
STUDY SKILL II

THE IMPACT OF HOSTING THE OLYMPIC GAMES IN UK IN 2012 ON THE BRITISH SOCIETY AND ECONOMY

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From 776 to 394 BC the Olympic games took place originating as a religious festival in Greece. Years Centuries later, a French man by the name Piere de Cubertin created “the modern Olympic movement”; this movement allowed other countries to have an experience in hosting the games. In 1896, Piere de Cubertin later became president of the International Olympic Committee (IOC) for 29 years (Bayliss et al 2004). The summer Olympic games are scheduled to take place in London, winning the ballot by 54 votes to France with 50 votes in 2005, and the IOC accepted the bid for London to host the summer games (Bayliss et al. 2004). Now, with London hosting the 2012 Olympic games, it is likely to have an impact on the economy that will create a short-term economic loss but a long-term advantage on the community. The aim of this paper is to evaluate the impact of the London 2012 Olympic games on the British economy and society. Firstly, this work will highlight briefly on the general progress of London sponsoring hosting the Olympic Games. Secondly, the economic advantages and disadvantages will be elaborated with supporting examples from past games. Finally, the effects of hosting the games on society will be discussed, showing the negative and positive social impacts.

The two main operating organizations involved in the developments and hosting of the games are the LOCOG (London Organizing Committee of the Olympic and Paralympic Games) and the ODA (Olympic Delivery Authority). These two organizations work together with slightly different objectives, the LOCOG serves as the organizers of the games while the ODA delivers the various infrastructures (Fare 2011). The Olympic zone is located in one of the poorest areas in London, which has been selected as the main development area. This includes the east end of London and the lower lea valley near Stratford (Bayliss et al. 2004). Also, the new venues include the Olympic stadium where the closing and opening ceremonies will take place, the Greenwich Peninsula hall 1 & 2 which will be used as the badminton, gymnastics, and table tennis arena. Other developments include the aquatic centre, the Olympic Park Velodrome for track cycling and many other arenas

for all the different sporting events (Bayliss et al. 2004). The developments have gone even as far as improving and upgrading the transport infrastructures in London. Due to the number of spectators coming to watch the games, and athletes arriving to participate, there would be an increase in congestion, and for the fact that London is already a large populated city, it is only likely that there would be massive congestions around the city. So a channel tunnel rail link has been proposed to link Stratford Hub to Kings Cross and from there onto Northern Europe via the Channel Tunnel. In addition, 45% of an extra capacity will be added on the Jubilee line, including an extension to the Docklands Light Railway (DLR) to London City Airport and a £1bn extension of the East London line (Bayliss et al. 2004). Their strategy is possibly to provide the environment with such convenience and comfort in order to accommodate the spectators, media, athletes and even the local members of the community. It is possible that the local community will benefit from the games the most after the games because of regeneration impact on the city. ???So far the order in which the plans for the Olympic games have been have been moving fast in progress, most even finished, but the implications for hosting a mega event comes with its downfalls based on a number of factors affecting it negatively, one of which is the budget for the event.??? Don't really know what that means

The budget for planning all these developments has been well sorted and estimated. However, Tessa Jowell, who was is the culture secretary responsible for delivering the games, had told the MPs Parliament that the budget costs for the 2012 London Olympics have risen from £2.4bn to £9.3bn within the last two years (BBC News 2007). Within a very short period of time, the costs of the games did increase massively. In addition, Halper (2009), a lead content specialist for Business & Management at the British library concluded that out of the £9.3bn, £2.7bn comes from contingency funds and 6bn from the government. Pettinger (2011) also suggests that due to the increase onto taxpayers' money, the government falls under the pressure with spending due to the recession and he explains that even though

hosting the games might cost tax payers a huge amount, £1bn is less than 0.1% of the total GDP, and with £80bn being spent on health care every year, it is only applicable that £1bn is spent on the development of the Olympics game as a one off event. Sally (2009) also added, "...the GDP will increase to £5.9bn between 2005 and 2016 if the games went ahead". Above all she suggested that a large impact in terms of GDP would happen in London during the pre-games constructions.

With the large amount of money being spent on the Olympic games, Britain could fall into an economic debt. For example, Barcelona ~~in the past spent~~ **had to paid** up to four years to make up for the Olympic debt the country had fallen into in 1992 (Wade 1993). Compared to the preparations in Barcelona and other countries that fell into an Olympic debt, London seems to be taking the extra mile in terms of preparation. One of the most prominent disadvantages on the economy of the host city for the Olympic games is the lack of long-term jobs. Although short-term jobs will be available, there would be no assurance or security to a permanent full-time job. There is also the risk of having the facilities not being used to their full potential after the games. Also, the effects of hosting the Olympic games might affect the local residents of London the most and not the United Kingdom as a whole. This is because the new developments and revenues are being built in London; therefore the impact in changes, whether positive or negative, will affect the Londoners the most. It appears that even some valid queries had been raised about the suitability of London's transport infrastructure to cope with the increase in passenger **numbers**, the main concerns are whether the financing can be agreed and secured by all parties, and whether Britain has the expertise to manage a project of this scale (Bayliss et al. 2004).

Despite all the possible negative effects on the economy, there are possibilities of some positive outcomes on the British economy from hosting the Olympic games. These likely possibilities will depend on how well the

strategies and plans for the games are followed up and well developed. London, for instance already has a large number of immigrants coming into the country every year. Since the numbers only continue to increase, the Olympic games will just cause a huge influx of tourists. The increase in tourism in a country will create an increase in the economy because of transportation fees, accommodation payments and other daily amenities. In this case where the main tourist attraction is one of the most famous mega-sporting events in history where different countries unite to and even exchange ideas, cultural values and trade. With that being the case there would be an increase the (FDI) foreign direct investments (Matthewman 2009), which would benefit not only the United Kingdom but also all other countries. Not to mention that the games will enhance business profiles leading to a possible change in social, cultural and economic status. Halper (2009) mentioned that the government said “30,00???” jobs would be created between 2009 and 2012” and according to Pettinger (2011) other than creating jobs as a short-term advantage, hosting the games will keep the economy active and gain international recognition due to the extensive media exposure. It has been claimed that in long terms the community will also benefit from impact of hosting the games through job opportunities, youth/ educational programs and funding of other projects/cultural programs (Matthewman 2009). In fact, due to the number of tourists and athletes, there would be a huge request for workers in hotels, restaurants, construction site and even local traders would benefit from this, as the sale of merchandise and souvenirs grow very popular during this period. Most statistics have shown that the budget being spent on other Olympic games in the past continue not only to increase but also benefit the country in one way or the other. From Morgan and Frawley’s (2010) research, they concluded that the Olympic Game carried out in Sydney 2000 was ranked the highest in terms of economic stimulus. The Sydney games did not only benefit Australia but also the New South Wales (PricewaterhouseCoopers European Economic Outlook, 2004). Matthewman (2009) also refined that the cause of stabilizing the economy of a country might not be based on just how much is being spent on the host city for the Olympic games but other factors should be considered.

The IOC would also benefit from the games through the media coverage; because it will raise public awareness of the games and open opportunities for advertising and sponsorship (Bayliss et al. 2004).

However, due to the large attraction of the media, the games make it a likely **easy** target for terrorism. For example in 1972, the Summer Games in Munich, where **eight Arab Palestinian** gunmen infiltrated the Olympic village apartments where the Israeli wrestling team were staying, the terrorists succeeded in taking 9 Israeli athletes hostage in the process killing the team's coach, Moshe Weinberger and another (Bayliss et al. 2004). Nevertheless measures are being taken to maintain a high level of security during the 2012 games in London. The Ministry of Defense has announced that about 13,500 military personnel will help to provide security at the London 2012 Olympic games (BBC 2011) and according to the BBC Sports (2005) "£600m will be spent on extra security". In addition, the attention of the media opens up opportunities for the commercial gain for athletes. By doing so, the rewards for such might lead athletes into the pressures of winning, which might encourage them to use of performance enhancement drugs (Bayliss et al. 2004), which is considered as cheating during the Olympic games. However according to the McGrath (2011), the IOC has supported the LOCOG and ODA in making the London Summer Olympic games the first summer games to use biological passports to try to stop drug cheats. Even from most of the negative impacts on the society, precautions are being taken by the organizers to avoid such mishaps.

The major improvement of the transportation system and other regeneration impacts such as housing and facilities will benefit the community, this is because London being quite a congested city already, will help citizens in London move around with a lot less congestion after the games. The facilities after the games will be reusable as Charities will be given the sports equipment for free (BBC Sports 2005) and with the encouragement of sports in the country, it could possibly lead to standard fitness, therefore reducing obesity and decrease the demand in healthcare. Also, the sports village is estimated to provide 17,320 beds for the athletes with 16 square meters floor space, assessable Internet, a private courtyard and a television (BBC Sports 2005). The Olympic park built will later help as available homes for citizens,

as the shortage of housing in London continues to increase (Bayliss et al. 2004). In addition, “the Olympic Village Polyclinic will be converted into a lifelong learning centre for the east London community, with a nursery, primary and secondary schools” (BBC Sports 2005). The most interesting aspect of the developments is the new form of technology been developed for the Olympic park; a tri generation plan which supplies water, heat and chilled water. This plan produces 33% lower CO² emissions than any other form of electricity grid (BBC Sports 2005). This only shows how dedicated the organisers are to these projects and how willing they are to make it a better living environment for the citizens of London before, during and after the games. However the issue at hand is whether the benefits would spread evenly across the British sociality and not just London (PricewaterhouseCoopers European Economic Outlook, 2004). The Olympic Games being about sportsmanship, bringing equality and diversity between countries serves as an opportunity to solve disputes and developing stronger relationships (Essex 2004). But above all, hosting the games will boost the prestige of a country as the Olympic Games are only one of the most important mega events in history and for a country to be able to successful host one is a one in a lifetime opportunity.

The success or downfall of London hosting the summer Olympic games will depend on how prepared the organizers are for any likely or unlikely events to occur. From the developments so far, the organizers of the London Olympic 2012 games seem to be making “convenience” a top priority to everyone, from the athletes, to spectators on site and even the media. It is likely that while in a short-term the UK might experience an economic loss regardless of the effects in a long-term, either way hosting the games will cause a long-term advantage on the society if the games were successful in delivering their aims.

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