

The Olympic Games are not always profitable

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This is the Tower Bridge in London, before the Olympic Games 2012. Credit: Aurélien

The economic impact of the Olympics has not been the same for all host countries. According to the Olympic Studies Centre at the Autonomous University of Barcelona, the games held in the Catalonian capital 20 years ago were a resounding and incomparable success. But it is not always the case.

The Olympic Games have always been thought of as a great opportunity to give a long-term boost to the economy by taking advantage of a short-term event. But before embarking on the costly effort of organising the Olympics, each candidate [city](#) should evaluate their own goals and capacities in order to avoid failure. This is the main conclusion of a report by the Olympic Studies Centre at the Autonomous University of

Barcelona (CEO-UAB), in which the economic impact of the Olympics from Tokyo '64 to the present day was studied.

"The overall balance of celebrating the games tends to be positive. There are three obvious cases of failure: that of Montreal, due to financial causes, perhaps because all that investment was a little premature; that of Atlanta, because they tried to organise the games with no urban impact, and in addition there was a [terrorist attack](#); and Athens, where the organisation failed and the games bore little fruit", said to SINC one of the CEO researchers, Ferran Brunet.

Those celebrated in Barcelona are considered to be an example of profitability. One of the causes of its economic success was that the building work related to sport made up only 9.1% of the total investment connected with the games. "Such a small proportion can be explained by the huge amount of private investment which was triggered by the boost of the Olympics on the city", the CEO research indicates.

61.5% of Olympic investment was targeted to [civil engineering](#), pointing to a key aspect of Barcelona '92: its capacity to structure the city. The construction of the Barcelona circulars —various ring-road axes —, the reopening of the city to the sea through the construction of the Olympic village, and the creation of various new centrality areas and the Olympic areas of Montjuïc, Diagonal and Vall d'Hebron were the main developments.

The 'Barcelona model' a key to success

"When the candidature began in 1981, and until 1986 when it was decided, Barcelona was a city undergoing an important crisis due to the movement of industry towards the metropolitan area. From an organisational point of view, with the excuse of the Olympics things were very well done and it was possible to attract significant public but

above all [private investment](#)" emphasized Brunet.

The Olympic building work was 36.8% promoted by private initiative, a third of which with foreign capital. Private investors targeted housing, hotels and business centres.

"By 2004 the fiscal balance already more than compensated for the investment made by companies and public bodies in relation to Barcelona '92. The fiscal balance is highly positive. The city not only reacted very well to the games, but also knew how to maintain the expansion in an unprecedented manner", states the expert.

In fact, the Olympic investment and its economic impact in Barcelona are not comparable with any other host city of the [Olympic Games](#). Only Tokyo 1964 reached even half the investment impulse of Barcelona. In Seoul 1988 there was significant [investment](#), but in Atlanta 1996 and Sydney 2000 it was very limited. Athens 2004 tried it and Beijing 2008 followed the Barcelona 1992 model with respect to deep urban and [economic impact](#), as will Rio 2016.

In the case of London 2012 their objective is to improve their strategic position among the global regions. "It is a city which is already 'made' and with respect to Europe it is the top region for the location of businesses from the 80s to the present. The relative impact of London 2012 will be lower than in Barcelona, but the games will have a large influence on the visibility of the city during the coming years and will have a huge effect, although to a large extent intangible, on improving its competitiveness", highlights the researcher.

More information: Ferran Brunet. "Análisis del impacto económico de los Juegos Olímpicos", Mosaico Olímpico. Investigación multidisciplinar y difusión de los estudios olímpicos. CEO-UAB, Barcelona: Ajuntament de Barcelona, 2012.

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