

## Sochi 2014 – A BRIC on the Road to Perdition

### Introduction

The 2014 Sochi Winter Games were the most expensive Olympics ever held, with a price tag of USD 51 billion. In addition to serving as a mechanism for wealth distribution within Russia's oligarchic networks, the Putin government used the Sochi Games to consolidate Russia's geo-political position at multiple scales (Remnick 2014; Petersson 2014; Arnold and Foxall 2014; Persson and Petersson 2014). While sports mega-events have long played a key role in the exercise of so-called soft power, great nation narratives were highly present in official discourse and were matched by Russian military action in Ukraine and Crimea, the latter being annexed to Russia just after the Sochi Closing Ceremonies.

While geo-political restructuring may have been the most enduring external legacy of the Sochi Olympics, the ways in which the hosting of the Games impacted regional urban dynamics is also of concern. Even if we can assume a 50% corruption cost for construction projects (Müller 2014), the demands of the event ensured that tens of billions would be invested in physical infrastructure, with commensurately large impacts on the environment, transportation, tourist, and sports infrastructure. The long term effects of these investments are still unfolding, and what we propose here is an examination of one of the most expensive and visible projects in order to assess the impacts of the 2014 Winter Olympics on regional infrastructure and livelihoods in Greater Sochi.

In this study we undertake an analysis of the combined road and rail project developed for the 2014 Sochi Games from a materialist perspective. We seek to uncover the degree to which these projects conform or diverge from a series of primary assumptions regarding mega-event related infrastructure projects in recent host cities. In a first moment, we lay out these assumptions as evidenced in the literature, building a case for why it is likely that Sochi 2014 infrastructure would cohere to previous models. Secondly, we examine these assumptions within the context of preparing and hosting the Olympics. In a third moment, we look at the geographic dynamics of the Sochi region impacted by the Olympics, turning to the road and rail system that linked the coastal Olympic cluster with the mountain cluster. We conclude by connecting the development and delivery of superfluous, over-priced, and ineffective transportation infrastructure to the exogenous demands of the IOC that were exacerbated by the conditioning factors of Russia's neo-patrimonial redistributive mechanisms.

### Assumptions about sports mega-events and infrastructure

The abundant literature regarding the development of Olympic infrastructure is clear: the association of large-scale infrastructure projects with the time-specificities of a mega-event will guarantee that they

run over budget (Kassens-Noor 2012a; Zimbalist 2015; Horne and Whannel 2012). The average cost overruns for the World Cup and Olympics over the past 25 years is in excess of 175% (Zimbalist 2015). While it is difficult to do so, if we separate the infrastructure projects from the operations of the Games themselves, the tendency towards price inflation is likely to be even greater than the average for the Games themselves. This is because the IOC, which has an interest in limiting their costs, largely finances Games operations (called OCOG, Operational Costs of the Olympic Games). These costs are different from the urban infrastructure projects whose costs (aka, non-OCOG) are borne by the public. The non-OCOG costs are, however, essential to Olympic operations as they include transportation, housing, security, and tourist services. Thus, they are subject to the same time constraints as Games operations, a condition that increases costs while reducing transparency and accountability (Alves dos Santos Junior, Gaffney, and Ribeiro 2015).

The development of Olympic-related projects happens within a politico-juridical state of exception that encourages fast-tracked planning, contracting, and execution (Müller 2011). The development of ad-hoc governmental autarchies designed to channel public monies to Games infrastructure creates additional opportunities for graft and extends the distance between the public and public policy (Gusmão de Oliveira 2015). These processes happen within a city's pre-existing political economy: a status quo ante that conditions the ways in which event planning and contracts are managed. For example, if a city has a construction secretariat responsible for public works such as road building, it would be likely that the same secretariat would be responsible for delivering Olympic road projects, keeping public funds within a public network. Conversely, if private companies dominate a city's urban infrastructure development, then it is likely that the private sector would benefit from the increased flows of capital through the construction sector (Rodrigues 2015). Games' related construction projects happen, therefore, within a framework that is altered by the exceptional conditions and demands of the event, but that also has significant continuity within pre-existing urban power dynamics (Brownill, Keivani, and Pereira 2013). This generalized condition applies across all host cities, accentuating positive and negative attributes within a given political economy.

Exacerbating the problems of Olympic construction are the inducements to under-bid projects and over deliver infrastructure during the candidature stage. The bidding process for Olympic Games is such that lower bids will have more popular appeal, while extravagant infrastructure projects (aka urban bling) will appeal to the IOC. This existential tension plays out on the urban landscape through blown budgets and over-built projects that are only minimally useful in a post-event context. The immediate post-Games abandonment and decay of Olympic infrastructure is common (Young 2015), with the most egregious examples being the insertion of transportation corridors that permanently alter the urban fabric, conditioning circulation and development patterns for decades (Kassens-Noor 2012b). In general, there are enough examples from a variety of Olympic hosts to suggest that the short-term demands of

events generate long term impacts that tend to exacerbate uneven development and increase opportunity costs over time.

Within this dynamic conjuncture, the public costs of the Olympic Games function as redistributive mechanisms within existing political economies at various scales. The need for ad hoc, temporary autarchies to carry off Games projects favours entrenched and vested interests, who are likely to have had influence over the bid process and selection of eventual projects. These dynamics can be inserted within the global political economy of sport, where FIFA and the IOC exercise control over a business model that can extract monopoly rents from cities. Within the cities themselves, the contractual relationships with FIFA and the IOC unleash a cascading series of political, financial, and physical interventions that have enduring impacts on host populations and territories.

### **Russian political economy and developments in Sochi**

Business in Russia – especially government business – is largely dependent on personal connections. These networks provide opportunities, access to resources, and protection, blurring the spaces between friendship, patronage, and corruption. In Russia it is hard to say precisely where business culture ends and criminality begins. Daily trade in mundane favours is an acceptable way of dealing with bureaucratic hurdles and inefficient service provision. Similarly, the exchange of political and economic favours at larger scales can influence the awarding of major contracts, suites of executive privileges, or important government posts. In the context of Russia's neo-patrimonial distribution of state funded contracts, the Sochi Games were always going to hew to the dominant paradigm in which personal networks permeate government, business, and private life. Within this conjuncture there are significant pressures to resist institutional transparency or other accountability mechanisms. While the contracting and delivery of Olympic projects are always clouded with suspicions of graft, in the Russian context they approximated a pure state of opacity, making exact accounting difficult (and dangerous).

The planning agenda for the 2014 Olympics envisioned the transformation of Sochi from a sleepy, somewhat dilapidated Soviet-era resort town into the Russian Riviera, a statement of relaxed luxury replete with gleaming hotels and leisure opportunities for the Russian oligarchy and the international tourist class. On the eastern shores of the Black Sea, authorities constructed a cluster of Olympic stadiums to host ice hockey, skating, and the opening and closing ceremonies; in the mountains about 40km away, they took the seed of a Soviet ski facility and grew it into a sprawling network of international-grade ski slopes with their attendant services. In the process, Sochi 2014 stimulated the construction of entirely new towns in the mountains with hotels, stores, restaurants, clubs, administrative centers, roads, and parking. These projects were visually dramatic, hugely expensive, and had immediate impacts on human communities, urban configurations, regional transportation, and the physical landscape.

The inscrutable public-private networks that coalesced around the 2014 Sochi Olympics shaped the physical transformations of the city and region. Massive construction contracts were awarded to well-connected companies, including those owned by personal friends of the Russian president. Low-interest government loans were extended to Russia's largest construction firms to build hotels and shopping malls, and when these proved to be financial liabilities after the Games, the federal government forgave the debts. A mushrooming field of subcontractors and shell companies won no-bid contracts that served to drive up costs, which were overwhelmingly public. These projects did not just create new infrastructure in the region; they also served to redistribute wealth from public coffers into private hands. This process occurred with little oversight and limited public input.

Within the context of a neo-patrimonial Russian state in the early 21<sup>st</sup> century, the Sochi Olympics served a number of intertwined ends. In addition to pushing a Great Power narrative, the Games emphasized "Russian state accomplishments" to a domestic audience "in a way that filled the ideological void created by the collapse of communism" (ORTTUNG AND ZHEMUKHOV 2014, 176; WOLFE 2015). The symbolic capital of the Olympics allowed for the exploitation of a weakly controlled public sector that used the opportunity presented by Sochi 2014 to consolidate power among a narrow elite, and to extend Russian geopolitical power in the region and beyond. These processes had material impacts that are embodied in infrastructure, which exert a continual influence on the lives and livelihoods of the region's residents.

### **The most expensive road in the world?**

As part of the Sochi 2014 Bid Books that became the guiding documents for regional infrastructure planning, a road and rail project linking the seaside capital with the mountains was promoted as being essential for Games operations. Absent from documents are more grounded planning concepts that would indicate how such large scale, one time investments were socially necessary. This is consistent with the pornographic language and visual content used to seduce the IOC into choosing an Olympic site (Gaffney 2016). The tourist economies of scale that these investments were meant to generate never materialised.

Long before the Olympic project, a small road connected the coast to a few remote villages in the mountains. The original road was narrow and winding, rising from the west bank of the Mzymta River and hugging the mountain as it climbed to the alpine village of Krasnaya Polyana. It could take three hours to make the trip by bus, and perhaps two hours by car, but in winter the snowy road was almost impassable for any transport. As such, Soviet citizens would commute to the mountain by public helicopter; even now, a landing pad stands alongside the highway by the village, though the helicopters that fly there now are private.

[Map of Sochi pre-Games – Sochi Map 1.jpg]

In the early 2000s, the old road was replaced by a broad highway that cut through the mountain in a series of tunnels beautifully decorated with red and black marble. This road cut travel time significantly, so that the trip to the mountains could be made in just over an hour by bus or roughly 40 minutes by car from the west side of the river. Residents of the villages on the east bank of the Mzymta had to drive down towards the coast until they could cross the river and join up with the highway. Despite this, the road was adequate for the overall demand from locals and tourists and no plans had emerged to expand its capacity.

[map of Sochi 2014 plan, w 2 roads highlighted – Sochi Map 2.jpg]

When Sochi won hosting rights to the 2014 Olympics, authorities shared their initial plans to develop a second highway to the mountains, this time on the Mzymta's east bank. Further, they planned a new rail project, running from the airport and train station on the coast, up alongside the river, all the way to the new ski resort developments in the mountains. This road/rail project was particularly appealing to those who lived on the east of the river, as local authorities circulated plans that showed highway onramps specifically serving their settlements. Quicker access to the highway would significantly cut commuting times to the central Sochi region for these communities.

However, as construction began, east side residents learned that the project had changed: the new highway would bypass many villages on its way up the mountain. Locals expressed their frustrations with political leaders at numerous times, including through protest, but the new project design continued as a highway without onramps. The lack of dialogue with residents would characterize the implementation of most of Sochi's 2014 construction projects. As one resident expressed: "We were told that the city had no money, but that's madness. Look how much money they're pouring into everything else! I've even written letters to the federal government to try and force them [organizers] to live up to their plans" (V.P., Interview with authors, 2013).

Construction for both the road and rail involved extensive tunnelling through mountains, and the placing of scores of concrete supports in the Mzymta River. Later, after riverside residents reported a number of suspicious chemical foam spills floating downriver, WWF Russia tested the water and determined that it contained 35 times more than the legally accepted levels of petroleum derivatives, and 60 times more the levels of phenols. This influx of construction-related chemical waste severely impacted riverine ecosystems, killing fish and plants before spilling into the Black Sea. For the first time in memory, locals did not spend their summers swimming in the river. Beachside tourists, however, unaware of the construction in the mountains that was polluting the ocean, continued their holidays in the sea (ANTI-CORRUPTION FOUNDATION 2014).

The road and rail both opened in time for the Olympics, but six months later than scheduled. The original budget for the combined project was 4.5 billion USD and the estimated final cost is estimated at 8.7 billion USD. Media reports billed this as the “world’s most expensive road” (Collins 2014; CNN 2014) with the spoils shared between a convoluted network of contractors and subcontractors, many with ties to the Russian president. Visitors and residents alike were impressed with the beauty of the new highway and the speed of the train service that connected the seaside Olympic cluster with the mountain cluster. Travel times were reduced from several hours to only 30 minutes, and during the Games themselves, the service was frequent, reliable, and functional.

[Photo Sochi river construction.jpg]

Once the Olympic flame was snuffed, the sheen began to fade. Riverside residents complained that the new train system did not provide stations in their communities, but rather bypassed them altogether. There were seven stations on the coast, including at the airport and the central train station, and two stations at the new resorts in the mountains, but nothing for the communities in between. Further, east side residents found themselves in nearly the same situation as before construction began. In order to access the new highway, many still have to drive several kilometres before they can find an onramp. The relative disconnectivity that these residents are experiencing is but one of the hidden opportunity costs that the road and rail system has imposed on Sochi.

The forces driving the construction of the road project can be traced back to the technical requirements of the IOC for hosting the Winter Olympics. These requirements stipulate that there must be at least two separate routes to access sporting venues. This is particularly true in cities that have significant distances between their ice sports and the ski and downhill sports such as Vancouver and Sochi. In Vancouver, the Sea to Sky highway project was controversially forced through in preparation for the Olympics, facilitating connectivity between the Whistler cluster and the Vancouver cluster. Similarly, in Sochi, the existing, recently upgraded road system was insufficient for the realisation of the Games and an expensive, high-capacity road system was hustled through the design, environmental assessments and contracting processes.

While there was clearly room for negotiating the size and scope of the Olympic project with the IOC, Russian authorities used the leverage of the impending Games to plan, contract, and execute the road and rail project in order to extract maximum rents from the Russian state. The routes from the coast to the mountains now have the capacity to handle 20,000 people an hour, yet all the mountain resorts combined can handle only 30,500 people a day. The result is an over-capacity, intermittently functional road and rail project that does not meet regional transportation demands. In the years since the

Olympics, rail service has been cut to only a few trains a day, exclusively serving the needs of tourists. Now, in the context of international sanctions and Russia's contracting economy, there are ever fewer tourists and jobs in the mountain resorts. The mountain roads and rail are underused and the city and regional governments of Sochi must pay for their maintenance. This is another version of an Olympian-inspired white elephant, yet because transportation infrastructure projects tend to fade into landscapes, researchers do not pay sufficient attention to them (Baumann and Matheson 2013).

## Conclusion

The road and rail projects developed for Sochi 2014 tick all the problematic boxes of mega-event infrastructure. These were overbuilt, under-budgeted, over-priced, non-essential infrastructures that have not provided lasting material benefit for residents or visitors. The access to the mountains had already been improved in 1996, but with the arrival of the Olympics along came a familiar, braided pair: non-local elites made demands for infrastructure and local, vested interests saw opportunities for rent seeking.

These findings are consistent with previous research on the general ways in which the Russian State uses mega-projects for a variety of purposes. The Sochi Olympics as a whole were used as a mechanism through which the federal state could distribute favours, maintaining control of a politically restless oligarchy that has seen its power reduced through the collapse of the price of fossil fuels. In this sense, "Mega-projects serve to maintain the existing regime, despite its weak institutions, by emphasising Russian state accomplishments in a way that fills the ideological void created by the collapse of communism" (Orttung and Zhemukhov 2014, 176). As such, 51 billion USD was a good investment for Putin - a mere 4% of GDP.

Additionally, Russia has used mega-projects as de facto regional development tools, using the leverage of large cash infusions to accelerate extractive economies, open new vectors for urban development, or to consolidate national political power (Orttung and Zhemukhov 2014,177). Yet even as Sochi 2014 sought to display Russia as a modern, capitalist country, the rather spectacular failure of delivering practical infrastructure that can stimulate regional economic growth should be taken as a sign of the inadequacy of using the Olympics as a catalyst for such ambitions. Rather, as with the Olympics Games as a whole, the Sochi Olympics and the 2018 World Cup are highly efficient, but radically unjust redistributive mechanisms of collective wealth.

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