

# [Hosting new stadiums. the olympics in barcelona](https://assignbuster.com/hosting-new-stadiums-the-olympics-in-barcelona/)

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Hosting a major sports event like the Olympics or World Cup can beseen as an economic gamble in recent years. These major sports events have thepotential to bring in big revenue, but more often than not the host city isleft with a huge deficit. Economist Andrew Zimbalist has commented that’prudent city governments should avoid the contests at all cost’.  The Olympics and World Cup should make a high return withtelevision rights being sold worldwide, major sponsors, entry fees and license. The London 2012 Olympics generated $5.

2 billion in revenue, as it hadacceptable hotels, transports and athletic infrastructure in place. The Los AngelesOlympics in 1984 was a major success as it had the pre-existing infrastructurein place and was a tourist hub. In recent years the IOC has increased theirshare in the income. Between 1960 and 1980 they received less than 4% of theincome generated from the television revenue, today they now revise surplus of70%.

There is little evidence to prove that the Olympics is a touristattraction. London and Beijing both suffered a loss in the number of visitorsduring the Olympics compared to previous years. Tax-payers are the ones whofund the cost of building new stadiums and facilities, private business knowsthat the benefits of these structures are short-lived and cannot justify thecost associated with it. The Los Angeles Olympics were such success becausethey averted building any new stadiums.

The Olympics in Barcelona in 1992helped with the cities renewal. Though the revival of Barcelona would havehappened anyway without the Olympics as the rule of Francisco Franco ended.  During the London Olympics, there was a decrease in the number ofvisitors to the British Museum, the number fell from 617, 000 to 480, 000. TheWest End cancelled performances of “ Sweeney Todd’ as a result of the Olympics. The Olympics discouraged certain tourist and many locals left the area also. Astudy showed that hosting major sports event has no real impact on peopleperceptions of the countries hosting. Even though the International organizations subsidize the cost ofthe staging the event, it doesn’t have that big an impact on the overall costof running the event. The entire operating budget of the World Cup is funded byFIFA.

The main cost of the event is spent on construction and infrastructure, building stadiums and developing transport systems. The burden of those coststands on the host city. The IOC and FIFA favour cities that have the mostimpressive plans, which include modern and customised facilities.

As a result, cities bidding for these major sports event feel the need to invest largeamounts of money into new facilities for this singular event. Budget estimatesgo anywhere from 4 times to 11 times over the original budget, caused by theneed to build so much in so little time. The burden of all this cost falls onthe tax-payers who will still be paying the cost overrun long after thepro-athletes have left. The host city justifies the larger-scale expenditure oninfrastructure and facilities by arguing it will benefit the community afterthe tournament is over. These claims are often misguided as it is so oftenseen. An example of this is the decaying and abandoned sports venues that areto be found in Athens from the 2004 Olympics. The modern football stadium whichseats 40, 000 is now used by a second division soccer team in Brazil and therotting cycling track from the 2008 Beijing Olympics. This image can damage acountries reputation and shine a negative light on the country.

Not only havethese costly facilities been left to waste but they also cost millions tomaintain. Host cities are now more aware of the potential risks included inhosting such events. There has been a decline in cities bidding for the events. There were twelve different cities bidding for 2004 Olympics, there were only 5applicants (Istanbul, Tokyo, Madrid, Baku, and Doha) for the 2020 Olympics. TheDutch government stated that in the future only non-democratic counties willpay to host the games. The could contradict the Olympics message of peace andharmony worldwide.   Brazil spent $250million on a new stadium Arena Amazonia which ismeant to look like the woven basket, for the 2014 World Cup.

The stadium islocated in a rain-forest city which has a low-density population, theprofessional soccer team only attract 2, 000 fans to games. Brazil plans tosplurge another $25 million on infrastructure for the 2016 Olympics. Braziljustifies this spending by claiming it will promote the country and highlightthem as a comic powerhouse. The concept that these major sporting events could boost a city’sgrowth is a recent development. The Australian officials believed that hostingthe 1956 Olympics would attract more visitors and hopefully some would settle inthe country.

It was believed that the higher the cost of hosting the Olympicswas the more benefits to take advantage of. Planners of major sports eventsoften ignore the opportunity cost involved. What the money could have beenspent on other than hosting a major event. In Brazils case the government couldhave spent the money that was used on hosting the World Cup and Olympics on thehomeless issue they have or on a better education service, that would benefitthe entire country and have a positive long-term effect.

A benefit of hosting a major sports event is that an increase intrade can be seen, which helps with economic growth. Not only does the hostingcountry benefit from the trade increase, but so do the countries that bid forthe event. They receive a boost without having to spend billions in preparationfor the event, like the hosting country.  The economist Mr.

Zimbalist suggest that the IOC ignore the needfor custom built structures and build on pre-existing structures. He alsosuggested splitting the television income, to courage bidders and there is amore transparent voting system.