

# London Olympics 2012: corporate greed and privatisation

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The decision as to which city would host the 2012 Olympic Games was made amidst such accusations of foul play and naked delight at the potential profits involved that one might have been forgiven for forgetting that this was supposed to be about a celebration of sporting endeavour and spirit.

The International Olympics Committee (IOC) voted in the final round in favour of London over its nearest rival to host the competition, Paris. The Olympic Games are a multibillion-dollar enterprise, with the IOC determining which cities and corporations are granted access to massive profits through hosting the Games. For all the stage-managed rallies in Central and East London (where the Games will be held), the greatest celebrations came from those who aim to enrich themselves through the holding of the Games.

Building companies are rubbing their hands in glee, while firms supplying everything from sports equipment to computer technology are gearing up to fight for their slice of the profits. Share prices have soared for construction and civil engineering firms likely to win contracts. Michael Cassidy of the London Chamber of Commerce, calling for small businesses to be given a chance to bid for contracts, talked of the “colossal one-off commercial boost.” At the same time, local politicians are enthusiastic about the opportunities to attract inward investment from private companies to finance development of the city’s infrastructure.

The London bid stated that the motivation for hosting the Games was to “enhance sport in London and the United Kingdom forever” as well as helping to regenerate one of Britain’s poorest areas.

The centrepiece will be a 600-hectare Olympic park in east London. Stretching from Stratford to Hackney, the park will accommodate nine new venues including the main 80,000-seat Olympic stadium. This will be reduced in size after the Games to a 25,000-seat arena (smaller than the nearest professional football stadium) for athletics and rugby.

Other venues include a 20,000-capacity aquatic centre, which will cost £70 million and be remodelled after the Games to a capacity of 3,500. A 6,000-seat Velopark will also later be halved in size, to include facilities for local restaurants and pubs. The Hockey Centre will have a capacity of 15,000, with a secondary arena for 5,000 extra spectators. After the Games, this will become a 5,000-seat venue suitable for major events. The new venues are not being proposed as public facilities.

The 35-hectare Olympic Village will house up to 17,000 athletes. After the Olympics, it will be converted into 3,600 homes with “guaranteed legacy use” as affordable housing for “key occupations” (like teaching and medicine).

One of the major concerns of the London bid was the state of the transport system. The bid has accelerated projects like the extension of the Docklands Light Railway tube line, and the Channel Tunnel Rail Link. This will provide a high-speed “javelin” train link from Kings Cross station in central London to Stratford in seven minutes. There will be a 45 percent increase in capacity on the Jubilee Line, while the Olympic park will also be ringed with arterial roads.

London’s successful bid was hailed by the government and media as providing a wonderful economic opportunity for the capital and its populace. But previous experience with the Olympics and the kind of “prestige” building projects it entails shows that while businesses will undoubtedly reap the profits, the costs will be borne by working people.

London’s taxpayers will have to pay £625 million of the bill before 2012 through a council tax supplement, with Chancellor Gordon Brown pledging that the government will also foot the bill for any overspend. This supplement, which is due to start next year, will add £20 a year to the average council tax bill. An additional £250 million grant will come from the London Development Agency, and a further £1.5 billion from a new National Lottery game. Funding through Lottery tickets is also a way of getting taxpayers to subsidise the Games. The fiasco of the Millennium Dome, financed in this way, is a reminder that it does not guarantee any kind of return on the investment.

Already, there are fears that the projected £3.8 billion budget for the Games is a huge underestimate. When indirect additional costs on the transport network are taken into account, the total budget could reach £12 billion. With the exception of Los Angeles, no host city has made a profit. Last summer’s Athens Games cost £4.9 billion, twice their original budget. China is predicting a total spend of £21.5 billion on the 2008 Games. Montreal paid the last instalment payment on the 1976 Games last year, while Australian taxpayers are paying up to £18 million a year to maintain venues built for the Sydney Olympics.

While the government has committed a large part of the costs to the pockets of ordinary people, a body of corporate sponsors such as British Airways, British Telecom, Siemens and Microsoft is already set to recoup big financial rewards. The sponsors will be

able to dominate the commercial aspects of the Games.

The construction work sponsors are designated as partners in the finance arrangements because most of the contracts and agreement will be carried out on the basis of Public and Private Partnership. PPP has been used widely as a means to privatise the old public sector. The system guarantees a profit margin for a contract winner above general market rates. Companies are stumbling over themselves to win such lucrative deals. The Construction Industry Council was represented on the Bid Committee by Graham Watts—conveniently enough, the manager of the British Olympic fencing team.

PPP was most notoriously introduced into the public sector in London on the Underground by Mayor Ken Livingstone. It remains controversial, even among those who championed it. *The Times* reported recently that Transport for London (TfL) withheld its annual report on the Underground prior to the Olympic vote in Singapore, because of its “highly critical” comments on the state of the PPP process. The TfL report accused Metronet, which maintains two-thirds of the network, of failing to meet upgrade and refurbishment deadlines. *The Times* quoted a TfL source as saying “This report provides clear evidence that the Public Private Partnership is not working and yet it is being buried in order not to embarrass London’s Olympic bid.”

There is no doubt that the area of the Lea Valley is one of the most deprived in Britain. It has a higher than national average proportion of its residents on benefits and suffering health problems. Unemployment is high, reaching 35 percent on some of its estates. Along with the adjacent area of the Thames Valley leading into the borough of Newham, which will also be affected by the Olympic construction work, the Lea Valley has been identified as one of two “coherent sectors of poverty” by geographer Stuart Oliver of St. Mary’s College Twickenham.

The bid stressed the impact of regeneration on this area. In practice, what does this mean?

In all of its literature, the Bid Committee stressed the support of local businesses. In its Election Special Bulletin, for example, it cited the 50 businesses in Stratford’s Marshgate Centre (at the heart of the Olympic Park site) that supported the bid. However, by this stage, a row had already broken out with nearly 300 other businesses in the same area that claimed they were being “blackmailed” into moving out. Businesses said they had been offered “derisory” compensation sums that would not allow them to relocate. Among them, these companies employ nearly 15,000 workers.

Similarly, the bid statement made much of the building of the Broadcast and Media Centre, and the role it would play in the post-Games regeneration of the area. The statement omitted mentioning the thriving network of small media companies whose premises will be compulsorily purchased to create the Olympic park.

In their official statement, the Bid Committee stated flatly that “there is no organised public opposition to hosting the Games.” Critics, organised in the NoLondon2012 campaign, accused the government of scrapping previous plans for developing the area. Instead, according to Annie Chipchase, “the whole area will be scoured. It will be destroyed.”

The first evictions have already been listed to start work on the

Olympic Village project. University of East London students at Park Village were given notice to quit by the middle of June (before the hosting decision was made); the University denied this had anything to do with the Olympics, but according to protesters, no alternative plans for the site had been lodged with Newham Council’s planning department. The much-vaunted regeneration of the area will clearly not apply to those who have had to seek alternative accommodation in the meantime, as happened at previous Games.

“Affordable” housing for “key occupations” has been touted before, but in practice, such accommodation is even more susceptible to housing speculation because of its initial lower price. Over-inflation of the property market, under conditions of a housing shortage across London, means that such properties can be sold off for huge profits.

The provision of sports and leisure facilities is something that is vitally necessary for the well-being of ordinary people. However, the benefit of a huge privately owned complex needs to be compared with the money spent on it, which could have provided public amenities. Professor Stefan Szymanski of Imperial College London, criticising the cost-effectiveness of the plans, said that £3 billion could build dozens of sports parks across England. “There is little evidence that mega-events such as the Olympics produce the macro-economic benefits claimed for them,” he said. “It is a myth that the games will pay for themselves through economic stimulus; they place a huge burden on local taxpayers.”

Professor Fred Coalter of the University of Stirling has also drawn attention to the way in which the financing of sporting needs is geared towards the southeast of England.

The environmental landscaping of an area scarred by industrial decline has also been promised, but there a large legacy to overcome. At one point, the area housed a small nuclear reactor. This was omitted from the candidate file, as the bid organisers said that they were unaware of this when the file was submitted. The park proposed for the area after the Olympics is not due for completion until 2020. As yet, there are no plans for the financial responsibility for this park and no suggestion of who is to manage it.



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