

The 2018 Winter Olympics: Money and power

Werner Albrecht
12 July 2011

The decision last Wednesday to hold the 2018 Winter Olympics in the South Korean city of Pyeongchang came as no surprise. Competing alongside the Bavarian capital of Munich and the town of Annecy in eastern France, Pyeongchang has been considered a favorite for a long time.

The International Olympic Committee (IOC) made its decision at its congress in Durban, South Africa, with a clear majority in the first round of voting. Pyeongchang had already previously applied two times with no success. This time, the city systematically organised its campaign to embrace the major powers' economic interests in Asia.

Its slogan "New Horizons" is an indication of the most important criteria for selection: the opening up of new markets and raking in money for the IOC and its sponsors, whose interest in the games is far from altruistic.

Those behind the Munich bid reacted with disappointment. The state of Bavaria and the German government had gone to great lengths to bring the games to Munich. The German president, Christian Wulff, had personally travelled to Durban to support the German application.

Powerful economic interests are at stake. In Munich's 396-page application, called the Bid Book, one can read at length about the expectations of sponsors and commercial interest groups. Athletes are merely there to gather as many medals as possible and ensure the German delegation a good position in the finals.

Recently, however, such German medals have been in short supply. At the last Alpine Skiing World Cup in February in Garmisch-Partenkirchen—the final rehearsal for the coming sports event—the highly paid stars failed to come up to scratch. What was hyped as a "winter's tale" ("Wintermärchen", analogous to the phrase "Sommermärchen" for the soccer world cups, both based on Heinrich Heine's "Germany, a winter's tale") ended with only two bronze medals and a meager 10th place for Germany.

German Chancellor Angela Merkel (CDU) was among the more than 10,000 spectators. She wished the crowd a thrilling competition. Based on the motto "Games in the Snow", Merkel's appearance was part of an extensive campaign of marketing and media.

The athletes are dressed up as moving, colourful advertising billboards. During their strenuous performances, TV cameras record the logos on their uniforms, equating the various brand names with positive images of snow, nature and freshness.

For example, the Vattenfall energy corporation, notorious for its abuse of the environment, tried to clear its name with a snow-covered landscape. Vattenfall operates nuclear plants and generates electricity from brown coal. Strategically placed at the start of the ski slopes, Audi auto's logo proclaimed "progress through technology", and at the end of the run, the sweet reward of Milka chocolate awaited the athletes. The helmets of those athletes in pole positions were adorned with the various logos of the watchmaker Hublot and shoe company Deichmann.

Even before the Alpine Skiing world cup started, the carmaker Kässbohrer crafted a world cup package. It received numerous marketing rights and advertising space and was allowed to claim "that during the Alpine Skiing World Cup 2011 only caterpillars by Kässbohrer will be used."

Another highlight of this "Sponsor's World Cup and Olympic Games" was delivered by a Munich company that seems to have nothing to do with winter sports. The Siemens company had built an artificial skiing slope because it was a supplier of the World Cup's media center. Siemens benefits from the winter sports business by selling engine and steering technology for ski lifts and cable cars, making around €100 million. CEO Peter Löscher considers this a patriotic duty: "It is our home country, it is as easy as that."

One example of the financial interests involved at huge events such as world cups and Olympics is the price of advertising on TV channels: One 30-second spot during ARD's preliminary coverage costs between €16,800 and €38,850. In the direct live coverage of the competitions, shortly before 8 p.m., a 30-second spot costs €55,000.

One can only speculate how much Olympia 2018 will actually cost. Currently, estimated costs are between €2.9 billion and €3.5 billion, but the total remains a closely guarded secret. Also, any sums given invariably omit the follow-up costs involved when the Olympic building remains unused or is closed down, with its demolition causing further expense.

Prime examples of miscalculated costs are the Olympic cities of Vancouver (2010) and Sochi in Southern Russia (2014), where building costs have already exploded during construction. Vancouver's deficits amounted to about €730 million (US\$1,038 million). For Sochi, estimated costs for the upcoming Olympics have now reached an unprecedented US\$30 billion, nearly triple the initial budget of US\$12 billion.

Not all inhabitants of the other Olympics sites aside from

Munich are unanimously enthusiastic about the application. In Garmisch-Partenkirchen, the “NOlympia” movement enforced a referendum to check the validity of all contracts already signed in connection with the 2018 Olympics. They hoped to prevent any Olympic contests taking place in Garmisch, but failed to achieve a majority in the vote held on May 8.

Most notably, farmers and property owners objected, because they were afraid their fields and pastures would be destroyed and become useless through the construction of artificial slopes. The local administrations had already applied to the IOC and agreed to its agenda. Opponents also argued that the town with a population of 26,000 is already burdened with a debt of €111 million.

Other sites are also highly indebted: Berchtesgarden’s debts amount to €21.2 million, and those of Oberammergau amount to €29 million (in 2010).

The main German applicant, the Bavarian capital of Munich, is one of Germany’s most indebted cities, with debts of around €2.5 billion. For 2013, the city treasury estimates debts of €3.2 billion. Usually, cities that hosted Olympics or World Cups have been unable to reduce their debts. Instead, they were left with huge piles of debt, while the IOC and other international sports associations and the corporations reaped huge profits.

A prime example is the 2010 Soccer World Cup in South Africa. The FIFA football world association earned €100 million during four weeks, and raised its financial reserves to €830 million (US\$1.2 billion). South Africa, on the other hand, increased its state debt from €2 billion to €9 billion. Almost half of the country’s population lives below the poverty line.

Today, soccer stadiums such as those in Nelspruit, Polokwane and Rustenburg are empty. Thousands of inhabitants had to be resettled so they could be built. The costs of these stadiums were between €100 million and €130 million, and some of them will only be fully paid in 100 years. There are no soccer teams that could use the stadium. In Cape Town, the stadium’s private operator quit his contract, and now the city has to pay maintenance costs. It now seeks to fill the stadium with concerts and religious events.

Today, associations like the FIFA and the IOC are thriving corporate enterprises, which, like other investors, descend upon countries and regions to exploit them.

The IOC gains billions in turnover from the Olympics. Only recently, it extended its sponsoring contract with General Electric (GE) until 2020. GE is one of the IOC’s 11 top sponsors. In June, the IOC sold TV broadcasting rights for four Olympics until 2020 to NBC for €3 billion (US\$4.38 billion).

Between 2010 (Vancouver) and 2012 (London), the IOC will earn sponsorship fees of €450 million (US\$650 million) from its commercial partners. In the period between 2009 and 2012, the IOC’s turnover is estimated to surpass for the first time €4.17 billion (US\$6 billion), including TV broadcasting rights. With such sums of money floating around, corruption and bribery are inevitable.

One comment in the *Westdeutsche Allgemeine Zeitung*, which reported in some detail about the congress in Durban, describes it as follows: “And how will the World Cup affect Munich’s application for the 2018 Winter Olympics?... The IOC’s members

frequently vote based on highly untransparent criteria. Frequently, the best one wins only in the athletic competition.”

Journalist Jens Weinreich, who has undertaken research into the highly murky selection process for the Olympics, asked critical questions in his documentary “Olympiapoker” (“Olympic Poker”), which was broadcasted by the ARD channel. He concludes that the participating cities bear the full financial risk, and the only winner was the IOC. An accompanying text says: “Thus, over the years, the Games have become a glamorous and prestigious event, where an army of highly paid spin doctors and PR advisors, sports celebrities and top politicians are playing along. The Olympics are a multibillion-euro business, whose profiteers are very reluctant to reflect on the consequences of their actions.”

It is very evident that the decision regarding the future Olympics was characterised by the sort of back-room deals that came to light following the decision of FIFA to hold the 2022 World Cup in the oil sheikdom of Qatar.

Looking back to the history of the 1972 Munich Summer Olympics, historian Kay Schiller and Germanist Christopher Young describe how mainly African IOC members were wooed and influenced to vote for the German candidate. Schiller and Young write that the German government had offered 194 million marks to Morocco. Shortly after this offer, IOC member Mohammed Benjelloun told then-President Max Danz that not only would he vote for Munich, but would ensure that Tunisia, Senegal and Egypt followed suit. And Munich went on to win with 31 votes, followed by Montreal (15 votes) and Madrid (13 votes).

In 1998, several IOC members were bribed to vote for Salt Lake City as venue for the 2002 Winter Olympics.

In addition, the Olympic Games have been used for political propaganda. In 1916, 1940 and 1944, they were called off because of the world wars. In 1936, the Nazis used them to stage a huge propaganda spectacle. In 1980, the United States and many Western countries boycotted the Summer Olympics in Moscow following the Soviet invasion of Afghanistan. Fearful of terrorist attacks such as the one that took place in Munich in 1972, security expenditures run into the millions every time.

Going back further into the history of the Olympics, one must conclude they have diverged far from the intent of their modern father, Pierre de Coubertin. There is not much left of his initial vision of fair play and uniting the world’s peoples. Today, it is all about national prestige and big business, with corruption, bribery and doping playing ever-increasing roles.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact