**5 Reasons Why Hosting the Olympics Is Good For Business**

The Olympiad is always an exciting period for the whole world, as every nation gears itself up for the fortnight-long feast of sporting excellence.

Since the very first modern Olympics in 1896, the project of hosting the Games is allocated to one city at a time. This effectively means that one location becomes the centre of the sporting world and the focus of much attention for the duration of both the Olympics and the Paralympics, as well as the months leading up to the spectacle.

Hosting a major sporting event like the Olympics can give a city, and by extension a country, many economic, social and cultural benefits. Here are just a few advantages:

**1. Raise a City's Profile**

Cities that host the Olympics can be assured of a persistent increase in recognition and tourism – Barcelona, Sydney, Atlanta and Beijing have all seen this from hosting the Olympics. For a country like China, which is perceived to boast a controversial human rights record, hosting a major sporting event can be a way to gain greater international acceptance and change perceptions. This raised profile can be important for obtaining economic benefits, such as attracting tourists and business investment.

**2. Long Term Investment**

The long-term investment which comes from preparing for a major event will ensure that the city and country will have a legacy of improved sporting venues. Also, cities will usually have to invest in infrastructure and transport to cater for the influx of visitors. For example, there has been significant investment in public transport projects around London. This will leave a lasting legacy for residents of London, especially those in the East End.

**3. Job Creation**

The Olympics require years of planning, investment, building and event managing, which means thousands of jobs directly linked to the occasion will open up. This can completely revitalise a city or district, such as Stratford in London. It is estimated that the Olympics in 2012 created 70 thousand jobs for residents of the English capital.

**4. Enthusiasm**

A major sporting event can create enthusiasm and excitement ahead of the occasion, during the event and for months or even years afterwards. It can also help promote uptake of sport which has lasting benefits for the nation’s health and lead to a rise in volunteerism, which promotes civic virtues.

**5. Economic Benefits**

The Olympics always see a surge in visitors and media as the greatest sportspeople on earth come to town. This will provide a sudden increase in spending and the injection of money into the local economy for a number of weeks.

# **Corruption**

In December 1998 the sporting world was shocked by allegations of widespread [corruption](https://www.britannica.com/topic/corruption-law) within the [IOC](https://www.britannica.com/topic/International-Olympic-Committee). It was charged that IOC members had accepted [bribes](https://www.britannica.com/topic/bribery)—in the form of cash, gifts, entertainment, business favours, travel expenses, medical expenses, and even college tuition for members’ children—from members of the committee that had successfully advanced the bid of [Salt Lake City](https://www.britannica.com/place/Salt-Lake-City), [Utah](https://www.britannica.com/place/Utah), as the site for the 2002 Winter Games. Accusations of impropriety were also [alleged](https://www.merriam-webster.com/dictionary/alleged) in the conduct of several previous bid committees. The IOC responded by expelling six committee members; several others resigned. In December 1999 an IOC commission announced a 50-point reform package covering the selection and conduct of the IOC members, the bid process, the transparency of financial dealings, the size and conduct of the Games, and drug regulation. The reform package also contained a number of provisions regulating the site-selection process and clarifying the obligations of the IOC, the bid cities, and the national Olympic committees. An independent IOC [Ethics](https://www.merriam-webster.com/dictionary/Ethics) Commission also was established.

**Political pressures**

Because the Olympics take place on an international stage, it is not surprising that they have been plagued by the [nationalism](https://www.merriam-webster.com/dictionary/nationalism), manipulation, and [propaganda](https://www.merriam-webster.com/dictionary/propaganda) associated with world politics. Attempts to politicize the Olympics were evident as early as the first modern Games at [Athens](https://www.britannica.com/place/Athens) in 1896, when the British compelled an Australian athlete to declare himself British. Other prominent examples of the politicization of the Games include the [Nazi](https://www.britannica.com/topic/Nazi-Party) propaganda that pervaded the [Berlin](https://www.britannica.com/place/Berlin) Games of 1936; the forbidden, unofficial, but prominent contests for “points” (medals counts) between the [United States](https://www.britannica.com/place/United-States) and the Soviet Union during the height of the Cold War; the controversy between [China](https://www.britannica.com/place/China) and [Taiwan](https://www.britannica.com/place/Taiwan) leading up to the 1976 [Montreal](https://www.britannica.com/place/Montreal) Games; the manifold disputes resulting from [South Africa](https://www.britannica.com/place/South-Africa)’s [apartheid](https://www.merriam-webster.com/dictionary/apartheid) policy from 1968 to 1988; the U.S.-led [boycott](https://www.merriam-webster.com/dictionary/boycott) of the 1980 [Moscow](https://www.britannica.com/place/Moscow) Games (in protest of the [Soviet invasion of Afghanistan](https://www.britannica.com/event/Soviet-invasion-of-Afghanistan) in 1979), followed by the retaliatory boycott of the 1984 Los Angeles Games by the Soviet bloc; and, worst of all, the murder of Israeli athletes by terrorists at the 1972 Games in [Munich](https://www.britannica.com/place/Munich-Bavaria-Germany), [West Germany](https://www.britannica.com/place/West-Germany).

**Commercialization**

Commercialism has never been wholly absent from the Games, but two large industries have eclipsed all others—namely, television and makers of sports apparel, especially shoes. The IOC, organizing committees of the Olympic Games (OCOGs), and to some degree the international sport federations depend heavily on [television](https://www.britannica.com/technology/television-technology) revenues, and many of the best athletes depend on money from apparel endorsements. Vigorous bidding for the television rights began in earnest before the [Rome](https://www.britannica.com/place/Rome) Games in 1960; what have been called the “sneaker wars” started an Olympiad later in [Tokyo](https://www.britannica.com/place/Tokyo). Now almost everything is commercialized with “official” items ranging from credit cards to beer. And while American decathlete Bill Toomey lost his Olympic eligibility in 1964 for [endorsing](https://www.merriam-webster.com/dictionary/endorsing) a [nutritional supplement](https://www.britannica.com/science/nutritional-supplement), now athletes openly [endorse](https://www.merriam-webster.com/dictionary/endorse) everything from allergy medicines to [blue jeans](https://www.britannica.com/topic/jeans).

[**National Olympic committees**](https://www.britannica.com/sports/national-Olympic-committee)**, international federations, and organizing committees**

Each country that desires to participate in the Olympic Games must have a national Olympic committee accepted by the IOC. By the early 21st century there were more than 200 such committees.

The [ostensible](https://www.merriam-webster.com/dictionary/ostensible) purpose of these NOCs is the development and promotion of the Olympic movement. NOCs arrange to equip, transport, and house their country’s representatives at the Olympic Games. According to the rules of the NOCs, they must be not-for-profit organizations, must not associate themselves with affairs of a political or commercial nature, and must be completely independent and [autonomous](https://www.merriam-webster.com/dictionary/autonomous) as well as in a position to resist all political, religious, or commercial pressure.

For each Olympic sport there must be an international federation (IF), to which a requisite number of applicable national governing bodies must belong. The IFs promote and regulate their sport on an international level. Since 1986 they have been responsible for determining all questions of Olympic eligibility and competition in their sport. Because such sports as [football](https://www.britannica.com/sports/football-soccer) (soccer) and [basketball](https://www.britannica.com/sports/basketball) attract great numbers of participants and spectators in all parts of the world, their respective IFs possess [great power](https://www.britannica.com/topic/great-power) and sometimes exercise it.

The first Olympic Village with kitchens, dining rooms, and other amenities was introduced at [Los Angeles](https://www.britannica.com/place/Los-Angeles-California) in 1932. Now each organizing committee provides such a village so that competitors and team officials can be housed together and fed at a reasonable price. Menus for each team are prepared in accord with its own national cuisine. Today, with so many athletes and [venues](https://www.merriam-webster.com/dictionary/venues), OCOGs may need to provide more than one village. The villages are located as close as possible to the main stadium and other venues and have separate accommodations for men and women. Only competitors and officials may live in the village, and the number of team officials is limited.

[**Amateurism**](https://www.britannica.com/sports/amateur-sport)**versus professionalism**

In the final decades of the 20th century there was a shift in policy away from the IOC’s traditionally strict definition of amateur status. In 1971 the IOC decided to eliminate the term amateur from the Olympic Charter. Subsequently the eligibility rules were [amended](https://www.merriam-webster.com/dictionary/amended) to permit “broken-time” payments to compensate athletes for time spent away from work during training and competition. The IOC also legitimized the sponsorship of athletes by NOCs, sports organizations, and private businesses. In 1984 some of the world’s best athletes were still banned from the Games because they competed for [money](https://www.britannica.com/topic/money), but in 1986 the IOC adopted rules that permit the international federation governing each Olympic sport to decide whether to permit professional athletes in Olympic competition. Professionals in ice hockey, tennis, soccer, and equestrian sports were permitted to compete in the 1988 Olympics, although their eligibility was subject to some restrictions. By the 21st century the presence of professional athletes at the Olympic Games was common.

[**Doping**](https://www.britannica.com/science/doping)**and**[**drug testing**](https://www.britannica.com/science/drug-testing)

At the 1960 [Rome](https://www.britannica.com/place/Rome) Olympics, a Danish cyclist collapsed and died after his coach had given him amphetamines. Formal drug tests seemed necessary and were instituted at the 1968 Winter Games in [Grenoble](https://www.britannica.com/place/Grenoble), [France](https://www.britannica.com/place/France). There only one athlete was disqualified for taking a banned substance—beer. But in the 1970s and ′80s athletes tested positive for a variety of performance-enhancing drugs, and since the ′70s doping has remained the most difficult challenge facing the Olympic movement. As the fame and potential [monetary](https://www.merriam-webster.com/dictionary/monetary) gains for Olympic champions grew in the latter half of the 20th century, so too did the use of performance-enhancing drugs. Tests for [anabolic steroids](https://www.britannica.com/science/anabolic-steroid) and other substances improved, but so did doping practices, with the design of new substances often a year or two ahead of the new tests. When 100-metre-sprint champion [Ben Johnson](https://www.britannica.com/biography/Ban-Johnson) of [Canada](https://www.britannica.com/place/Canada) tested positive for the drug stanozolol at the 1988 Summer Games in [Seoul](https://www.britannica.com/place/Seoul), [South Korea](https://www.britannica.com/place/South-Korea), the world was shocked, and the Games themselves were tainted. To more effectively police doping practices, the IOC formed the [World Anti-Doping Agency](https://www.britannica.com/topic/World-Anti-Doping-Agency) in 1999. There is now a long list of banned substances and a thorough testing process. Blood and urine samples are collected from athletes before and after competition and sent to a lab for testing. Positive tests for banned substances lead to disqualification, and athletes may be banned from competition for periods ranging from a year to life. [Yet](https://www.britannica.com/dictionary/Yet), despite the harsh penalties and threat of public humiliation, athletes continue to test positive for banned substances; in 2016, for instance, the entire Russian track-and-field team was banned from that year’s [Rio de Janeiro Olympics](https://www.britannica.com/event/Rio-de-Janeiro-2016-Olympic-Games) after a wide-ranging state-supported doping ring was uncovered.

# How the Olympics Make Money

<https://www.youtube.com/watch?v=Nyta8HjvW_U>

### Are Olympic Games an Overall Benefit for their Host Countries and Cities?

### Pro 1

#### The Olympics increase valuable tourism, which can boost local economies.

The 2016 Rio de Janeiro Summer Games had a global audience of five billion with the Games broadcast in 200 countries.  More than 56% of foreign visitors to Brazil for the 2016 Games were new visitors and Brazil set tourism records with 6.6 million foreign tourists and $6.2 billion dollars.

England welcomed more than one visitor every second in June 2013 after the 2012 London Summer Olympics, a 12% increase over 2012.  Those tourists also spent more: $2.57 billion in June (a 13% increase) and $12.1 billion in the first half of 2013.

The 2018 Winter Games in PyeongChang reported a $55 million surplus that was used for the benefit of sport in the host country, South Korea.  The 1992 Barcelona Summer Olympics made a profit, helping to revitalize the city and transform it from an “industrial backwater” into the third best city in Europe, according to *Travel + Leisure* magazine.  The 1984 Summer Olympics in Los Angeles netted the city a $215 million operating surplus and $289 million in broadcasting fees. [[**10**](https://www.procon.org/headlines/hosting-the-olympic-games-top-3-pros-and-cons/#10)] The Olympics brought a record 43.2 million tourists to Los Angeles County that year, an increase of 9.3% over 1983.

### Pro 2

#### The Olympics increase a host country's global trade and stature.

Host countries tend to be invited to prestigious global economic organizations. According to economics professors Robert A. Baade, PhD, and Victor A. Matheson, PhD, “the very act of bidding [for the Games] serves as a credible signal that a country is committing itself to trade liberalization that will permanently increase trade flows.”  China negotiated with the World Trade Organization, opening trade for the country, after being awarded the Beijing 2008 Summer Games.  After a successful 1955 bid for the 1960 Summer Olympics in Rome, Italy joined the United Nations and began the Messina negotiations that led to the creation of the European Economic Community (EEC).  The 1964 Tokyo Summer Games led to Japan’s entry into the International Monetary Fund (IMF) and the OECD.

The 1968 Summer Olympics allowed Mexico to make “the leap into the ranks of industrialized nations,” according to Dr. David Goldblatt, sociologist and sports writer.  Spain joined the EEC within a year of the 1986 Barcelona Summer Olympics.  Korea’s political liberalization coincided with winning the bid for the 1988 Seoul Summer Games.

One economic study found that “the Olympic effect is robust; hosting the games tends to increase a country’s openness substantively and permanently.”

### Pro 3

#### The Olympics create a sense of national pride.

According to a global poll, a majority of people in 18 of 21 countries stated their nations’ performance at the Olympics was “important to their national pride,” including 91% of Kenyans, 86% of Filipinos, and 84% of Turks.  Roger Bannister, the first person to ever run a mile in under four minutes and a 1952 Helskinki Olympian, stated of his country’s performance at the 2012 London Summer Games: “Team G[reat] B[ritain]’s heroic success seems to have reawoken in us our sense of national pride… a realisation perhaps that, as a people, we have the ability, the drive and the determination to be great.”  Moorad Choudhry, MBA, PhD, Treasurer of the Corporate Banking Division of the Royal Bank of Scotland, stated, “A genuine feel-good factor [of hosting the Olympics] can be very positive for the economy, not just in terms of higher spending but also in productivity at work, which in turn boosts output.”  Lee Ji-seol, who lives in PyeongChang, said that fellow residents celebrated their selection as the 2018 Winter Games host city: “The entire town was out dancing.”

### Con 1

#### The Olympics are a financial drain on host cities.

No Olympic Games since 1960 has come in under budget.  Bent Flyvbjerg, PhD, and Allison Stewart, MBA, both at the University of Oxford’s Saïd Business School, stated that “in the Games the budget is more like a fictitious minimum that is consistently overspent.”  The delayed Tokyo 2020 Summer Games were already the most expensive Olympics in history, running at 200% over budget on Sep. 7, 2020 though not scheduled to begin until July 2021. Tokyo forecast $7.3 billion in their 2013 bid, but the actual cost is estimated to be $15.84 billion as of Sep. 2020, with costs continuing to rise. A Jan. 2021 study found that losing foreign spectators due to COVID-19 restrictions could cost Japan as much as $23 billion.  Each host city is responsible for these cost overruns, in addition to their original budgets. The average cost overrun for host cities from 1968 to 2010 was 252% for the Summer Olympics and 135% for the Winter, with the 1976 Montreal Summer Games running over the most by 796%. Montreal’s 1976 cost overrun took 30 years to pay off, and the people of Quebec still pay $17 million a year to maintain Olympic Stadium, which is still without a roof over 40 years later and also needs $300 million worth of repairs.  The 2014 Sochi Games ran between $39 and $58 billion over the $12 billion budget, an amount that is more than spent on all previous winter Olympic games.  The 2004 Athens Summer Games’ 60% overrun worsened the 2007-2012 Greek financial crisis.

### Con 2

#### The Olympics force host cities to create expensive infrastructure and buildings that fall into disuse.

Robert A. Baade, PhD, and Victor A. Matheson, PhD, economic professors, stated, “host cities are often left with specialized sports infrastructure that has little use beyond the Games” and that the cities must maintain at great expense.  Many Olympic venues worldwide sit empty, rusted, overgrown with weeds, covered with graffiti, and filled with polluted water.  The $78 million Olympic Stadium in PyeongChang for the 2018 Winter Games was set for demolition before the 2018 Games even began.  Sydney’s 2000 Olympic Stadium will be demolished in 2019 in favor of a smaller, more useful venue. Bejing’s 2008 Bird’s Nest Olympic Stadium costs the city $11 million a year to maintain, and the stadium that seats 91,000 mostly sits unused.  In Rio de Janeiro, the $700 million athlets village for the 2016 Games was turned into luxury apartments that are now “shuttered” and the Olympic Park is “basically vacant” after failing to attract a buyer.  Sofia Sakorafa, Greece MP and former Olympian, stated of the 2004 Athens Games venues, “We are left with installations that are rotting away because we don’t even have the money to maintain them. A lot of entrepreneurs and property developers got rich very quickly.”

### Con 3

#### The Olympics displace and burden residents of the host country and city.

Bryan C. Clift, PhD, and Andrew Manley, PhD, lecturers at the University of Bath, stated, “To make way for Beijing’s 2008 Olympic infrastructure, an estimated 1.5m[illion] people were forcibly evicted from their homes with minimal compensation. The neighbourhoods were destroyed and residents removed to the outskirts of the city far from friends, family and places of work.”  Residents near Rio de Janeiro’s 2016 Olympic Stadium, whose homes were set to be demolished, were forcibly removed in a “bloody confrontation between police and residents” that reportedly involved the use of rubber bullets and percussion grenades.  Lee Do-sung, a local restaurant owner, expressed concern about the 2018 PyeongChang Winter Games, “What good will a nicely managed global event really do for residents when we are struggling so much to make ends meet? What will the games even leave? Maybe only debt.”