

Ring quartet

The first race in the Olympics is to decide which city hosts them.



Olympic infrastructure durability benchmark – Topfoto

Olympic sport demands many years of preparation, and not just for the athletes. On October 2nd in Copenhagen the International Olympic Committee will decide whether Chicago, Madrid, Rio de Janeiro or Tokyo will stage the summer games in 2016. The competition to play host is as keen as anything on the track. All four cities have produced fat “bid books” explaining why they will be the best showcase and listing the projected costs of stadiums, roads and accommodation.

Would-be hosts have to promise more than a great (and profitable) party. The games are expected to have a “legacy” too: for instance, encouraging children to play sport or redeveloping parts of the city, as London, host in 2012, intends. Parsimony is a virtue too. Chicago will stage some events in its convention centre. Tokyo plans to refurbish some facilities used in the 1964 games. Much of the infrastructure for Madrid’s bid already exists or would be built anyway. The proposed Olympic stadium, for example, will be home to the Atletico Madrid football team by 2012. Rio must be ready in any event for the football World Cup in Brazil in 2014.

Politics, supposedly, do not count. Barack Obama may not come to Copenhagen (strangely, he claims pressing engagements). But Michelle Obama will come, and her husband has been firing off letters in support of his adopted home town.

As well as the king of Spain and perhaps the Japanese prime minister, Brazil’s president, Luiz Inácio Lula da Silva, is expected to go to Copenhagen. He has been courting support among other developing countries, to which he recently added the blessing of Nicolas Sarkozy, the president of France. “Do only rich countries have the right to host the Olympics?” Lula asked this week. Also in Rio’s favour is that the Olympics have never been staged in South America. The city’s crime rate counts against it, but it seems to be the favourite, ahead of Chicago. That the 2012 games will be in Europe cannot help Madrid. Tokyo is similarly disadvantaged by last year’s games in Beijing.

But is staging the Olympics such a great prize? The pluses may seem obvious. Big building projects will employ lots of people who will spend their wages in the rest of the economy. Railways and roads will be built that might otherwise have stayed on the drawing board for years. Visitors will come from far and wide, either for the games or as tourists afterwards. That all sounds especially alluring in a recession. Chicago’s organisers paid for a study that reckons on a \$22.5 billion boost for the Illinois economy (more than \$1,700 per person) and 315,000 “job years”. Allen Sanderson, of the University of Chicago, calls that “ludicrous”.

The pro-Olympics lobby tends to downplay the disadvantages. Building in the host city may push up wages and prices and crowd out investment elsewhere. Hurrying up building projects raises costs. What suits the games may not be best for the city afterwards. Not every visitor during the games is an extra one; tourists may time long-wished-for trips to watch the sport. Crowds or inflated hotel prices may deter others from coming.

By and large, economists have found it hard to detect the benefits of big sporting events. Robert Baade, of Lake Forest College, near Chicago, describes the Olympics as a "high risk, low reward proposition", but concedes that the games may prompt spending, say in transport, which boosts a region's economy in the long term.

All four bidders hope this will be one of those occasions. The right event at the right time can give a city a lift: Barcelona, host in 1992, is a case in point. However, Stefan Szymanski, an economist at Cass Business School in London, suggests that hosting the Olympics may be a mark of recognition: the effect rather than the cause of change. If Rio wins in Copenhagen over three rich-world cities, Lula for one may see it that way.

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