

Crises of the Olympic Movement

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Why do cities withdraw from the Olympic bidding process?

by

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Author's Declaration

I, the undersigned Szabina Stefan hereby declare that I am the sole author of this thesis. To the best of my knowledge this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted as part of the requirements of any other academic degree or non-degree program, in English or in any other language. This is a true copy of the thesis, including final revisions.

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Abstract

As the number of cities applying for hosting the Olympic Games is reducing and the number of cities withdrawing from the candidature procedure, the purpose of this thesis was to explore the crises of the Olympic Movement. Through the research question, why do cities withdraw from the Olympic bidding process, using the methodology of interviews and content analysis, I found that the reasons for withdrawals are related to finances, and to the mistrust in the International Olympic Committee (IOC) in general. The IOC is global governance actor with serious accountability and legitimacy issues, which creates mistrust in the public, and this mistrust is expressed in the rejection of the Games on referendums.

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Introduction

On 22 February 2017 the Hungarian Government withdrew from the bidding process of the 2024 Summer Olympic and Paralympic Games due to a quarter of a million signatures collected in order to hold a referendum whether or not Budapest should stay in the candidature procedure. Before Budapest, Boston withdrew due to the lack of public support, Hamburg because the Olympic referendum had a negative outcome, and Rome due to the lack of political support. As a result, – contrary to the International Olympic Committee’s intentions – only two mega cities, Paris and Los Angeles stayed in competition for the 2024 Summer Games.

In the past decades, the Olympic Games have reached a size that has made them transformative mega projects for entire cities and regions. The events require more than 10 billion USD in capital investment, and take up several hundred acres of land, and command infrastructure to accommodate, transport, and to keep hundreds of thousands of visitors and tens of thousands of athletes, officials, and journalists secure. Planning for the Games appropriates resources, monopolizes public and political attention, often suspend the normal rule of law, and usually rewrites urban and regional long term development plans(Müller 2015). Negative impacts of the Games on cities and regions occur in almost every case. Cost overruns, oversized infrastructure, and social polarization conflicts with the high expectations for positive urban development resulting from hosting the event(Müller 2015). The bids for the Olympics are driven by major private economic interests within the city’s political economy. Construction and insurance companies, architectural firms, hotels, local media companies, investment bankers, and lawyers who work for these groups. These groups hire major international public relations firms and consulting firms to generate support and excitement around the Games and to make claims of the potential economic benefits to the city(Zimbalist 2016, 5).

In my thesis I am giving a broader insight on the current bidding crises of the Olympic Movement, and exploring why cities withdraw from the candidature procedure through the case studies of Hamburg and Budapest.

Since the Olympic Games are the largest mega-events worldwide, which involve major capital investments from national governments, and are continuously being criticized for their harmful consequences (Gauthier 2015, 3), it is desirable for all actors and stakeholders involved to make the Games cheaper and more feasible, thus more attractive for cities.

With my research I would like to contribute to the ongoing debate about the crises of the Olympic Movement as well as to provide research on the withdrawals from the 2024 candidature procedure of Hamburg and Budapest, as these cases have not yet been the focus of research.

The theoretical framework of this thesis lies within global governance, as the IOC is a global governance actor. I will connect global governance with the concepts of accountability and legitimacy, since the IOC is a rule making and standard setting actor within the world of sport, and its decisions have much broader consequences as it is the rights holder and rights giver of the largest global event worldwide, the Olympic Games. As a non-governmental international private organization with no state members, the IOC lacks accountability and suffers from legitimacy deficit.

Regarding methodology, I have used interviews and content analysis for my research. For the Hamburg case study, I have conducted an interview with dr. Nikolas Hill, the ex CEO of the Hamburg bid company, Hamburg2024. The interview focused on the following blocks: history and background of the bid, aspects of the bid on the local and global level, role of the IOC, and the referendum. I also have collected empirical data through content analysis of the Finance Report of the Hamburg bid. As the referendum was held three months before the first official submission deadline of the candidate city stage, no candidature file (bid book) was

published. For the Budapest case study, I have conducted an interview with Pál Schmitt, who is an IOC member since 32 years, a fencing Olympic gold medalist, ex vice president of the IOC, ex-president of the Hungarian Olympic Committee, and ex-president of Hungary. He was actively taking part in the Budapest bid, as he was a member of the Hungarian Olympic Bid Committee. Over our lengthy personal interview, he provided me with valuable information not only about the Hungarian process, but on the whole Olympic Movement. I also collected empirical data through content analysis of the official candidature files submitted to the IOC. Both interviewees have agreed for their names and title be written in this thesis. My case selection strategy is based on that Budapest have already indicated a future bid, Hamburg did not, but instead Berlin expressed its intentions for bidding for the Games. Therefore, lessons learnt from both the Budapest and Hamburg cases could provide valuable information for future bids.

The thesis is structured as follows: chapter one starts with the costs and cost overruns of the modern Games, and then gives an overview of the Summer Olympics of the past twenty-five years – as they are the largest global events worldwide – with an outlook of the 2014 Sochi Winter Games because it was the most expensive and most criticized Olympics ever. Building up on this background, then I assess the crises of the Olympic Movement, and the response given by the IOC to the crises, the Agenda 2020 reform program. Chapter two introduces global governance theory, the Olympic Movement, and the IOC as a global governance actor. The theoretical chapter follows with the concepts of accountability and legitimacy, and then describes the IOC's host city selection process, providing information for the empirical part of the study. Chapter three discusses the different withdrawal processes from the 2024 candidature procedure, briefly looking into the cases of Boston and Rome, and then substantially examining Hamburg's and Budapest's exit from the bid.

Chapter One – Overview of the previous Olympic Games and the crises of the Olympic Movement

The modern Olympic Games were reborn in Athens in 1896 as the French Baron Pierre de Coubertin established the International Olympic Committee two years earlier at the Sorbonne in France in a sports congress (Del Tedesco Guioti, Cardoso Simões, and de Toledo 2016). He believed that organized sport can be an agent for both physical and cultural progress. Also, that sport brings together different social classes, nations and cultures in a new era of democracy and social equality (Riordan 2002, 5). The Greek government lobbied for a permanent venue in Greece, but Coubertin established the principle that the Games are to be hosted in different countries every four years promoting the spirit of freedom, progress, and equality worldwide (Essex and Chalkley 1998).

Jumping in time I am now going to assess the costs and cost overruns of the Olympics of the past twenty-five years focusing on the Summer Games – as they are the largest global events worldwide – with an outlook on the 2014 Sochi Winter Games as it was the most expensive and most criticized Olympics ever. During the presidency of Juan Antonio Samaranch (1980-2001), the IOC became an extremely elite organization, with Samaranch preferred to be called his excellency (Bernstein 2012, 122). The Barcelona, Atlanta and Sidney Summer Games fall within this period. The elitist feature of the IOC is one of the reasons which led to the crises of the Olympic Movement, and the Agenda 2020 reform program – which is detailed at the end of this chapter – is the IOC's answer to the crises.

1.2 Costs and cost overruns

During the Olympic bidding process host cities and national governments are required to guarantee the covering of any potential cost overruns¹. Therefore, opponents of the Olympics refer to cost overruns as tax payer guarantee. The Candidature Files, or with other worlds Bid Books, are legally binding documents which state to the public, the government, and the IOC how much it will cost to host the Games.

The IOC established three different categories of costs:

Operational costs covered by the Organizing Committee for the purpose of staging the Olympics. The largest components of this budget are technology, transportation, workforce, administration, security, and catering, ceremonies, medical services also fall into this category. These are the variable costs of the event and are called OCOG (Organizing Committee for the Olympic Games) costs.

Direct capital costs to be paid by the host city or county or private investors to construct the venues, Olympic village, international broadcast center, media and press center are called as non-OCOG direct costs.

Indirect capital costs like road, rail and airport infrastructure, hotel building or upgrade, and other business investments needed for preparation but not directly related to staging the event are called non-OCOG indirect costs (Flyvbjerg, Budzier, and Stewart 2016).

The most expensive Summer Games to date is London 2012 with 15 billion USD, and the most costly Winter Games is Sochi with 21,9 billion USD. These numbers cover the time period between 1960 and 2016 and only include sport related cost (operational costs + direct

¹ According to the latest version of the Host City Contract 2024, the IOC contributes 1,7 billion USD to the Organising Committee of the host city ("Host_City_Contract_Principles.pdf" 2017).

capital costs). Indirect capital costs like road, rail and airport infrastructure are often cost more than staging the Games. The media usually reports the costs of the Olympics with the indirect costs included, like in the case of Sochi, where the overall cost of the whole project, 51 billion USD was reported by the media. With 156 percent in average, the Olympics have the highest cost overrun of any type of mega project. Barcelona had 266 percent, and Sochi had 289 percent cost overrun (Flyvbjerg, Budzier, and Stewart 2016).

The Olympic Games Knowledge Management Program established in 2000 by the IOC appears to be successful in transferring knowledge and experience through various platforms from one Organizing Committee to another, because the average cost overrun before the Program was 166 percent, and it has been reduced to 51 percent since (“Olympic Games Knowledge Management Programme Provides ‘essential’ Resource for Games Organisers” 2016).

Sports related costs of the Olympic Games in 2015 USD (excluding indirect capital costs) and their cost overrun according to the Oxford Olympics Study 2016

| Games | Country | Type | Events | Athletes | Cost, billion USD | Cost overrun, % |
|---------------------|----------------|-------------|---------------|-----------------|--------------------------|------------------------|
| Barcelona 1992 | Spain | Summer | 257 | 9356 | 9.687 | 266 |
| Atlanta 1996 | USA | Summer | 271 | 10318 | 4.143 | 151 |
| Sydney 2000 | Australia | Summer | 300 | 10651 | 5.026 | 90 |
| Athens 2004 | Greece | Summer | 301 | 10625 | 2,942 | 49 |
| Beijing 2008 | China | Summer | 301 | 10942 | 6,810 | 2 |
| London 2012 | UK | Summer | 302 | 10568 | 14.957 | 76 |
| Rio 2016 | Brazil | Summer | 306 | 11237 | 4.557 | 51 |
| Lillehammer 1994 | Norway | Winter | 61 | 1737 | 2.228 | 277 |
| Nagano 1998 | Japan | Winter | 68 | 2176 | 2.227 | 56 |
| Salt Lake City 2002 | USA | Winter | 78 | 2399 | 2.520 | 24 |
| Torino 2006 | Italy | Winter | 84 | 2508 | 4.366 | 80 |
| Vancouver 2010 | Canada | Winter | 86 | 2566 | 2.540 | 13 |
| Sochi 2014 | Russia | Winter | 98 | 2780 | 21.890 | 289 |

1.3 Barcelona

Barcelona represents a new, post-Cold War era of the Olympic Movement, when cities began to utilize the events as catalysts for urban renewal and regeneration(Poynter and MacRury 2009, 97).

The Barcelona Games held in 1992 is usually referred to as the best example of the Olympics as a catalyst for bringing renewal and change into a city's life. The fact that it was the first boycott-free Games since 1972 Munich, also contributed to Barcelona's often cited legacy as one of the most successful Summer Olympics ever("Barcelona 1992 Summer Olympics - Results & Video Highlights" 2017). Yet, Zimbalist suggest that Barcelona's case was very unique, thus it would be difficult for other cities to follow its model, which includes the idea of long term effectiveness, and the main focus on infrastructure. Also, in this model the organizers aim to promote the city, not the country(Herstein and Berger 2013).

During the Franco era (1939-75) the Catalan region and its capital was neglected, and very little thought was given to urban design. With the end of Franco's rule and the economic recession of the 1970s, Barcelona was in need of economic boost and urban development. The city wanted to reinvent itself, and major urban development programs were undertaken so the city could claim a place in the network of global cities. As the Catalonian capital, Barcelona also wanted to promote Catalonian identity in opposition to the importance and central role of Madrid, the national capital of Spain(Essex and Chalkley 1998). Barcelona bid for the 1936 Games as well, but lost to Berlin. In the 1992 candidature procedure Barcelona was in competition with Amsterdam, Belgrade, Birmingham, Brisbane and Paris. Juan Antonio Samaranch – the president of the IOC at the time – was born in Barcelona. With the cooperation

of capital, labor, municipal and regional governments, the city of Barcelona produced a General Metropolitan Plan in 1976, which established a new development framework for the city. A major part of this plan was to open the city to the sea. This involved the relocation of rail lines which separated neighborhoods from the sea, and placing a roadway beneath the famous street, Las Ramblas. Also, abandoned factories and warehouses were demolished and later became the site of the Olympic Village, to converted into residential areas after the Games. The road network around the city was improved, the metro system was extended, the airport was redesigned, the sewerage system was modernized, museums and public spaces were renovated. An early plan for urban redevelopment was created by 1976 and then elaborated in the following years. The IOC selected Barcelona for the 1992 Games in 1986, and by that time most of the sporting venues were already built or were under construction. Thus, the main feature of the Barcelona Games is that the plan preceded the event, so the Games was put in the service of the of the preexisting plan, rather than the typical way of the city development plan being put at the service of the event(Zimbalist 2016, 72).

Other factors also contributed to Barcelona's success. First, 60 percent of the total cost came from the private sector. Out of the 40 percent public part, only 5 percent came from the city of Barcelona. Second, by 1986 the macroeconomic conditions were already favorable, which was strongly enhanced by Spain's accession to the European Economic Community, which facilitated finance, trade, and tourism. And third, Barcelona was a hidden gem. Its climate, location, architecture, history, and the Mediterranean Sea provided a major potential for tourism and business to be explored(Zimbalist 2016, 73).

These special features characterized Barcelona in the 1980s, and the unique coexistence of these circumstances brought great success to the city.

Before the Games, Barcelona was little known. Yet, only a few years after the event it became a famous European city, attracting millions of tourists every year. The organizers

successfully promoted the Catalanian spirit of love, freedom, and pride, and linked them to Olympic values. This approach can be called as the Barcelona model, which means that the city was not strong in economic terms, and very little known globally, and the main aim was to put the city on the map with the help of the event.

1.4 Atlanta

The Atlanta Summer Olympic Games of 1996 were the first Summer Games to be held in a different year from the Winter Games as the IOC voted in 1986 to separate the Summer and Winter Games starting from 1994(Poynter and MacRury 2009, 121).

Atlanta was selected over Athens, Belgrade, Manchester, Melbourne, and Toronto. The Athens bid was based on the fact that 1996 brought the 100 years anniversary since the first modern Olympic Games in Greece. Also considering that Los Angeles hosted the Summer Games only twelve years before, the IOC has received strong criticism for not rewarding the 1996 Games to Athens(Poynter and MacRury 2009, 121).

Atlanta is seen as the Olympics where the overcommercialization and the intense promotion of the major American sponsor corporations started(Poynter and MacRury 2009, 123). Atlanta's main aim was to showcase a changed and rising American South, which has overcome its racial tensions. The city wanted to present itself and the region as robust and growing Southern economy to help countervail the international stereotypes that the region was still troubled with poverty. The Games were successful in creating short-term economic stimulus, a legacy² of sport related venues and urban design development, and marketing

² Olympic legacy is the post-Games use of Olympic venues and infrastructure.

tourism and business relocation. The event was seen as a potential stimulus for solving the social problems of the inner-city neighborhoods, yet only small scale development was achieved in those low-income areas(French and Disher 1997).

On the ninth day of the event, on July 27 tragedy struck when a terrorist bomb exploded in the Centennial Olympic Park. Two people lost their lives and 110 people were injured. In 2003 Eric Robert Rudolf was charged with the bombing as well as other bombings on abortion clinics and gay bars(“1996 Olympics - Summer Olympic Games | Atlanta 1996” 2017).

1.5 Sydney

Sydney was the second Australian city to host the Olympics after the Melbourne Games of 1956. Sydney won the right to host the 2000 Games after being selected over Beijing, Berlin, Istanbul, and Manchester. As Australia is a relatively small player in the global economy, the main incentive for hosting the Games was to put Sydney on the global map. The event was perceived as one of the most successful Olympics ever, mainly resulting from the great operational success. However, legacy planning at the time was not a key part of the Olympic preparations(Toohey 2008) and although Sydney had a good Olympic vision, the city struggled to realize the legacy due to weak plans to implement this vision. Also, there was no assigned authority to manage Sydney’s post-Games legacy. As a result, during the years following the event, the Sydney Olympic Park was under used and not until 2008 could Sydney’s Olympic Legacy. Short term disappointments followed the Sydney Games before legacy could be utilized.

1.6 Athens

Athens was selected over Rome, Cape Town, Buenos Aires, and Stockholm. With this decision of the IOC, the 2004 event brought the Olympics back to where it all begun. The success of the bid was largely based on its emphasis on Athens' Olympic history and its role in promoting the Olympic values. Also, a large progress was seen in the bid compared to the 1996 documentation, which was criticized for disorganization and arrogance (Gold and Gold 2016, 335).

Overall the Athens Games legacy is famous for white elephants, and it is widely agreed that hosting the event contributed to the Greek Government Debt Crises. A number of the post-Olympic venues are in either full or partial use. Reconstruction work was undertaken on some of the venues, while a number of sports facilities are leased on short-term contract or remain deserted. The enduring benefits of the post-Olympic use of the venues to the economy, culture, sport and tourism have failed to be realized (Kissoudi 2008).

1.7 Beijing

Beijing won the rights to host the 2008 Summer Olympic Games over Toronto, Paris, Istanbul, and Osaka. China's aim was to promote itself as powerful, yet positive global force, to reinvent itself to the world as a new political, economic, and social power. The event was presented as China's coming out party, in which all of the Chinese people unite in wanting their country to succeed (Price and Dayan 2009, 6). An important aspect of the China brand was to shift international perceptions of China from dated stereotypes such as scenes of the demonstrators on Tiananmen Square in 1989 (Brady 2009).

Politicians and NGOs have criticized the IOC for choosing China, a country famous for its human rights violations and its oppressive policies against Tibet. A variety of further concerns have been raised by different entities, including allegations that China violated its pledge in the Host City Contract to allow open media access to international broadcasters, China's continuous support for repressive regimes such as Sudan and North Korea, air pollution both in Beijing and the neighboring areas, massive residential displacement in order to construct new facilities, and the inhuman treatment of migrant workers (Gold and Gold 2016, 377).

In 2015 the IOC voted for Beijing over Almaty to host the 2022 Winter Games, making Beijing the first city ever to have hosted both the Summer and Winter Olympics.

1.8 London

London was selected over Moscow, Paris, Madrid, and New York City. With hosting the Summer Olympic Games of 1908, 1948, and 2012, London is the only city to have staged the event three times (Poynter and MacRury 2009, 184).

London can be characterized as sustainable city building with a focus on regeneration of depressed areas. London was a good example of a new output-centered systems of governance which focuses on contract based forms of delivery done by an expert group of companies who have the large scale capacities and knowledge to oversee major, extremely complex and expensive development projects (Raco 2015).

The legacy planning was detailed and ambitious, including the goals of making the UK a leading sport nation, transforming and modernizing East London, inspiring young people to volunteer and take part in physical training, making the London Olympic Park an outstanding example of sustainably urban development, demonstrating that the UK is a creative, inclusive,

and welcoming country(Zimbalist 2016, 112). This can be called as the London model, which, contrary to the Barcelona model, is based on a mega city with an already existing massive economy and infrastructure system(Herstein and Berger 2013).

An important legacy goal was to reinvent the depressed boroughs in East London. These areas were characterized by a growing minority population, and high levels of social deprivation. A problematic issue was the public transportation connecting East London to the center(Zimbalist 2016, 107). It is important to emphasize however, that by 2003, when the government decided to bid for the Olympics, a comprehensive transportation plan and related development projects were already in place.

Regarding the short run outcomes, the direct employment effects of the event were relatively small, and the number of tourists during the three weeks of the event was 5 percent below the level as of one year before in 2011. Traditional tourists and Londoners fled the city in large numbers to avoid high prices and congestions(Zimbalist 2016, 110).

Overall, the London Games are generally referred to as an exemplary, successful event, despite that there was decreased commitment on the government's side to build as many affordable housing as promised. Partly due to the 2008 financial crises, many planned investments were never completed because public money ran out and the private sector was uninterested(Zimbalist 2008, 113). This resulted in a major cost overrun of the 2012 London Games.

1.9 Rio

Rio was selected over Tokyo, Madrid, and Chicago and the Games of 2016 was the first Summer Olympics under the presidency of the current IOC leader, Thomas Bach, also the event

was the first Olympics staged in South America. In 2014 Rio hosted the FIFA World Cup as well, which was posed as potential economic savings for the Olympics(Gold and Gold 2016, 403).

Brazil hoped that the Olympics would provide the will and resources to finally overcome decades of insufficient infrastructure and security failures. The government promised to retake territory from the violent gangs and install police in the favelas, to redevelop the port and build a metro line to connect the beach to the Olympic park, and to clean up the Guanabara Bay – where the sailing events were held – which had been used as a sewer(Gold and Gold 2016, 410).

Brazilian economy was powered by global commodities like iron and sugar, and the positive hopes were let down when due to a market crash in 2014 a recession started and Brazil's GDP shrank 3,8 percent in 2015. In line with the decline, the country's largest corruption scandal erupted involving dozens of politicians, resulting in mass protests of millions of people having had enough of the huge amount of money spent on the Olympics, and the impeachment and removal from office of president Dilma Rousseff(Sandy 2016).

There were several other controversies around the event, including serious inequality and human rights issues, security concerns around the extremely high crime levels, health and safety concerns resulting from the Zika virus epidemic, and a major doping scandal around Russia with evidence on state sponsored collective doping of athletes. The city has declared a state of emergency in order to collect federal funds to complete preparations for the Games. These preparations included a gondola lift above a neighborhood with no running water(Bradley 2017).

1.10 Sochi

The Sochi Winter Olympics of 2014 is usually referred to as the example of how not to host the Games. Including infrastructure developments, the event cost of an estimated 51 billion USD, but may have reached 65 billion, which makes it the most expensive Olympics ever (MacAloon 2016).

Two previous bids failed in the 1990s due to lack of funds and the collapse of the Soviet economy. As the IOC awarded the 2014 Games to Russia, Vladimir Putin saw the event as a tool present the country as a superpower. International recognition of the new Russia was an often cited goal by Russian politicians. The Russian regime to a large extent legitimacies itself through contractual relations with global institutions such as the IOC, the FIFA, and major international investors (Gronskaya and Makarychev 2014).

The original idea was to cover about two-thirds of the construction costs from the oligarchs dominated private sector, but they lost interest because they realized the impossibility of gaining a return from the projects and they demanded subsidy on loans from the national bank. This resulted in a primarily public founded completion of the projects.

Regarding human rights abuses, labor law was violated as the foreign workers had to work seven days a week, ten hours per day, and received no overtime payment. Also, forced evictions and relocations took place in several cases in order to make place for new venues and infrastructure. Environmentalists have expressed their serious concerns about deforestation and damages in the sensitive mountain landscape, in the biodiversity, and about the toxins dumped into the Black Sea. Environmental laws on protected areas were modified in order to carry out the constructions (Gauthier 2016b, 2). A major problem was that some of the projects, mainly hotel constructions were not completed on time, even though they were fully booked with

athletes and tourists. The media reported various complaints about half finished hotel rooms with no telephone lines or missing ceilings in bathrooms. Also, another problem with hospitality was a lack of entertainment in the evenings, and the locals could not communicate with the guests as they barely saw international tourists before (Zimbalist 2016, 84).

Overall the Sochi Winter Games of 2014 is usually referred to as the worst example of hosting the event ever, as almost everything had to be started from scratch and the 51 billion USD was overwhelmingly public funded involving high levels of corruption. As Russia will host the 2018 FIFA World Cup, the government managed to parry the problem of white elephants. President Putin being a master of strategy, he transferred public attention from the Sochi disaster away right after the event to the annexation of Crimea (Zimbalist 2016, 88).

1.11 Crises of the Olympic Movement

The Montreal Summer Games of 1976 cost 6.1 billion USD and it had the highest cost overrun ever with 720 percent. The Olympic stadium became a famous white elephant and the city could only repay its Olympic debt 30 years later in 2006. This fiasco scared off many cities from bidding for the Games, but as the 1984 Summer Olympics of Los Angeles were internationally perceived as one of the most successful Games, this initial crisis faded (MacAloon 2016).

Events during and after the 1998 Tour de France shook the world as it was revealed that various teams systematically used illicit substances and there were widespread networks of doping within the world of cycling. Then came the bribery scandal of the Salt Lake City Winter Olympics in 2002, when it was revealed that Salt Lake City officials bribed various South American and African IOC members for their votes. The United States Department of Justice

raised fifteen counts of criminal charges against two members of the Salt Lake Organizing Committee. These charges included conspiracy, bribery, mail fraud and wire fraud. All charges were dropped eventually³(Mark Dodds 2016).

The IOC and the world of elite sport in general suffered a major blow due to the doping and bribery scandals, and the IOC's legitimacy was questioned. Three IOC members resigned over the Salt Lake City case, and another six were expelled. With this meaningful measure, and the establishment of the World Anti-Doping Agency (WADA) in 1999, the IOC eventually gained back control over itself(MacAloon 2016).

The current crises of the Olympic Movement and the IOC can be called as bidding crises, as in recent years the number of applicant cities is reducing, and the number of cities withdrawing from the bidding process is increasing. European cities seemingly turned against the Olympics and government and local elites were forced to hold referendums over the applications. Cities one after another turned down the Games. Swiss voters have recently turned down the Olympics in referendums both for the 2022 and 2026 Winter Games. Munich, Krakow and Oslo also voted against the 2022 Winter Games in referendums. In the same selection process Stockholm cancelled its bid due to financial reasons, and then Lviv because of the Russian annexation of Crimea. In all these cases the lack of public or political support was the key reason of rejection(Gauthier 2016a). According to European National Olympic Committees (NOCs) the rejections have three main reasons. The first can be labelled as 'cost overruns and white elephants' meaning all the issues related to finances, cost/benefit calculations, monetary transparency, building of new venues and accommodation, and local versus international

³ The US did not win the right to host the Games ever since, although American cities bid in almost every selection procedure.

interests. The second is mistrust in the International Olympic Committee itself. The third is human rights and ecology issues, the growing public skepticism targeting the Olympic Movement generally(MacAloon 2016).

1.12 Agenda 2020

“Olympic Agenda 2020 is the strategic roadmap for the future of the Olympic Movement. The 40 recommendations are like pieces of a jigsaw puzzle that, when you put together, form a picture that shows the IOC safeguarding the uniqueness of the Olympic Games and strengthening sport in society.”(“Olympic Agenda 2020” 2017)

Regarding to the IOC’s business model, the Agenda 2020 represents a major difference from the previous policies. The IOC used to have an explicit franchiser/franchisee model regarding its relation with the host cities. It could also be called as a one size fits all approach. The IOC and other Olympic stakeholders dictated the potential host cities how the bid is to be put together, and demanded guarantees in the Host City Contract which freed the IOC from all financial risks. With other words, the IOC had maximum control and an extremely privileged, elite role, while the host cities and national governments had to accept all conditions and bare all the risks(MacAloon 2016).

Introducing Agenda 2020, the IOC no longer wants to impose a top-down “made in Switzerland approach”, but to establish an equal partnership with host cities and local and national governments. According to this new approach, the cities and the IOC would be sharing more equally both responsibility and risks(MacAloon 2016).

There is emphasis in the Agenda 2020 recommendations on cutting costs for bidding committees and Organizing Committees for the Olympic Games (OCOGs). Recommendations direct the cost of travel and hospitality expenses on the IOC.

The most important recommendations fundamentally changed IOC policy on Games siting and therefore on potential venue costs. The IOC started to actively promote the use of already existing and temporary venues and even entire sports could be held outside the host city or even the host country, where cost savings and sustainable legacy could be more feasible. The IOC now turned against unnecessary and expensive solutions, supports more transparency and the review of the level of services. Agenda 2020 also puts emphasis on reducing management costs.

Regarding the recommendations addressing the Olympic Movement issues, generally they are too vague and difficult to translate to the practical level. Sustainability is used as a blanket theme for after the Games use (legacy) and socio-economic issues. Going further green is also mentioned to address environmental issues. Human rights and gender equality is to be enhanced, and relation with differently abled sport must be strengthened. Blend sport and culture and protect clean athletes. Foster education on Olympic values. Engage with communities. Deliver sport for development and peace (“Olympic Agenda 2020” 2017). These sentences are too vague or too trivial.

Have these reforms through Agenda 2020 managed to end the bidding crises? The withdrawing of Boston, Hamburg, Rome, and Budapest from the 2024 bid is clear evidence for Agenda 2020 haven’t been able to reach its goal so far. Also, after the several withdrawals from the 2022 Winter Games host city selection process discussed earlier, only Beijing and Almaty stayed in competition. In the finals stage of the process the IOC voted in favor of Beijing. Almaty would have been a perfect host according to the guidelines of Agenda 2020, as it is a medium sized city and it has never hosted the games before. This decision of the IOC can be

considered as a failure of Agenda 2020, and contradicts the reformative visions expressed by the IOC.

The Agenda 2020 reform program initiated by the International Olympic Committee mostly addresses the technical and fiscal problems of the bidding process. It still has to engage with the Olympic Movement issues more precisely. Agenda 2020 is a good start, but the key issue would be to gain back confidence in the IOC.

Chapter Two – The IOC as a Global Governance actor

The IOC and its related institutions are global governance actors and they effect the global political and economic system in various aspects. Awarding the rights for a city to host the Games has major social, political, and economic implications.

The Russian dope scandal at the Rio Olympics was an interesting example of how actors within the Olympic Movement act along different motives, and how their decisions are effecting through individual athletes the world politics as well. Two weeks before the start of the 2016 Rio Summer Olympics, WADA, the World-Anti Doping Agency which was established by the IOC as earlier mentioned, published a report written by Richard McLaren, a Canadian attorney. The McLaren report investigated the allegations made by the Russian Grigory Rodchenkov, the former director of a Moscow anti-doping center. The report revealed mayor state sponsored systematic doping in Russia. Based on the report, WADA recommended that all Russian athletes should be banned from the Rio Olympics. Given that athletes were already in Brazil, this raises serious ethical questions. Despite the recommendations of WADA, the IOC decided not to impose blanket ban on Russian athletes, instead it ruled that the 28 individual sports federations which make up the Summer Olympics were free to decide the fate of Russian athletes on a case-by-case basis(Ingle 2016). Russia submitted 389 athletes to the Rio Games and 271 were banned eventually. The International Paralympic Committee decided to ban the entire Russian team from the Paralympic Games in September 2016(Kalinski 2017).

Throughout the second chapter I am going to explore global governance theory, the Olympic Movement, and the IOC as a global governance actor focusing on its accountability and legitimacy deficit.

2.1 Global Governance

Global governance can be defined as the exercise of institutional authority on the global level (Held and Koenig-Archibugi 2003, 132). A broader definition by Keohane states that global governance is the making and implementation of rules, and the exercise of power within a given sphere of activity. Global governance is rule making and power exercise at the global level, but not necessarily by bodies authorized by a general agreement. States, religious organizations, business corporations, intergovernmental and nongovernmental organizations can exercise global governance. Since global government does not exist, global governance involves strategic interactions between entities which are not arranged in formal hierarchies (Keohane 2015). In reality this means the network and interactions of various institutions. Global governance actors include states, international organizations, business corporations, and civil society groups (NGOs). Institutional authority is exercised through formal agreements such as treaties, but informal pressure from other groups is also seen as a form of authority (Held and Koenig-Archibugi 2003, 132).

The rule making and standard setting feature of institutional authority in global governance is criticized because its effect on individuals. In a democratic nation state context, the government is elected by the people in order to engage in rule making and standard setting, and to apply these rules and standards even with the legitimate use of violence if needed. In the private sector, when individuals enter into contract with business corporations, the state provides legal protection, with the regulation of the legal environment. Decisions made by non-state global governance actors are directly affecting individuals and this leads to the concern that global governance actors often exercise power like states. Unlike in a contractual relationship between an individual and a business corporation, this power generally exercised

over an individual without negotiation. However, unlike a state, global governance institutions are not accountable to either the public, or to affected individuals, for their actions (Gauthier 2015, 25). The lack of accountability is one of the main criticism against global governance actors.

2.2 Olympic Movement

“Under the supreme authority and leadership of the International Olympic Committee, the Olympic Movement encompasses organizations, athletes and other persons who agree to be guided by the Olympic Charter. The goal of the Olympic Movement is to contribute to building a peaceful and better world by educating youth through sport practiced in accordance with Olympism and its values.” (International Olympic Committee 2016, 15)

The Olympics demonstrate the most significant example of the universal value of sport. A complex system has been created to regulate the world of sport: the Olympic Movement. It is governed by the International Olympic Committee, and finds in the Olympic Charter its own constitution, in which the fundamental principles and rules of the Olympic Games are set (Casini 2012, 194).

The Olympic Movement involves five main stakeholders: the IOC, local Organizing Committees for the Olympic Games (OCOGs), National Olympic Committees (NOCs), International Sport Federations (IFs) and National Sport Federations (NFs). These five parties are different in size and importance depending on the sport, and the country (Chappelet 2016).

Starting in the 1970s the classic Olympic System expanded with six new stakeholders due to the growing prominence of the Games within the Cold War era. These new actors were

national governments, national and international sponsors, professional sports leagues and later in 1984 and 1999 two specialist organizations, the Court of Arbitration for Sport (CAS), and the World-Anti Doping Agency (WADA) were established(Chappelet 2016).

During the 1970s, governments began to realize the political significance of the Olympic Games, which had, until then, been administered by private, non-profit associations. Countries started to introduce legal frameworks that gave their NOCs an official role. In the 1980s, commercial sponsors began to provide substantial amounts of finance to national and international sports organizations. Organizing Committees introduced sophisticated marketing programs. This process enabled the Los Angeles Summer Games of 1984 to become one of the first Olympics to make a significant profit. Athletes also began to receive sponsorship from commercial companies(Chappelet 2016). The 1990s saw professional athletes begin to participate in the classic Olympic System. Up until then, professional sports like basketball and hockey were excluded from the Games according to the idea of amateurism. With the IOC letting large International Federations like NBA and NHL participate in Olympics, the commercialization paired with an increased professionalization.

Within the framework of the Swiss legal system, the IOC set up the Court of Arbitration for Sport (CAS) in Lausanne in 1984. The CAS's role is to settle sporting disputes between stakeholders by arbitration. The reason behind this move was to avoid civil courts, which were considered to be slow, to have little understanding of sport. Thirty years on, the CAS is often criticized because of the contradictions between decisions made by the CAS and other courts of arbitration or civil courts.

Since the 1960s doping in sport has become widespread and after the events of 1998 when the systematic doping of Tour de France participants was revealed, WADA was set up in 1999. WADA is a new type of regime in the world of sport labelled as a hybrid public private organization (Casini 2012, 197) as its supreme decision making body, the Foundation Board

composed equally of representatives from national governments and the sports movement. WADA frames and oversees the World Anti-Doping Code, a unified document that replaced the various other anti-doping rules. The World Anti-Doping Code recognizes the CAS as the highest authority for cases of doping in sport dealt with by WADA (Chappelet 2016).

As stated in the Olympic Charter, the main role of the IOC is that to be the leader of the Olympic Movement. The Olympic Movement is the constellation of various actors collaborating and operating under the umbrella of the IOC. The actors of the Olympic Movement also play an important role in the Olympic Games (Gauthier 2015, 50). The IOC defines the Olympic Movement as a “concerted, organized, universal and permanent action, carried out under the supreme authority of the IOC, of all individuals and entities who are inspired by the values of Olympism.” (International Olympic Committee 2016, 13) The IOC can be viewed as a coordinating body with the powers of funding and recognition that provide authority to the other members. These powers are not absolute however, as some IFs, such as the FIFA, or NOCs such as the United States Olympic Committee, possess a large degree of independence (Gauthier 2015, 54).

2.3 The IOC as a Global Governance actor

When the IOC moved its headquarters to Lausanne in 1915, it was a small organization with no employees. It was still led by its founder, Pierre de Coubertin, and its main task was to choose the host city for the Olympics every four years (Chappelet 2016).

Over the past century, it has grown into a major international non-governmental private organization with more than 500 employees at the center of a network of closely connected bodies to regulate and oversee the world of sport and to contribute to the staging of the Games.

The IOC has a legal personality under the Swiss law. It has voluntarily members, sometimes referred to as cardinals of sport. Currently the organization has 95 members. All the members are elected through a secret ballot by existing members. Suggestions for new members are proposed by the Executive Board of the IOC. The Executive Board was created in 1921 and has 15 members (Chappelet 2008, 21).

The IOC, as well as its related institutions under the umbrella of the Olympic Movement, engage in global governance. Sport regimes are private and voluntary, they do not belong to the field of public international law. The IOC is a non-governmental organization, and the International Federations governing different sports are all private bodies as well (Casini 2012, 194). The IOC is a member and the head of the Olympic Movement. The Movement itself is a constellation of other sporting organizations. The Olympic Movement exercises almost monopolistic governance over sport, from the amateur level to professional sport.

The Olympic Movement actors are rule setting organizations. For example, IFs for each sport set the rules of the game, and also define athlete eligibility based on age and sex (Gauthier 2015, 28). More importantly, they set the rules – set in the Olympic charter – for the selection of the host city. This relates to the organizing of the Olympic Games and is an exercise of global governance authority. The IOC holds the rights to the Games, and awards the rights to host the Games. Host cities have to meet various requirements defined by the IOC and are chosen via an internal procedure. This procedure could not be called legislative or juridical. Instead it can be understood as a rule-making administrative procedure (Gauthier 2015, 29) which is finalized in the voting of the IOC members. After the host city is chosen, the host country passes laws in order to establish a legal environment which support the Games. These IOC requirements can directly affect individuals. Measures taken by those who are tasked to organize the Games may lead to harmful consequences such as the use of forced labour to construct Olympic facilities,

forced evictions make way for new infrastructure, or environmental damage(Gauthier 2015, 30).

During the selection process the host city and its national government demonstrates that it is willing to adhere to IOC rules and requirements (set by the IOC). After selection, the host city) signs the Host City Contract (binding for the state), meaning that it enters into a contractual relationship with the IOC. This procedure creates a relationship where the IOC exercises public power through the state to benefit the Olympic Games, thus the IOC itself(Gauthier 2015, 31).

2.4 Accountability

The interdependence of states, the globalization of business, expansion of the latitude and authority of multilateral organizations, and the growing number of non-governmental organizations have raised concerns about the way power is used and abused on the global level. The twin issues of accountability and democracy creates controversy in the global context(Grant and Keohane 2005). Accountability is a key feature of global governance. In a democratic context, national governments can be held accountable to the public, to those who elected them. Non-governmental organizations are often criticized for the lack of accountability, a situation which leads to legitimacy issues. Accountability means that some actors are entitled to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities according to those standards, and to impose sanctions if they decide that those responsibilities have not been fulfilled(Grant and Keohane 2005). In the case of the IOC, this definition of accountability cannot be applied, since it does not have state members, and it elects its members itself. There is no organization above the IOC to oversee it.

It is challenging to enforce accountability within the framework of global politics. Governmental and non-governmental organizations practice different systems of governance, which makes it difficult to come to an agreement of formal and informal norms and standards, responsibilities and sanctions in the policy making process(Pielke Jr. 2013). The governance of global sport has a unique, exceptional status. States have generally been kept out from the matters of the world of global sport. Even the Treaty of Lisbon acknowledges that sport has a specific nature: “The (European) Union shall contribute to the promotion of European sporting issues, while taking account of the specific nature of sport, its structures based on voluntary activity and its social and educational function.”(“Article 165” 2017)

This specific nature of sport means that the IOC is unaccountable. The most important reason for this is that unlike international organizations, the IOC does not have state members, thus states (who are accountable) are not involved in its governance. Also, the IOC is based in Switzerland which is known for neutrality and a hands off approach towards organizations based there. The autonomy of the IOC and the global sporting movement in general created a situation where the IOC is unaccountable(Gauthier 2015, 6). As accountability has a key role in democracy, unaccountability and democratic values do not fit well together.

2.5 Legitimacy

Normative legitimacy means that an institution has the right to rule(Keohane 2003). With other words, it is the belief of an actor that an institution is ought to be obeyed(Buchanan and Keohane 2006). Compliance with an institution may be partial, yet the institution can be generally seen as legitimate.

The IOC practices a high level of regulating authority which effects not only the world of sport, but individuals as well through national legal framework modifications in order to host the Games. The accountability gap of the IOC strongly correlates with the degree of its legitimacy. The accountability gap cannot be understood without examining the IOC's social standing. As a private NGO within the international society, it makes achieving public accountability difficult for the IOC (Nelson and Cottrell 2016). There are no clear actors outside the Olympic Movement to hold the organization accountable. Private sponsors benefit immensely from the economic and social values of the Games, so there is no incentive on their part to contest the legitimacy of the IOC. Also, after the Salt Lake City scandal, the banning of the corrupt IOC members satisfied most Olympic stakeholders regarding the legitimacy issues of the organization (Nelson and Cottrell 2016). Yet, the negative outcomes of the Olympic Games – as seen in Sochi – in terms of the Games are a waste of money and resources, problematic in terms of feasibility, they are contributing to inequality, and involve human rights abuses, raised the question of IOC's legitimacy again.

The Olympic logo, the five rings represent the unity of the five continents. Yet, during the more than one hundred years of modern Olympics, the Games have never taken place in Africa. This contradicts with the Olympic idea, the promotion of equality through sport. Making the Games cheaper, thus feasible for Africa, and awarding the event to an African city, would significantly enhance the legitimacy of the IOC.

2.6 Host selection process

Olympic cities are being chosen by the IOC through the host city selection process. The process is an open tender, where cities have to submit bids to win the right to host the Games.

There are two stages within the process, applicant city stage and candidate city stage. The official bidding process lasts two and a half years(Gauthier 2016a), and when the winner is announced, it has seven years to prepare for the Games.

The Agenda 2020 reform program did not make significant changes in the selection process, but it intends to make it more candidate friendly with assistance from the IOC on how to put together a successful bid. In the applicant city stage cities have to submit a mini bid book in which they answer questions about vision, legacy, venues, energy, transport, accommodation, security, health and safety, government and public support, and finance. An IOC working group evaluates the mini bid books and also relies on video conferences with the bidders. Following the working group report, the IOC Executive Board votes to decide which cities can become official candidates.

In the candidature procedure cities have to submit their bid books in three stages building further on the topics of the applicant stage. These three stages are (1) Vision, Games, Concept and Strategy, (2) Governance, Legal and Venue Funding, (3) Games Delivery, Experience and Venue Legacy. After submission, an IOC evaluation committee conducts visits to the cities(Gauthier 2016a). These visits are strictly regulated due to the Salt Lake City scandal. After the evaluation commission's report the candidate cities deliver a final presentation at the IOC session which takes place in a country which did not bid for the particular Olympics. After the presentations IOC members vote secretly to their favored cities. Members coming from those countries who have candidates are not allowed to vote until their city is still in competition. The winner must receive more than 50 percent of the votes, so if in the first round no city receives this much votes, the city with the lowest number of votes is eliminated, and this continues until one candidate receives more than 50 percent. Given that in the 2016 selection procedure Rio won despite the fact that it received the lowest technical evaluation in the candidate city stage, the final stage of the selection process when the IOC

members secretly vote, is perceived as unpredictable and mysterious(Gauthier 2015, 121). Cities with the best technical evaluation have never won the right to host the Games in recent years(Hassan and Mitra 2016, 28). This procedure raises serious concerns, given that the host city enters into a contractual relationship with the IOC, and through this binding legal relationship (which demands billions of dollars from public money) the IOC exercises public power in the host country.

Chapter Three – Case studies

For the 2024 Summer Olympic and Paralympic Games the IOC registered five official applicant cities: Boston, Rome, Hamburg, Budapest and Paris. When Boston withdrew, Los Angeles took its place, and with the exit of Hamburg, Budapest and Rome, only Paris and Los Angeles stayed in competition. The winner for the 2024 Games will be chosen in September 2017 in Lima on the 130th IOC Session. Thomas Bach, president of the IOC announced that the 2028 Summer Games would also be awarded in Lima, which would establish the unprecedented procedure of awarding two rights to host the Games at the same time. “The situation of these candidature for 2024, having two such great cities and such great countries, having two candidatures which are really enthusiastic and really promoting the Olympic Games and Olympic Spirit in a great way - this represents a golden opportunity for the Olympic Games and the IOC.” (“Awarding the Olympic Games 2024 and 2028 Is a Golden Opportunity” 2017) This relates to the unaccountability and legitimacy issues of the IOC discussed in the theoretical part of the thesis. Why award the 2028 Summer Olympics without a selection procedure for that particular event, meaning that no cities have yet applied for the 2028 Games. I consider the above quote from president Bach insufficient explanation for this possible step of the IOC. Going back to the great disappointment when the 2022 Winter Games were awarded to Beijing over Almaty, the question naturally occurs: why not give the 2026 Winter Games to Almaty during the same selection process?

In the empirical chapter I am going to briefly describe the cases of Boston and Rome, but my substantial research is focused on Hamburg and Budapest.

In January 2015 the mayor of Boston announced that the city will be a candidate for the 2024 Summer Olympic Games as the United States Olympic Committee chose Boston over Washington DC, Los Angeles and San Francisco for the position(Sims 2017). Yet, Boston withdrew later due to a lack of public support. It started as a grassroots movement, No Boston Olympics, involving young professionals whose concern was that Boston 2024 was supported by powerful, influential, and wealthy people in the region. The polls showed, that the majority of Bostoners did not support the bid. Soon the academic community, among them Andrew Zimbalist, a leading Olympic economist was involved in the Movement which was mainly based on the taxpayer guarantee(Sims 2017) which means that cost overruns have to be covered by the city of Boston from public money. Los Angeles took the Boston's place in the 2024 selection procedure.

Unaccountability of the IOC originates from its global nature. A likely explanation for the Boston case is that in a democratic context, the majority of the public would not support the long term involvement of an unaccountable actor, the IOC in this case, in the city's future.

In June 2016 Virginia Raggi entered into office as the new mayor of Rome. Her main campaign slogan was No Olympics for Rome, saying that the city would put up a large amount of debt. Poor public services and extremely high levels of corruption were also amongst the arguments. Also, the mayor argued that Rome was still paying for its previous Olympic Games which took place more than 50 years ago in 1960(*BBC News* 2016). Given that Rome is completely full of tourists each summer as it is a main holiday destination, it would be a great logistic challenge to host the additional hundreds of thousands of Olympic athletes, officials, and visitors. With no political support from the city of Rome, the Italian National Olympic Committee was forced to withdraw Rome's bid.

Boston and Rome are examples for the importance of both public and political support of the Games, without these an Olympic bid cannot be successful.

3.1 Hamburg

Background

Hamburg wanted to bid for the 2012 Summer Games as well, but the German National Olympic Committee chose Leipzig for the position, and it was eventually scored out by the IOC in the applicant stage. The idea of the Hamburg 2024 Olympics was initiated by the private sector. In 2013 the Hamburg Chamber of Commerce gathered more than three million euros to support an Olympic bid, arguing that the Games would attract investment, boost the economy and development of the city, and put Hamburg on the global map. A private company, Feuer und Flamme GmbH (Fire and Flame Limited) was established in order to support and promote the Olympic project. In this sense the process started as a private project and then became a political one as the leadership of Hamburg embraced the idea of an Olympic bid. Hamburg would have staged the Games together with the City of Kiel, as sailing events were planned to be held there.

The Bid

According to German law, during the phase of a referendum which had to be held in Hamburg, marketing could not be financed from public money, so marketing and PR related costs were financed from the private sector through Feuer und Flamme GmbH.

The Free and Hanseatic City of Hamburg is an individual state in the German federal system and Kiel lies in the State of Schleswig-Holstein. Therefore, six main stakeholders were

involved in the bid: German National Olympic Committee, City of Hamburg, City of Kiel, Federal State of Schleswig-Holstein, German Federal Government, and the Hamburg Chamber of Commerce. All six of them were shareholders of the bid company. Nikolas Hill, the ex CEO of Hamburg2024 considered the number of actors involved in preparing the bid too high. This resulted in a relatively slow decision making, and differing motives, especially because the Federal Government seemed to have pushed different interests in the different stages. Also, given that since the Munich Winter Games of 1972 the German Federal Government wasn't involved in the Olympics, the institution had no experience in this field.

According to data collected from the Finance Report, the Hamburg 2024 Games were estimated to cost 11.22 billion euros including inflation and a 40 percent risk fund for possible cost overruns. The expected revenue was calculated for 3.81 billion euro including the 1.7 billion USD provided by the IOC. The Federal Government should have covered 6.2 billion euro from the costs, which would have left 1.2 billion euro for the City of Hamburg to cover from public funds (City of Hamburg 2015). An estimated extra 10 billion euro investment by the private sector would have been generated (Hill interview).

Transparency was a central feature of the process, all documentation was made available for the public. According to the Hamburg Transparency Law, all documentations of public companies have to be transparent. Since the bid company had five other owners as well, the Transparency regulation did not apply to the company, yet decision makers chose to make everything transparent in order to gain public trust. Public participation in the process was strategically involved from the beginning in the form of mass mobilization and consultations.

A unique feature of the bid was that none of the large international IOC-related consultant companies were hired by Hamburg, instead strategies were formulated with the help of local firms. The large international companies were seen to be using the one size fits all approach, based on that they compose bids for various different cities in different continents.

“We did not want to have a contract with someone who for example previously promoted Doha as best possible candidate to host the Summer Games, and now would have place Hamburg in the same position.” (Hill interview)

Another interesting aspect of the Hamburg bid was to explore and integrate a part of the port into the city’s life, connecting the Southern and Northern parts of Hamburg, thus boosting the city’s development. “As Hamburg is a middle sized city, not the capital of Germany, with small distances and no large infrastructure development needs, and perfect legacy plans, we saw ourselves as the perfect blueprint for Agenda 2020.” (Hill interview)

The IOC

Regarding the accountability of the IOC Hill commented that he found the organization accountable towards the candidate city, in line with Agenda 2020, the IOC provided the necessary assistance and consultancy for preparing the bid. However, he highlighted that in terms of transparency, the criteria according to which the bid can move forward in the process was unknown. This is especially true for the very last stage, when individual IOC members vote to choose the winner. This last stage was considered the largest risk for the success of the Hamburg bid. For example, in the early stages of the bid, an IOC member without knowing the Hamburg concept said that he would never vote for Hamburg. This confirms the unpredictability of the IOC’s final stage of decision making regarding the host city selection discussed earlier in chapter two.

Regarding Agenda 2020, Hill found it too broad and not specific enough in a sense that the recommendations differ in quality and each candidate city could say that they fit perfectly to the reforms because they either have the venues and infrastructure already, or they don’t have them, but the reconstructions would serve the city’s development.

The Referendum

The referendum was initiated by the Senate (Government of Hamburg) and the Bürgerschaft (Parliament of Hamburg), because within the Hamburg legal framework anybody (the Senate as well) can start a public vote on a major public program, so the Senate wanted to have a referendum in order to avoid being surprised in the later stages. As a result, 51,6 percent of the voters rejected the Olympics.

Nolympia campaigns exist in most cities where a bid is in process. The general arguments opposing the bid are financial and environmental, and mistrust in the IOC and the Olympic Movement. In the case of Hamburg, the additional reasoning was mistrust in the sport system in general, as the German Football Association was involved in a bribery scandal regarding the 2006 World Cup and it was revealed in 2015. Security issues were also raised due to the Paris terrorist attacks. The main problem was however, the refugee crises. In 2015 one million refugees arrived to Germany, and the country had a much more fundamental issue to deal with than the Olympics. There was general uncertainty about future conditions in Germany due to the large influx of migrants into the country, thus the legally binding Games was perceived as a high risk for the whole country.

Hamburg seemed to be a good candidate to host the Games, as Germany has a strong and stable economy and Hamburg fits perfectly into the Agenda 2020 system. Yet, there are similarities with Boston, in a sense that in a democratic context, people will likely to reject the Games (as Olympic referendums almost always have a negative result (MacAloon 2016)) due to financial and environmental reasons, and also because of the lack of trust in the IOC and in the Olympic Movement. In the case of Hamburg, the refugee crises as an additional reason seemed to decide the fate of the Olympic bid.

3.2 Budapest

Background

Hungary is a true Olympic nation. Ferenc Kemény met Coubertin in France at the Sorbonne, and he was a founding member of the IOC in 1894. A year later he established the Hungarian National Olympic Committee. In the all-time Olympic games medal table Hungary is among the first ten countries. Hungary has a long history of Olympic bidding (Hungarian Olympic Committee 2016). Budapest's first bid was for the 1916 Games, which was awarded to Berlin, but never took place due to World War I. The city bid again for the 1920, 1936, 1940, 1944⁴, and the 1960 Summer Games, none of these bids were successful (Hungarian Olympic Committee 2016). The idea of hosting the Olympics reemerged in 2001 during the first Fidesz government, but the socialist government withdrew the application for the 2012 Games, arguing that there would be no sufficient funds for the event, even though half a million signatures were collected in favor of an Olympic bid (Schmitt interview).

The Bid

The attempt to host the 2024 Games can be seen as a political project, as the third Fidesz government together with the Hungarian Olympic Committee decided in 2015 that Budapest would bid again. Since 2011, the election of the Fidesz government, sport became a strategic sector. Physical education was made compulsory each school day in primary and high schools within the framework of public education, as well as many new sport venues were built.

⁴ The 1940 and 1944 Summer Olympic Games were both cancelled due to World War II.

The main actors were the Hungarian Olympic Committee, the Government of Hungary, and the City of Budapest. The Government Commissioner for Flagship Budapest Developments was appointed the responsible person to coordinate the project, as the chairman of the bid company, Budapest2024. PricewaterhouseCoopers (PwC), the international consultancy company's Hungarian branch was commissioned to produce the feasibility study and the candidature files. Other international consultants were also contracted in the project

During the interview Pál Schmitt pointed out that the Budapest bid was based more on emotions than on rationality. It was mainly building on the “Hungary, a truly Olympic nation, who finally deserves to host the Games” theme. Reality was however, that Hungary's economy was by far the weakest among the candidate cities. “We rather tried to target emotions than rational thinking.”(Schmitt interview)

Empirical data collected from the candidature files show, that the Budapest Olympics was estimated to cost 774 billion Hungarian Forints (less than the third of the average cost of the Summer Games), which is 2,5 billion euro without the infrastructural developments. Adding the necessary infrastructure, the number was estimated as 7.000 billion Forints, which is the equivalent of 22.6 billion euro.

The IOC

Similarly to the CEO of the Hamburg bid, Pál Schmitt highlighted that in line with Agenda 2020, the IOC provided good quality assistance and consultancy during the bidding process in a framework of a mutual dialogue process. Agenda 2020 made the candidature process more cheaper and more transparent. He especially praised the role of the Olympic Games Knowledge Management Program in sharing the knowledge drawn from previous Games and successful bids. Regarding the accountability of the IOC, Schmitt explained, that

the institution is accountable to its members. This is an interesting approach, since the members of the IOC are elected by existing members.

The Signatures

There were earlier attempts by the opposition to hold a referendum whether or not Budapest should stay in the bidding process, but the Kuria, the High Court of Hungary ruled against the public vote, arguing that the proposed question was not clear enough and would potentially mislead voters.

Budapest joined the club of withdrawals from the 2024 bid, in 2017 after a quarter of a million signatures were collected in the Nolimpia Campaign, where the organizers are becoming a political party called Momentum. By law, only 138.000 signatures by Budapest residents were needed in order to hold a referendum, so the 250.000 signatures were considered as a great success against the bid. The main reason of rejection was also the financial aspect, as Momentum organized their campaign around the topics of health care and education, meaning that public money should be spent on these areas since there are major deficiencies and lack of funding in the Hungarian health care and education systems. Also, they campaigned that large scale corruption would accompany the Budapest Olympics. Overall, the signatures reflected on a strong nation-wide anti-government support. Also, on the government's side, there were very harmful communication mistakes, for example most people in the country did not know about the IOC's Agenda2020 reform program and the possible benefits of a Budapest Olympic Games.(Schmitt interview)

Even though all three stages of the bidding process were completed, the government decided to withdraw from the bid without holding a referendum, because a negative outcome of a public vote would have meant a great political risk. The two main reasons of the withdrawal

were lack of public support in a form an anti-government movement, and poor communication campaign of Budapest 2024 Olympics.

Conclusion

As the number of cities applying for hosting the Olympic Games is reducing, and the number of cities withdrawing from the candidature procedure is increasing, the purpose of this thesis was to explore the crises of the Olympic Movement. Through the research question, why do cities withdraw from the Olympic bidding process, I found that the reasons for withdrawals are ‘cost overruns and white elephants’ meaning all the issues related to finances, cost/benefit calculations, monetary transparency, building of new venues and accommodation, and local versus international interests. Also, the mistrust in the International Olympic Committee itself. This mistrust originates from the global governance feature of the IOC. The IOC enters into a contractual relationship with the host city, and through this binding legal relationship (which demands billions of dollars from public money) the IOC exercises public power in the host country. These reasons feature the cases of Hamburg and Budapest as well, with the additional aspect of the 2015 refugee crises in Germany, and strong nationwide anti-government movement in Hungary.

Due to its global governance nature, the IOC is considered unaccountable and is suffering from legitimacy deficit. The third main reason is human rights and ecology issues, and the growing public skepticism targeting the Olympic Movement generally. These issues result in the lack of public or political support of Olympic bids. The unaccountable nature of the IOC does not comply with democratic values, therefore in a democratic context, referendums almost always reject the event. The Games are for the people, and significantly affect individuals, but the people do not have a role in the governance and decision making of the IOC.

The IOC's intention expressed in Agenda 2020 is that the Games should be attractive and affordable for middle sized cities. Yet, the cases of Boston, Rome, Hamburg and Budapest show that in a democratic context the public is likely to reject the Games. Large mega cities however, like Paris and Los Angeles, who already have existing infrastructure and venues, and the necessary resources to host the largest global event worldwide, are in favor of the Games.

Zimbalist suggest, that one solution could be for the crises of the Olympic Movement and to avoid the continuous rejections of the Games by cities, is to award a permanent right to host all the Games to one city which already have the necessary venues and infrastructure(Zimbalist 2008). Thus, negative outcomes of the Olympics could be eliminated.

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Appendix

Interview questions - Hamburg

Introduction part

Opening questions:

1. Would you like to tell me about the history of Hamburg 2024? How and when did the idea of hosting the Olympic Games started? Why Hamburg?

The IOC

2. How would you describe the cooperation with the IOC?
3. Did you find it challenging to meet the expectations of the IOC?
4. To what extent was it possible to incorporate the recommendations of Agenda2020 into the bid?
5. To what extent do you think the IOC as an international private organization is accountable?
6. How the further amendment of the host city selection process would improve accountability for the possible negative outcomes of the Olympic Games?
7. Have you experienced any kind of biases on the IOC's part during the selection process?

The Bid

8. Who were the main actors of the Olympic application?
9. Could you relate any policy issues on the local level contributing to the result of the referendum?
10. Was there any form of public participation in the bidding process?
11. Could you please describe the communication campaign of Hamburg2024?
12. Up until the referendum, which parts of the documentation relating to the bid were transparent to the public? (Given that the referendum was held 3 months before the submission deadline of Stage I.)
13. What was the estimated cost of the Hamburg Games?
14. How much private funding would have been possible in the Hamburg Olympic plans?

The Referendum

15. Who initiated the referendum?
16. Which actors opposed the bid?
17. What were the arguments supporting and opposing Hamburg2024?

Interview questions - Budapest

Introduction part

Opening questions:

1. Would you like to tell me about the history of Budapest 2024? How and when did the idea of hosting the Olympic Games started?

The IOC

2. How would you describe the cooperation with the IOC?
3. Did you find it challenging to meet the expectations of the IOC?
4. To what extent was it possible to incorporate the recommendations of Agenda2020 into the bid?
5. To what extent do you think the IOC as an international private organization is accountable?
6. How the further amendment of the host city selection process would improve accountability for the possible negative outcomes of the Olympic Games?
7. Have you experienced any kind of biases on the IOC's part during the selection process?

The Bid

8. Who were the main actors of the Olympic application?
9. Could you relate any policy issues on the local level contributing to the signatures opposing the bid?
10. Was there any form of public participation in the bidding process?
11. Could you please describe the communication campaign of Budapest2024?
12. What was the estimated cost of the Budapest Games?

The Signatures

13. What were the arguments supporting and opposing Budapest2024?