (Centre for Applied and Business Research, University of Western Australia, Perth, 1987), p.13.

⁵³ Hall, *op.cit.*, p.57 citing P. Carroll and K. Donohue, "Special Events and Tourism" in P. Carrol, K. Donohue, M. McGovern and J. McMillen (ed.s), *Tourism in Australia* (Harcourt Brace Jovanich, Sydney, 1991), pp.129-140.

been expended on the event.⁵⁴

The 1972 Munich Olympics was the one of the first modern day Olympics to make a noticeable loss, estimated at £178 million (at 1979 prices) with the loss being shared between the West German government, the state government of Bavaria and the city council of Munich.⁵⁵ It was the Montreal Olympics, however, which first dramatically focused public attention on the debts which could be incurred in staging an Olympic Games. By the time the Games were held a lavish program of construction for the event saw the Montreal City Council incur a debt of around \$C600 million.⁵⁶

Since then the most recent staging of the Olympic Games to incur substantial debts was that of Barcelona. This was because, as the official report acknowledges, once Barcelona gained the right to stage the 25th Olympic Games, the Spanish national government, the Catalonian regional government and the Barcelona City Council became involved in "an enormous investment in infrastructures, facilities and public and private investments." This included major public works in the following areas: roads; airports; railways; telecommunications; and sewerage.⁵⁷ Many of these public works were carried out by a joint venture company established between the Barcelona City Council and the Spanish Government: Barcelona Holding Olympic SA (HOLSA). According to Ferran Brunet, "Loans were resorted to for an amount totalling Pt 93,483 million. HOLSA's live credit was underwritten by public and private banking entities in Spain, other countries of the European Community and the United States. . . annual repayments are about Pt 16,000 million, to be shared equally between the Spanish State and Barcelona City Hall" (93,483 million pesetas = approximately \$984 million; 16,000 million pesetas = approximately \$177 million). The government of Catalonia, in Brunet's account, also "contributed to the public sector investment effort for the Olympic Games with a very substantial 22% of total public investments, or Pt 142,726 million, used basically for the Barcelona ring roads, transport infrastructure for the Olympic satellite villages, and cultural and sports facilities" (142,726 million pesetas = approximately \$1.4 billion).⁵⁸

⁵⁴ See Fagan, op.cit.

⁵⁵ Hall, op.cit., p.50.

⁵⁶ Hall, op.cit., p.40.

⁵⁷ Brunet, op.cit., p.47. See also *Official Report of the Games of the XXV Olympiad, Barcelona 1992*, Vol.1, p.252 and Vol.11, p.147; *The Economic Impact of the Barcelona '92 Olympic Games*, pp.14-15.

⁵⁸ Brunet, op.cit., pp.51-60.

By the time the Games were held the press was reporting that the city of Barcelona and the regional government of Catalonia had incurred over \$2 billion of Olympics-associated debts and the Spanish national government had incurred over \$4 billion in similar debts.⁵⁹ In Brunet's calculations, however, the amount of repayments on loans will not dramatically impact on the budgets of the three levels of government. Barcelona's annual repayment figure of 8 billion pesetas (\$85 million) to HOLSA, for example, to last until the year 2009, is estimated by Brunet to be only 5% of Barcelona's current budget for 1993.⁶⁰

⁵⁹ "Carnival is Over as Games Debt Mounts" in the *Sydney Morning Herald*, 24 February 1993, p.54.

⁶⁰ Brunet, op.cit., p.58. While the repayments are not a substantial part of the outgoings of the Barcelona City Council their impact is likely to be felt on the residents of the city since the city council has been increasing taxes to meet its debt repayments. See "Barcelona Pays the Price of Success" in the *Sydney Morning Herald*, Spectrum, 25 September 1993, p.14A. A similar approach was adopted by the Quebec regional government to meet debts incurred over the staging of the 1976 Olympics: health contributions were raised and taxes on cigarettes and tobacco products were increased. See "Olympic Costs Soar" in *Engineering-News Record*, 20 May 1976, p.54.

5 SOCIAL, POLITICAL AND ENVIRONMENTAL DIMENSIONS

(a) Positive Aspects

"Community celebrations", observes Colin Hall, "undoubtedly have substantial benefits in terms of regional or cultural identity, civic pride and community development, while larger events, such as the Olympic Games, can also have substantial psychic benefits for certain members of the population."⁶¹ Burns and Mules, in their 1986 study of the Adelaide Grand Prix, have categorised these "psychic benefits", or "psychic income" as including "the general excitement created by the event, good self-opinions, extra access to shopping, home hosting opportunities, and the pleasure of experiencing the event."⁶²

Surveys of members of the public appear to bear this out. Soutar and McLeod undertook three surveys of 740 households in Fremantle during the period before, and just after, the America's Cup Defence Series. Their conclusion was that, on a general level, residents perceived Fremantle as a better place to live in because of the America's Cup. The two researchers concluded that "in respect of both its positive and negative aspects the Cup turned out better than initial expectations of it suggested."⁶³ Brunet recorded similar statistics in his study of the economy of the Barcelona Olympics. According to data from surveys compiled by *La Vanguardia* newspaper, Barcelona residents interviewed one year after the 1992 Olympics expressed a degree of satisfaction with their city of 7.9, on a scale of one to ten.⁶⁴

(b) Negative Aspects

The very reasons which propel cities to stage large-scale tourist events are also some of the very factors which result in an adverse impact on the residents of the cities in which they are held. The Vancouver 1986 Expo, for example, was described by the chairman of the exposition as "the biggest urban development project in North America. It will change the face of Vancouver for ever". According to the general manager of the Brisbane Expo, the South Brisbane site, put forward for Brisbane's Expo bid, won approval partly because of its potential for development from a run-down area to one of the most valuable

⁶¹ Hall op., cit., p.82.

⁶² J.P.A. Burns and T.J. Mules, "A Framework for the Analysis of Major Special Events", pp.24-30 cited in Hall, op.cit., p.78.

⁶³ G.N. Soutar and P. McLeod, "The Impact of the America's Cup on Fremantle Residents: Some Empirical Evidence" in Syme et.al., pp.92-102 cited in Hall, op.cit., p.77.

⁶⁴ Brunet, op.cit., p.78.

and attractive areas in Brisbane.⁶⁵

Dramatic urban developments such as these naturally have a tendency to displace groups of citizens located in the poorer sections of the inner areas of cities. During the preparation stage for the Vancouver Expo about 600 tenants were evicted, many of whom were long-term, low-income residents from areas near the site.⁶⁶ A study by Shelter NSW and the Housing and Urban Studies Research Group of the University of Western Sydney has highlighted at least two other significant occasions where poorer residents have been affected by a development connected with a large-scale event:

- *1988 Brisbane Expo.* During the period from November 1987, and throughout the six month period in which it was held (May-October), just over 600 residents in the area near the Expo site were forced to leave their accommodation. This was partly due to steep rent increases (from \$55 to \$100 for a one-bedroom flat, and from \$150 to \$350 for a three-bedroom house).
- *1992 Barcelona Olympics.* During the period of preparations for the Olympics the price of previously owned housing rose from 62,000 pesetas per square metre in 1986 to 210,000 pesetas per square metre in the second half of 1993. The price of new housing in Barcelona rose from around 67,000 pesetas per square metre in 1986 to around 230,000 pesetas per square metre by end of 1993. The impact of this "sudden and ferocious" increase (as Brunet termed it) in the price of housing clearly made some contribution to the exodus from Barcelona of some of the city's residents. Between 1984 and 1992 over 59,000 residents left Barcelona to live elsewhere.⁶⁷

⁶⁵ R. Anderson and E. Wachtel, "Introduction" and D. Gutstein, "The Impact of Expo on Vancouver" in R. Anderson and E. Wachtel (ed.s), *The Expo Story* (Harbour Publishing, Madeira Park, 1986), pp.7,65; and R.N. Minniken, "World Expo 88 - An Economic Impact Study" in *The Effects of Hallmark Events on Cities, Conference on People and Physical Environment Research, Perth, 15-19 June 1987* (Centre for Urban Research, University of Western Australia), p.3 cited in Hall, op.cit., pp.73-74.

⁶⁶ Hall, op.cit., p.70 citing K. Olds, *Planning for the Housing Impacts of a Hallmark Event: A Case Study of Expo 1986* (MA Thesis, University of British Columbia, 1988).

⁶⁷ Gary Cox, Michael Darcy and Michael Bounds, *The Olympics and Housing: A Study of Six International Events and Analysis of Potential Impacts of the Sydney 2000 Olympics* (Shelter NSW and the University of Western Sydney, Sydney, 1994), pp.28,38; Brunet, op.cit., pp.91-92.

The social problems which can be caused by Olympics have emerged in the considerations of the planners of the latest Olympic Games, to be held in Atlanta. In the mission statement of the Metropolitan Atlanta Olympic Games Authority there is a declaration that "the MAOGA Board has approved and endorsed activities in which MAOGA, acting as a catalyst, uses the broad powers of the authority, including condemnation and police powers, for projects which leverage off the staging of the games to provide legacies for the citizens of Georgia. Examples of these projects include development of single family housing along Olympic Corridors, providing technical assistance to various development projects including pedestrian enhancements and multi-family housing around the Olympic Stadium."⁶⁸

(c) Political Aspects

Michael Hall points out that "hallmark events may provide a platform for the disenfranchised and the excluded to air their grievances". Large-scale special events are often perceived as offering an additional means to publicise a cause. The Mexico Olympics, as described above, was used by political activists to highlight the situation of the nation's poor. The same Olympics was also used by some Afro-American athletes to gain publicity for the black power movement then current in the USA. Four years later the 1972 Munich Olympics were used by Arab political activists to draw attention to the Palestinian cause. At the 1976 Montreal Olympics there was a walk-out by black African nations. Other large-scale athletics events have attracted similar political attention. At the 1982 Commonwealth Games, in Brisbane, Aboriginal groups held demonstrations and marches to draw attention to their situation in Australia. Four years later, at the Edinburgh Commonwealth Games, African, Asia and West Indian athletes withdrew from the competition because of the then British government's policy towards apartheid in South Africa.⁶⁹

(d) Environmental Concerns

Environmental considerations can be important elements of planning for a large-scale special event. In a submission dealing with the implications of Melbourne's bid for the 1996 Olympics, Economic Impact Resources

⁶⁸ MAOGA, *Description and Mission Statement*.

⁶⁹ Hall, *op.cit.*, pp.94-98.

Consulting highlighted the following aspects of environmental concern: air pollution (particularly if there is a dramatic increase in the volume of traffic); storage and transport of dangerous chemicals; impact of large numbers of visitors on waste disposal facilities.⁷⁰

⁷⁰ Hall op.cit., p.131, citing Economic Impact Resources Consulting, *1996 Melbourne Olympic Games: A Preliminary Social Impact Assessment*, a report for the Social Impact Assessment Steering Committee (Melbourne, 1989), p.67.

6 CONCLUSION

The nature of the modern Olympic Games has changed a good deal since they were first conceived by Pierre de Coubertin. From being the foremost celebration of unaided individual achievement in athletics, they have shifted over the years towards becoming, as well as a sporting event, a means by which cities can attract the attention of the international financial and business community.⁷¹ If this can be accepted as the present-day motive for staging an Olympics, this primary reason itself may be somewhat open to question. There is, at a fundamental level, a tendency for partisan advocates of mounting large-scale events to become over-awed by the scale of the event itself. The reality is that such events may not figure dramatically in the overall progress of economies and may just as easily be followed by a downturn.

Certainly major special events, by themselves, are capable of being an entertainment success and a financial success: the Adelaide Grand Prix of recent years has demonstrated this. Similarly the residents of cities hosting these occasions are often pleased both with the event itself and with the impact of it on their city. In the particular case of mounting an Olympic Games, however, some caution must be expressed regarding the sheer size of the event. While advocates and organisers of major events focus on the advantages from such occasions, regard must also be had to the potential adverse impacts of them. Although many residents will enjoy the event, and enjoy the impact on their city, some will suffer from the occasion either by losing their homes or by having to endure higher rents and higher prices.

Aside from all these considerations, it may be worthwhile to reflect on the original ideals of the modern day Olympics and the hope that may remain that they can still be achieved. In an address given in May 1994, Richard Pound, a Vice President of the IOC and chairman of the IOC Co-ordination Commission for the Atlanta Games, offered his view of the possibilities of the modern day Olympics:

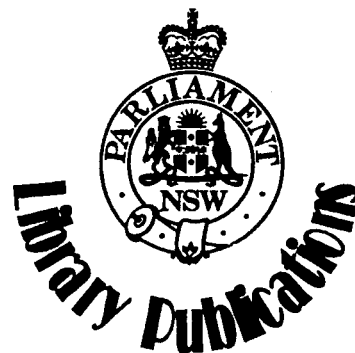
the Games transcend mere sport. They have come to symbolise a desire for peace, international co-operation and understanding and a purity of

⁷¹ In his study of the economic impact of the Barcelona Olympics, Ferran Brunet specifically referred to the impact of the 1992 Olympics on Barcelona's prospects as a headquarters for European business. He noted that, after falling from eighth in ranking amongst the European cities, "in 1991, at the height of the pre-Olympic boom", to thirteenth in 1992 "because of the rise in rents and the cost of purchasing offices", in "1993 Barcelona moved up again to tenth place in the preferences ranking, owing to the potential generated by the Olympics. . .the other nine preferred European cities for the establishment of headquarters are London, Paris, Frankfurt, Brussels, Amsterdam, Zurich, Glasgow and Manchester." See Brunet, *op.cit.*, pp.90-91.

effort that can be a model of conduct in virtually every walk of life. To say the model is perfect is, clearly, to overstate the position. There are imperfections in the Olympic Movement and even in the Olympic Games themselves, as there are in all fields of endeavour. We need to continue our efforts to achieve the ideals which are at the basis of the Movement.⁷²

⁷² Richard Pound, "The Centennial Olympic Games, Atlanta, 1996: The Real Issues", address delivered at the Ambassador's Lecture Series, Washington DC, May 1994 in *Vital Speeches of the Day*, Vol.LX, no.19, 15 July 1994, pp.585-586.

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