Out of Bounds?
Sports Mega-Events and the Boundaries of the Regulatory State Model of Governance

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# SUMMARY

From the perspectives of cities and countries that bid for the Olympic Games, hosting the event can represent a smart way to positively differentiate themselves from their main rivals in the globalised world. However, staging the Games implies a significant financial commitment from the State, which does not necessarily produce any positive return once the Games are over and the Olympic spotlight has turned in another direction. In addition, the Olympic Games usually imply fundamental changes in the political economy in the host country, by giving rise to new institutional arrangements in order to provide for the Games. Overall, there is a tension between the decision to stage the Games and the normal functioning of the Regulatory State, which is markedly risk averse, depoliticised and oriented by rational judgement. This article investigates what is behind such tension, focusing on the *rationale* of States and their leaders for embarking on an Olympic project. London 2012 Olympic and Paralympic Games serve as a case study, chiefly with respect to the management of one of the most-touted elements of every recent Olympics, and in London's case one of the main promises from the onset: tangible legacies. The article concludes by demonstrating that Regulatory State ambitions are so much entwined with the British institutional tradition that, even in circumstances of hyper-politicisation, that mode of governance is not completely overshadowed.

Keywords: Regulatory State. Infrastructure. Olympic Games. Legacy.

INTRODUCTION

The Regulatory State has prevailed over the Positive (Welfare) State as the mainstream mode of governance since late 1970 because it promised long lasting benefits through rationalisation, specialisation and constant innovation, both on the Government's side and on that of the market. With the Regulatory State the focus shifts from the public to the private, pursuant to an ideology that postulates that flaws and limitations of the Welfare State were inherent in Keynesian interventionist policies. The Regulatory State would be more efficient because it is depoliticised, leaner in scope and structure, and concentrated on promoting the 'public good' by operating hand in hand with a freer market.

Even though it is broadly accepted that these pure rational and efficiency centred justifications were not the only reasons for the rise of the Regulatory State, it is also well recognised that that mode of governance has guided the capitalist world for the last three decades or so. There is a mounting list of liberalising reforms which have taken place in the most diverse situations and geographic positions in the world, to the point that the Regulatory State, as a model, is at present rarely challenged by any sort of alternative public policy or trend.

Given such status, it is rather intriguing to notice the effect that iconic mega-events have in the same States which have previously adopted that governance approach. Unlike in the domain of the Regulatory State, the world of mega-events is highly politicised in its decisions. Moreover, far from being lean, mega-events exhort opulence and grandeur. Unquestionably, the flagship of those events are the Olympic Games[1].

The Olympics are currently a State sponsored event. Essentially, private funding accounts for a small fraction of the whole costs, and it is hardly enough to finance the operation of venues and facilities during the three or four weeks of the Games. Governments bear the largest costs and the responsibility of preparing the city and the country for the Games. The International Olympic Committee (IOC) is the only formally non-private organisation which directly profits from the Games. All other bodies involved in staging the Games at the national level are dependent on, or at least largely influenced by, the Government, mainly the central Government, including the Organising Committees. The tension with the Regulatory State is evident because its main ambition is put at risk, that of "subjecting policy choice to systemic rational analysis" (Moran, 2003: 176).

Furthermore, hosting the Olympic Games tends not to be financially profitable in the short or even medium terms. Conversely, it is contended that the Olympic Games represent a lifetime experience for a country, and not just in sporting terms. It is a chance for repositioning the country on the world-stage, increasing tourism figures and promoting unprecedented infrastructure transformation in the host cities' and countries' landscapes, among other alleged benefits.

However, if it is true that there are economic outcomes that potentially accrue from the Olympic Games, a question should be asked: what is the reason for treating them differently, and to make wider public policies so much event-led? Moreover, why does the Regulatory State, virtually universally accepted in the capitalist world, may not lend itself (at least not entirely) to the Olympic Games organisation?

This article considers these questions, drawing on the literature and on practical cases some insights in order to place the Olympic Games in the public management spectrum. For this purpose, Chapter I sets out the idea of a peculiar governance model to which the Games give rise, the "Olympic State". In addition, the first Chapter reviews the key literature that has documented the evolution of the Regulatory State.

The second Chapter aims to detail the political economy of the Olympic Games. This Chapter points out the main reasons which seem to justify an active participation from Governments in Olympic projects, from both the perspective of Governments own decision making processes and that of the external guidance by the IOC.

The third Chapter analyses one of the main elements involved in Olympic Games projects, that of tangible (or "hard") legacies. In this context, the third Chapter begins by identifying the specific features of "hard" legacy management. Subsequently, the London 2012 Games will be assessed with respect to its political implications, particularly in relation to the “hard” legacy of the Games, and its planning and management mechanism.

Ultimately, the objective of the article is to look beyond institutional tension to identify to what degree, if anything, Regulatory State principal ambitions currently inform the preparation for the Olympic Games, chiefly with respect to the management of “hard” legacies of London 2012.

I – THE REGULATORY STATE AND THE OLYMPIC GAMES

I.1 – Contextualising the "Olympic State"

The Olympic Games have been driving substantial infrastructure projects in host cities and countries for many years. The supply chain of public services, particularly traditional network utilities[2] such as transport, water, energy and telecommunications, are often redefined in some aspects, as a result of the Games influence (Jennings and Lodge, 2010). Even services without any 'public' characteristics, such as hotels, are sometimes included as an element of planned infrastructure improvements and are prone to receive unprecedented Governmental support.

What seems to be evident in the case of the last few Olympic Games is that the State has clearly shaped – or reshaped – its approach towards general infrastructure provision so as to provide for the Games (Close *et. al.*, 2007). Local, regional and mostly national – or central – Governments become more active in face of the Olympics, both in financing the event and managing the preparation (Gratton and Preuss, 2008). A similarity between the last few Games is the fact that public bodies have been at the forefront of the Olympic projects irrespective of the degree of economic clout the public sector had been exerting before the Games became a national issue (Forster and Pope, 2004).

Governmental participation in the economy is generally amplified as a result of a winning bid, which in some recent cases has occurred in contrast to the political and economic mindset of the Government and the institutional pattern of the time (Jennings and Lodge, 2009). This has happened not merely in respect of the funding of new infrastructure necessary for the Games, but also as regards the whole organisation, and sometimes the actual delivery of the Games and the management of the legacy (Forster and Pope, 2004).

Capital costs, comprising the construction of the vast majority of the infrastructure and venues, and after the Games the administration of the bulk, including the Olympic Park, tend to rely heavily on the State (Cashman, 2006). The OCOG (Organising Committee of the Olympic Games), in turn, is primarily tasked to “throw the party”. According to the Host City Contract, the Organising Committee is responsible for planning the event six or seven years before the opening ceremony, and for operating the Olympic Park up to the closing ceremony, yet not bearing any capital cost (Zimbalist, 2010).

Moreover, unlike operational revenues, which are the main source of early cash flow, the return on capital investments associated with the Games are rather uncertain (Feddersen *et. al.*, 2007).[3] In the exceptional cases where there has been surplus in the operational balance sheet of an Olympic edition, the amount was meagre compared to the total capital expenditure[4] because the operational figures of any Olympic Games account for a small fraction of the total costs.

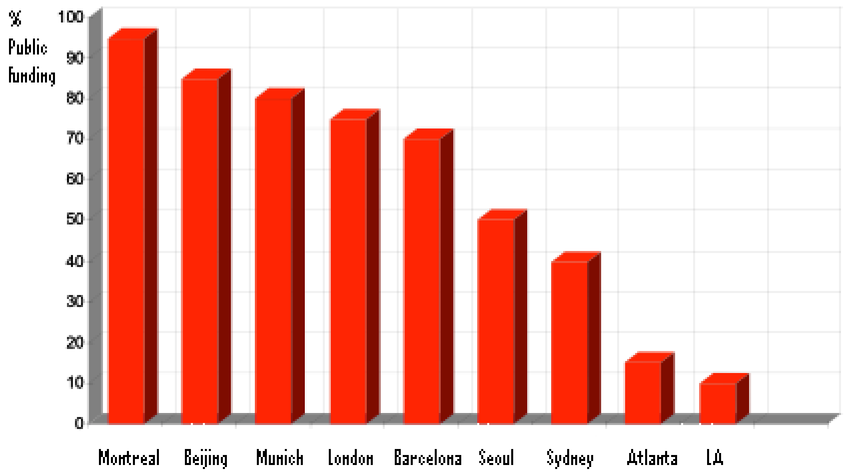
The Olympic Games have invariably prompted changes in the institutional landscape as well. For the London 2012 Olympic Games, for instance, both the delivery authority (ODA – Olympic Delivery Authority) and the company in charge of managing the use of the Olympic Park after the Games (Legacy Company – Olympic Park Legacy Company) were established as public-owned organisations. In Brazil, an Olympic Authority (Autoridade Pública Olímpica – APO) has also been set up to lead Rio de Janeiro’s infrastructure main projects in the running up to the 2016 Olympic Games. The establishment of the Brazilian Olympic Authority was a measure included in a formal covenant signed by the municipal, the state and the federal governments with the purpose of better coordinating their efforts towards the Games.

Additionally, as important as any perceivable change in the course and trend of the economic policy is the fact that the private sector is left with a quite specific role as to the preparation and management of the Olympic Games. The fact that the OCOG (Organising Committee of the Olympic Games) is generally run as a private company and is formally created as such does not dismiss the predominant public nature of the stakeholders (Jennings and Lodge, 2009).

According to Chappelet and Kubler-Mabbott (2008), pure private OCOGs are progressively disappearing; the most common nature is that of a government agency, quasi-public foundation or alike. The reason for that is two-fold. Firstly, because even for the Organising Committees the highest positions are frequently appointed, or have their nomination dependent on the formal approval or acquiescence of the Government – especially the central Government. Secondly, because the role of the OCOG is increasingly overlapping public policies, as in the case of environmental issues and sustainability (Chappelet and Kubler-Mabbott, 2008).

It is worth noting that some host countries, like China, had had highly interventionist Governments prior to the Games, and it was not a surprise that the Chinese government took the leading role and footed about 85% of the bills for infrastructure projects associated with Beijing 2008 (Poynter, 2006: 15). In other cases, however, open capitalist economies with far less interventionist Governments have hosted the Games with equivalent or even greater governmental participation. In financial terms, the paramount case is Montreal 1976, which was not only almost entirely public funded but also one of the most inefficient in terms of legacy, as a considerable amount of infrastructure and sport facilities were left unutilised (Lenskyj, 2000). The two most recent US Games, Los Angeles 1984 and Atlanta 1996, are regarded as being the very few exceptions in this respect, as the participation of the public sector was much lower. Figure 1 details the financing model of selected editions between 1972 and 2012.

Figure 1 - Public Finance Ratio for Staging the Olympic Games (selected editions)



Source: Poynter, 2006: 12.

More remarkable yet is the fact that, since Munich 1972, only the Los Angeles 1984 Games did not exceed £1 billion of overall costs (UK House of Commons, 2003). Nevertheless, it is worth pointing out that Los Angeles was the sole applicant for the 1984 Games, which gave the city considerable bargaining power with the IOC (International Olympic Committee) (Cochrane *et. al.*, 1996). In the case of Atlanta 1996, the IOC ended up not convinced that the "excessively commercial temper" of the Games had been positive, quite the opposite (Rustin, 2009: 15). Preuss (2004: 13) postulates that, once Atlanta 1996 was over, "there were loud demands not to award Games again without a governmental warranty declaration". Therefore, the last US Games and their alternative financing schemes do not seem likely to be replicated in the near future, especially after Chicago lost the 2016 Olympic bid on the same grounds.

As a consequence, despite of the IOC official discourse of tackling the gigantism of the Games (Chappelet and Kubbler-Mabbott, 2008), launched as soon as President Jacques Rogge took office, in 2001, the overall costs related to the Games have been following an upward trend since Atlanta 1996, as shown by the table below.

Table 1 – Estimated Cost of The Last and the Upcoming Olympic Games editions (in £m 2010 prices)

Host City	Year of the Games	Cost of the Games	% Increase (Atlanta 1996 equals 100)
Atlanta†	1996	1,719	---
Sidney†	2000	2,942	71%
Athens†	2004	4,571	166%
Beijing‡	2008	9,775	469%
London§	2012	9,325	442%

† From Atlanta 1996 to Athens 2004, cost figures were updated from the original source using UK CPI percentages as inflation index.

‡ Beijing 2008 cost figures are the officially planned. According to Brunet and Xinwen (2009: 169), however, the final cost of that edition could be as large as £m 20,000.

§ London 2012 figures correspond to the public fund already earmarked to the Games as of December 2010 (£m 9,325).

Sources: UK House of Commons Enquiries (HC 268) (2003), Department for Culture, Media and Sport (2010)

Therefore, given the magnitude of the financial commitments and the managerial transformation, it may be argued that, in the face of the Olympic Games, host States tend to give birth to a sub-system designed to provide for the Games. This sub-system amounts to a rather particular phenomenon, which involves multi levels of the bureaucracy, and is both influenced by and influences it in relation to every matter remotely related to the Olympic Games. It is a sort of "Olympic State" that operates inside the main bureaucratic structure.

In fact, although public bodies and officials maintain an active role throughout, the extent to which public policies adapt to the Olympic Games depends also on specific circumstances, as contingencies and crises might arise along the way. Some countries have even set up new bodies in the aftermath of the Olympics as decisions in connection with the Games still had to be made after they were finished, as was the case in Sydney 2000. Another example is the British Olympic Park Legacy Company ("Legacy Company"), established in London three years before the start of the 2012

Games, with the mission of managing and commissioning venues and facilities of the Olympic Park for a period which goes far beyond the end of the Games.

Additionally, the political devotion to the Games is subject to the environment in which the sub-system is embedded. Risks concerning missing deadlines, contingencies or crises may also cause the State to temporarily or permanently redefine its strategy, or even to replace stakeholders. This might happen at early stages as well, as it is frequent the "replacement of the bid team (often dominated by PR officials, sporting ambassadors and political fixers) with infrastructure and operational teams tasked with project delivery" (Jennings and Lodge, 2009: 08).

In sum, as contended by Cochrane *et al.* (1996), from the moment when the IOC announces the winning candidate onwards, decisions with a connection to the Olympics in the future host country turn "systematically insulated from politics-as-usual" (Cochrane *et. al.,* 1996: 1330).

I.2 – The Regulatory State Model as an Analytical Framework

Given the recent global records, any transformation that implies a change from the model where the State is essentially a regulator and a rule-making actor to one where public organisations become much more involved in economic activities, particularly in infrastructure, is significant. The Olympic Games have been constantly spurring such changes. No other mega-event of any kind has the same impact (Chappelet and Kubler-Mabbott, 2008).

Mega-events are normally classified as large-scale events with dramatic character, popular mass appeal and international significance, and are able to attract global media attention and engender significant consequences for the host city or nation (Roche, 2000). However, in the case of the Olympic Games, another aspect must be taken into consideration: they are "once-in-a-generation" test[5]. This makes the Olympics a serious venture for the host.

Returning to the political economy front, it is contended that up to late 1970, particularly in the developed world, the predominant mode of governance was that of the Welfare (or Positive) State, in which public institutions were at the forefront of the economic process, and market failures were meant to be corrected by direct State intervention. In late 1970 the dominant view began to change; another model that had as one of its pillars a less interventionist State in the economy started to spread widely (Moran, 2003).

Some of the main ideas behind the new model, which would turn out to be the new mainstream, were those of a leaner bureaucracy and minimum intervention by the State (Baldwin and Cave, 1999). Public institutions, in this sense, should be more concerned with broader issues and with "greasing the wheel" of the economy, by focusing mainly on allocative efficiencies (Prosser, 1999). Governments' toolbox would be made up of a collection of less intrusive rules and selective instruments for regulating the economy. Policy making would be separated from policy delivery as public agencies would carry out the latter by operating at arm's length from both the private sector and the Executive, with the goal of tackling specific market failures in a technocratic fashion, and ensuring credible commitments on the side of the State (Moran, 2001; Christensen, 2006).

Over the last three decades or so, countries as diverse as Brazil and the UK, for instance, have embraced this new mode of governance, that of the Regulatory State (Newbery, 2000). Techniques such as decentralisation and delegation of fundamental public services have been widely adopted during this time, in a sort of "taken-for-grantedness" movement of institutional mimetism that reached many countries (Thatcher, 2002: 136).

A clear (and desired) effect of this ideological movement over the last decades was that of shifting the State away from direct participation in the market place, notably in the case of utilities. Some scholars name this a "hollowing out" (Moran, 2003), or a process of "shrinking" the State (Feigenbaum *et. al.*, 1998). Braithwaite (2008), in turn, referred to this transformation as being a result of the consolidation of the Regulatory Capitalism, in which more capitalism (and more internationalisation) would imply more regulation.

However, in an Institutionalist perspective, the reasons for the rise of the Regulatory State go far beyond pure economic explanations, as the regulatory space where the State defines its priorities, policies and goals influences every reform (Hancher and Moran, 1989). There are "path dependence" and "institutional endowments" that influence every kind of regulatory policy. Consequently, as infrastructure industries have become essential to the modern State (Lodge, 2008), public policy towards them "will inevitably reflect deeper political and cultural features of society, as will institutions that evolve in response to these factors" (Newbery, 2000: 02).

Lodge (2008) thoughtfully summarises the rise of the Regulatory State by three factors: (i) disappointment with the inability of the Welfare State to achieve socially desirable goals; (ii) strategic choices, both in the economic and in the political domains; and (iii) habit change, or a sort of "snowball effect" of international standardisation aimed at assuring "credible commitments" and providing reliable safeguards in an international economy context. According to the same author, the Regulatory State era would be characterised by three main interrelated policy choices: (i) the privatisation of activities formerly undertaken by State organisations; (ii) the emergence of formally autonomous regulatory agencies; (iii) formalisation and contractualisation of relationships (Lodge, 2008).

Equally, the pure economic and rational arguments, in which the Regulatory State model has officially based its very existence, does not seem to be able to explain the substantial influence that a temporary and risky event like the Olympic Games has in every host governmental structure. While the economic reasons for hosting the Games and the potential legacies from them arguably exist (as will be discussed below), some authors take a much more pessimistic view, and go as far as to state that "the task of justifying a major event [e.g. the Olympic Games] on economic grounds is like trying to justify the construction of a bridge that is going to be used for two weeks only" (Atkinson *et. al.*, 2008: 421).

The "Olympic State" in reality amounts to an event-led management approach that does not fit into any pre-conceived model of governance nor of urban planning (Chalkley and Essex: 1999). Some authors make the case that in terms of public expenditure, Olympics investments hardly pass basic economic tests because future and higher returns on the resources re-allocated to the Games are highly uncertain (Forster and Pope, 2004).

Overall, contradictions, and individual and partisan interests are behind every iconic project such as the Olympic Games (Moran, 2001; 2003). Therefore, it seems that systemic rather than narrow approaches are more useful to explain why Governments adapt so devotedly and quickly to the necessities of an Olympic endeavour. The shift in public policies towards infrastructure in exchange for the "honour and responsibility of hosting the Olympic Games" (Olympic Charter, item 33.2) does reflect normative and political contexts.

How a host country uses the Games to generate positive legacies goes hand-in-hand with its idiosyncrasies. However, the bottom-line rests upon the fact that in the case of any Olympic preparation there is rarely opportunity for "trial and error" because deadlines and requirements are fairly strict. While in the Regulatory State one of the ambitions is to ensure that "policy process is intelligent enough to allow modification or abandonment of projects as the initial mistake becomes clear" (Moran, 2001: 418), there is no time for major adaptations along an Olympic Games preparation.

In summary, there are major dissimilarities between the two global phenomena as far as their nature and ambitions are concerned. Given that, two questions may arise. Firstly, why do countries and their leaders decide to go throw this clash of policies? Secondly, is there any space for conciliation between both, in other words, do mainstream Regulatory State practices remain somehow valid within the "Olympic State"?

II – THE POLITICAL ECONOMY OF THE OLYMPIC GAMES AND THE REASONS FOR STAGING THE OLYMPICS

It is necessary to delve deep to understand why Governments themselves are so adamant about Olympic projects, and to find the reasons that explain why some otherwise consolidated and unquestionable policies seem to pale into insignificance compared to the lure of the "Olympic State". This chapter contemplates an attempt to disentangle different natures of conditions and incentives that help to elucidate why Governments opt to embark in an Olympic project. They are of two categories, namely external and internal drivers.

To start with, it is worth remarking that the contemporary Olympic Movement[6] has become distinctively market-oriented. Rustin (2009) sees Olympism[7] as having adapted seamlessly to Globalisation and to the hegemonic market environment. However, it is also noticeable that the adaptation of the Olympic Movement to Globalisation, and the consequent corporatisation of the Olympics, has not occurred through concrete initiatives towards less reliance on public funds, nor have candidate cities and host Governments shied away from backing expensive Olympic Games tenders (Forster and Pope, 2004). Quite the opposite.

In pursuit of profit maximisation, and at the same time seeking to ensure that the Games will live up to its expectations and satisfy its strict demands, the IOC has come up with a financial and marketing strategy for attracting private capital *in addition* to large public outlays to finance the Games. In this way, the IOC has succeeded in making the Games increasingly profitable, due to its popularity (Feddersen *et. al.*, 2007).

The IOC takes also full advantage of the fact that Governments and their representatives put their reputations, and that of the whole nation, at stake, which makes any failure in delivering the Olympics terribly dangerous. In addition, Governments generally allocate considerable funds and borrow extra amounts, if necessary, quicker than any private company. Thus, having Governments committed and legally responsible for the organisation makes things easier for the owner of the “franchise”, the IOC (Preuss, 2004).

Moreover, the Olympic Movement is largely self-regulated and self-referenced. It is also highly independent from outside mechanisms of control, including States’ powers and international public laws (Chappelet and Kubler-Mabbott, 2008). Consequently, the IOC has a broad leeway to autonomously create rules that partly explain why Governments cannot be absent in any Olympic project.

The IOC sets rules that make host Governments the guarantors of last resort for the Olympic Games. These rules are mainly in the Olympic Charter and the Host City Contract. Altogether, they make it evident that the IOC “will not look seriously at a candidate city unless it is able to demonstrate that it has the backing of all levels of Governments” (Hill, 1996: 73). On the other hand, the IOC is exempted from every sort of financial burden, as stated by the item 37 of the Olympic Charter: “… the IOC shall have no financial responsibility whatsoever in respect of the organisation and staging of the Olympic Games.”

The IOC is also increasingly concerned about making sure that the organisations in charge of the preparation will find at their disposal enough instruments to take forward the Olympic projects and effectively accomplish what had been planned and committed from the onset (Hill, 1996). For instance, both London and Rio de Janeiro, even before winning the bids for the 2012 and 2016 Games respectively, committed themselves to setting up delivery authorities separated from the central Government, both tasked with managing the most relevant investments for the Olympics (IOC, 2005; 2009), as commented above.

The whole set of IOC requirements amount to external causes for the Government decision to participate in an Olympic tendering. Those requirements are not under the jurisdiction or direct control of Governments, but they do make States bound to their commitments.

On the other side, there are also internal incentives for Governments and politicians to commit themselves, the city and the nation to the IOC’s requirements.

Partisan interests usually welcome the Games, considering the impressive popularity of the Olympics. In addition, there are tangible gains that explain the increasing interest of nations to bid to the Olympics – the so-called “hard legacies” (Feddersen *et. al.*, 2007). There are also potential intangible benefits for the city and the country – “soft legacies”. This two-fold legacy is commonly presented as technical arguments for any bid (Gratton and Preuss, 2008).

Firstly, the opportunity to put the city and the country under the Olympic spotlight fascinates the elites (Roche, 2000). For Government leaders it is a chance to promote their visions, and for collective and individual gains. Equally, the Olympics may represent a convenient solution to generate political consensus over particular policies and programmes (Blakeley, 2010). Specific private groups are likely to benefit more with the Games too, such as “construction companies and their unions, architectural firms, investment bankers, lawyers and others” (Siegfried and Zimbalist, 2006).

Secondly, Olympic Games amuse the general public as well (Roche, 2000), who are often convinced by arguments of national pride, image fortification and economic benefits. As explained by Blakeley (2010: 140), government strategy brings politicians, private sector and citizens together, exhorting them to work for the same team, which makes “opposing and alternative views and projects difficult to voice”. Ken Livingston, the former Mayor of London, publicly defended his city’s Olympic project against what he called “cynics and pessimists” (sic) (Livingston, 2007).

In this respect, it is worth mentioning that polls commissioned prior to the IOC’s decision as to the host city for the 2012 Olympics have shown that the percentage of support within London’s population was as high as 68%, while in the UK at large it was of 70% (Atkinson *et. al.*, 2008: 426). In 2007, when London had already been awarded the 2012 Olympics, the British Department for Culture, Media and Sport (DCMS) commissioned research which showed that 76% of the UK population was “pleased” with London hosting the 2012 Games (DCMS, 2007: 17).

However, the potential outcomes of the Games are not merely immaterial and material dividends to elites. The legacy of the Olympics, which in theory can be positive or negative, is “multi-dimensional” (Gratton and Preuss, 2008). According to Preuss (2004: 26), the legacy should be measured “in the infrastructure, social, political, ecological and sporting impacts a city and a country receive from the Games and not in a simple subtraction of the expenditure from the revenues”.

Both intangible and tangible legacies may result from the Games and benefit hosts cities and countries. A large body of research has examined these two categories of legacies. For the present purpose, it is enough to differentiate them. Intangible legacies have to do particularly with the image of the city and country from outside, and the “feel good” factor the Olympics engender in the population, by boosting people’s moral and the national pride (Close *et. al.*, 2007). It is understood that intangible legacies are likely to render positive economic and political gains.

In this sense, global cities and major countries like London and the UK would benefit from the Games by reaffirming their positions in the global scenario, and by differentiating themselves from their main rivals (Vigor *et. al.*, 2004). In other cases, cities and countries such as Seoul and Korea, Barcelona and Spain, and Beijing and China have built on the Games to transform an image of backwardness into modernity (Close *et. al.*, 2007).

On the other hand, tangible legacies have to do with any measurable economic benefit from the Games. The prominent example is the improvement in infrastructure, including utility networks, sports venues and facilities, together with hotels, airports, ports, commercial centres and so on (Poynter, 2009). In fact, tangible impacts are not necessarily “hard”, as indirect benefits such as an increase in tourism spending, rise in investments and consumption and other similar elements could also be measured and assessed with respect to their performances as a result of the Games.

What is more relevant is to bear in mind that both types of legacies, tangible and intangible, are arguably targeted by Governments when they decide to support a bid for the Olympic Games. Investing to produce these legacies would generate a fillip to the local and national economy. However, at the same time that legacies may promote economic and geopolitical benefits, the can also contribute to opportunistic gains, especially for politicians and their private allies.

In any sense, political dividends, and tangible and intangible legacies are to a large extent under the control and management of local and national Governments. In particular, Governments are able to decide on the magnitude and type of the legacy. Consequently, those aspects are internal drivers for the State – and their leaders – to back the Olympic Games. Combined to the external drivers explained above these internal incentives have been paving the way for the vast majority of Olympic bids.

III – PRODUCING “HARD” LEGACIES – A CHANCE TO REDRESS THE BALANCE?

III.1 – Managing Tangible Legacies

Cashman (2006: 15) emphasises that tangible[8] (or “hard”) legacies of the Olympics are neither self-evident nor necessarily positive, as they do not “flow to a community at the end of the Games as a matter of course”. In this respect, it has been argued in this article that there have been differences depending on hosts’ characteristics and on the scale of the infrastructure the organisers planned to construct for the Games. Nonetheless, what seems to vary most is the actual management of what is meant to become “hard” legacy (Cashman, 2009).

A particularity as to “hard” legacies of Olympic Games is that some tangible projects are contingent to the Games. The Olympics may represent a facilitator, accelerating infrastructure projects that would not be otherwise completed within the same time frame, or would not even be conceived in the first place (Gratton and Preuss, 2008). The Games are able to create sufficient momentum to intervene in the city’s and country’s public infrastructure and urbanisation, whether it is through utilities’ network upgrades or new sports facilities, venues and parks.

A second particularity with respect to “hard” legacies concerns the governance model generally employed by the Games. Having identified earlier in this article that the bidding and mostly the preparation for the Games are to a large extent reliant on the public sector, it is unsurprising that the management of tangible legacies tends to follow such pattern. In legacy management, the idea of a quasi-public governance model is very likely to remain, which would subject it to the same *ad hoc* “Olympic State”.

In addition, an atypical infrastructure transformation in Olympic cities places a great deal of pressure on planners, as there are unchangeable deadlines, and possibly no opportunity for “trial and error” and to bounce back (Jennings and Lodge, 2010). As a result, although the general trend is that of a massive public support, the way in which it occurs varies from one Olympic edition to the other. “Hard” legacies are also largely dependent on the willingness of the Government to, on the one hand, build new public infrastructure and a string of first-class sport venues, and on the other hand to rely on consolidated methods of public management in order not to usher an unnecessary drain on the public purse.

Given that, it is worth shedding some light on the upcoming Olympics edition, that of London 2012, so as to explore how the UK is building on the preparation for the next Games to produce positive "hard" legacies. The methodology will be that of investigating the motivations for the bid and also the governance scheme designed for the Games. Further, London 2012 organisation and its main stakeholders' roles will be assessed in accordance with the principal features of an iconic project, especially as described by Michael Moran (2001), and its degree of alignment with the Regulatory State. Ultimately, the aim is to understand whether or not the Regulatory State informs the preparation for the Olympic Games, predominantly in relation to tangible legacies management.

III.2. London 2012 and the Regulatory State – Conciliating Instruments

It is argued that the IOC left a clear message to the British delegates after three unsuccessful bids by both Birmingham (1992) and Manchester (1996 and 2000): if the UK really wanted to have a chance to win, it had to bid with London (Lee, 2006). Not only had London 2012 bidding team understood that message very clearly but something more, as they sustained the bid on a message of enduring sporting, social and economic legacy to the country, and particularly on the regeneration of a deprived area in East London (LOCOG, Candidate File, 2004). From 2001 onwards, probably as a result of corruption scandals (e.g. Salt Lake City Games) and the subsequent pursuit for greater legitimacy and better reputation, the IOC has placed more importance on the legacy of the Games (Cashman, 2009). London 2012 took advantage of that.

The London Olympic project was conceived fully attuned to IOC's mindset, and based on the idea of creating a powerful social and economic message, both inside and outside the country (MacRury and Poynter, 2008). According to Rustin (2009: 19), "the bid for the London Games was shaped in response to judgements about what the IOC, the voting nations, and British public opinion, would most readily respond to".

What was less advertised was that reaffirming London as a global city and the UK as a modern and dynamic country was seemingly an even more important reason for the bid, according to a senior official with a major role as to London 2012 management (Interview, August 2010). This official makes the point that international reputation was much more a direct aim than tangible legacies, including the most-touted regeneration of East London:

> ". . . to my mind the country decided it wanted to host an Olympic Games for national prestige purposes, but having decided that, they wanted a good outcome to be the regeneration of East London . . . you could have regenerated East London with less money and more efficiently than staging an Olympic Games. So it's a by-product" (emphasis added)

Thus, according to the quoted senior official (Interview, August 2010), London 2012 was primarily conceived to generate a "soft" legacy in the form of national pride and the country's and city's image. It is believed that in the contemporary capitalist world "soft" legacies are immaterial capital more easily accumulated when the country is linked to values of multiculturalism, modernity and liberalism, all associated to the Olympic Games (Close *et. al.*, 2007). Gratton and Preuss (2008) explain that the symbolism of the Games does have an economic motivation behind it. Cities strive in constant global competition, and a positive image could encourage investors' perception and lead the host city to a better position in the race against its rivals (Gratton and Preuss, 2008).

Nevertheless, Michael Moran's approach (2001) may suggest a not so glorious end to London 2012. With such an iconic value, the London Games could become another "fiasco" in Britain, whose history would be full of disastrous projects resultant from the participation of the Government in circumstances of symbolic commitments and partisan interests, at the expense of rationality and the credibility of robust methods of evaluation. In other words, "fatally compromising the ambitions of the Regulatory State" (Moran, 2001: 425). Jennings and Lodge (2010: 12) resonate this view by arguing that "the London bid and planning was awash with a series of 'czars' and czar-like figures responsible for inter-connecting and fixing its overlapping political and administrative jurisdiction as well as complex institutional structures".

Unsurprisingly, for the Games, large-scale infrastructure projects have emerged, alongside new organisations and laws. The most imposing project is the Olympic Park itself, a massive site full of first-class sport venues and equipments erected in East London. In addition to the Park, several new plans involving utilities had to be designed or rescheduled ahead of the Games. Overhead power lines, for instance, had to be grounded in and around the Olympic Park area. Also, in a very peculiar case, OFGEM (Office of Gas and Electricity Markets – the electricity regulator) had to decide to assign the costs of some new energy projects carried out by EDF Energy in the Park region to the British Government, because otherwise the company would have to be allowed by the regulator to charge its costumers by raising tariffs.

Organisationally, it was precisely after the IOC announced that London would host the 2012 Olympic Games, in 2005, that a handful of governmental or quasi-governmental (or quasi-private) institutions got engaged in the Olympics, which had the effect of putting the State at the heart of the preparation for the Games. More specifically, the regeneration of East London for the Olympic Games is a project which reinforces the state control over its legacy (MacRury and Poynter, 2008). In this context, it is intriguing to speculate how "hard" legacy could possibly become a priority for London 2012 organisers.

In fact, it seems the organisation for London 2012 has built on previous experiences of mega-events which took place in the country as a means to design the legacy strategy. The first experience to inform the preparation for the Olympics was that of the Millennium Dome project (Newman, 2007). This was a mega-project designed to showcase London at the turning from the 20th to the 21th century, which involved the construction of a gigantic arena in Greenwich, London. The Millennium Dome was plagued by serious problems of management and planning (Thornley, 2000). The project was originally conceived to be privately operated but ended up being fully publicly funded (Moran, 2001). Marketing and ticketing targets have not been achieved and post-event plans were almost non-existent (Thornley, 2000). It was until after consuming nearly £3 billion (including a wider programme of grants) that the Millennium Dome was handed over to a private company and became the O2 Arena in 2005 (Jennings, 2010).

Unlike the Millennium Dome, the 2002 Manchester Commonwealth Games is assumed to be an example of good organisation and legacy planning (Gratton and Preuss, 2008). According to the senior official mentioned above (Interview, August 2010), Manchester reflected upon legacy and post-use of venues at the initial stage. Vigor (2004) maintains that Manchester identified a range of ancillary projects that could run alongside the Games in order to maximise the opportunity and take the most of the change to stage those Games, which cost around £670 million (Gratton and Preuss, 2008: 1929).

London 2012 has been informed by these two previous events, one markedly negative and the other potentially positive, together with some management tools already tested in Olympic editions held in other countries. Altogether these elements partly explain the concepts, ideology and plans adopted to spend over £9 billion pounds of public funding plus the costs of operation of the Legacy Company (NAO, 2010)[9].

But what most distinguishes London 2012 is the existence of an Olympic Delivery Authority (ODA) and the Legacy Company, both public-owned. The ODA is the main body responsible for the construction of the venues and the infrastructure investments required for the Games. The ODA has around £7 billion of the public Olympic budget, being the largest individual part of the total public funding allocated for London 2012 (NAO, 2010). The Legacy Company is, in turn, an organisation set up in 2009 by the Mayor of London along with the Central Government to manage the development of the Olympic Park after the 2012 Olympics. Legacy Company's remit is solely the Olympic Park, not the surrounding areas.

ODA and Legacy Company are to operate hand in hand with London Organising Committee of the Olympic Games (LOCOG). The Organising Committee is expected to be self-financing, and throughout the preparation for the Games it is responsible for raising private money and signing commercial contracts for the event (NAO, 2010). During the weeks of the Games, LOCOG will take the lead.

All of these organisations operate under the coordination and supervision of the Olympic Board, which is the overall decision making body, and the Government Olympic Executive. Their roles are complemented by regular hearings in the Parliament and also by the monitoring of the National Audit Office (NAO), which periodically releases reports on the preparations for the Games. In addition, there are crucial rules and frameworks that aim to ensure the mandate and responsibilities of those organisations, among which is the Olympic Act, which created the ODA, and the Legacy Master Plan, produced by the Department of Culture, Media and Sport (DCMS) with the objective of detailing how the organisers will keep their five "promises" made in 2007, in the document named "Our Promises to 2012" (DCMS, 2008)[10].

At this point it is worth returning to Moran's approach (2001) in order to draw the main distinctions as to London 2012 governance model. That author's analysis on mega-projects and the likelihood of them ending up being "fiascos", consequently moving away from the Regulatory State model, is summarised by two main features. The first one is the intangibility of the goals. To Moran (2001: 425), intangibles in iconic projects are more likely to "resist to the measure and evaluation of the Regulatory State". Intangible (or "soft") elements are definitely the case of London 2012, which was originally oriented to cater for symbolic and reputational values (Interview, August 2010). This in reality is a particularity of the Olympic Games, which "are an example of symbolic politics or entertainment spectacle that some argue are a substitute for social engineering and technocratic ambitions of the high modernistic States and society" (Jennings and Lodge, 2010: 162). Hence, in respect of the first feature pointed by Moran (2001), London 2012 appears to depart from the Regulatory State model because their natures and ambitions are different.

The second feature pointed out by Moran is the risk of the operation of iconic projects to be appropriated by actors in high politics themselves least interested in and least equipped for the complexity of steering a Olympic preparation (Moran, 2001). As for London 2012, this risk is not as evident as in the case of intangibility (first feature). Although the main bodies involved in London 2012 are politicised to some degree, including as to nomination, the real politicisation seems to have taken place at the outset, when "high politics" had the greatest influence and set the concept of the London Games. During the stage of preparation there does not appear to be much room for the Olympic Project to be manoeuvred directly by incompetent political actors.

The structure created for the Games, which is also constrained by the supervision of the Parliament and the NAO, may be deemed to be somehow in line with the Regulatory State. Thus, it suggests that at the same time as the British Regulatory State may permit attempts of agenda-setting by initiatives of hyper-politicised iconic projects, in relation to the day-to-day of governmental functioning, including the operation of a major project such as the Olympic Games, the British "institutional endowment" makes the Regulatory State maxims much more resilient.

Jennings and Lodge (2010: 177) reinforce this assumption by commenting that the organisational structure created by the Government "allowed for input from, and delegation to, expert and specialist functions of Olympic organizations and agencies". Even though connected to political "czars", the formal structure seems to resemble the Regulatory State. This demonstrates that the organisation for the Games has inherited something from the British institutional tradition, which is marked by the early adoption of principles such as decentralisation, delegation to specialised and independent bodies, and the use of cutting-edge technical methodologies (Moran, 2003).

However, there is also a possible problem concerning co-ordination in this case, which could also move London 2012 staging scheme away from the inheritance of the Regulatory State. Jennings and Lodge (2010) explain that in the case of mega-events the attempt to promote co-ordination among the bodies involved (some new in the institutional spectrum, such as the ODA, the Legacy Company and the LOCOG) could end up enhancing operational fragmentation and geographical overlapping. The NAO (2010: 20; 29) has discussed these threats in the following way:

> "Successful delivery of the programme, however, requires integration and coordination across its various activities. . ."

> "The need for clarity on scope and boundary issues between LOCOG and the Delivery Authority is a point that has been emphasised in successive NAO reports."

The problem with co-ordination in special has to be addressed in order to adjust the "Olympic State" to the Regulatory State. Although co-ordination is an issue even without the Olympic Games, with them political control over the institutions involved in delivering the Olympics may replace the usual managerial control proper to the Regulatory State.

In sum, if on the one hand there seems to be “institutional endowment” and “path dependence” enabling some influence of Regulatory State methods in the organisation for London 2012, on the other hand, even in the UK, which stood out in the transition from the Positive State (Moran, 2003), the adequacy of the Olympics to the Regulatory State has proved incomplete. Symbolic politics have the power to harm rational commitments and jeopardise intra-governmental co-ordination, and the Olympic Games management may well be plagued by that.

Therefore, if delivering an Olympics is an irrational decision from the perspective of the Regulatory State, as postulated by Moran (2001), the likelihood of London 2012 keeping the promise of a lasting legacy for the city and the country lies partly with the capacity of the organisers to become smarter, in the sense given by the literature on the Regulatory State (Black, 2005). If ambitions and natures are distinct, instruments, including institutional arrangements and collective decision-making, are the way through which the Regulatory State have informed the functioning of the “Olympic State” in the London 2012 case.

CONCLUSION

In this article it has been argued that the current Olympic Games are organisationally and financially a public enterprise. Throughout the years of preparation for an Olympic Games edition, Governments have predominantly taken the leading role by investing heavily – both financially and politically – in the project and creating complex governance fabrics to implement all of them, in a movement which largely contradicts the recent predominance of the Regulatory State mode of governance worldwide.

The first Chapter in particular has detailed how an “Olympic State” emerges from inside the Regulatory State, and also the mismatch between this institutional model and the decision to stage the Olympics. If the Regulatory State is about rationalisation, prediction, specialisation and leaner public intervention, the Olympic Games usually requires an active, interventionist and enlarged State, willing to make decisions not properly in line with Regulatory State principles.

Chapter 2 has showed that it is crucial to understand that there are both external and internal causes for the Government to stand up and lead the Olympic Project, and relevant public policies, in a different fashion. The IOC, on its side, demands unequivocal public compromise as a way to secure return on its sole product, the Olympic Games. At the national level, there are opportunistic incentives for the State, that is, its leaders, to commit the country to an iconic project which is very likely to benefit the elites in the short term and later, under a much more complex combination of factors, the country as a whole.

There is arguably space for countries to capitalise on the Games by repositioning themselves on the world stage, and by using the Games to advance public policies for which consensus has previously been difficult to achieve. On this account, Governments have been justifying the Games to the general public as a great leap forward and as a means for a radical break with the past.

However credible the arguments on a given Olympic edition, it does not seem fair to say that some problems, such as the existence of deprived urban areas in a country, localised lack of housing, insufficient public transport and deficient sport engagement, are all caused by the lack of an Olympic Games. These issues are persistently presented by candidate cities as arguments for staging the Games, and it appears generally inconsistent to promise to the nation that by “olympifying” public policies those problems will be solved all at once.

This article has thereafter focused specifically on the management of tangible (or “hard”) legacies of the Olympics. Chapter 3 demonstrated that “hard” outcomes of an Olympic Games usually carry a history of substantial outlays. It is a rather sensible element because, in a one-off mega-event, crucial infrastructure investments may not be sufficiently resilient to bounce back if a major problem arises. Furthermore, “hard” legacies represent evidence in concrete, steal, wire and pipes of the Olympic Games organising performance.

More recently, however, the use of consolidated methodologies to gauge crucial numbers before, during and after the preparations for the Games, and also some sort of delegation to dedicated bodies tasked with specific responsibilities, suggest that the Regulatory State could be married to the Olympic projects. In the particular case of London 2012, considering that in the UK it is difficult to disentangle the Regulatory State from British “institutional endowment”, it seems equally complicated to precisely define the extent to which that mode of governance has, on one hand, been thwarted by London 2012 and, on the other, collaborated with it. At the same time that ambitions and nature are conflicting, instruments may promote some intersection between both.

London 2012 was taken as a case study in the last section of the article, and is an important example because the UK has stood out in the transition from the Positive to the Regulatory State, since late 1970. In this respect, Moran (2003: 174) has elaborated on other symbiotic cases of iconic projects and hyper-politicisation in Britain to find out that, although they represent the reverse of what is intended in the Regulatory State, at the same time “it is hard to either fully to exonerate or fully to implicate the new Regulatory State in these affairs [in the UK]”. Thus, it should not be expected that even for London 2012 the technicality of the Regulatory State would simply defeat the immateriality and the politicisation of the Games like a gold medallist smashing an Olympic record.

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[1] In this article, all of the following terminologies will be used in reference to the "Summer Olympic and Paralympic Games", unless otherwise stated: Olympic Games, Olympics, Games; and in the case of any specific edition, just the name of the city and the respective year, e.g. London 2012.

[2] According to Brian Levy and Pablo Spiller (1994: 203), utilities feature three main characteristics: (i) important economies of scale and scope; (ii) most assets are highly specific and non-redeployable; and (iii) broad range of users, usually overlapping the voting population of the country.

[3] Bidding teams commonly produce upfront Cost Benefit Analysis that normally present unrealistic figures and underestimated costs (Cha, 2009).

[4] In Beijing 2008, for instance, the official surplus of the Organising Committee was US$ 16 million, whereas the investment in infrastructure amounted to more than US$ 14 billion (Brunet and Xinwen, 2009: 167).

[5] Since Athens 1986, with the exception of the war years, modern Olympics have taken place every 4 years in several countries. With the 2012 Games, London will become the only city to stage the Olympics three times, which makes up one Olympic edition every 38,7 years.

[6] "The Olympic Movement is the concerted, organised, 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. It covers the five continents. It reaches its peak with the bringing together of the world's athletes at the great sports festival, the Olympic Games. Its symbol is five interlaced rings." (Olympic Charter, item 3)

[7] "Olympism is a philosophy of life, exalting and combining in a balanced whole the qualities of body, will and mind. Blending sport with culture and education, Olympism seeks to create a way of life based on the joy of effort, the educational value of good example and respect for universal fundamental ethical principles." (Olympic Charter, item 1)

[8] In this chapter, tangible legacies will be treated as material legacies only, i.e. "hard" legacies, particularly infrastructure constructions in relation to utilities networks, sports venues and facilities, together with hotels, airports, ports, commercial centres and such like, unless otherwise stated.

[9] Legacy Company costs are not included in the public funding for the Games. They are funded by the London Development Agency and Communities and Local Government (NAO, 2010).

[10] Those promises are: 1. To make the UK a world-leading sporting nation; 2. To transform the heart of East London; 3. To inspire a generation of young people; 4. To make the Olympic Park a blueprint for sustainable living; and 5. To demonstrate the UK is a creative, inclusive and welcoming place to live in, visit and for business.