



## Faster, Higher, Stronger - Cheaper: A Financially Responsible Future for the Olympic Games

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In February 2022, the Olympic torch will be lit and the 24th Olympic Winter Games will officially commence in Beijing, China. The Olympic Games are month-long festivals of sport, where the world's most talented athletes compete for both their national pride and for the title of Olympic champion. The modern Olympics, founded at the end of the 19th century, is more than a celebration of human athletic achievement; its fundamental aim is to use sport to promote peace and understanding between people, and to set an example for peaceful global interaction (Bach, 2016). As the world continues to grapple with the COVID-19 pandemic and an increasingly tense political and social environment, the Olympic movement and its mission are of paramount importance to the international community. Traditionally, the Olympic Games have been extraordinarily successful at captivating the world and drawing mass viewership.

The 2012 London Summer Olympic Games reached 4.1 billion viewers internationally and viewership numbers have been increasing in each Olympic cycle (IOC, 2012). Despite the nobility of the Olympic movement, and the international attention that the Games garner, cities around the world are becoming less willing to host the Olympic Games. Historically, hosting the Olympic Games has been a special privilege awarded after a long and competitive bidding process between as many as ten cities. Recently, however, the last three Summer Olympic host selections have been contested by only one city and have all received unanimous approval from the members of the International Olympic Committee (Ramaswamy, 2015). Cities around the world have also seen potential bids vetoed by citizens in referendums and plebiscites. Calgary, Sion, Davos, and Hamburg are just some of the major cities whose citizens voted against even exploring a bid for the

Olympics. There is an obvious need for the Olympic Games in society, however, its current operating model is placing its future in jeopardy and is driving cities around the world away from hosting the Olympic Games.

When cities commit to hosting the Olympic Games, there are substantial short-term costs associated with running the month-long event. These costs include the costs of venues, events, and security. Some cities can use their existing sporting infrastructures when preparing for the Olympics, however, many cities do not have all the venues available for all sports at an Olympic standard, thus much construction is required. London, one of the most established sporting cities in the world, had to build the brand-new Queen Elizabeth II Olympic Park in preparation for the 2012 games. This sporting complex included the new London Olympic Stadium, which was used for opening ceremonies and track and field events, the London Aquatics Centre, which was used for swimming and diving events, the Lee Valley VeloPark, which was used for cycling, and numerous other world-class athletic facilities. The costs associated with infrastructure and security alone totalled approximately \$ 8bn USD. This is in stark contrast to the ticketing revenue that was generated from London 2012, which was only \$3.1bn USD (London 2012 Olympic Games Budget Report, 2013). This is compounded by the fact that many host cities do not have use for the facilities after the Olympics are over. This is best demonstrated by the state of disrepair during Rio de Janeiro's 2016 Olympics. In 2020, just four years after the games, a Brazilian judge ordered the closure of the Rio de Janeiro Olympic Park, citing safety and maintenance concerns (Rio Olympic Park: Judge orders closure of site over safety concerns, 2020). Cities cannot be reasonably expected to make billion-dollar investments in projects that do not cover their start-up costs and have no long-term value.

Conversely, the Olympics often serve as a catalyst for much-needed city regeneration and development. The Olympics have traditionally created circumstances that allow cities to invest in themselves and modernize public transportation. However, these long-term benefits rarely justify the short-term expenses and losses that cities incur as a result of preparing for the Olympic Games. The Olympics must be restructured in a way that maintains the spirit and integrity of the occasion but ensures that it is financially feasible for cities. Soccer's FIFA World Cup and UEFA European Championships are tournaments that face similar obstacles to the Olympics, as they require similar levels of infrastructure investment. These tournaments have begun improving long-term financial feasibility for their hosts by dividing hosting duties amongst bordering nations. The 2026 FIFA World Cup will be hosted by all three of Canada, the United States, and Mexico, and the 2020 European Championships will be divided between 11 European nations. The Olympic Games could adopt a similar approach and divide certain events between different cities or even nations. Another potential strategy to ensure the long-term financial stability of host cities is to enter long-term hosting contracts with certain cities. Rather than only awarding one Olympics to a city, a city could use their facilities to host two or three Olympic cycles. This would allow cities to gain more tourism and ticketing revenue and make hosting a much more attractive proposition.

The Olympic Games have a significant role in our global society and its importance to athletics and the world cannot be overstated, however, to ensure its long-term financial feasibility, the International Olympic Committee must reform the Games to ensure that hosting the Olympics remains an attractive proposition for cities around the world.

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