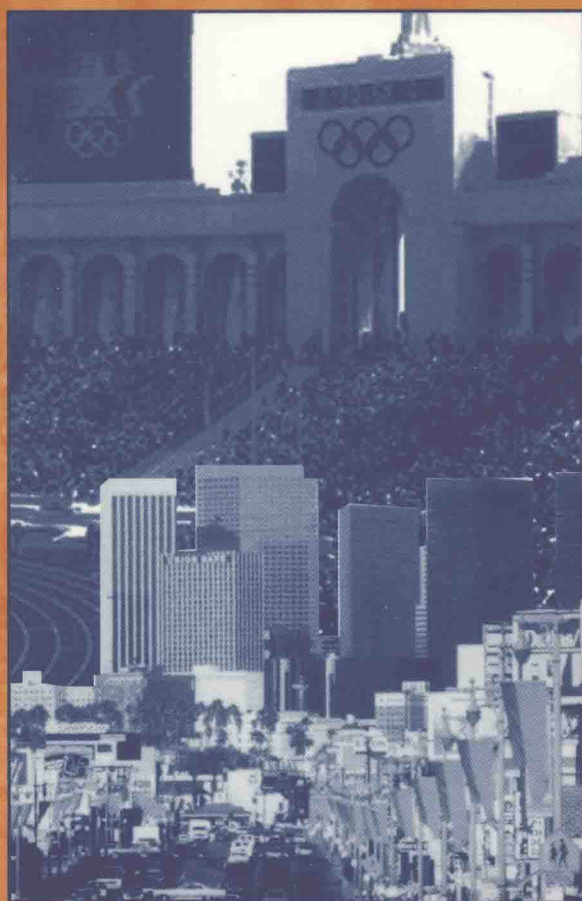


# OLYMPIC

THE IMPACT OF MEGA-EVENTS  
ON LOCAL POLITICS

# DREAMS



Matthew J. Burbank, Gregory D. Andranovich, and Charles H. Heying

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Charles H. Heying



BOULDER  
LONDON

Published in the United States of America in 2001 by  
Lynne Rienner Publishers, Inc.  
1800 30th Street, Boulder, Colorado 80301  
www.rienner.com

and in the United Kingdom by  
Lynne Rienner Publishers, Inc.  
3 Henrietta Street, Covent Garden, London WC2E 8LU

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**Library of Congress Cataloging-in-Publication Data**

Burbank, Matthew.

Olympic dreams : the impact of mega-events on local politics /  
Matthew J. Burbank, Gregory D. Andranovich, Charles H. Heying.

p. cm. — (Explorations in public policy)

Includes bibliographical references and index.

ISBN 1-55587-903-9 (alk. paper)

ISBN 1-55587-991-8 (pbk. : alk. paper)

1. Olympics—Political aspects. 2. Olympics—Economic aspects.  
3. International Olympic Committee. I. Andranovich, Gregory.  
II. Heying, Charles H. III. Title. IV. Series.

GV721.5.B88 2001

796.48—dc21

00-053325

**British Cataloguing in Publication Data**

A Cataloguing in Publication record for this book  
is available from the British Library.

Printed and bound in the United States of America



The paper used in this publication meets the requirements  
of the American National Standard for Permanence of  
Paper for Printed Library Materials Z39.48-1984.

5 4 3 2 1

# OLYMPIC DREAMS

## EXPLORATIONS IN PUBLIC POLICY

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*For Mary, Doris, Margaret, and Guido — M.J.B.*

*For my parents and all the USDESEA teachers  
in Ankara, Turkey, 1969–1974 — G.D.A.*

*For Lois — C.H.H.*

## ■■ ACKNOWLEDGMENTS ■■

This project began as a series of questions about the relationship between cities and the Olympic games. Over a period of four years it evolved into a book about U.S. cities and their Olympic dreams. Along the way we were lucky enough to receive the assistance of many people who shared our interest in telling this story.

We would like to thank the many individuals who helped with different aspects of our research and writing. Mike Gorrell, Robert Huefner, and Ted Wilson each read the chapter on Salt Lake City and provided helpful comments. Dan Jones generously provided access to his unparalleled archive of public opinion data on Utah. Bert Granberg, director of the DIGIT Lab at the University of Utah, provided the necessary assistance and Phoebe McNeally supplied the expertise and patience to make the maps for each city. Doug McGee helped with expert research assistance in the early stage of this project. The staff at the Marriott Library, and especially Special Collections, provided help on many occasions. Thanks also are due to Frank Bell, Chris Bellavita, John Francis, Jim Gosling, Ted Hebert, Susan Olson, Steve Ott, Lisa Riley Roche, Linda Sillitoe, and Maria Titze for help with various aspects of the project. In Los Angeles, the staff at the Amateur Athletic Foundation of Los Angeles, especially Wayne Wilson and Shirley Ito, provided invaluable assistance while sharing the Paul Ziffren Sports Resource Center's Olympic Collection archives. The staff of the UCLA Research Library's Special Collections Department provided assistance with documents early in the project. The thirty-nine students in Political Science 404 at California State University, Los Angeles, during winter quarter

2000 helped bridge teaching and research by enthusiastically examining local tourism politics. Thanks are also due to those who provided assistance with the Atlanta portion of the project: Barbara McTyre for her professional archival work and John Westerman for his help with online research. And we would like to thank Leanne Anderson, Dan Eades, and Lynne Rienner for their professional expertise and encouragement as we completed the project.

We owe a special thanks to four colleagues who read a complete draft of the manuscript: Harvey Newman, Georgia State University; David Olson, University of Washington; Gerry Riposa, California State University at Long Beach; and Wayne Wilson, Amateur Athletic Foundation of Los Angeles. Their comments helped clarify and improve our work, and we are grateful for their assistance. In addition, Michael Barndt, Richard DeLeon, David Olson, and Peter Skerry provided valuable comments and encouragement on various portions of this research that we presented at professional meetings. Thanks also to the faculty of the Department of Political Science at Washington State University for their comments and suggestions on the research design and some of the preliminary findings.

Finally, our respective institutions assisted in numerous ways. A faculty fellowship awarded to Matthew Burbank by the University of Utah research committee provided release time for writing. Greg Andranovich received a sabbatical leave during the summer and fall 2000 academic quarters from California State University, Los Angeles, allowing him to concentrate on this project. Charles Heying received a faculty development grant from the Office of Research and Sponsored Projects at Portland State University to fund archival work in Atlanta.

—*M. J. B.*  
*G. D. A.*  
*C. H. H.*



# ■■ CONTENTS ■■

<i>List of Illustrations</i>	ix
<i>Acknowledgments</i>	xi
1 Olympic Dreams	1
2 Economic Growth and Local Politics	11
3 Mega-events and Economic Development	33
4 Los Angeles and the 1984 Summer Games	53
5 Atlanta and the 1996 Summer Games	81
6 Salt Lake City and the 2002 Winter Games	121
7 Reading the Olympic Games	157
<i>List of Acronyms</i>	173
<i>References</i>	175
<i>Index</i>	195
<i>About the Book</i>	203

## ■■ ILLUSTRATIONS ■■

### ■ Figures

4.1	Venues for Los Angeles 1984	67
5.1	Atlanta's Olympic Ring Venues	99
6.1	Venues for Salt Lake City 2002	142

### ■ Tables

4.1	Attributes of Venues for the 1984 Games	77
5.1	Revenue Sources for the 1996 Atlanta Olympic Games	94
5.2	Attributes of Venues for the 1996 Games	100
5.3	Atlanta's Olympic Legacy	117
6.1	Population of Salt Lake City and Two Major Suburbs	122
6.2	Public Opinion on the Salt Lake City Olympics	136
6.3	Attributes of Venues for the 2002 Games	143



## OLYMPIC DREAMS

The dream of hosting the Olympics evokes stirring images of athletes competing in idyllic settings. Such imagery can be powerfully appealing for cities seeking the world's attention. Yet staging the games takes place on the contested terrain of urban politics. Olympic hosts may aspire to hold the best games ever, but the realities inherent in governing urban America bend and alter the materialization of Olympic dreams. Los Angeles, Atlanta, and Salt Lake City have all sought to fulfill their Olympic dream. By examining their experiences, we can gain a better understanding of the impact of these events on urban politics.

The appeal of hosting the Olympic games for a city ought to be obvious. The games last only a short time but promise many benefits, both tangible and intangible. Among the tangible benefits are thousands of tourists, from suburban families traveling downtown for the award ceremonies to foreign dignitaries and business people staying at the best hotels. The intangible benefits include days of worldwide saturation television coverage and hundreds of glowing media stories about the city. Indeed, Olympic boosters nearly always claim that the real value of the games comes from being associated with the Olympic image.

Of course, image creation can be a fickle endeavor. Consider the case of Salt Lake City. Members of various Olympic bid committees spent years and millions of dollars trying to attract the winter games to the city. In 1995, Juan Antonio Samaranch, president of the International Olympic Committee (IOC), announced that Salt Lake City would host the 2002 winter games. For local leaders, the Olympics

represented a symbolic step onto the world stage for their city. Just as quickly, however, the Olympic-sized dream turned into an Olympic nightmare.

The story of Salt Lake City's Olympic scandal broke in late November 1998, when a local television reporter turned up evidence that Salt Lake's Olympic committees had paid the tuition and living expenses for the daughter of an IOC member. In the days that followed, the story took on a life of its own as new accounts of excesses and favors for IOC members were revealed. Officials on the Salt Lake Olympic Organizing Committee (SLOC) tried to downplay the reports by characterizing the payments as "humanitarian assistance" intended to support Olympic activities in less developed countries.

The story exploded in the media, however, when longtime Olympic insider and IOC member Marc Hodler of Switzerland spoke bluntly about the problems in the bidding process. Hodler called the Salt Lake City payments "bribes." Soon the story was big news nationally and internationally as well: "Olympic Scandal Soils a Clean City" (*Philadelphia Inquirer*, 4 January 1999); "Olympic Glory Is Fading in Utah" (*Washington Post*, 16 December 1998); "Olympic Votes Hinge on Bribes" (*Toronto Star*, 13 December 1998); "Salt Lake City Officials Staggered by Bid Scandal" (*USA Today*, 14 December 1998); and "Salt Lake Mayor Quits as Olympic Scandal Grows" (*New York Times*, 12 January 1999). This definitely was not the kind of media attention that Salt Lake's leaders had envisioned.

The story continued to snowball in the months that followed as reports surfaced about lavish shopping trips and expensive vacations, free medical treatments, jobs or consulting contracts, and even direct cash payments to IOC members or their families. The scandal spread beyond Salt Lake as allegations of improper gifts or payments were raised about bids in Atlanta, Sydney, and Nagano. The media storm eventually became so severe that four separate investigations were launched respectively by the Salt Lake Organizing Committee, the United States Olympic Committee (USOC), the International Olympic Committee, and the U.S. Justice Department concerning possible criminal violations.

Many of the charges reported in the media were supported by these investigations. A report issued by the board of ethics of the Salt Lake Organizing Committee documented numerous instances of

payments to IOC members or their families, which were intended to influence the selection process (Hall et al. 1999). In the most egregious case, that of IOC member Jean-Claude Ganga, the bid committee paid for trips and medical treatments for Mr. Ganga, his wife, and his mother-in-law. More than \$17,000 in medical expenses were paid for directly by the Salt Lake bid committee, and the total expenses for the Ganga family amounted to more than \$250,000 (Hall et al. 1999, 37–38).

The aid to Mr. Ganga was hardly unique. The daughter of IOC member René Essomba received \$108,000 in rent, tuition, and expenses from the Salt Lake bid and organizing committees while she attended American University in Washington, D.C. (Hall et al. 1999, 31). Some IOC members received direct cash payments for undocumented purposes or lavish vacations, including trips to Las Vegas, Disneyland, and a trip to Florida for the 1995 Super Bowl (Hall et al. 1999, 37). All told, the Salt Lake bid committee reportedly spent more than one million dollars to woo IOC members with inappropriate gifts and assistance.

Why would individuals merely seeking to bring a sporting event to their city resort to such actions? There are certainly many possible motivations. Perhaps officials of the Salt Lake bid were simply unethical and willing to win at any cost. Or bid officials could have been so immersed in the competitive nature of the IOC selection process that they crossed the line between honest and dishonest competition. Or were members of the IOC the real culprits? Perhaps some IOC members were willing to promise votes to a bid city in exchange for material benefits.

In the case of Salt Lake City, any or all of these explanations may be true. But despite the protests of some IOC officials, it is evident that the activities associated with the Salt Lake bid campaign were not obviously out of place in the bid process (Mitchell et al. 1999). Similar charges of excessive favors or even outright bribery have been raised about bid campaigns conducted by other cities, and the USOC's report refers to a "culture of improper gift giving" within the IOC (Mitchell et al. 1999, 36). Clearly, there are broader questions here than simply the motivations of a few people in Salt Lake City.

The key to answering the broader questions raised by the unseemly nature of the bid process, we believe, is to recognize that for the bid cities much more was involved than merely the opportunity

to host a sporting event. Indeed, the excesses of bid committees may not be so much an ethical aberration as the logical consequence of efforts to ensure the success of a high-risk strategy. After all, what advantages would there be to a city, tangible or intangible, if there were no high-profile event?

## ■ Mega-events and Local Politics

The focus of this book is not on the scandalous behavior of Olympic boosters or problems with the IOC selection process. Rather, our concern is with the impact that mega-events have on the politics of American cities. We address the broad issue of how these events affect the governance of host cities by focusing on four questions: (1) How and why do cities seek to host mega-events? (2) How are policy decisions concerning mega-events made? (3) What are the outcomes of hosting a mega-event? and (4) What can the conduct of mega-events tell us about urban politics generally?

The theme we will develop is that efforts by U.S. cities to attract events such as the Olympics are the product of a deliberate strategy for promoting local economic growth—the mega-event strategy. Hosting a premier event such as the Olympics or a world's fair is central to this strategy because city leaders are seeking not just short-term tourist revenues but to change their city's image and perhaps even the city's physical structure (Essex and Chalkley 1998). Despite the enormous amount of attention and even controversy that accompany such events, little attention has been paid to the potential consequences of this strategy. Debate over the pursuit of a mega-event tends to focus on its economic impact—the cost of the stadium, the value of a new hotel, or the tax revenues generated—but rarely on the broader political and social ramifications (M. Roche 1992). We believe that the study of urban mega-events can illuminate questions of enduring importance in urban politics such as what strategies do cities use to pursue economic growth, what role does local government play, and who benefits?

The mega-event strategy is not a new phenomenon. Various American cities have sought to host showcase events in the hope of making their city a tourist destination. In recent years, however, the mega-event strategy has taken on renewed prominence in cities as the result of the confluence of several factors: the success of the

entrepreneurial Los Angeles Olympics, the demise of federal urban aid, and the rise of the global economy.

The event that triggered the contemporary focus on using the Olympic games as an urban mega-event was the 1984 Los Angeles Olympics. Despite the inauspicious circumstances of a Soviet boycott of the games, the Los Angeles Olympics were widely regarded as a success. From the perspective of other cities, this success was not because of the level of athletic competition, goodwill among nations, or even a triumph of logistics. The success of the Los Angeles games from the vantage point of other cities stemmed from two factors. First, with their Hollywood-crafted opening and closing ceremonies, the games generated large television audiences and positive publicity for the city and its tourist industry, with little apparent public controversy. Second, the city was able to attract this positive attention with minimal use of local tax dollars because the Los Angeles organizers raised an enormous amount of private money through corporate sponsorships and ended with a sizable surplus. For city leaders looking to refurbish their city's image and get the attention of businesses around the world, hosting the Olympics now appeared to offer a perfect way to do both with little cost to local taxpayers.

Absent other conditions, the success of the entrepreneurial Los Angeles Olympics might have attracted nothing more than the envious attention of mayors from other cities. Another high-profile event the same year, however, sent an important message to the leaders of U.S. cities. In November 1984, Ronald Reagan was overwhelmingly reelected. The election results confirmed a profound shift in federal policy toward American cities. The Reagan administration argued that state and local governments should look to the free market, not the federal government, to improve their material existence (Wolman 1986), and during Reagan's tenure, funding for programs to assist urban areas was eliminated or greatly reduced (Caraley 1992). The reduction of federal funds had a tremendous impact on development policies of state and local governments. While some local governments responded by reducing development activities, others adopted more entrepreneurial policies (Eisinger 1988; Clarke and Gaile 1992, 1998). Clarke and Gaile (1992, 1998) identify the period after 1984 as the "postfederal" era of local economic development. This period is characterized by greater willingness of local governments to take risks, increased cooperation among governments on a metropolitan or regional level, and greater reliance on public-private partnerships

or quasi-public agencies to implement development projects. Thus, just as American voters elected a president committed to ending the flow of federal money to U.S. cities, Los Angeles was showing how to attract money and attention to a city through a high-profile sporting event.

Even under ordinary circumstances, the changing nature of federal urban policy coming together with a successful model of an urban mega-event would have sparked the interest of city leaders across the United States. The circumstances facing cities in the late 1980s and 1990s, however, were not ordinary. The global economy, much discussed but little in evidence throughout the 1970s, was rapidly becoming a reality. Creation of the European Union and movement toward a single currency, implementation of the North American Free Trade Agreement, and the creation of the World Trade Organization provided unmistakable signs that world trade in goods and services was becoming more internationally competitive. For business and government alike, it was increasingly evident that competition for jobs and investments would no longer be primarily with the state or city next door but might well be with a nation or city across the globe. In short, the global economy became an important feature of the broader environment within which cities compete for economic growth (Barnes and Ledebur 1998; Fry 1995; Knight 1989).

The combination of declining federal aid and increasing worldwide competition for business meant that American cities not only had to employ more entrepreneurial techniques to promote development but had to do so on the world stage. Thus the global economy intensified interest in international mega-events. After the success of the summer games in Los Angeles, the Olympics became *the* preferred mega-event for U.S. cities because of its appeal to corporate sponsors, the power of its image, and its potential as a catalyst for urban change.

Of course, one factor that makes the Olympics so valuable is its infrequent occurrence. Each set of games is held only every four years, and the IOC has a habit of rotating the location of the games. Further, the escalating amounts paid for broadcasting rights have elevated the Olympics as business, enticing more cities into the competition to host the games. Certainly, local officials contemplating a mega-event strategy have to recognize that getting the games is not easy. The lure of the potential benefits is there, however, for cities willing to accept the odds.



Not all cities are inclined to pursue such a risky path toward economic development, yet some do. What factors lead cities to embark on a mega-event strategy? We argue that two factors are central to its adoption: The first is the existence of an established growth regime in the city; the second is a desire to create or change the city's image. A growth regime is essentially a network of public and private leaders that functions as an informal government within a city (Stoker 1995; Stone 1993). Its goal is to encourage growth within the city, and its existence is vital to an Olympic bid. Without an established government-business network in place to provide authority and resources, an Olympic bid would simply not occur.

The existence of a growth regime by itself, however, is not sufficient to start a city down the mega-event path. Another necessary ingredient, at least among individuals within the regime if not among city residents generally, is a desire to establish or modify the city's image. As many U.S. cities have begun to rely on tourism and other consumption-oriented activities as a component of their local development policy, the issue of how to enhance a city's image has been pushed to the forefront. City image has thus become an important concern for development policy generally (Pagano and Bowman 1995), but image is especially salient in the mega-event strategy (Hall 1996; M. Roche 1992).

## ■ The Olympic Endeavor in Three Cities

In this book, we investigate the impact of high-profile development events by examining one type of mega-event, the Olympic games, in three American cities: Los Angeles (1984), Atlanta (1996), and Salt Lake City (2002). We could have chosen to focus on several different mega-events or to examine Olympic cities in other nations, but we chose to study the Olympics in these three cities because we believe there are two important stories to tell. The first is about the rise of the Olympics as *the* urban mega-event since the advent of the 1984 Los Angeles games. Although hosting the Olympics has always been an important happening for any city holding the games, it was only after the financial success of the Los Angeles games that U.S. cities began to look at the Olympics as a vehicle for promoting local development without requiring large sums from local tax dollars.