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Far From Gold: Why Hosting the Olympics is Detrimental to the Host Country

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CLAREMONT McKENNA COLLEGE
FAR FROM GOLD: WHY HOSTING THE OLYMPICS IS
DETRIMENTAL TO THE HOST COUNTRY

SUBMITTED TO
PROFESSOR RODERIC CAMP
AND
DEAN GREGORY HESS
BY
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Chapter 1: Introduction

The Olympics are undeniably an international mega event that represent so much more than athletes competing for the gold. Unlike any other event on the planet, the Olympics brings countries across the globe together to compete in front of the eyes of the world. The draw of the Olympics is unparalleled by any other international sporting event and its' effects are equally unique. Ghanaians rally behind their distance runners, Chinese cheer for their gymnasts, Australians root for their swimmers and Americans come together behind their figure skaters. For a few weeks every few years, people are given the opportunity to break away from the monotony of day to day life and look forward to watching their country compete for gold. The national pride felt across the globe by fans in their respective nations is almost palpable come Olympic season. The Olympics serve as an international equalizer in which every nation has a chance to come out on top. The allure of this phenomenon is undeniable and irreplaceable.

Every two years the world is overcome with "Olympic fever" and dramatic effects are seen on the nations of the world's politics and economics. The Olympics affect much more than the athletes involved or the metals won for the host country. The Olympics bring great pride to the countries of the world as they cheer on their respective athletes. A country's politics, economics, and pride can be affected during Olympic times as well as the way the country is perceived internationally. A single victory can transform a country just as a devastating loss can have the same effect. Whether it is a scandal rooted in sport ala Tanya Harding and Nancy Kerrigan in the 1994 Lillehammer Olympics or cinema-inspiring stories like the Jamaican bobsled team of the 1988 Calgary Olympics, the Olympics never cease to captivate audiences the world over.

The energy of this global mega event is concentrated in one city every two years; and every two years the attention of the world is captivated by the magnificence of the Olympic Games in the host city. The host city and country are thrust into the center of the world stage and watched relentlessly for two and a half weeks. Thus, determining a city capable of hosting such a spectacular event is crucial. This decision is the responsibility of the International Olympic Committee (IOC), an organization whose governance rivals that of a sovereign nation in itself. Over 100 members make up the IOC with committees and subcommittees as well as national counterparts in nearly every nation in the world. The IOC decides upon the host country nearly 10 years prior to the Games' occurrence. The IOC Selection Committee merits its fair share of controversy and politics as the Olympics is clearly an emotional event fuelled by national pride and a hope for monetary gain and international legitimacy.

Who Hosts?

The IOC uses specific criteria in choosing the host city for the Olympics. This criteria ranges from logistical issues such as potential sites for arenas and transportation to more subjective issues like creative design plans for the Olympic village.¹ The IOC's top ranking attributes in selecting the host city include: the Olympic village (which accommodates all Olympic participants), transportation (for Olympic visitors), sports arenas (location and design), sports organizations (experience and sites), national and regional characteristics (political situation, proximity of next elections, diplomatic relations, economic resources and domestic support for the bid) and city characteristics

¹ Chang, Andrew, "How an Olympic host City is Determined." **ABC News**, July 11, 2000.

(infrastructure, political stability, opposition groups and expected benefits).² Christer Persson, of The European Tourism Research Institute, views the Olympic bid process as a business pitch with the countries and their National Olympic Committees pitching their best spin on why their country should host the Olympics to the IOC. The criterion listed above was ranked as most important by the IOC members in determining a host city. The IOC's criterion is warranted as supporting infrastructure and technical feasibility is clearly important, as well as a value in political and economic stability. Though some areas are more subjective than others, the IOC uses hard guidelines to make the Olympic host city decision.

Globalized Games

With the age of globalization come world problems and issues that plague countries across the globe. Due to the inherent global nature of the Olympics some unfortunate worldwide issues plague the games. John Milton-Smith argues that the “special aura” of the Olympic Games has been lost due to commercialization and a desire to one up the previous Games with outrageous displays and in turn outrageous spending.³ He calls for action by the IOC saying, “The challenge for Olympic organizers is to reinvent the Games, with legitimate roots in the heroic tradition, so that they are a platform for building a framework of global values to counterbalance the naked economic priorities which have dictated the pattern of globalization to date” (134). The Olympics is facing problems never before dealt with due to the increase in mobility in the world as well as a seemingly out of control economic monstrosity, generating unprecedented

² Persson, Christer, “The Olympic Games site decision,” **The European Tourism Research Institute**, 20 October 2000.

³ Milton-Smith, John, “Ethics, the Olympic and the Search for Global Values.” **Journal of Business Ethics**, vol. 35, No. 2 (Jan 2002) 134.

revenues as well as costs.⁴ Countries hosting the Olympics in the current globalized world are facing problems never before dealt with by past Olympic host countries.

It is important to look at the values in the Olympic Charter as a foundation to analyze the mega event the Olympics has become today. The fundamental principles as stated in the Olympic Charter are seen bellow.

1. 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.
2. The goal of Olympism is to place sport at the service of the harmonious development of man, with a view to promoting a peaceful society concerned with the preservation of human dignity.
3. 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.
4. The practice of sport is a human right. Every individual must have the possibility of practicing sport, without discrimination of any kind and in the Olympic spirit, which requires mutual understanding with a spirit of friendship, solidarity and fair play. The organisation, administration and management of sport must be controlled by independent sports organisations.
5. Any form of discrimination with regard to a country or a person on grounds of race, religion, politics, gender or otherwise is incompatible with belonging to the Olympic Movement.⁵

The principles stated in the Olympic Charter are ideal and reflect the true aspirations of the Games. Human rights, friendship and fair play are all key themes in the founding principles. The principles are admirable and it is clear to see why the Games have grown to be as successful as they are today. Unfortunately, it is also clear these principles are no

⁴ International Olympic Committee, "Olympic Marketing Fact File," (December 2009), 9.

⁵ International Olympic Committee, "Olympic Charter," (October 2007), 11.

longer at the heart of the Games. Doping, scandal, cheating and commercialization have taken over the reality of the Games. Few spectators and even participants are aware of the principles the Olympics were founded upon. In bidding for the right to host, countries are not assessed on their ability to fulfill these principles, but rather their political and economic capacity to host the “best Games yet.”

The concern over the Olympics being an over-the-top, commercialized mega event is not lost on the IOC. In the IOC’s 2003 Olympic Games Study Commission, IOC Vice-President Richard Pound quotes Pierre de Coubertin in the 1911 Olympic Review. de Coubertin warns,

It would be very unfortunate, if the often exaggerated expenses incurred for the most recent Olympiads, a sizeable part of which represented the construction of permanent buildings, which were moreover unnecessary - temporary structures would fully suffice, and the only consequence is to then encourage use of these permanent buildings by increasing the number of occasions to draw in the crowds - it would be very unfortunate if these expenses were to deter (small) countries from putting themselves forward to host the Olympic Games in the future.⁶

Pound recognized that the insight de Coubertin had in 1911 is applicable nearly 100 years later. Clearly de Coubertin saw the risk of the Olympics turning into the grandiose event it is today. In Pound’s report that follows, he advocates for the avoidance of building new or excessive infrastructure in order to keep economic and political costs down. However, the realities of the excessive competition to host the Olympics and to outdo the previous Games have led to little change and modest downsizing. In fact, despite these warnings, the games seem to become more elaborate year after year.

⁶ International Olympic Committee, “Olympic Games Study Commission,” (2003), 2.

Why Host?

The contest to win the Olympic bid is beyond competitive, with cities across the globe eager to get a slice of Olympic glory. In broadcast revenue alone Organizing Committees of the Olympic Games (OCOGs) are likely to see upwards of \$900 million.⁷ With additional revenue promised in sponsorship, ticketing, licensing and tourism the Olympics are naturally highly sought after by nations across the world. In addition to economic gain, countries stand to gain international recognition and prestige. The Olympic host country will draw global attention from the moment the bid is won (nearly ten years prior to the opening ceremonies) lasting long after the Games come to a close. National pride is a driving force behind desire to host the Games. Aspirations by countries to host the Olympics are only increasing with the age of globalization and countries are differentiated by less and less. The Olympics provide the host country with a chance to distinguish itself from the pack and show what makes it truly unique. Gold and Gold cite that, “The right to host the Olympics represents the ultimate accolade that a city can earn on the world stage.”⁸ Earning the right to host the Olympics is seen as one of the highest honors a country can earn and an unparalleled opportunity to earn international validation. Every few years hundreds of countries turn out for the chance to host the most prestigious event in the world and all of the costs and benefits that come with it.

However, with hosting the Olympics comes great responsibility. Suddenly the eyes of the world are upon the host country and pressure to impress is high. The

⁷ International Olympic Committee, “Olympic Marketing Fact File,” (December 2009), 7.

⁸ Gold, John R. and Margaret Gold, **Olympic Cities: City agendas, planning and the world games, 1896-2012** (London: Routledge, 2007), 320.

international media is suddenly thrust into the country, scrutinizing every domestic issue to the entire world. Of course this international attention can also bring your country to fruition as a player on the global scene. The Asian nations South Korea and China sought such recognition in their ventures to host the Olympic Games. Seoul in 1988 and Beijing in 2008 both used the Olympics as a “coming out party” for their nations on the world scene.⁹ Both countries prospered from significant economic growth prior to hosting the Games and wanted to flaunt their success to the world. Economic success was admired, however so were the negative aspects of the countries including numerous human rights abuses, political instability, and domestic unrest. Learning from South Korea and China, countries must be prepared to expose all aspects of their country when hosting the Olympics. Significant demonstrations against China’s human rights abuses and policies in Tibet resulted in a potential boycott of the opening ceremonies in Beijing. Hollywood director Steven Spielberg pulled out of his role as chief artistic advisor to the opening ceremonies due to China’s failure to pressure the Sudanese government over the crisis in Darfur.¹⁰ These occurrences are not uncommon. In nearly every Olympic Games an international controversy over the host country occurs resulting in a bruised perception of the host country by the citizens of the world.

In the 2008 Beijing Games, the IOC felt China deserved and would benefit from the international recognition brought by the Olympics. In the IOC’s report of the XXIX Olympiad general support and excitement by the Chinese to be recognized was reported, “There is significant public support for the prospect of organizing the Olympic Games

⁹ Black, David R. and Shona Bezanson, “The Olympic Games, Human Rights and Democratisation: Lessons from Seoul and Implications for Beijing.” **Third World Quarterly**, vol. 25, no. 7 (2004), pp. 1248.

¹⁰ Blecher, Marc, “China in 2008: Meeting Olympian Challenges.” **Asian Survey**, vol. 49, issue 1 (Jan/Feb 2009), 74.

and a feeling that a successful bid would bring recognition to the nation.”¹¹ Interesting to note is the emphasis on recognition seemingly superseding any other benefit (i.e. economic) of hosting the Olympics. Though the prospect of the Olympics bringing recognition to Beijing in 2008 seemed guaranteed, the reality of the Games brought international attention to its negative attributes, leaving the country with a tarnished world view.

The IOC is left with no easy task in choosing the host city for the Olympics. There are clear criteria the committee looks for in selecting the city but no standard formula. Former vice-president and 25 year IOC veteran Richard Pound comments on the difficulty of choosing the host city, “There is no scientifically demonstrable right choice from among candidate cities and, almost certainly, no perfect candidate. Each will have its own set of strengths and weaknesses, and many of these are subjective considerations identified by the IOC members.”¹² Pound goes on to comment on the gravity in which the IOC’s decision is made and the implications a bad choice would make on future Olympics. There is a genuine desire among the IOC to ensure the games run smoothly and to preserve Olympic tradition over any other factor.

Though the Olympics undoubtedly generate an enormous amount of revenue worldwide, economic gain for the host country is not guaranteed. Revenue generated from broadcast rights is not the sole profit of the host nation. Broadcast revenue is split among the International Olympic Committee, National Olympic Committees,

¹¹ International Olympic Committee, “Report of the IOC Evaluation Commission for the Games of the XXIX Olympiad in 2008,” (Lausanne, Switzerland, 2001), 75.

¹² Pound, Richard W., **Inside the Olympics** (Etobicoke, Ont. : J. Wiley & Sons Canada, 2006), 201.

International Federations and the Organizing Committee for the Olympic Games.¹³

Revenue is also created through domestic and international sponsors, which can benefit the nation. The promise of tourism to the host nation also factors into nations' desire to host, however, tourism is difficult to predict with accuracy and false predictions can result in budget deficits. The capital required to host the Olympics is astounding and often all of these sources of revenue are not enough to cover the costs of hosting. Due to the unpredictable nature of mega-events, investment in grandiose stadiums or frivolous infrastructure can actually indebt a host country rather than bring economic prosperity.

With the Olympic magnifying glass over the host country, scrutinizing every downfall, and a multibillion-dollar investment with unlikely returns, the domestic identity of a nation can be easily lost. As Olympic host governments and organizations prepare to host the Games, national identity is superficially exacerbated to distinguish itself on the world stage. For example in the 2000 Sydney Games the aboriginal people were highlighted in a way never before seen within the nation.¹⁴ To the rest of the world this may seem interesting and unique, but within the country such artificial promotions are not appreciated. Another negative side effect of Olympic fervor domestically is the relocation of "vulnerable members of society" as to hide them from the cameras and people of the world.¹⁵ Often low-income areas are renovated during Olympic times and turned into Olympic villages or demolished completely to make room for infrastructure

¹³ International Olympic Committee, "Olympic Marketing Fact File," (December 2009), 5.

¹⁴ Nauright, John, "Global Games: Culture, Political Economy and Sport in the Globalised World of the 21st Century," **Third World Quarterly**, vol. 25, no. 7, 1329.

¹⁵ Center on Housing Rights and Evictions, "Fair Play for Housing Rights: Mega Events and Olympic Games and Housing Rights," (COHRE, 2007), 12.

and in turn displacing thousands. Clearly the Olympics bring much more than international recognition and economic prosperity to the host country and the negative side effects must be considered when analyzing the effects of hosting the Olympic Games.

This paper will examine the effects of the Olympic Games on the host country. Despite the international prestige involved in hosting the Olympics, hosting the Olympics is actually more detrimental than beneficial to the host nation based on the following factors:

1. National unity- Contrary to uniting the country positively during Olympic times, government activity creates deep divisions with the country.
2. Economic growth- Revenue produced from broadcasting, sponsorship, and tourism does not outweigh expenditures on arenas, infrastructure, beautification and all other expenses.
3. International legitimacy- Global recognition and prestige can highlight pitfalls and shortcomings of the nation to the world stage and any positive recognition that is brought to the country is short term.

The following chapters will analyze the preceding factors on the host country using case studies of Olympic Games over the past 100 years. These examples will prove that despite common perception the Olympic Games are not innately beneficial to the host nation.

This analysis is extremely important due to the global importance and relevance of the Olympics. Citizens of the world find the Olympics an exciting and compelling event thus a better understanding of the political, economic and social workings of the games is of global importance. Additionally since the common conception of the games is that they are beneficial to the host country, it is important to understand the reasoning

behind this conception and what factors prove it to be false. It is also necessary to give perspective on the grandiose event the Olympics have become in recent years. By studying the progression of the Olympics over time it is seen that the Olympics were not always this way and an effort to revert back to simpler times can be taken from this study.

The implications of this study will be invaluable for nations considering hosting the Olympics. It is important to understand the risk involved in hosting the Olympics and to realize they do not guarantee a positive outcome for the host country. By examining the phenomenon of the Olympic Games, future Olympic Games can change from the bloated path the Games are currently on. The Olympics must change if they seek to remain a popular, sustainable global event.

Chapter 2: National Unity

The draw of the Olympic Games is undeniable. Citizens of the world tune in across the globe to watch the Games. Whether it is for the joy of sport, the drama of competition, or international intrigue, the Olympics draws an unparalleled number of spectators. Regardless of the reason, the Olympic Games bring supreme attention to the host country. Such an immense amount of global attention gathers the eyes and opinions of the world onto the host country, and in turn great pressure to impress the world. Great preparation for the Games has become expected in recent years and substantially grander each subsequent Olympics. The pressure to “outdo” the preceding games in size and prestige is standard in today’s Olympic culture.

David Rowe explains the domestic phenomenon of hosting the Games as the highly effective way sport can contribute to nation building, “In countries divided by class, gender, ethnic, regional and other means of identification, there are few opportunities for the citizens of a nation to develop a strong sense of ‘collective consciousness’, of being ‘one people’.”¹⁶ Rowe argues that sport unites nations when they are rooting for their teams against other nations of the world in a way that is unique and unparalleled by any other event. This phenomenon is undeniable, yet the unifying power of sport over the nation hosting the Olympics is less clear. Host governments strive toward national perfection and implement various policies to achieve this glorified state. From superficial promotion of indigenous culture to relocation of less desirable members of society, governments can take dramatic steps to prepare for the Olympics, often resulting in dissatisfied citizens.

¹⁶ Rowe, David, **Sports, Culture and the Media** (Open University Press, 1999), 193.

This chapter explores the effects the Olympics have on the host country domestically. The domestic effects of the Olympics can be seen in the following sectors: national pride, infrastructure, political imperatives and domestic perception. The Olympics affect the host nation positively and negatively but, as will be seen in this chapter, the negative effects outweigh the positives.

Infrastructure

The Beijing Olympics sold over 7 million tickets and London 2012 is expected to top that, selling an approximated 9 million tickets.¹⁷ Clearly the Olympics bring an enormous amount of people to the host city which carries practical implications for the city. Supporting infrastructure is an absolute necessity to accommodate the dramatic increase in visitors attending the Olympic Games. On the surface, new and efficient infrastructure would seem to only benefit the host city, making it easier to move around as well as beautifying the city for years to come. Flybjerg notes the importance of infrastructure, “Today infrastructure plays a key role in nothing less than the creation of what many see as a new world order where people, good, energy, information and money move about with unprecedented ease.”¹⁸ Yet new infrastructure is not innately good and can negatively impact the host city as well. The building of infrastructure is very costly, often displaces vulnerable members of society, and does not withstand the test of time.

In the 2008 Beijing Olympics millions of residents were ousted from their homes in order to create parks and infrastructure to make the city more attractive.¹⁹ In an effort

¹⁷London Olympics 2012, City of London, <http://city-of-london.com/london-olympics-2012.html>

¹⁸ Flybjerg, Brent, Nils Bruzelius and Werner Rothengatter, **Megaprojects and Risk: An anatomy of Ambition** (Cambridge University Press, 2003), 2.

¹⁹ Center on Housing Rights and Evictions, 12.

to beautify the city, government officials displaced millions of impoverished members of society, resulting in discrimination and harassment of vulnerable citizens. Not only were these citizens harassed, but the migrant workers brought in to build the infrastructure were forced back to the countryside after the work was over.²⁰ To these individuals, treated like second class citizens in their own country, the Olympics are associated with homelessness, struggle and discrimination. Citizens of the host country are treated poorly purely to satisfy international visitors. The message the governments are sending their citizens is that they are inferior to the Olympic visitors of the world. This message has a lasting negative impact on the citizens, lasting long after the closing ceremonies come to an end.

While new infrastructure does help the host city in some ways, the effects do not reach much further than the city benefiting the rest of the country very little. In the case of Beijing, the new infrastructure in Beijing revitalized the city, but citizens of the rest of the vast country saw no improvement to their cities or standards of living. Expecting nation-wide benefits to infrastructure built in one city of the country is unrealistic. Yes, citizens can be proud of the technological advancements displayed in building new infrastructure, but the strife occurred by their fellow citizens outweighs most benefits the common citizen of the host country would receive. Vigor notes this phenomenon, “Infrastructure investments are often misplaced and the benefits fail to flow back to the people and places that need them most.”²¹ Overall the building of infrastructure

²⁰ deLisle, Jacques, “After the Gold Rush: The Beijing Olympics and China’s Evolving International Roles.” *Orbis*, (Spring 2009), 193.

²¹ Vigor, Anthony, Melissa Mean and Charlie Tims, **After the Gold Rush: A sustainable Olympics for London** (London: Institute for Public Policy Research, 2004), 3.

negatively effects citizens of the host country due to the harassment and discrimination incurred by citizens.

According to Jon Coaffee the shift to monstrously excessive megaprojects associated with today's Olympics first occurred in Barcelona in 1992. Suddenly the Olympic Games were about urban rejuvenation and the subsequent tourism boom to the host city. 83% of the budget was put toward infrastructure projects in Barcelona resulting in a fundamentally changed look and appearance of the city.²² Barcelona's investments were heavily rewarded as the update to the city was much needed and did in fact revitalize the city and stimulate tourism and investment. Thus the infrastructure investments made in Barcelona became the blueprint for future Olympic cities. Yet Barcelona's Olympic plan cannot be transplanted on any other city with the same results expected, as seen in Beijing.

It is important to note, however, that the excess in infrastructure was not always the norm in hosting the Olympics. At the start of the modern Olympics, urban impact of the Games was minimal.²³ Coaffee notes the transformation of the Games, "Over time, as the Olympics grew in scale and complexity, their impact on the city grew, but mainly involved the direct consequences and multiplier effects of building stadia and directly related facilities and services." Coaffee goes onto to describe the more recent transformation toward innovation and sustainability. Yes, the excesses of infrastructure seen in Beijing were not always the norm, but the current reality of the Games

²² Coaffee, Jon, "Urban Regeneration and Renewal," in **Olympic Cities: City agendas, planning and the world games, 1896-2012**. London: Routledge, 2007, pp. 155.

²³ *Ibid.*, 151.

demonstrates they will likely continue and become even more grandiose in future Olympics.

Politics

With the Olympics comes the international media. Media reporters flock to the Olympics in numbers seen at only the most important of international events. London 2012 expects 20,000 journalists to cover the Games with reporting starting years before the Games occur and years after.²⁴ With the eyes of the world focused on the host country under the Olympic spotlight for two short weeks, the pressure to impress is high. Governments impose new policies as the Games draw near. The Olympics are generally associated with human rights amelioration as well as democratization.²⁵ A truly global event, the best of humanity is showcased and universal goods are promoted. Additionally, as more and more developing nations host the Olympics, social benefits are likely to follow as international attention is focused on the goods of the host nation.

The best example of beneficial political change with the coming of the Olympics can be seen in Seoul in 1988. In the 1980's South Korea was experiencing drastic political change and the Seoul Games served to finalize South Korea's transformation and display their progress to the world. South Korea had industrialized, transforming from a mainly agrarian based economy to industry based, which led to the development of a prosperous urban middle class.²⁶ Sung-Joo notes the impact the Games had on South Korea, "Internally, the Games played a pivotal role in bringing democracy to South Korea, if only because intensifying world scrutiny made it difficult for the

²⁴London Olympics 2012, City of London, <http://city-of-london.com/london-olympics-2012.html>

²⁵ Black, 1245.

²⁶ Ibid., 1246.

government to deal harshly with those demanding expanded freedoms.”²⁷ The Olympics catapult the host nation onto the world stage and in turn becomes subject to world scrutiny. The host nation is suddenly accountable to world values and is then expected to conform to global standards of freedom and justice.

However, not all governmental change associated with the Olympics is positive. An erosion of human rights has been seen in numerous countries leading up to the hosting of the Olympics. Due to the magnitude of the Games, security is a major priority for the host country. Host governments take extra precautions to ensure the safety of the public, athletes, visitors, media and dignitaries at the expense of domestic civil liberties. For example, in the 2000 Sydney Games, the New South Wales Government introduced special legislation that gave police special powers beyond their normal jurisdiction which allowed them to question and search citizens without significant cause.²⁸ Additionally, the Australian Secret Service enjoyed new authority with increased powers including phone tapping and the suspension of the Freedom of Information Act. Though increased security is necessary in hosting the Games, temporary erosions of civil liberties must be withstood by citizens of the host country and at times can last long after the closing ceremony.

Though the international community is served by tightening security, the citizens of the nation may not be. Brash transformations for the sole purpose of pleasing the global spectators may undermine real beneficial change for host country. Nauright explains the trend , “In principle, the broad liberal values of the Olympic Movement

²⁷ Sung-Joo, Han, “South Korea in 1988: A Revolution in the Making,” **A Survey of Asia in 1988: Part I**, vol. 29, no. 1, (Jan., 1989), 34.

²⁸ Cashman, Richard, “Impact of the Games on Olympic host cities,” **Centre d’Estudis Olímpics** (UAB, 2002), 8.

allow for the appearance of a unified community, consolidated by the celebration of sport, culture and the environment, the three dimensions of Olympism. In practice, however, the Olympic Games deal in global values that are external to local communities and which are unable to reflect their particularities.”²⁹ In the 2008 Beijing Olympics, China felt the pressure of the “Olympic agenda” in promoting human rights and democratization. With external pressure toward democracy yet stagnation from the Chinese government, the citizens of China were conflicted in their global identity. Beijing did not respond to Olympic attention as Seoul did and instead sought to assert its dominance as a world power with its existing government and economic policies. The Chinese people were proud to show their success to the world. Shop owner David Yang stated, “I think the Games are a platform to promote Chinese culture. It’s good for sports, for our economy, for propaganda.”³⁰ Olympic fever spread across the country with the people’s support for the Games.

The Chinese were very excited anticipating the Olympics and their excitement lasted long into the Games themselves. However, on numerous occasions the government failed to serve the people to the benefit of the international community. In the 2008 Beijing Games, the Chinese government failed to provide enough tickets for domestic purchase. Initially tickets to attend the Olympics were priced reasonably for Chinese citizens but demand for the tickets far exceeded supply, subsequently allowing scalpers to charge up to 10 times the original value.³¹ Additionally due to concerns over public disorder, the government ordered citizens to celebrate in their homes rather than in public

²⁹ Nauright, 1330.

³⁰ MacQueen, Ken and Jonathon Gatehouse, “Breaking Out the Good China for the Olympics.” **MacLean’s**, vol. 121, no. 33(August, 25, 2008), 1.

³¹ *Ibid.*, 2.

spaces.³² This type of authoritarian rule is not uncommon in China but when held to the Olympic standards of freedom and democracy is counterintuitive. The Chinese government continued to oppress their people despite Olympic rhetoric of freedom and equality.

David Kanin notes the way in which sport can be used as a political tool, “Citizens can be trained to be fans, and successful athletes can be used for the benefit of new regimes in search of popularity. Since sport has no intrinsic political value the new leaders can advertise any ideology or ‘cult of personality’ they choose.”³³ Developed and developing countries alike can use sport as a tool for national unity and internal legitimacy. Enthusiasm for sport is seen as a sign of modernity and leisure, desired by people across the world. Additionally, observing sport is a genuinely exciting event that captivates citizens across the world. In this way the excitement surrounding the Olympics by citizens of the host nation is understandable and the political power obtained by the host government is natural.

However, at times the politics of the Games can inhibit the very essence of the Olympics; the sports themselves. The late 1960s through the 1980s was a turbulent time for international relations and tensions among nations proved turbulent for one Egyptian athlete. Shot putter Youssef Nagai qualified for three Olympic Games but never had the chance to participate in his event. Gold describes the tragedy:

In 1972, his government ordered their competitors home from Munich to show solidarity with the Palestinian cause. Four years later, the team returned to Egypt from Montreal without taking part in the Games in order to support the Non-Aligned Nations’ protest against New Zealand’s rugby ties with South Africa. In

³² Ibid., 3.

³³ Kanin, David B., **A Political History of the Olympic Games** (Westview Press, 1981), 82.

1980, Assad again lost his opportunity to compete when the Egyptian government chose to join the American led boycott of the Moscow Games, mounted in protest at the Soviet Union's invasion of Afghanistan. Ironically, Assad was too old for selection for Los Angeles in 1984 when Egypt did at last participate, albeit in a Games overshadowed by a Soviet-inspired retaliatory boycott.³⁴

The fact is that due to the international scope of the Olympics and the innate tie to international politics, the essence of the Olympic Games is at times lost. Youssef Nagai lost his chance at Olympic gold due to the political complications of the Olympic Games.

Image

Even democratic nations, already accepted by the world as first world countries, struggle under the global scrutiny brought on by hosting the Olympics. As globalization brings more and more commonalities to modern cities across the globe, the Olympics has become a venue to exhibit a nation's eccentricities. Host nations seek to distinguish themselves from the rest of the world and display their local culture, whether genuinely or not. In differentiating themselves from the rest of the world, host countries hope to gain international interest in the form of tourism, investment and global recognition.

For example, in the 2000 Sydney Games, the aboriginal people were highlighted in a contrived effort to display Australia as an exotic place, different from places like America or Europe, that is worth traveling to. The more prominent, Western culture of Australia was placed in the background while the native minority took center stage. Another example noted by Nauright was the 2002 Salt Lake City Games, "The case of the Salt Lake City Winter Olympics in 2002 is further evidence of the packaging of an imagined vision of local culture for global consumption. The focus of broadcasters and

³⁴ Gold, 4.

image makers upon the Mormon history and identity of the city and the state of Utah was misrepresentative.”³⁵ Like the Australian example, the Salt Lake Organizing Committee highlighted a unique minority rather than embracing Utah’s culture as a whole. Sugar-coated efforts to highlight diversity rather than disclose the reality within the country leads to further perpetuation of national stereotypes. Rather than educate the world on the realities of the nation, a profit-based agenda centered on tourism drives the images displayed by Olympic host nations.

In the 1968 Olympic Games held in Mexico City, the Mexican government highlighted their revolutionary past and subsequent progress since then. However this promotion was met with harsh criticism by some citizens citing that the government had betrayed the countries revolutionary roots and such a promotion was a fallacy.³⁶ In addition Mexico’s lack of definite national identity complicated the topic of national promotion.³⁷ Promotion of the country’s Mayan history upset some while highlighting the country’s Hispanic heritage upset others. In an international self-promotion campaign is citizen descent. No matter what image the government decides to portray, it is likely some members of society will feel marginalized and disagree. Thus in the necessary national promotion involved in the Olympics, host countries must be aware of the likely internal unrest that will face their nation.

Though these contrived efforts by host countries to differentiate themselves may bring international recognition, they have obvious effects on the citizens of the host

³⁵ Nauright, , 1328.

³⁶ Kanin, 93.

³⁷ Brewster, Claire and Keith, “Mexico City 1968: Sombreros and Skyscrapers,” in Tomlinson, Alan and Christopher Young, **National Identity and Global Sports Events** (State University of New York, 2006), 100.

nation. The superficiality of such promotions is easily recognized by citizens of the nation and unappreciated. Local culture should be celebrated under the Olympic spotlight, but instead fictional exaggerations insult the citizens of the host country. As globalization continues and less and less distinguishes countries from one another, the promotions of local culture will become even more superficial and transparent to the world thus resulting in more disgruntled citizens and false global perceptions.

Home Team Advantage

The Olympic Games unify nations from within in rooting for their country against the other nations of the world. Countries torn over political controversy, historical rifts or economic inequalities can come together every few years to root for their country. Unmatched by any other event, the Olympics instills national pride into even the most apathetic citizen. This pride is further magnified when the Games are held in the citizen's country. China, always a serious competitor in the Olympic Games, came out stronger than ever in their athletic performance in the 2008 Beijing Games. The Chinese athletes were trained more intensely than ever before in order to send a message to the world of China's prowess on the world stage. Xin Xu notes the unique way China uses sport to influence the people, "Sport, as a form of state soft power, was deliberately employed by political leaders to fulfill subtle and seemingly impossible diplomatic tasks at a certain critical moment."³⁸ China has a history of using sport as a diplomatic tool and the Chinese take pride in their disciplined athletes and their success in the Olympic Games. Hosting the Olympics serves as a unifying force among the citizens of the host nation.

³⁸ Xu, Xin, "Modernizing China in the Olympic spotlight: China's national identity and the 2008 Beijing Olympiad," **The Editorial Board of Sociological Review** (2006), 96.

Citizens unite to root for their country and are accompanied by global support rooting for the home team.

However, in the case of China, the intense pressure to succeed in sports can backfire. Though China won the most gold medals (51) in Beijing and the second most medals overall (100), the Games were marred with controversy over the age of the female gymnasts, tarnishing China's quest for Olympic perfection.³⁹ Additionally, the Chinese soccer team was so embarrassingly bad citizens openly mocked the team and cheered against them. Eventually the jeering became so bad the Propaganda Department had to step in to mute the attacks in the media.⁴⁰ Examples like these put China's authoritarian rule on display for the world to see during the Beijing Games. Though generally the Chinese citizens rallied positively behind their athletes, controversies like these were exacerbated by international attention due to China's central role in the Games.

The home team advantage also affected Mexico in the 1968 Summer Games. Pre-Olympics, Mexico was unconcerned with sport and the Mexican athletes were expected to be embarrassed in front of the best of the global sporting world at their Olympics.⁴¹ Thirty years prior, Mexico's own sports administrator, Lazaro Cardenas, urged Mexicans to embrace sports like the widespread enthusiasm for sports that was present in Western Europe and America at the time in order to help the country advance.⁴² In reality Mexico won 9 metals (3 gold), placing 15th in the overall rankings. Though this display was not extraordinary, Mexicans of all backgrounds rallied behind their athletes at number never

³⁹ Blecher, 80.

⁴⁰ Ibid., 81.

⁴¹ Tomlinson, Alan and Christopher Young, **National Identity and Global Sports Events** (State University of New York, 2006), 102.

⁴² Ibid., 102.

before seen. Though the home team advantage did not bring Mexico huge medal success, the small success they did achieve unified the entire country, if only for a few short weeks.

Implications

The evolution of the Games provides interesting perspective on how hosting the Games affects the host nation. Due to the international mega-event the Olympics has become in recent years, the contrived promotions of local culture have created internal tensions within host countries. However, historically when countries did not need campaigns to prove their originality in the world and the international media played a much smaller role, the Olympics were a much greater unifying force domestically. With the absence of broadcasting, early Olympic host nations could focus internally rather than spending time and money pleasing the citizens of the world.

The international attention given to the Olympic host country fuels many domestic issues for the host nation. Necessary improvements to infrastructure and city beautification cause problems in displacement of vulnerable members of the society. Politically, host countries are forced to conform to the ‘Olympic agenda’ and the values of a globalized world, which are often contrary to those of the host country. In attempting to differentiate itself from other countries, the host country imposes superficial campaigns to demonstrate its uniqueness in the world. The people of the host country are united behind their athletes yet when controversy strikes, the international media is ready to worsen any situation and display it to the world while attributing blame to the host

country.. Though hosting the Olympics does unite the people of the host nation in some ways, in many ways the international media drives the country to internal conflict.

Future Olympic host nations will likely experience similar issues domestically. Issues of tightened security inhibiting civil liberties are difficult to avoid. However, domestic unrest due to inaccurate representations of the host country are avoidable as citizens become more involved in Olympic campaigns and allow the world to see the truth about their country. In addition, vulnerable members of society will likely continue to be displaced in an effort to reenergize the host city. Host governments should attempt to protect the disenfranchised rather than displace them as future problems are likely to arise from displacement. Knowledge of the common domestic effects created by hosting the Olympics is crucial for future host countries to avoid national unrest. The Olympics should bring the host country pride and satisfaction rather than domestic unrest. Future Olympic host countries can avoid internal turmoil by understanding the possible negative side effects of hosting the Games and preventing as much conflict as possible.

Chapter 3: Economic Impact

The Olympics are one of the most expensive sporting events in the world. Every few years one city takes on the challenge of hosting this international mega-event. Economic impact is of top concern to the host country and it is extremely important to understand when considering the overall costs and benefits of hosting the Olympic Games. Many factors contribute to the economic success or failure of an Olympic host country. The practical breakdown is based in balancing Olympic expenditures with revenue generated by the Games. However, this balance is rarely achieved by host countries. Yet countries continue to vie for the coveted title of being the Olympic host country. Though the unlikelihood that the host country will prosper economically is fairly well known, countries continue to seek the bid for hosting the Olympics. Countries find the benefits outside of monetary benefit, such as international recognition and national unity, to be worth the likely economic loss. Furthermore, it is still important to understand the economic implications of hosting the Olympics. This chapter outlines the sources of revenue and expenditure of the Olympic Games, analyzes experiences of past Olympic host countries, and draws conclusions regarding the economic practicality of hosting the Olympics.

The economic breakdown of the Olympics is not unlike any other economic breakdown: balancing expenditures with revenue. The elements that make up these categories is what differentiates the Olympics from any other event in the world. Olympic expenditures include: 1) the building/refurbishing of sporting venues and facilities, 2) the construction of items that enable Olympic activities such as the Olympic Village, broadcast centers, transportation and various other infrastructure and 3) the operational

costs of staging the event. The sources of revenue for the Olympics include: 1) broadcasting, 2) commercial sponsorship, 3) ticketing and 4) licensing. Analyzing the contributing factors to the breakdown of Olympic revenues and expenditures will illustrate the challenge in hosting an economically prosperous Olympics.

Expenditures

The money spent on the Olympics is comparable to few other events in the world. Billions of dollars are spent with the uninsured hope for revenues to match. The 1976 Montreal Games failed to cover costs generated by the event with a deficit of over \$1.2 billion.⁴³ Due to a myriad of factors at this time, the Olympics were at an all time low and the existence of the IOC itself was in question. Montreal serves as the most dramatic example of economic loss in hosting the Olympics yet an overall economic loss is the standard in hosting the Olympics. This trend does not seem to be changing over the past 40 years there has been an increase in expenditures by Olympic host countries.

Sporting Facilities

Construction of state-of-the-art sporting facilities is an extremely costly venture. Cost can be curbed if the nation renovates an existing facility rather than constructing a new one but renovation is the exception and not the norm. For example, Montreal 1976 spent \$2 billion on new facilities where as Los Angeles 1984 spent a mere \$242 million on refurbishing existing venues.⁴⁴ Clearly refurbishing is much more cost effective than constructing from scratch, but throughout Olympic history most sporting facilities are

⁴³ Kitchin, Paul, "Financing the Games," in Gold, John R. and Margaret Gold, **Olympic Cities: City agendas, planning and the world games, 1896-2012** (London: Routledge, 2007), 103.

⁴⁴ Preuss, Holger, **The Economics of Staging the Olympics** (Cheltenham: Edward Elgar, 2004), 196.

constructed specifically for Olympic uses, especially in the recent past.⁴⁵ The past five Summer Olympic host countries have constructed new and excessive sporting facilities. Most recently the 2008 Beijing Olympics was home to the elusive “cube” and “bird’s nest” which cost China over \$3 billion alone.⁴⁶ Though these excessive structures clearly were noticed the world over, their costs were exorbitant and added to the all-time high costs of the Beijing Olympics.

The Beijing Olympics are a prime example of the competitive “one-upping” occurring in the hosting of the Olympics today. After China’s lavish display of technology and capital, simply refurbishing a stadium to host the Olympics seems almost unthinkable. However due to London’s already extensive infrastructure, and remarkable facilities (see Millennium Dome), London will save money on construction compared to the massive construction efforts held in Beijing. A more interesting parallel will be the 2016 Games held in Rio de Janeiro, Brazil. Like China, Brazil is an emerging world power and the Rio Games will likely be used by Brazil to display their new dominance on the world stage. Abundant displays of wealth and innovation will likely manifest in exorbitant facilities to host the Rio Games. As host nations continue the race to be the top of innovation and a “Games like no other”, their economies will suffer. The costs associated with constructing these magnificent facilities are not returned in the economic gain necessary to sustain a nation.

⁴⁵ Kitchin, 114.

⁴⁶ deLisle, 195.

Supporting Infrastructure

Regardless of whether the host country decides to construct a stadium from the ground up or refurbish an existing site, supporting infrastructure will be necessary to allow the Games to run smoothly. Such necessary infrastructure includes the Olympic Villages, transportation and broadcast centers.⁴⁷ Though these projects are likely to be used after the Games are complete, their initial cost is significant nonetheless. Olympic Villages serve as various forms of housing to generate income to cover Olympic costs. Olympic transportation and other infrastructure (parks, beautification, etc.) have lasting impacts on the host city, renewing areas of the city often in need of revitalization.

An interesting supporting cost that has evolved only recently is the cost of maintaining a social responsibility to the environment. The 2000 Sydney Games were marketed as the “Green Games” taking numerous steps toward a sustainable and environmentally friendly Games. These steps however, were not without their costs to the Sydney organizing committee. Environmental efforts were taken even further in Beijing where drastic measures were taken to address concerns over Beijing’s air quality. Factories in China were closed for weeks and restrictions on driving were implemented.⁴⁸ The efforts paid off for Beijing but not without the opportunity cost of lost production and efficiency due to the closing of factories. Beijing began its environmental efforts over 10 years prior to hosting the Olympics in order to increase their odds of winning the Olympic bid. The Chinese pledged an estimated \$12.2 billion on environmental measures

⁴⁷ Kitchin, 117.

⁴⁸ Blecher, 81.

covering the 10 year period.⁴⁹ Though costly, Beijing's efforts were effective in cleaning up their environment which resulted in lasting health benefits for all.

Operating Costs

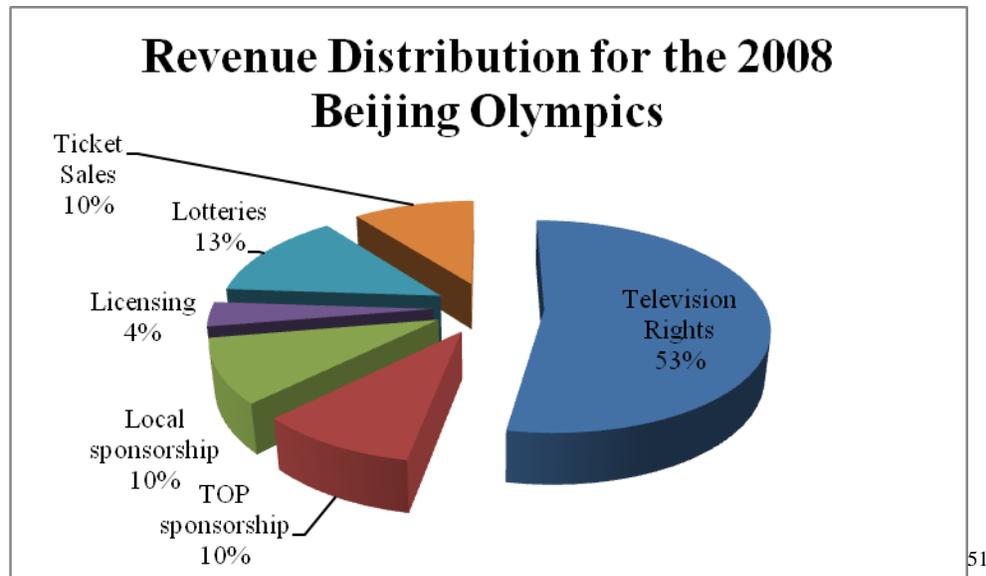
The operating costs of a mega-event like the Olympics are beyond significant. The amount of labor necessary to run the events, security, and the opening and closing ceremonies as well as to coordinate all aspects of the games is considerable. Fortunately the burden of most of the operating costs is met by the OCOG and relied less upon public funds.⁵⁰

Revenues

Clearly the costs of hosting the Olympic Games are high but revenues generated within the Games themselves seek to offset the costs and make it worthwhile for a country to host the Games. Revenues generated by the Olympic Games themselves include broadcasting revenues, sponsorship profits, ticketing income and licensing fees. The following chart displays the revenue breakdown for the 2008 Beijing Olympics.

⁴⁹ Brajer, Victor and Robert W. Mead, "Blue Skies in Beijing? Looking at the Olympic Effect." **Journal of Environment & Development**, vol. 12, no. 2 (June 2003), 240.

⁵⁰ Kitchin, 116.



The percentage of revenue produced has remained relatively stagnant in the past decade and can be expected to remain close to these proportions in the coming Games.

Broadcasting

The top revenue producing elements of the Olympics today is broadcasting. Contributing to 53% of the revenues generated in the Beijing Olympics, broadcasting rights are a lucrative part of hosting the Games. Clearly this element was not always present in Olympic history, but as the Olympics is televised and watched avidly the world over, the Olympics seem to exist for broadcast purposes only. Kitchen notes, “As the Olympics have progressed, the broadcast rights and fees progressively became an integral part of IOC finance.”⁵² The revenues generated from broadcasting are distributed to all parties contributing the Olympic Games including the national and international organization committees as well the national and local government of the host country. The broadcast revenue generated by the Olympics is constantly rising and as new forms

⁵¹ Beijing Organizing Committee, BOCOG, www.beijing-2008.org

⁵² *Ibid.*, 105.

of media (i.e. social media) that can bring the Olympics to the world, this revenue source will only continue to grow.

Sponsorship

Another huge revenue generator for the Olympic Games is sponsorship. International and domestic sponsorship combined create around 20% of Olympic revenue. The marketability of the Games is strong due to the heavy influence of broadcasting. The Olympics is one of few events that hold the entire world's attention for a few weeks every couple of years. Olympic hysteria is felt the world over. Thus being an Olympic sponsor means having one's company broadcast worldwide to unprecedented number of viewers. Not to be a sponsor of the Olympics is to be invisible.⁵³ This opportunity however, is not unknown and the competition to be an Olympic sponsor is highly competitive leading to what has been seen in recent years as an "over-commercialization" of the Olympics. Perhaps the peak of this problem culminated in the 1984 Los Angeles Games. Known as the "Burger Games" for the heavy influence of fast-food chain McDonalds, the Los Angeles Games served as a wakeup call for the IOC to deter the commercialized path the Games were headed.

Not only do the Olympics represent an enticing advertising opportunity for corporations due to the mass reach of the Games, but the Olympic spirit promotes a positive message that corporations wish to be associated with. The competition of sport and the virtues promoted by the Olympics are all attractive marketing tools utilized by corporations to promote their products to the consumers of the world. Due to the heavy

⁵³ MacQueen, 3.

costs of hosting the Olympics, endless sponsorships seem like a natural remedy to the heavy deficits run up by Olympic host nations. However, there is a clear downside to the over-commercialization of the Olympics as the Games cease to be about international competition and promotion of moral virtue, but rather become about selling the Olympic rings to the highest bidder.

Due to the global concern about over-commercialization the IOC has created an institution to regulate the sponsorship of the Olympic Games. The Olympic Partners (TOP) exists to combat over-commercialization. Kitchen notes the efficacy of the organization, “The success of TOP’s design, and its strict protection by the IOC, is that it associates the commercial sponsor with all aspects of the Olympic Games.”⁵⁴ TOP limits the number of sponsors involved in the Olympics as well as defining specific quotas for important sponsors and partners. TOP sponsored corporations are guaranteed national advertising rights with the OCOG emblems and the title ‘Official...’ in advertising their product or service.⁵⁵ The regulation of advertisers by TOP is beneficial in combating over-commercialization; however the nature of the modern Olympic Games is still highly commercialized and marketed toward the global consumer.

Ticketing

⁵⁴ Kitchen, 109.

⁵⁵ Preuss, 123.

Historically ticket sales were the number one way the Olympics generated revenue. However, with the dominance of broadcast revenue and sponsorship, ticket sales have become a minor contributor to Olympic revenues. Contribution of ticket sales to total revenue continues to decline, from 17 per cent for 1993-1996 to 14.2 per cent for 2001-2004. Ticket sales are a complicated issue that planning committees must take time to carefully consider and execute. Ticket prices fluctuate based on demand which can vary with type of sport, closeness to the final, time of day, location of facility, and location of seat in the stadium.⁵⁶ Though a secondary sources of revenue for the Olympics, ticket sales are an important part of national and international perceptions. Domestic demand for tickets in the 2008 Beijing Olympics was so high a lucrative black market was formed, selling tickets to the highest bidder.⁵⁷ Olympic planning committees must insure proper supply and pricing for Olympic tickets or visitor unrest will follow.

Licensing

Licensing allows for the Games' emblems to be sold on products domestically and internationally. In the past OCOG's have been in charge of marketing licenses to groups but due to less than desirable results in past games, the IOC now supports the OCOG in international marketing. The 1996 Atlanta Games marketed the Olympic emblem very poorly at an international level which has implications not just for Atlanta, but the Olympic perception in general.⁵⁸ Like ticketing, compared to broadcasting and sponsorship, licensing plays a limited role in contributing to Olympic revenue. However,

⁵⁶ Ibid., 176.

⁵⁷ Jarvie, Grant, Dong-Jhy Hwang and Mel Brennan. **Sport, Revolution and the Beijing Olympics**. (Berg Publishers, 2008), 117.

⁵⁸ Preuss, 124.

the emotional value of merchandize is strong for Olympic visitors as it provides them with tangible evidence of the intangible feelings and experiences of the Olympics.⁵⁹

External Revenues

The revenues generated by the Games themselves are only a part of the total income produced by hosting the Olympics. Profits generated by the host country outside of the Olympic Games, due to the increase in international attention, can have permanent effects on the country. The two main areas in which host countries benefit from international spotlight are tourism and investment. These revenue sources have a lasting impact on the host country that will generate revenue for the country years past the closing ceremonies. Tourism and investment are clearly affected by the Olympics, but revenue generated in these areas is not always enough to outweigh the heavy costs of hosting the Olympics.

Tourism

Due to the magnitude and international popularity of the Olympic Games, an influx of tourism to the host country is to be expected. Due to the variance in past numbers of visitors to the Olympic Games it is difficult to estimate the exact amount of visitors and in turn revenue tourism will produce. It should be assumed that most pre-Olympic forecasts are overestimated. Preuss cites that, “the true number of foreign visitors to the Olympic Games is probably only between 400,000 and 800,000 and the number strongly depends on the geographic location of the host country.”⁶⁰ Perhaps more importantly are the long term tourism impacts hosting the Olympics can have on the host

⁵⁹ Kitchin, Paul, 111.

⁶⁰ Preuss, 51.

nation. The Olympic Games provide a venue for massive promotion of the host country and city which bring lasting impacts to revenues generated by tourism. Olympic tourism experiences a “multiplier effect” when tourists return from the Olympics and share their experiences, triggering a multiplying effect that changes perceptions of friends and family about the host city and country.⁶¹ The multiplier effect brings visitors to the host country years after the Games come to an end, optimistically increasing as more and more people visit and share their experiences in the country.

The 1984 Los Angeles Games experienced a disappointing boom in tourism. Accommodations were difficult to come by despite the 75 per cent occupancy rate. Areas surrounding LA experienced a fall in demand as the Olympics created a crowding out effect. Compounding the fall in tourism was the overall dip in tourism experiences globally in 1984. The 1984 Games serve as an example that hosting the Olympics does not ensure a boom in tourism. Conversely, the 2004 Athens Games experienced high profits in the tourism industry. During the year of the Games tourist expenses were maximized at US\$1.4 billion and for the entire 14-year period, total expenditures are estimated at US \$10.6 billion.⁶²

The economic impacts of tourism are inherent to hosting the Olympics. However, dramatic benefits to the host nation’s economy are far from guaranteed and external factors contributing to tourism must be considered when estimating tourism impacts. Tourism is correlated with the overall status of the economy. Some years more tourism occurs than others, regardless of the occurrence of the Olympics. The global climate of

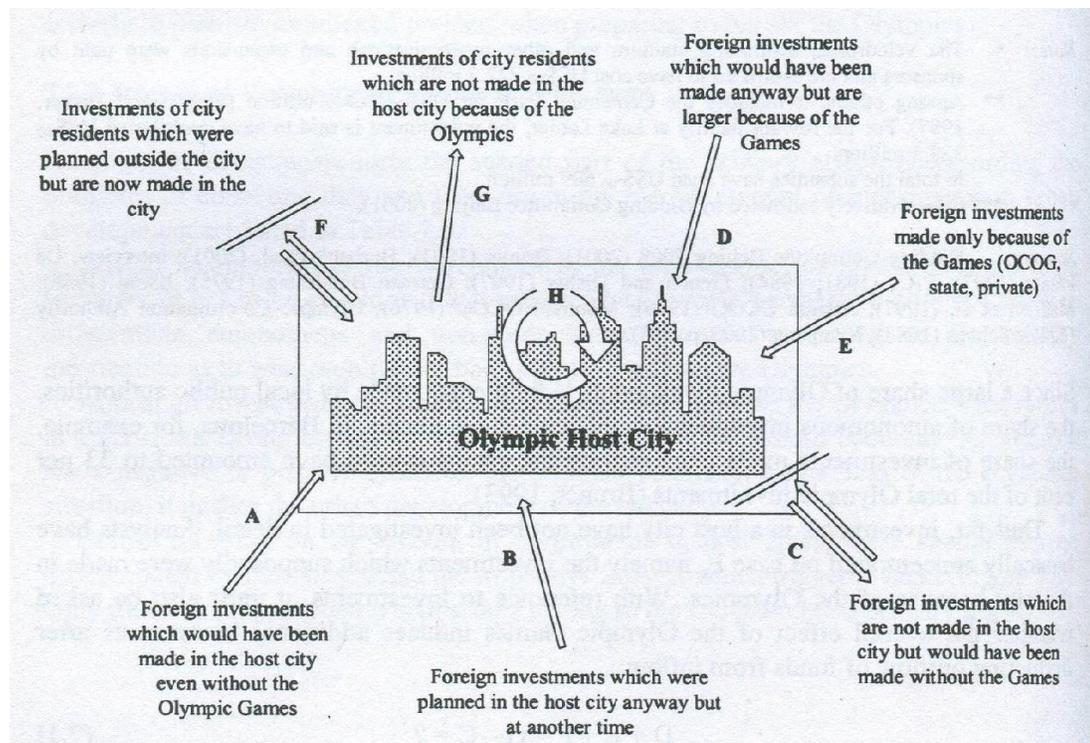
⁶¹ Ibid., 46.

⁶² Ibid., 63.

tourism must be considered when countries estimate the impact tourism will have on their country before, during and after the Olympic Games.

Investment

Olympic host nations also benefit from domestic and foreign investment to the host city and country. The following chart from Holger Preuess' book displays the flux of investment to the Olympic host city.



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Contrary to what one may think, investment is not a direct benefit to Olympic host cities. As seen in the above chart, some investment is actually deterred due to the Olympics. Investment by local residents cannot be seen as an influx of capital as that money is being taken from other sector that would normally benefit if not for the Olympics. The main benefits seen from investment are due to outside investment from foreign countries.

⁶³ Ibid., 86.

Foreign investment in the host city and country is nearly guaranteed in hosting the Olympics and thus represents an important aspect in considering the economic impact of the Olympics.

Effects over Time

In analyzing the costs and benefits of hosting the Games one must look at the affects over time contributing to the economic outcome of hosting the Games. Certain costs and benefits are experienced differently at different phases of hosting the Games. The following chart displays the key economic costs and benefits to hosting the Games over time.

	Benefits	Costs
Pre-Games Phase	Tourism Construction activity	Investment expenditure Preparatory operational costs (including bid costs) Lost benefits from displaced projects
Games phase	Tourism Stadium & Infrastructure Olympic Jobs Revenues from Games (tickets, broadcasting, sponsorship, licensing)	Operational expenditures Congestion Lost benefits from displaced projects
Post-Games phase	Tourism Stadiums & Infrastructure Human capital Urban regeneration International Reputation	Maintenance of stadiums and infrastructure Lost benefits from displaced projects

64

Impacts of the Games start 8 years before the actual hosting of the Games, starting with the bidding process, and last long after the closing ceremony with legacy effects on

⁶⁴ PricewaterhouseCoopers European Economic Outlook, “The economic impact of the Olympic Games,” (June 2004).

tourism and upkeep of Olympic construction. Understanding the future economic implications of hosting the Olympics is equally as important for host countries to consider as the pre-Games effects. The Olympics are likely to cause a lasting effect for the host country, whether costly or beneficial.

Opportunity Costs

Often overlooked in the hysteria leading up to the Olympics are the opportunity costs of hosting the Games. The massive amount of capital, labor, and time involved in staging the Olympics could instead be directly invested into the host nation rather than gambling on the success of the Olympics. The billions of dollars spent building sporting facilities that will likely never be used again, could instead be used to reform schools or renovate hospitals. Anti-Olympic sentiment is common in nearly all Olympic bids and has become the norm in recent Olympics.

Examples of anti-Olympic alliances include 'Bread not Circuses' (BNC) and 'People Ingeniously Subverting the Sydney Olympic Farce' (PISSOFF) based in Toronto and Sydney respectively. These groups use the internet to promote Olympic critiques which argue that public money spent for the Games is taken from other more important sectors like education, health, the environment and overall national prosperity.⁶⁵ With nearly every Olympic city's bid there is anti-Olympic alliance critiquing the host government and organizing committees. Are these groups warranted in their critiques? The following analysis by a British policy group weighs the opportunity costs of the upcoming London Games (2012).

⁶⁵ Kasimati, Evangelia, "Economic Aspects and the Summer Olympics: a Review of Related Research," **International Journal of Tourism Research** 5 (2003), 439.

The cost for the Games is estimated at £2.375 billion. What else could £2.375 billion buy?

- A new hospital in Manchester - a so-called super hospital - was estimated to have cost £400 million in 2001.
- The cost of building a new primary school in Worcestershire was estimated at £1.5 million, the capital cost of a new secondary school in Wales, £13 million.
- The average cost of constructing one mile of dual three-lane motorway in 1998 was estimated at £17.1 million.

Using such information we can look at the 'cost' of staging the Games as follows:

- We could build nearly 6 new 'super hospitals'.
- We could build 158 new primary schools around the country or 18 new secondary schools.
- We could construct 140 miles of new motorway.

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By quantifying what the money spent on the Olympics could actually buy the country directly, the opportunity costs of hosting the Olympics are obvious. London could host the Olympics and gain the associated benefits and/or losses or build 6 new hospitals, 158 new schools or 140 miles of new motorway. Undoubtedly this new infrastructure would help the nation yet clearly there is a compelling reason to host the Olympics over building new schools or hospitals. Nations must consider the opportunity costs involved in hosting the Olympics and even if the government and planning organizations are in agreement over the tradeoff, administration must work to help citizens understand in order to prevent harmful anti-Olympic decent.

The Beijing Olympics displayed a clear opportunity cost in the construction of their Olympic Village. The area selected for the Olympic Village was a less desirable,

⁶⁶ “The London Olympic Bid - Money Well Spent?”
http://www.bized.co.uk/current/mind/2004_5/221104.htm

low-income area that the government decided needed renovation. In turn, millions of residents were ousted from their homes in order to make room for the Olympic Village as well as parks and infrastructure to make the city more attractive.⁶⁷ Citizens were outraged at the blatant display of discrimination and harassment of vulnerable members of society thus creating domestic unrest within China. Though China achieved beautification of Beijing and international recognition, it was not without the cost of displacing their own citizens and causing domestic unrest.

Additional externalities must be considered when analyzing the economic costs and benefits of hosting the Olympics. In addition to the opportunity costs of capital redirected away from public works, negative externalities are experienced by local business as well as tourism. Local businesses can experience losses due to disruptions caused by construction of Olympic facilities or supporting transportation. Tourism can experience losses as normal travelers deter visits to avoid Olympic congestion.⁶⁸ Surrounding areas can endure losses due to the international focus on the host city. These negative externalities must be considered by Olympic host nations when considering the economics of staging the Olympics.

Lasting Impacts

It is clear that hosting the Olympics requires a dramatic economic investment by the host country as well as the nations of the world. Massive campaigns and economic restructuring are undertaken in the years leading up to the Olympics. However, the Olympic Games provide lasting economic impacts to host countries far beyond the

⁶⁷ Center on Housing Rights and Evictions, 8.

⁶⁸ Kasimati, 440.

closing ceremonies. The 1988 Seoul Games provide a prime example of lasting economic impacts spurring from the hosting of the Olympics. Prior to winning the Olympic bid, South Korea was a mainly agrarian-based economy. After securing the Olympic bid, South Korea transformed to an industry-based economy, growing vastly and creating a benevolent urban middle class.⁶⁹ South Korea's economic overhaul lasted long after the Games were gone and the hosting of the Olympics served as a positive push toward progress and modernization for the country. Beyond the money involved in hosting the Olympics, the Games can serve as a catalyst for economic improvement and development.

Hosting the Olympics involves serious economic implications to the host country. The expenditure required to host the Games is great and only seems to be growing with every Games. There are also clear economic benefits involved in hosting the Olympics, some of which have lasting impacts on the host city. In weighing the costs and benefits of putting on the Olympic Games, the costs clearly outweigh the benefits. The building of immense infrastructure cost host countries billions in expenditure while the revenues brought in by the Games themselves do not balance the extreme costs. However the economic impact of hosting the Olympics goes beyond the two-week period spanning the Games. Host countries benefit from lasting increases in tourism and investment as well as countries like South Korea, which completely revamped its economy due to the catalyst of the Olympics. The economic impact of the Olympics is unique to each country that hosts the Games. The expenditure and revenue sources listed above can be expected as well as the impacts of tourism, investment and the opportunity costs; however there is

⁶⁹ Black, 1249.

not formula to the economic impact that will occur due to the hosting of the Olympics. Hosting the Games is an economic gamble undertaken by each country that bids to host the Olympics however, based on the above analysis hosting the Olympics is a losing gamble.

Chapter 4: International Legitimacy

Today's world is extremely complex with seemingly endless opportunities for conflict. Issues are seen at the local, regional, national, and international levels, all of major importance and many of detrimental effect. The effort involved in resolving conflict at these levels is tremendous, so great that millions of people dedicate their entire lives to the service. Conflicts arise from any number of topics from territorial disputes to deep seeded ethnic, religious or racial differences. Sadly, conflict plagues almost all people in some way. Uniting people within a country is challenging but uniting the countries of the world is a truly lofty goal. Very few events allow for a temporary ignorance of the conflicts of the world and a pause on issues of national importance. The Olympics represents one such event. For two weeks every couple of years global conflict is put on hold, international tensions are played out on the field rather than in battle, and people of the world celebrate sport in relative harmony.

The Olympic Games exhibit the power of sport and the passion held by the people relating to sport on the global stage. The power of the Olympics is felt globally and the shared excitement by people of the world is seen in few other instances. The Beijing Games were broadcast in 220 territories and reached an estimated 4.3 billion viewers.⁷⁰ Rod McGeoch, who led Sydney's 2000 Olympic bid, remarked on the power of the Games:

The 2000 Olympics will be the greatest peacetime event in Australia's history. It will be something that all Australians will never forget. For many people, it will be the greatest moment of their lives; an event which lives on in their memory. Australia is a nation which genuinely does stand for the goals and principles which are the very foundations of the [Olympic] movement. ...It will be one the

⁷⁰ International Olympic Committee, "Games of the XXIX Olympiad, Beijing 2008: Global Television and Online Media Report." (IOC, Sept, 2008), 2.

most important moments in Australian history when they light the flame at Sydney Olympic Park.⁷¹

McGeoch's sentiments are not uncommon in proclamations about the allure of the Olympics. There exists an intangible element that captures citizens of the world and allows them to temporarily forget whatever societal ill is currently plaguing them. In this way the Olympics are an irreplaceable event in global society.

The effect of the Olympics on the host country is considerable. Due to the international prominence and global attention drawn by the Games, the host country is put under the lens of the world for several weeks during the events, as well as the years leading up to the Olympic Games and the years after. Thus, hosting the Games is no small feat and can bring great prosperity and international respect to the host country. Economically, the host country stands to gain lasting benefits from tourism and investment as the Olympics spotlight the host country and draw attention worldwide. Domestically, the host country experiences rapid changes from the time it earns the Olympic bid to years after the closing ceremony. Internationally, the host country gains respect and legitimacy unparalleled by any other event in the world.

The international recognition gained by hosting the Olympics is truly unique. The economic and domestic benefits of hosting the Olympics can be mimicked by large infrastructure investments or other rejuvenation campaigns. The international effects of hosting the Olympics, however, cannot be imitated by any other campaign or event. The magnitude of the Olympic Games provides the host country with the opportunity of a lifetime to invent an image of itself on the world stage. The host country is given the

⁷¹ Toohey, Kristine and Anthony James Veal, **The Olympic Games: a social science perspective** (CABI International, 2007), 7.

opportunity to display its unique aspects that differentiate it from the rest of the countries of the world. With the Olympics, the host country can prove its legitimacy on the world stage as a powerful global leader. However, the global attention brought by the Games can also highlight shortcomings and pitfalls of the host nation. Undoubtedly the Olympics bring the host country great international legitimacy but not without also exposing the ugly underbelly of a country at the same time. This chapter will explore the costs and benefits of hosting the Olympics experienced internationally by the host country.

Internationally, the Olympics represent several opportunities for the host nation. This chapter focuses on the following areas: 1) The Olympics as a “coming out party” for developing countries to display their progress and status on the world stage. 2) The Olympics as a mediator in international diplomacy. A certain amount of forced diplomacy is involved in hosting the Olympics as countries come together to compete in the Games. Additionally, countries come into contact with countries they otherwise would have no contact with. 3) Politically, the Olympics turn the global spotlight on the host country’s policies, which at times, come under global criticism. In the past, the Olympics have served as a venue to display political change, seeking international validation. The Olympics play a clear role internationally that is overall beneficial to the host country.

Globalized Games

Before analyzing the international implications of hosting the Olympics, it is important to understand the transformation of the Olympics over time, especially

considering the recent age of globalization in which the Olympics currently occur.

Maurice Roche insists:

In earlier periods the social roles of the Olympic Games events, of the Olympic event cycle and of the movement which organizes them, needed to be understood in relation to, among other things, the sociology and politics of nations, particularly the nation-building of host nations, and the motivations of participant nations in terms of the presentation and recognition of national identities. Comparably in the contemporary period the social roles, and thus the potential social legacies, of the Olympics, need to be seen – in addition to their national implications for nation states – in relation to the contemporary realities of globalization and global society-building.⁷²

Roche notes the transformation in hosting the Olympics in today's globalized world compared to the simpler implications of hosting the Games pre-1980. Now, more than ever before, the Olympics spurs a national effort by the host country to differentiate itself from the rest of the world. At times these efforts become contrived, artificial campaigns by the country portraying a certain image at the expense of the people of the host nation. The negative effect on the people of the host nation is apparent, yet the international effect is not wholly negative. Though the exaggerated campaigns seem contrived to the people of the host country, the international community is engaged and intrigued. Especially in less developed countries, the self-promoting campaigns capture the attention of the world and help the country differentiate them in the globalized world.

The Olympics also serve as a manifestation of the world's most sophisticated advancements in technology and environmental efforts. The 2008 Beijing Olympics was an excellent display of the world's top technology on the global stage. Beijing displayed modern and cutting-edge architecture by some of the top architects of the world, showing

⁷² Roche, Maurice, "Mega-events and modernity revisited," in Horne, John and Wolfram Manzenreiter. **Sports Mega-Events: Social Scientific Analyses of a Global Phenomenon** (Blackwell Publishing/The Sociological Review, 2006), 37.

the globe China's emergence as a sophisticated world player.⁷³ Additionally, Beijing utilized some of the world's most advanced environmental technologies in cleaning up Beijing pre-Games. The threat of rain on the day of the opening ceremony brought the Chinese to implement the "largest weather modification exercise in China's history."⁷⁴ The Chinese fired 1,000 rain dispersal rockets over the Olympic stadium to deter inclement weather from spoiling the ceremony. Displays like these are clear demonstrations of the globe's top advancements in technology for the eyes of the world.

The 2000 Sydney Games, known as the "Green Games", reflected the world's growing concern with the environment and sustainability. Sydney took great measures to hold an environmentally friendly Games while displaying the world's top environmental advancements. The Sydney Games sent a message to the world of the importance of sustainability and costly global consequences if environmentally friendly measures are not taken. Beijing and Sydney exemplify the excellent opportunity the Olympics present for displaying global advancements in the age of globalization.

Coming Out Party

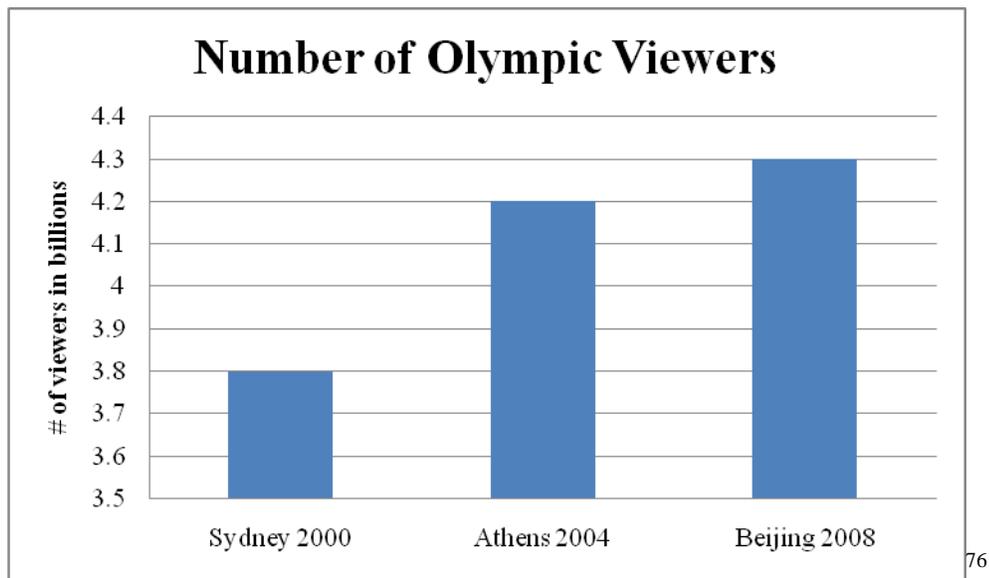
The international recognition involved in hosting the Olympics is inevitable. Even if the host country implements small awareness campaigns or builds minimal new infrastructure, the host country will still receive international recognition solely from being the Olympic host nation. The reach of the Olympics and the amount of spectators watching the Games across the world leads to international attention and recognition. Compounding this fact, the global reach of the Olympics is growing through broadcasting

⁷³ Blecher, 86.

⁷⁴ MacQueen, 2.

and internet media. The 2008 Beijing Games reached an estimated 4.2 billion people while Athens in 2004 reached 4.2 billion and Sydney in 2000 reached 3.8 billion.⁷⁵

Especially for developing nations, the attention and recognition received by hosting the Olympic is translated into international legitimacy and validation on the world stage and can be mimicked by few other events in the world. The following graph displays the increase in global viewers reached in the past three Summer Games.



Beijing gave coverage to an all time high percentage of the population. 63% of the entire world had access to watching the 2008 Olympic Games.⁷⁷ This percentage is expected to increase in the coming Olympics as interest in the Games grows and the internet providing a new venue for international viewership.

⁷⁵ International Olympic Committee, "Games of the XXIX Olympiad, Beijing 2008: Global Television and Online Media Report." (IOC, Sept, 2008), 2.

⁷⁶ International Olympic Committee, "Olympic Marketing Fact File," (December 2009), 9, 12, 15.

⁷⁷ International Olympic Committee, "Games of the XXIX Olympiad, Beijing 2008: Global Television and Online Media Report." (IOC, Sept, 2008), 2.

Starting from the bidding process, host countries receive unparalleled international attention. Winning the right to host the Olympics represents the ultimate accolade that a city can earn on the world stage.⁷⁸ The bid for hosting the Olympics is extremely competitive and earning the privilege to host the Olympics validates the host country enormously. Hosting the Olympics is extremely prestigious and winning the bid over all other countries signifies that the chosen country is worthy of hosting such an important global event.

For developing nations, hosting the Olympics can serve as a signal to the rest of the world to the progress or current status of events in the country. Hosting the Olympics gives the host country an unmatched opportunity to display what their country is really about and why it is the best country on earth. The 2008 Beijing Olympics gave China the opportunity to show the rest of the world their current prominence on the world stage after a less than dominant history. China sought to show the world their advancements with over-the-top investments in Olympic infrastructure and grand displays of Chinese people in the opening and closing ceremonies. The 2008 opening ceremonies included an impressive display of 2,008 children forming the Olympic rings signaling to the world China's organizing abilities and amount of human capital.⁷⁹ Primarily a medium for promoting China's economic power and arrival as a world player, the Beijing Olympics also promoted Chinese culture, identity and modernity.

In the past the Olympics has served as a legitimizing force to countries with less than desirable political conditions. The 1936 Berlin Games served to validate Hitler's

⁷⁸ Gold, 320.

⁷⁹ Price, Monroe E. and Daniel Dayan, **Owning the Olympics : narratives of the new China** (University of Michigan Press, 2008), 2.

Germany to the world. Hitler's discrimination was legitimized through the Olympics as he only allowed members of the Aryan race to compete for Germany, perpetuating racial supremacy on the global scene.⁸⁰ Threats of boycotts by competing nations flurried but only Ireland ultimately stayed away from the Berlin Games. The Olympics served to authenticate Nazi Germany as it displayed Germany's current political scene for the eye of the world. Similarly, the 1980 Moscow Games validated another totalitarian government, the Soviet Union. Richard Tomlinson notes, "The event had to be used to demonstrate the advantages of the Soviet political and socioeconomic system, enhance the Soviet Union's international prestige and consolidate its international status as a leading superpower."⁸¹ The Moscow Games brought international recognition to the communist state though serious boycotts by the United States and 64 other countries tarnished the legitimacy normally brought by hosting the Games. The legitimizing forces innate in hosting the Olympics were only marginally effective in validating Hitler's Germany and the USSR. The international attention given to the countries, especially the USSR, ultimately caused international uprising against the host government.

Not only do the Olympics bring international attention to the host country, but they also highlight the region as a whole. For example, the 1968 Mexico City Games were used as a catalyst to promote Latin America. The Mexican Olympic Organizing Committee saw the implications of hosting the Olympics for the entire region:

Mexico's commitment is, in reality, a commitment by all countries who speak Spanish, especially those in Latin America. That's why the committee wants as many Americans as possible to give a demonstration of what they can do through Mexico. Hence, the Olympic committee wants American radio stations to take a

⁸⁰ Kanin, 52.

⁸¹ Tomlinson, Richard, "Who Accolades? An Alternative Perspective on Motivations for Hosting the Olympics," **Springer Science and Business Media** (1 April 2010), 148.

few minutes to inform their listeners of what's happening in Mexico and thus to show the organizing efficiency and capacity of Latin Americans.⁸²

The power of hosting the Olympics is not felt exclusively in the host country but in the region as a whole. In addition to promoting Latin America as a region, the 1968 Mexico City Games were used as a platform to implement Spanish as the third official language of the IOC. Unfortunately the Mexico City Olympics were tarnished with pre-Games violence which was then reflected on all of Latin America. When using the Olympics as a catalyst to garner global attention, the negative implications must be considered. Mexico's international image suffered from the violence associated with the 1968 Games and due to the calculated ties between Mexico and the rest of Latin America, Latin America's image suffered as well.

Like Mexico City's promotion of the rest of Latin America, Olympics hosted in Asian countries also seek to promote all of Asia as well as the individual host country. The 1964 Tokyo Games served as Japan's "coming out party" to the rest of the world after World War II as a progressive world power.⁸³ Japan's modernity and technological advancements wowed the countries of the world and in turn reflected Japan's prosperity to all of Asia. Much like Tokyo in 1964, Seoul in 1988 hoped to gain international legitimacy and recognition after a turbulent past. Most recently with Beijing in 2008, Asia has solidified its prominence on the world stage through international recognition garnered by hosting the Olympics.

Whether positively or negatively, the international recognition inherent in hosting the Olympics is a powerful legitimizing force. Whether confirming a controversial

⁸² Brewster, 105.

⁸³ Black, 1251.

regime (i.e. Berlin 1936, Moscow 1980) or displaying a nation progress and entrance to the global scene (Tokyo 1964, Beijing 2008), the Olympics serve as a powerful international event that elevate the host nation on the world stage. The increasing number of developing nations hosting the Olympics signals that the IOC understands the legitimizing force the Olympics has internationally. Seen in the 2010 World Cup in South Africa and to be seen in the 2016 Rio de Janeiro Olympics, the “coming out party” generated internationally by the Olympics is an important positive effect of hosting the Olympics or any international mega-event.

Forced Diplomacy

Due to the international nature of the Olympic Games, foreign relations between nations is inevitable. Significant political messages can be conveyed during the Olympics through protests, boycotts, demonstrations, and even performance in the Games themselves. Simply by participating in the Games, nations are recognized globally. The opening flag ceremony as well as participation in Olympic events exposes countries to Olympic viewers all over the world. Hosting the Games represents a diplomatic opportunity for the host government to engage in diplomacy with participating nations. In the 2008 Beijing Olympics, the Chinese made a great display of President Hu Jintao shaking hands with prominent world leaders to show China’s prominence in global politics.⁸⁴ Though these meetings between world leaders are mostly superficial, the forced diplomacy can have positive effects on world political moral.

⁸⁴ MacQueen, 1.

Additionally, the Olympics can provide a venue for nations to compete internationally that otherwise would not. For example, the United States and Cuba compete at the Olympic level with Cuban hopes for an upset over their North American rival. Kanin notes:

Cuba could train hard for these Games, perform well in “head-to-head” competition with the US, and make a great impression on the rest of the hemisphere. Castro could use sport to demonstrate that his small country was not intimidated by the North American giant, and that his small population could more that hold its own in the competition for athletic victory.⁸⁵

The use of sport as a means of global interaction is a positive way to avoid international conflict. A significant message can be portrayed through sport which explains why world leaders, like Fidel Castro, aspire to be the best at the Olympic Games to prove a point to the rest of the world. This factor can also be attributed to the highly developed Olympic athlete training programs implemented by some Asian nations, especially China. China seeks to prove its global dominance through supremacy at the Olympic Games, thus allocating resources to the intensive training programs for Chinese Olympic athletes. The Chinese do consistently well in the Olympic Games, especially in certain events like gymnastics and diving, sending a message to the world about China’s strengths and priorities. Always a top medal earner at the Games, the Chinese won the most gold metals (51) and the second most medals overall (100) in the 2008 Beijing Games sending a message to the rest of the world of the dominance of the host country.

Olympic Spotlight

With the international attention acquired by hosting the Olympics comes international critique and scrutiny. Media attention is focused on the host country in the

⁸⁵ Kanin, 89.

years leading up to the Games themselves. Due to the amount of time between a successful bid and the actual hosting of the Games, the international media is left with substantial time to uncover scandalous issues plaguing the host country. By hosting the Games, countries are put under the international spotlight and criticized for any potential wrong doing.

The most recent example of a host country experiencing international scrutiny is Beijing in 2008. The Chinese government received global criticism over human rights abuses and Chinese sovereignty in Tibet.⁸⁶ The criticism led to calls for international boycotts of the opening ceremony, but sympathy over the May earthquake lead to attendance by all. Additionally, Beijing's display of China's prosperous new reality also demonstrated the less desirable side of the PRC including extreme nationalism, repression and lack of commitment to global norms and processes.⁸⁷ Clearly, host countries are disadvantaged when critiqued globally and future host countries must accept this occurrence as a standard side effect to hosting the Olympics.

Additionally, though China won the most gold medals in the 2008 Beijing Games, the prestige was tarnished due to controversy over the age of their female gymnasts. The media scrutiny led to a general investigation and intrigue by the international community over the Chinese aggressive Olympic athlete training program. The extreme visibility of China in the 2008 Beijing Games led to negative press and in turn perceptions of the immense developing nation.

⁸⁶ Blecher, 80.

⁸⁷ deLisle, 181.

Another example of the negative spotlight hosting the Games can have on the host country is seen in the 1984 Los Angeles Games. The aggressive sponsorships by American companies like Coca-Cola, Kodak and McDonalds turned off global spectators to America's hyper-commercialized economy. The so-called "Burger Games" portrayed America in a less than favorable light and in turn left the world with negative perceptions of the United States.

Implications

Overall, hosting the Olympics is a powerful legitimizing force for the host country. The sheer magnitude of the Games means that any exposure, positive or negative, will be broadcast to over half of the entire world's population. Due to society's preoccupation with scandal and controversy, the negative occurrences in the Olympics tend to be the events the world remembers about past Olympic Games. Though the international prestige and exposure innate in hosting the Olympics brings the host country respect and legitimacy, negative exposure outweighs the benefits of hosting the Games.

As seen in the legacy of violence associated with the 1968 Mexico City Games, the commercialism in the 1984 Los Angeles Games and the questionable ethics in the training of China's Olympic athletes in Beijing 2008, the legacies most often associated with the Olympic Games are negative ones, thus disadvantaging the Olympic host nation. In addition the legitimacy given to host nations is not always a positive thing as seen in the 1936 Berlin Games and the 1980 Moscow Games. The validation of controversial governments by the Olympics created international conflict and went against the unifying goals of the Olympics.

The Olympics also expose negative aspects of the host country due to the length of time the host country is in the international media. From the time the host country wins the Olympic bid nearly ten years prior to hosting the Games to years after, the host country is under the international microscope. Every questionable policy, diplomatic move, or social movement is put under global scrutiny for the world to judge. Though it is to be expected that not all domestic policies translate well to the global stage, the international community scrutinizes the host country for their pitfalls and forgets the positive aspects the host countries display.

The extreme amount of global attention brought to the Olympic host nation also motivates the host nation to promote itself on the world stage. Though positive effects can be drawn from this promotion like international tourism and investment, these promotions are often contrived and superficial, which in turn negatively affect the host country.

Though positive effects are taken away from hosting the Olympics like validation and legitimacy in the world, the negative aspects involved in hosting an event with such a high level of international visibility outweigh the benefits. Future Olympic host countries must understand the risk involved in hosting the games and the implications guaranteed by the global attention garnered by the games.

Chapter 5: Conclusion

Due to the excitement and prestige surrounding the Olympics, international perceptions of hosting the Games are positive and the Olympics are thought to bring prosperity and economic benefits to the host country. However this paper insists that hosting the Olympic Games is actually more detrimental to the host country than beneficial. Though each Games is different and every host country has the opportunity to create a positive Games, the negative aspects of hosting the Games create a difficult environment for any country to host a successful Games. Due to the negative effects of the Olympics on national unity, economic impact and international legitimacy, hosting the Olympics is a losing gamble for Olympic host nations.

The negative effects of the Olympics on national unity can be seen in various aspects of domestic life in the host country. The building of costly infrastructure and city rejuvenation projects often displaces vulnerable member of society thus creating internal unrest. Domestic politics are harmed as civil liberties are temporarily eroded for security purposes. Contrived efforts by host countries to differentiate themselves on the world stage create domestic discontent. Additionally the pressure drawn from participating in the Games as the home team creates desperation by Olympic athletes to perform, often at the expense of Olympic integrity.

The Olympics also negatively impact the host country's economy. The revenues of hosting the games, which include broadcasting, sponsorship, ticketing and licensing are outweighed by the costs of building of sporting facilities, supporting infrastructure and operating costs. Though additional revenue can be generated over time from tourism

and investment, these benefits are not guaranteed and should not be forecasted as so by national Olympic planning committees. Additionally the opportunity costs of hosting the Games are high as the capital used to put on the Games could instead be directly invested in the host country to the guaranteed benefit of the nation.

Lastly, the negative effects of the Olympics are seen at the international level. The Olympics catapult the host country onto the world stage thus withstanding international attention and scrutiny. Though the Games provide an indispensable opportunity for the host country to display its progress to the world, the negative aspects are also on display for global critique. The international diplomacy involved in hosting the Games is also mostly superficial and lacks any real value to the host country.

Several key factors emerge when analyzing the efficacy of past Games. Clearly some Games have been more successful in bringing benefits to the host country than others and understanding those differences can highlight the most effective ways to bring domestic prosperity to the host nation. Additionally the focus of every National Olympic Organizing Committee is different and thus benefits are seen in different areas in every Games. Negative factors that can be sure to bring political, economic or social effects to the host country include violence, tragedy, poor planning and over-commercialization. In addition, the level of commitment by the host country is directly correlated with the potential benefits the country will receive from hosting the Olympics.

Due to the global attention drawn by the Olympics, the Olympic Games represent a prime opportunity for terrorist attacks and other forms of high profile violence. The sheer numbers of people gathered by the Games as well as the high degree of visibility

gives terrorists the opportunity to make a statement viewed by the entire globe. Host countries are aware of the attractive opportunity the Olympics represent for terrorists and prepare accordingly with heightened security and extra precautions. However, even with the increase in security, the Olympics continue to experience Games related violence. The occurrence of violence at the Olympics is nearly expected and unfortunately creates a negative connotation over the Games as a whole. The 2008 Beijing Games were tarnished by the stabbing of three innocent people resulting in one fatality. With 100,000 security forces watching over the city, locals and visitors alike felt reassured with hopes Beijing could remain violence free.⁸⁸ The international media, searching for headline news to create controversy, capitalized on the violence in Beijing thus damaging China's reputation. The inevitability of violence when hosting the Olympics can be seen in Beijing and countless other examples of violence throughout Olympic history.. Even with increased security, violence still occurred tarnishing the Games. However, Beijing did avoid major terrorist attacks as seen in Atlanta 1996 and Munich 1972, likely due to heightened security and advancements in defending these attacks.

Like violence, tragedy can also taint the Olympic Games resulting in negative effects to the host country. The 2010 Vancouver Olympics were tarnished by the tragic death of Georgian luger Nodar Kumaritashvili. Just hours before the opening ceremony, the 21-year-old died during a routine test run. IOC president Jacques Rogge commented that the death "clearly casts a shadow over these games."⁸⁹ The tragedy itself and the subsequent official response were extremely disappointing and Olympic viewers saw

⁸⁸ Noffsiner, Jodi, "Violence at Olympics IS Shock in Otherwise Safe Beijing," Fox News, 9 August 2008, 1.

⁸⁹ Sohn, Michael, "Tragedy at the Olympics," CBS News, 7 April, 2010, p. 1.

Vancouver as one of the worst Games ever hosted. Canada could have done little to prevent the freak accident from happening but the international community targeted their frustrations at the host nations, thus damaging Canada's reputation.

Hosting an international mega-event like the Olympics requires serious planning and forecasting by the host countries in order to hold an effective and prosperous Games. When budgeting for the Games, host countries must forecast the potential revenues the country will receive by hosting the Olympics. Errors in planning and forecasting by the national organizing committee can be detrimental to the prosperity of the host country as a whole. The 2004 Athens Organizing Committee committed a fatal error in planning and budgeting for the 2004 Olympics. The Athens Organizing Committee projected large revenues to be produced from tourism; however the predicted benefits did not come to Greece. Vigor notes the commonality of this problem, "Infrastructure investments are often misplaced and the benefits fail to flow back to the people and places that need them most. Equally, the flow of new tourists tends to dry up fast. Or, as Athens found, fails to appear in anything like the numbers predicted."⁹⁰ Athens experienced extreme debt due to the poor planning of the Olympics that helped to drive the country into economic disaster. The budget for the Athens Games grew to nine times the original budget with investments in grandiose sporting facilities which are now collecting dust in the former host city. Greece spent an estimated \$15 billion on the Athens Games while only six years later the Greek government would need to borrow \$145 billion from its European partners to stay solvent.⁹¹ Though the failed Olympics hosted by Greece in 2004 is not

⁹⁰ Vigor, 3.

⁹¹ Hawver, James, "Now They're Sorry: Athens' Owe-lympics." AOL News, 24 May 2010, p. 1.

the only factor contributing to their national debt, the costly Games did play a key role in Greece's economic decline.

Another negative factor that is sure to bring negative effects to the Olympic host nation is over-commercialization. The high degree of international visibility inherent in the Olympics brings global criticism to the host nation and their execution of the Games. The 1984 Los Angeles Olympics was the turning point in Olympic sponsorship as they were the first Games to be financed entirely by private entities, protecting the local population from the great costs of hosting the Games.⁹² However the sound economic policy of the 1984 Games were not without costs to the integrity of the Olympics. Every corner of the 1984 Olympics was sponsored by a corporation and in turn the Olympics became less about "sport at the service of the harmonious development of man" and more about how many Big Macs could be sold across the globe.⁹³ Olympic viewers took note of the new focus of the Olympics and expressed their dissent. The IOC responded aptly with the creation of The Olympic Partners (TOP) to regulate corporate sponsorship, allowing the IOC to maintain Olympic integrity while still benefiting financially from sponsorship. Even with TOP in place, Olympic host countries must continue to be wary of hosting an over-commercialized Games. For the Olympic Games to maintain popularity (and subsequent profitability) countries must host economically sound Games without corporate sponsorship at the forefront of the Games.

Though negative factors like tragedy and violence are not intrinsically connected to the host country, the occurrence of these events in the host country is tied to the

⁹² Giiannoulakis, Chrysostomos and David Stolar, "Evolution of Olympic Sponsorship and Its Impact on the Olympic Movement." LA84 Foundation, ISOR 2006, p. 184.

⁹³ International Olympic Committee, "Olympic Charter," (October 2007), 11.

country, whether aptly or not, by the international community. Even over-commercialization and planning mistakes, which are caused by national Olympic planning committees, are not representative of the nation as a whole. However for nations with low international visibility prior to the Games, the Olympics may be the only thing that defines them on the world stage. Thus if the host nation is then seen in a negative light due to any of the above factors, it will then hold said reputation by the people of the world. The tragedy that occurred in the 2010 Vancouver Games was in no way the responsibility of the grand majority of Canadian citizens, yet Canada's reputation as a whole was tarnished by the tragic accident. The over-commercialization of the 1984 Los Angeles Games did not occur due to the sentiments of all of the American people, but the image of hyper capitalism was projected on the United States as a whole by the rest of the world. The violence that occurred days before the 1968 Mexico City Olympics was portrayed by the international community that Mexico, as a whole, is a violent and dangerous place. These judgments are clearly not warranted, however, for the average international viewer of the Olympics, who likely knows little about the host country, their Olympic-based judgments are only natural. Further, these judgments are lasting and can shape international perceptions for years to come.

Why Host?

From the above analysis it is clear that hosting the Olympics comes with clear risks and almost certain drawbacks in the areas of national unity, economic impact and international legitimacy. However the bid to host the Olympic Games is still highly contested and as the Games continue to be broadcast to higher numbers of international viewers every year, the extreme competition to host the Games will likely continue. The

Olympics do bring positive benefits to the host country that are unparalleled by any other event, making it an attractive event for potential host countries.

There are a certain amount of intangible benefits involved in hosting the Olympic Games that can be brought on by few other events. A study by Atkinson, Mourato, Szymanski and Ozdemiroglu, cite seven categories of potential intangible benefits to the host country:

1. *Uniting people/feel good factor/national pride*: the anticipation of the event (i.e. the excitement of the Olympics, boosting the nation's morale and image), excitement during the event (flags display, people watching and talking about events together, increased medal success for national athletes, potential for creation of national heroes) and shared memories after the event.

2. *Improving awareness of disability*: experiences of the 12-day Paralympics people overcoming adversity and showing benefits of sports to everyone.

3. *Motivating/inspiring children*: inspiring children to play sports, giving them something to do and sports champions as role models.

4. *Legacy of sports facilities*: creation of local facilities for children, new stadia and sport venues (in host city and other parts of the country) which could continue to be used after the events.

5. *Environmental improvements*: the speeding-up of planned environmental regeneration, the creation of new green spaces and recreational areas and a revitalized river and canal network.

6. *Promoting healthy living*: the promotion of healthy diet and nutrition and the benefits of sports and outdoor activities.

7. *Cultural and social events*: the experience of a series of cultural and social festivals across the country to accompany the Olympics, boosting knowledge and understanding of the nation's culture and diversity.⁹⁴

These benefits are clear and are likely to impact the Olympic host country. The unifying force powered by the Olympics brings people of a nation together in unprecedented

⁹⁴ Atkinson, Giles, Susana Mourato, Stefan Szymanski and Ece Ozdemiroglu, "Are We Willing to Pay Enough to 'Back the Bid'? Valuing the Intangible Impacts of London's Bid to Host the 2012 Summer Olympic Games." *Urban Studies Journal* (February 2008), p. 426-427.

numbers. The legitimizing force that the Olympics provide for developing nations is unparalleled. The “coming out party” for China during the Beijing Olympics catapulted China onto the world stage and China impressed the globe with its progress in technology and efficiency. However as noted previously, the international spotlight also exposes the negative aspects of a country for global scrutiny. Though the Olympics provide countries with the opportunity to display their status in the world, the negative exposure involved in hosting the Games detracts from their international legitimacy.

Increasingly, countries are beginning to understand that the economics of hosting the Olympics is such that monetary gain for the host country is highly unlikely. Potential host countries are stressing the importance of non-tangible elements like those listed above over the hard monetary gains that could be realized by hosting the Games. Gold notes that the right to host the Olympics represents the ultimate accolade that a city can earn on the world stage.⁹⁵ The prestige involved in hosting the Games is still extremely attractive to potential host countries if not for nothing more than the validation in being chosen above all other countries. Countries will continue to vie for the coveted position of Olympic host country as long as the Olympics garner vast world attention. The negative effects of the Olympics are not unknown to host countries, yet each subsequent host country feels they will be the one to host the best Games yet. The competitive “one-upping” seen in the past Olympic Games will likely continue and host countries will continue to suffer the negative consequences of hosting the Games.

It is interesting to note the IOC’s response to the growing awareness of the Olympics as a losing venture for host nations. After the 2000 Sydney Games left

⁹⁵ Gold, 320.

grandiose Olympics-built infrastructure in the city without purpose, the IOC changed the charter to include the idea that the Games should leave a tangible legacy to the host city.⁹⁶ Vigor notes the struggle by the IOC to justify such large investments by the host country, “However, currently the IOC’s use of legacy is an essentially negative one, driven by a fear that the Olympics has become synonymous with gigantism, excess and expensive venues that struggle to find a use once the Olympic circus has left town.”⁹⁷ Justifying white elephants left in the host city after the Olympics by identifying them as an Olympic “legacy” as a multibillion dollar souvenir is a contrived effort by the IOC to keep countries interested in hosting the Games.

Implications for Future Games

Though this paper insists that hosting the Olympics is detrimental to the host nation, the contest to host the Olympics is still highly competitive. The four finalist cities to host the 2016 Summer Olympics are among the top cities in the world: Madrid, Rio de Janeiro, Tokyo and Chicago. Rio won the IOC vote by a large majority and earned the privileges, as well as burdens associated with hosting the Games. However a shift from the recent Olympic trends of excess and one-upping is apparent in Rio’s approach. The Rio Organizing Committee is dedicated to holding a sport-focused Games as well as cutting costs by utilizing existing facilities, “The Rio 2016 Games will be, first and foremost, a celebration of athletes, who will perform in world-class venues all located in the host city itself.”⁹⁸ Hopefully Rio realizes the mega-event the Olympics has become and can hold a successful Games by promoting their country for the country that it is,

⁹⁶ Vigor, 7.

⁹⁷ Ibid., 7.

⁹⁸ "Elections for the 2016 Games - Olympic.org." Olympic Games Medals, Results, Sports, Athletes | London 2012 Olympics - Olympic.org.

avoiding excessive spending on arenas and infrastructure that will serve little purpose post-Games, and minimizing international scandal and tragedy. Though these goals seem logical and attainable, evidence drawn from past Games demonstrate the difficulty in actually attaining them.

Knowledge of the potential areas for controversy involved in hosting the Olympics is the first step in hosting a successful Games. By understanding and learning from the downfall of past Olympic host countries, future host countries can avoid the fatal mistakes that lead to unsuccessful Games. Olympic history provides a detailed guidebook as to how and how not to host the Olympics. Failures and success can be seen in every Olympic Games over the past century. For the Olympics to as a viable international mega-event, host countries must learn from past Games and change for the better.

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