

Turning Sochi Into Russia's Coming Out Party

By [Ian Pryde](#)

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Last weekend marked a year until the end of the 2014 Winter Olympics in Sochi. One of the reasons that both the International Olympic Committee and FIFA, the governing body of world football, often award countries the venue for these huge quadrennial global sporting events is to celebrate a "coming out party" to show that the host nation "has arrived." The two biggest "parties" in recent years were the 2008 Summer Olympics in Beijing and the 2010 World Cup in South Africa, closely followed by the Commonwealth Games hosted by India in 2010.

President Vladimir Putin, a keen sportsman and black belt in judo, has been instrumental in promoting Russia as the host not only of the 2014 Winter Olympics but also of Russia's first-ever grand prix, also to be held in Sochi in 2014, and the football World Cup in 2018. It is widely agreed that Putin's speech in labored English during the IOC's session in Guatemala in July 2007 swung the vote in Russia's favor to hold the Winter Olympics for the first time.

But it is all too easy for such prestige projects to backfire. Beijing spent billions of dollars

on an impressive opening ceremony and the necessary facilities, but it still came under heavy international criticism for its authoritarian policies, human rights abuses, compulsory eviction of residents without compensation and environmental problems, which led to the compulsory closure of factories around the capital to improve the air during the games.

In the runup to the World Cup in South Africa, international media focused on unfinished stadia and strikes by construction workers. When the competition actually began, couch football fans the world over were appalled by the raucous nonstop din pumped out by the local fans on their vuvuzelas, which drowned out the traditional atmosphere of football matches.

Even worse were the Commonwealth Games in India in 2010, which looked like a monumental PR disaster in the making following intensive media criticism of construction delays, inadequate security and poor hygiene until the impressive opening ceremony and a successful and popular games rescued Delhi's reputation.

The usual worries about tardy construction and security are now being voiced about the next World Cup, which will be held in Brazil next year.

Add to that cost overruns and legacy facilities which often turn out to be white elephants and these expensive events can soon become an albatross!

So how is Russia doing? In early February, with a year to go before the games begin, Putin paid an inspection visit to Sochi that duly attracted global headlines — but for all the reasons already mentioned. International attention focused on Russia's authoritarian policies, massive cost overruns and construction delays.

In televised reports of the visit, Putin was told that construction was two years behind schedule and six times over budget. The bill now stands at \$50 billion, even more than the \$42 billion the 2008 Beijing Olympics cost China and nearly four times the paltry \$14 billion that Britain spent on the 2012 London Summer Games, while 49 construction sites are behind schedule and just 153 of the planned 379 facilities are complete.

As usual in such cases, sackings followed, but few Russia observers were surprised at the problems. As finance minister, Alexei Kudrin said roads could not be built in Russia because the cost per kilometer was one of the highest in the world due to corruption. It remains to be seen whether the major sporting events in Russia in 2014 and 2018 will really be successful coming out parties or be tarnished by the problems that often affect global sporting events.

But does even a successful Olympics coming out party mean that a country has really arrived? International reaction to the 2008 Beijing Olympics shows that it does not. Everyone knows full well that authoritarian countries simply invest massive amounts of money and resources in show events and their athletes, but other areas usually remain underfunded and poorly developed. The Soviet Union and East Germany clocked up remarkable numbers of Olympic medals, but few people believed that proved that their system was better.

The 1964 Summer Olympics in Tokyo, on the other hand, marked Japan's return and recovery after its defeat in World War II. By the 1970s, it was beginning to decimate one Western industry after another. A similar argument applies to South Korea, which hosted the 2002 World Cup jointly with Japan, and in Samsung now has one of the global leaders in mobile

phones, tablets and smart televisions.

It is easy to envisage China repeating this by moving up the value chain, but much harder to see Russia doing the same. While China embarked on its modernization program in 1978 and has become integrated into global supply chains, Russia has largely continued to pursue the Soviet Union's go-it-alone policy, which has simply cut it off from the benefits of the global economy.

But the Sochi dismissals also highlight the biggest problem with Russia's state and economy in general. In time-honored Russian fashion, Putin has developed a one-man rule that necessitates repeated personal intervention — but this approach can hardly work in a country nearly twice the size of Canada. And yet, officials and businessmen without direct supervision find it all too easy to engage in corruption and enrich themselves.

The Russian state is more than strong enough to clamp down on specific individuals and cases. However, it has yet to establish a Western style of government with much lighter but far more efficient control that does not eliminate corruption but greatly reduces it and at the same time encourages both Russians and foreigners to invest in the country. Even the best coming out party cannot hide that truth.

Ian Pryde is founder and CEO of Eurasia Strategy & Communications, Moscow.

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