

# Hosting new stadiums. the olympics in barcelona

Design



Hosting a major sports event like the Olympics or World Cup can be seen as an economic gamble in recent years. These major sports events have the potential to bring in big revenue, but more often than not the host city is left 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 with television rights being sold worldwide, major sponsors, entry fees and license. The London 2012 Olympics generated \$5.

2 billion in revenue, as it had acceptable hotels, transports and athletic infrastructure in place. The Los Angeles Olympics in 1984 was a major success as it had the pre-existing infrastructure in place and was a tourist hub. In recent years the IOC has increased their share in the income. Between 1960 and 1980 they received less than 4% of the income generated from the television revenue, today they now receive a surplus of 70%.

There is little evidence to prove that the Olympics is a tourist attraction. London and Beijing both suffered a loss in the number of visitors during the Olympics compared to previous years. Tax-payers are the ones who fund the cost of building new stadiums and facilities, private business knows that the benefits of these structures are short-lived and cannot justify the cost associated with it. The Los Angeles Olympics were such a success because they avoided building any new stadiums.

The Olympics in Barcelona in 1992 helped with the city's renewal. Though the revival of Barcelona would have happened anyway without the Olympics as the rule of Francisco Franco ended. During the London Olympics, there was

a decrease in the number of visitors to the British Museum, the number fell from 617, 000 to 480, 000. The West End cancelled performances of "Sweeney Todd" as a result of the Olympics. The Olympics discouraged certain tourist and many locals left the area also. A study showed that hosting major sports event has no real impact on people's perceptions of the countries hosting. Even though the International organizations subsidize the cost of staging the event, it doesn't have that big an impact on the overall cost of running the event. The entire operating budget of the World Cup is funded by FIFA.

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

As a result, cities bidding for these major sports events feel the need to invest large amounts of money into new facilities for this singular event. Budget estimates go anywhere from 4 times to 11 times over the original budget, caused by the need to build so much in so little time. The burden of all this cost falls on the tax-payers who will still be paying the cost overrun long after the pro-athletes have left. The host city justifies the larger-scale expenditure on infrastructure and facilities by arguing it will benefit the community after the tournament is over. These claims are often misguided as it is so often seen. An example of this is the decaying and abandoned sports venues that are to be found in Athens from the 2004 Olympics. The modern football stadium which seats 40, 000 is now used by a second division soccer team in Brazil and the rotting cycling track from the 2008 Beijing Olympics. This

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image can damage a countries reputation and shine a negative light on the country.

Not only have these costly facilities been left to waste but they also cost millions to maintain. Host cities are now more aware of the potential risks included in hosting 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 5 applicants (Istanbul, Tokyo, Madrid, Baku, and Doha) for the 2020 Olympics. The Dutch government stated that in the future only non-democratic countries will pay to host the games. This could contradict the Olympics message of peace and harmony worldwide. Brazil spent \$250 million on a new stadium Arena Amazonia which is meant to look like the woven basket, for the 2014 World Cup.

The stadium is located in a rain-forest city which has a low-density population, the professional soccer team only attract 2, 000 fans to games. Brazil plans to splash another \$25 million on infrastructure for the 2016 Olympics. Brazil justifies this spending by claiming it will promote the country and highlight them as a comic powerhouse. The concept that these major sporting events could boost a city's growth is a recent development. The Australian officials believed that hosting the 1956 Olympics would attract more visitors and hopefully some would settle in the country.

It was believed that the higher the cost of hosting the Olympics was the more benefits to take advantage of. Planners of major sports events often ignore the opportunity cost involved. What the money could have been spent on other than hosting a major event. In Brazil's case the government could have

spent the money that was used on hosting the World Cup and Olympics on the homeless issue they have or on a better education service, that would benefit the entire country and have a positive long-term effect.

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

Zimbalist suggests that the IOC ignore the need for custom built structures and build on pre-existing structures. He also suggested splitting the television income, to encourage bidders and there is a more transparent voting system.