

# The real beneficiaries of the “people’s” Olympic Games

Paul Stuart  
20 August 2012

The government will only admit that the London Olympic Games cost the public approximately £9.3 billion. However, this figure has been contested after a successful Freedom of Information request put the overall additional public costs associated with hosting the Olympics closer to £24 billion.

A three-month Sky Sports investigation team examined what the Tory-led coalition government excluded from its calculations, including a massive security operation more normally associated with one of Britain’s innumerable imperialist wars of aggression such as Afghanistan and Iraq.

This involved a staggering £1.131 billion for police “counterterrorism” operations and £4.4 billion for military/intelligence deployment.

In addition, there was £6.5 billion needed for transport upgrades in and around the Olympic Park.

An extra £41 million of public money, with £7 million in reserve, was given to boost the opening and closing ceremony total costs to £81 million.

London’s host borough, Labour Party-run Newham council, presently imposing £100 million in public spending cuts, is to put £40 million towards the post-Games transformation of the Olympic Stadium. Local authorities spent £11.4 million on the Olympic torch relay around the country, and this figure is expected to be significantly higher as many councils did not respond to information requests.

Having paid £1 billion towards the costs in the form of an Olympic council tax levy by the Greater London Authority, what did the public get in return, especially those in the host boroughs?

Due to the high price of tickets, most people were effectively excluded from Olympic events. Instead, a huge portion of public money was used to place East London boroughs, among the poorest in the country,

under virtual lockdown.

To add insult to injury, the fate of the Olympic Park will not be decided by the local population but by the architects of their impoverishment—former bankers, business figures and politicians.

In 2004, when the then-Labour government presented its initial cost of hosting the Games to the International Olympic Committee (IOC), Tessa Jowell offered the vastly underestimated figure of £2.37 billion, to be raised from council tax and national lottery money. Since then, costs have risen year on year.

The government-funded Olympic Delivery Authority (ODA) was given responsibility for purchasing sites and constructing venues. The London Organising Committee of the Olympic and Paralympic Games (LOCOG), a private company, would run the events.

The ODA is chaired by Sebastian Coe, former athlete and Conservative MP and one-time global advisor to Nike. Its board is dominated by senior business figures, including Lorraine Baldry, former chief executive of real estate group Chesterton International plc, and Stephen Duckworth, contract director for Serco Welfare to Work program in the West Midlands. Another is the close former ally of Tony Blair, (Baroness) Sally Morgan (of Huyton) who is a non-executive director of Carphone Warehouse PLC and Southern Cross Healthcare PLC. In February 2011, she was appointed by the Conservative/Liberal Democrat government as chairman of Ofstead schools inspectors, used to push through a school privatisation programme.

LOCOG, charged with hosting Olympic events, had a budget of £2 billion. Of this, £560 million was to be funded directly from the IOC through the sale of TV rights, £450 million through local sponsorship and official suppliers, £300 million from ticket revenues and £60 million from licensing.

LOCOG's head office is in Canary Wharf in the docklands financial district. Ticket revenues go into its coffers to cover the initial financial outlay. Its leading board members are major figures in banking and business, such as Charles Allen—senior advisor to Goldman Sachs and the Home Office—and Paul Deighton of Goldman Sachs and Deloitte.

Justin King is the London mayor's appointee to the LOCOG board. A chief executive of Sainsbury's supermarkets, he is a member of the CBI President's Committee and a non-executive director of Staples Inc. In October 2010, he was made a member of Prime Minister David Cameron's Business Advisory Group.

According to ODA, of the £9.3 billion public money spent, £6.248 billion went on the construction of the venues. A further £2.537 billion has been spent by government departments and the national lottery. The single biggest expenditure was preparation of the Olympic Park—£1.822 billion—and £1.106 billion spent on the venues, including £428 million on the Olympic Stadium.

The Olympic Park Legacy Company established in 2009 was turned into the London Legacy Development Corporation (LLDC). It will have a budget of £296 million for the "transformation" of the park. It is a Mayoral Development Corporation created by London mayor Boris Johnson under the Localism Act 2011. As part of the Legacy Communities Scheme, it is tasked with overseeing by next July the reopening of the Olympic Park as the Queen Elizabeth Olympic Park.

The LLDC, too, is dominated by politicians, business leaders, bankers and consultants. The LLDC on August 8 gave Taylor Wimpey and L&Q the contract to build 870 new homes in the Olympic Park. It will have five housing areas, with 8,000 houses on top of the 2,700 dwellings left from the athletes' Olympic Village. These have been sold to the Qatari royal family, who have so far refused to say what rents they will charge.

The 80,000-seat Olympic Stadium's new occupier is yet to be confirmed. The application has been dogged by court cases, dirty tricks and allegations of industrial espionage. The main frontrunner is West Ham United Football Club, whose bid to lease the stadium is in competition with three others.

The LLDC has appointed Greenwich Leisure Limited to operate the Aquatics Centre, Multi-Use Arena and ArcelorMittal Orbit. Greenwich Leisure merged in

2011 with Nexus Community. It runs 100 council leisure centres in the south of England, including in 11 London boroughs. Described as a charitable social enterprise, it was the first UK operator to be handed the Conservative/Liberal Democrat government's "Big Society Award." It is the first phase in the transfer of local councils' leisure services permanently to the private sector.

The cycling Velodrome will be given over to Lee Valley Regional Park Authority. The huge press and media centre is to be taken over by iCITY, formed specifically for the bid as a joint venture between real estate company Delancey and data storage provider Infinity. The company says it will use it as a base for both new and established technology firms.

As part of the Olympic contract, the Olympic Park is effectively transformed into a tax-free haven. However, after an online campaign securing hundreds of thousands of signatures, a number of leading sponsors have said they will not exploit the tax loophole.

Numerous articles praised the benevolence of leading business figures who had donated money to athletics programmes. In fact, the British athletes' medal haul was also paid for by the population via hundreds of millions in public spending and the National Lottery, founded by previous Tory prime minister John Major in 1994. The lottery was a new mechanism to tax the poorest, while justifying cuts in public expenditure.

The IOC led by Jacque Rogge deals in multibillion contracts from its marble headquarters in Lausanne, Switzerland. Four feet of shelf space are taken up by the Olympic contract imposed on the games' hosts. It includes stipulations by the IOC for 500 air-conditioned limousines with uniformed chauffeurs, 40,000 hotel rooms, 1,800 four- and five-star rooms, and miles of dedicated roads for athletes and the "Olympic family." A cursory examination of the IOC's "family" reveals it is dominated by the monarchies of Europe and the Middle East.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**