

London Olympics 2012: Regeneration promises don't add up

Marcus Morgan
8 March 2006

Assurances from the government that the 2012 Olympic Games will help regenerate the socially deprived East End of London fly in the face of reality.

Plans to develop the Lea Valley East London site for the games have already begun, with the serving of one of the largest Compulsory Purchase Order (CPO) programmes ever seen in England, affecting residents and up to 300 local businesses. Disputes are ongoing between firms of the Marshgate Lane Estate in Stratford and the London Development Authority (LDA) over inadequate compensation. Without the use of CPOs, the LDA would only have half the land needed to develop the site. Twenty percent more land than the 178 hectares originally intended is now being bought up.

After the International Olympic Committee (IOC) announced the success of the London bid last July, Tessa Jowell, the Secretary of State for Culture, Media & Sport said, “the games are a chance to transform one of the poorest and most deprived parts of our capital city” as well as to “unlock sporting talent, both at home and abroad.” Behind the expected spin and effusive patriotism, what basis is there for the fulfillment of such grand promises?

Despite a generally relentless pro-Olympics media coverage and the ubiquitous citywide “back-the-bid” campaign, there remains considerable scepticism from local residents, workers, and experts about any lasting social or economic benefits. If experience of previous games is anything to go by, the event could turn out to be a major liability for Londoners, who will still be paying for years after the games have come and gone.

The 2004 games in Athens initially budgeted for £2.5 billion but ended up costing £9 billion and still counting. Sydney's original bid costs were estimated at £1 billion but ended up closer to £2.3 billion.

Both Sydney and Athens ran more than 100 percent overspends, but the world record for biggest financial debacle goes to Montreal: it went four times over budget and is still paying off a \$1.2 billion debt from the games of 1976. The only games that made any kind of return on expenditure

was Los Angeles in 1984, and that was in no small part due to facilities already in place, so initial outlay was much lower.

According to government figures, the construction and staging of the London games will cost between £3 billion and £5 billion, but the biggest expense will be on the decayed local infrastructure at a cost of £10 billion. The public sector will cough up the bulk of the cash: some £750 million by a specially devised lottery game, £625 million from a levy on London council taxes and £250 million from the London Development Agency. An additional £225 million will be spent on security measures. As in previous games, the prospect of these figures rising dramatically in the coming years is highly likely. Most of the revenue generated will come from ticket sales, TV deals and sponsorship tie-ups.

The drain on the National Lottery will take a big toll on smaller scale projects all over the country, costing £64 million per annum up to 2012, including existing sports facilities. Charities anticipate significant reductions as corporations redirect money to sponsorship of the games.

Professor Stefan Szymanski of Imperial College said, “The IOC insists that the host government completely underwrites the bid for the games, including paying any costs associated with it. That means that British London taxpayers will have to cover the entire cost of the games, however much cost over-run there happens to be. If it comes within budget, perhaps that's not too much of a problem but if it goes over budget there's unlimited liability for the British taxpayer.”

Commenting on the temporary nature of the event and the problems of legacy in the area, Stefan added, “The difficulty is that the Olympics is rather like spending £3 billion on a bridge that you're only ever going to walk over once.”

John Lucas, a professor of Penn State University in the United States and a specialist on the modern Olympics said, “Hosting the Olympic Games as an economic development strategy for the host city simply doesn't work in the vast majority of cases. On the other hand, individual entrepreneurs can make a great deal of money at the

Olympic Games. Some, in fact, have become millionaires.”

Taking a broad and sober look at the recent history of the games, promises of regeneration appear hopelessly unrealistic. Inevitably the public will foot the bill whilst corporations and property developers will rake in bumper profits, all under the approving aegis of the IOC. Early in 2004, IOC vice-president Kim Un-Yong was sentenced to two-and-a-half years in jail on corruption charges. Thirteen members of the IOC were expelled in the 2002 Salt Lake City Winter Olympics bid after investigations into bribe taking.

Under the public-private partnership scheme, developers are invited to participate with the London Development Agency in building and conversion work. Stratford City Developments is planning a £4 billion housing project at Stratford, overlapping the main Olympic campus.

Stuart Lipton, a director of the company was forced to resign over charges of a conflict of interest. As well as working on the board of a private developer, he was a government advisor in the role of chairman of the Commission for Architecture and the Built Environment.

The claim that the Olympics will aid local business is undermined by the draconian demands of the official sponsors mediated through the dictates of the IOC. The London Organising Committee of the Olympic Games (LOCOG) is looking to sign ten top tier companies for at least £50 million each in return for being associated with the London Games over the next six years. Demands will then be placed by the sponsors for such privileges as exclusive rights to the use of Olympics imagery.

Although the Lea Valley area is often referred to as a brown field, contaminated site, or near-barren wasteland, it provides a much-needed service as a green open space in an otherwise highly urbanised environment. Its development for the Olympics means the appropriation of common land into private hands, unaccountable to the public. Ironically enough, the popular Sunday League football on Hackney Marshes will be one of the first victims.

Local wildlife in the area will also be adversely affected. Annie Chipchase, an Environmental consultant, said, “The Olympic proposals will destroy all the existing habitat, and thus the associated wildlife. Proposals to provide mitigation in terms of translocating species, and providing alternative habitat, are unlikely to be successful. Only legally-protected species will be the focus of such work.” “The waterways of the Lower Lea provide a unique place for wildlife and people in a dense urban area. Destruction of these habitats for an elite sporting event should not be contemplated”.

Tessa Jowell promised 3,600 new affordable homes and 12,000 jobs, but similar projects for regeneration have left a legacy of displaced residents in favour of property

speculators and the affluent. Similar projects that promised regeneration of the socially deprived East End—the Millennium Dome which ended up costing the public £800 million and the Docklands development where the promised “trickle-down” theory failed to materialise—hardly inspire confidence.

Naturally the Olympics offer something crucial that the ill-fated dome lacked—sporting excellence and a world-renowned event bound to appeal to a huge audience. But what will become of the Lea Valley when the crowds have gone home?

Gavin Poynter, head of the School of Cultural and Innovation Studies at the University of East London said, “The consumption-led services growth model, implicit to Olympic bid strategies, has tended to generate an acceleration of an urban regeneration and development process that has exacerbated income and wealth differentials, potentially creating increased social divisions and tensions rather than reducing them.”

The giant sports stadiums are ideal for hosting large scale tournaments, but of very limited use for the local needs of the East London community. The legacy of underused facilities is unlikely to be any different compared to the experiences of Athens or Sydney. Athens was saddled with a site almost as derelict afterwards as it was before. The Sydney games of 2000 failed to sustain interest, with visitor numbers declining for the following three years.

The government has also seized on the opportunity to ratchet up police powers under the guise of protecting citizens. Emphasising the concurrence of the July 7 terrorist bombings last year and the successful outcome of the bid the previous day, Tessa Jowell said in parliament, “The events of 7 July will forever be linked to, and help to define the spirit of, the 2012 Olympics in London.”

The government is to create an Olympic Security Committee (OSC) to be chaired by the Home Secretary and comprising senior representatives from the UK security forces. The predicted £225 million needed for security is difficult to fathom in a city with a network of 500,000 closed-circuit cameras, giving it the dubious honour of surveillance capital of the world.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact