

The Economics of Hosting the Olympics



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About Me

Susanna McConnell





AP Microeconomics Teacher, Master Teacher

Susanna Pierce McConnell is a curriculum consultant, Master teacher for the Council of Economics Education and the Foundation for Economic Education, and an AP Economics at Westlake High School. She strives to make teaching and learning meaningful for teachers and students. In her past 16 years in education, she has taught social studies in the US and abroad, participated in Harvard's Globalizing the Classroom Fellowship, and has traveled with US teachers to schools in Japan and South Africa on two remarkable Study Tours. Susanna founded the Teacher Innovation Academy on her high school campus where she facilitated PD for 6 years for 30 educators who strive to share best practices through innovation. Susanna earned degrees in Spanish and International Economics and her Master of Arts in Teaching from Trinity University in San Antonio. Her greatest joys are finding the many connections of economics to the real world, traveling, speaking Spanish, and spending time with her family.

Agenda

- Participant Insights
- Background: Olympics Content Connections
- Classroom Integration
 - Warm Ups: Media
 - Individual Tasks
 - Group Task
 - Reflect
 - Questions







Objectives



- Participants will:
 - discover digital media that can facilitate student learning.
 - learn social emotional strategies to connect the content to students' lives.
 - $\circ~$ learn relevant tasks to use with tools in their classrooms.
 - $\circ~$ reflect on the implementation into their own classroom.



National Standards

- Standard 2: Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something: few choices are "all or nothing" decisions.
- **Standard 7:** A market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.



What's your favorite Olympic sport to watch?

Let's Connect: SEL



Add your response in the Chat box!



Check In

Class intro slide

What's your favorite Olympic sport?



Background: Demand Shifters

The Shifters of Demand

- Trends or Tastes
- **Related Goods' Prices**
- Income
- Buyers (# of buyers)
- Expectations



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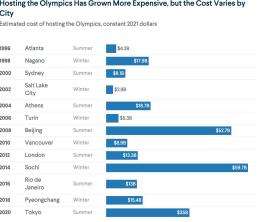


These factors change consumer behavior to demand more or less at ALL

prices.

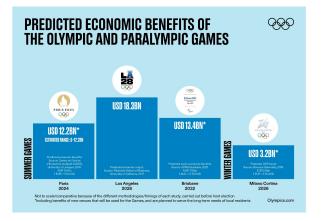
Background: Cost-Benefit Analysis CEE

- A process used to evaluate the potential costs and benefits of a proposed project or policy
 If TB > TC or if positive net benefit, then complete
- Total Benefits:
 - The improvements in wellbeing or financial impacts on markets from the choice
- Total Costs
 - $\circ~$ The explicit and implicit costs of the decision
 - Explicit: physical receipts
 - Implicit: next best use of the money



Media Connections







Backgrounder

The Economics of Hosting the Olympic Games

The costs of hosting the Olympics have skyrocketed, while the economic benefits are far from clear. This has led to fewer states interested in playing host and a search for options to lighten the burdens of staging the big event.



Designer Glauber Penha takes part in the Olympic Flame torch relay stadium in Manaus, Brazil, Bruno Kelly/Reuters



LISTEN & FOLLOW 🔞 🤤 🥠

Why Host The Olympics?

AUGUST 5, 2021 · 4:02 PM ET

By Stacey Vanek Smith



+ PLAYLIST 🛨 🛟 🗐











Implementation #1: Warm Ups or Starters





Warm Up: Benefits: LA 2028



 Group Questions

 Image: Comparison of the second s



DURATION: 10 minutes

1. Why might a city want to host the Olympics?

2. Why might some argue hosting the Olympics is not a good decision?

TOURISM BENEFITS OF HOSTING THE OLYMPIC AND PARALYMPIC GAMES

SUMMER GAMES



Sources: London Legacy Development Corporation; Rio 2016; Centre de Droit et d'Economie du Sport (CDES); Vancouver 2010; National Bureau of Statistics, China; Bocconi University





Not to scale/comparative because of the different methodologies/timings of each study, carried out before host election
"Including benefits of new venues that will be used for the Games, and are planned to serve the long-term needs of local residents Oly

Olympics.com

Economic Benefits

Olympics.com

Warm Up: Costs





DURATION: 15-20 minutes

- 1. What interesting facts did you hear?
- 2. So what do you think this means for cities?
- 3. Now what is your own stance on the issue?



Warm Up: Article



Due Jan 31, 12:31 PM

Posted Jan 30

Read the following article and then answer. This background will be 10% of your debate grade:

23 O Turned in Assigned

1. What is something significant you discovered about this article?

2. What are 3 interesting facts you read?

3. What might be troubling about the decision to host the Olympics?

And any new value produces commit and	The Economics of Hostin
The Economics of Realing the Changes of Changes	https://www.cfr.org/background

View question



Backgrounder

The Economics of Hosting the Olympic Games

The costs of hosting the Olympics have skyrocketed, while the economic benefits are far from clear. This has led to fewer states interested in playing host and a search for options to lighten the burdens of staging the big event.



Designer Glauber Penha takes part in the Olympic Flame torch relay outside a stadium in Manaus, Brazil. Bruno Kelly/Reuters

DURATION: 15-20 minutes

1. What is something significant you discovered?

- 2. What are 3 interesting facts you read?
- 3. Now what could be troubling about hosting the Olympics?





What did you see (data)?





Student Examples

Jan 30

1. Countries face multi-billion dollar debts after hosting an Olympic Games event despite everything. Montreal expected to pay \$124 million, but due to construction delays and the cost of a new stadium, they experienced \$1.5 billion in debt taking 30 years to pay off.

2. After killings of protesters, assault on Israeli athletes, and huge debt from previous Olympic events, LA was the only city to bid on the 1984 games, allowing LA to be the only city to turn profit and later the price to build new infrastructure rose so high that only Paris and LA were left in the 2024 and 28 bid.

3. Tourism, employment, and overall benefit to a city or country's economy was minimal and short lived in many cases, and any revenue from broadcasting was split with the IOC. There is no long term impact of hosting on a country's GDP.

The article was very detailed about the costs of each event, the amount of revenue, and other details like corruption, debt, or failures that occurred as a result of the games. I found out for the first time that Greece went into bankruptcy and practically none of the countries who hosted the games saw any significant benefit and were forced to endure the costs of building new infrastructure, pay maintenance costs of unused buildings, and lose money to the IOC from broadcasts.

It is troubling that the Olympics now only has two major cities bidding, and because of the expounding costs of hosting with the minimal benefit, the future of the Olympic Games is unstable. Once no city wants to host the games, thousands of athletes who have a career in the games and millions more trying to reach the pinnacle of sports will lose their opportunity to compete and show off their skills they have been developing their whole lives.

Jan 31

The article highlights the increasing worry surrounding the financial implications of hosting the Olympic Games, as expenses have risen substantially, resulting in economic difficulties for host cities and nations. It also emphasizes the necessity for reforms in the bidding and selection process to ensure practical budgeting and investments for the benefit of the public and the country's financial status.

2)

- The 1976 Summer Olympics in Montreal symbolized the fiscal risks of hosting, with projected costs of \$124 million ending up billions below the actual cost, leaving the city with a \$1.5 billion debt that took nearly three decades to pay off.

- Los Angeles' successful hosting of the 1984 Summer Olympics, relying on existing infrastructure and negotiating favorable terms with the International Olympic Committee, marked a turning point in Olympic economics, finishing with a \$215 million operating surplus.

- There is also usually the need for more general infrastructure, especially housing and transportation. The IOC requires cities hosting the summer games to have a minimum of forty thousand available hotel rooms, which, in Rio's case, necessitated the construction of fifteen thousand new hotel rooms. Roads, train lines, and airports need to be upgraded or constructed. Altogether, these infrastructure costs range from \$5 billion to over \$50 billion. Many countries justify such expenditures in the hopes that the spending will outlive the Olympic Games.

3)

Hosting the Olympics raises concerns as it imposes considerable financial burdens on host cities. The rising costs of infrastructure development, maintenance, and security, coupled with the potential overestimation of economic benefits, have sparked worries about the continuing success and impact of hosting the games. This often leaves host countries wrestling with substantial debts and buildings that may not be optimally utilized.





Implementation #2: Real World Fridays: Research and Position Stance



Which Olympic city would you enjoy/have enjoyed visiting?

Add your response in the Chat box!

SEL



Summer	Winter
London, England (2012)	Sochi, Russia (2014)
Rio de Janeiro (2016)	Pyeongchang, Korea (2018)
Tokyo, Japan (2021)	Beijing, China (2022)
Paris, France (2024)	Milan, Italy (2026)

DURATION: 45-60 minutes



Overview

- 1. Post the template for research.
- 2. Give students time to read from ProCon.org.
- 3. Allow students to find a resource to support their stance.
- 4. Have students compile their stance into a billboard.

The Economics of Hosting the Olympics - Cost-Benefit Analysis

Part 1: Research: Go to ProCon.org to learn about the benefits in costs of hosting the Olympics. As you read, add a piece of evidence in one sentence, with a statistic or quote.

What are the benefits of hosting the Olympics? Add a 1 sentence summary with 1 detail.	What are the costs of hosting the Olympics? Add a 1 sentence summary with 1 detail.
Summary:	Summary:
Detail:	Detail:
Summary:	Summary:
Detail:	Detail:
Summary:	Summary:
Detail:	Detail:

The Economics of Hosting the Olympics - Cost-Benefit Analysis

Part 4: Creation: Create a digital billboard that explains the reason behind whether or not you should host the Olympics.

Category	Description	Points
Arguments	The digital billboard includes clear arguments for or against hosting the Olympics. These arguments are summarized with short phrases or words that clearly demonstrate the result. These arguments convince the viewer of the impact of the stance.	20
Images	The billboard/digital representation includes images that creatively and visually represent the data found through extensive research.	15
Title/Hook	The billboard includes a clever title that would convince the viewer to read the billboard and also to believe the argument. The title is styled in a way to catch the viewer's attention.	5
Creativity and Professionalism	The digital representation of information includes immense creativity with different colors, fonts, a clever layout, and reveals immense effort in the design.	5



Upload your research and your product as one assignment.





Hosting the Olympics Boosts your Economy

PARIS '24

 $\mathbf{Q}\mathbf{Q}\mathbf{Q}$

MILAN '26

 $\mathbf{O}\mathbf{O}\mathbf{O}$

LA '28

Q Q Q

BRISBANE



IMPROVED INFRSTRUCTURE Beijing spent over \$22.5 billion constructing roads, airports, subways, and rail lines, as well as almost \$11.25 billion on environmental cleanup. Sochi, Russia, invested approximately \$44.3 billion in constructing non-sports infrastructure for the 2014

Sochi, Russia, invested approximately \$44.3 billion in constructing non-sports infrastructure for the 2014 Olympics

TOURISM INCREASE

 Brazil set tourism records with 6.6 million foreign tourists and \$6.2 billion dollars.
 Those tourists also spent more: \$2.57 billion in June (a 13% increase) and \$121 billion in the first half of 2013.

STRENGTHEN GOLBAL PRESCENCE



 The 1968 Summer Olympics allowed Mexico to make "the leap into the ranks of industrialized nations," 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 initial budgets for hosting the Olympics often skyrocket due to unforeseen expenses, leading to significant financial strain. The promised economic windfalls frequently fall short of expectations, leaving host cities with debts that can take decades to clear.



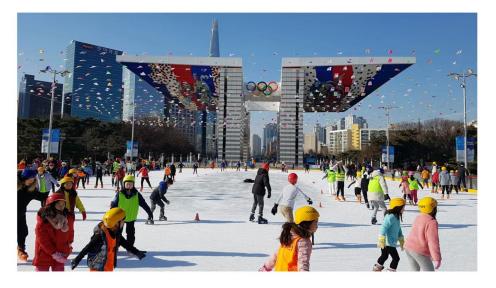
Environmental Degradation



The environmental impact of constructing new venues, along with the associated waste and carbon footprint from international travel, contribute to significant ecological disruptions and longterm environmental harm.









Olympic legacy includes the long-term benefits that the Olympic Games create for the host city, its people, and the Olympic Movement before, during and long after the Olympic Games.

Find out more about our strategic approach to Olympic legacy in this document.

Rio 2016 arenas become schools

and public facilities as Games

legacy unfolds

LATEST LEGACY NEWS

All Legacy news →





Chamonix 1924: A legacy carved

Gangwon 2024

solidarity

as an example of legacy and

Legacy

in snow

Sarajevo 1984: A Living Legacy

of Peace





PyeongChang Legacy Foundation opens up new horizons for young athletes

Implementation #3: Research and Debate



What is your favorite Olympic moment?

Add your response in the Chat box!

SEL





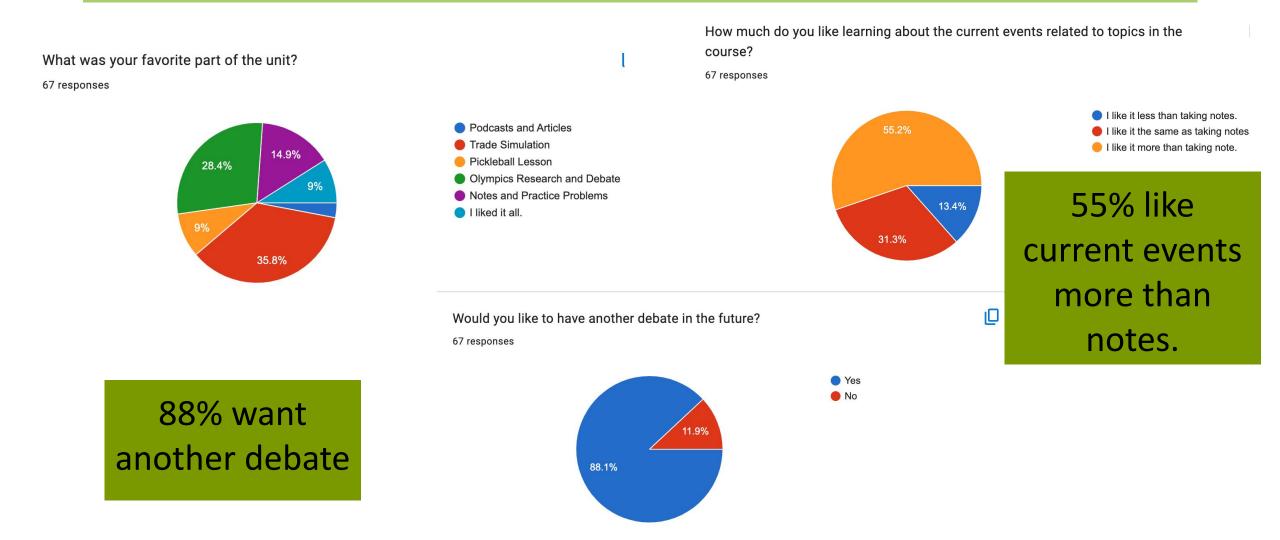


• **Day 1:** Students research the assigned stance independently. They find evidence to defend their stance and potential counter arguments.

- **Day 2:** Students sit in their assigned stance. They choose their role in the debate, and then follow the debate process as they fill out a student handout.
- **Day 3 (optional):** Students form new groups to design a movie poster to showcase their chosen stance.



Student Reflection of Unit with Debate



DURATION: 45-50 minutes

CEE

Day 1: Overview

1. Introduce the Debate Topic.

- Allow students to pre-think about pros and cons of Hosting the Olympics.
- 3. Assign roles to each table (Pro/Con).
- 4. Allow students to access the research template online.

1.31.24 Class 💶: Research: Should a city h...

Posted Jan 31 (Edited Jan 31)

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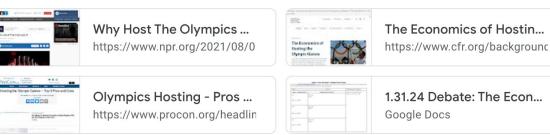
Please make a copy of this assignment and argue for your assigned stance.

You can use the sources below, but need to find 2 new sources that are your own.



Due Jan 31, 11:59 PM

This will be 50% of your grade for the debate.



View instructions



Review work

Assignment Overview

Should a city host the Olympics? (Individual Grade: 50 points)

You must have AT LEAST 5 well-explained reasons to receive full credit. Also include potential counter arguments (a total of 2) in the box provided. Make sure to include the sources of where you find your information. Pro Con Olympics

I believe		because		Potential Counter -Argument	
Source - You need at least 5!			Add 1 strong potential counter		
Link:	Main idea: Details:			argument in this box. LINK:	
Why is it credible?					
Link:	Main idea:			1	
	Details:	I believe		because	Potential Counter -Argument
2		Source		Reason	Add 1 more strong potential counter
Why is it credible?		Link:	Main idea: Details:		argument in this box. LINK:
10	204 - 525	Why is it credible?			
Link:	Main idea: Details:				
Why is it credible?		Link:	Main idea: Details:		
		Why is it credible?			

What is the strongest argument for your stance? Write a 2-3 sentence explanation in the box below.

Rest of Class - Research Preparation

Online Preview

Answer the 3 questions about the article.

Research

Find 5 reasons to defend your stance. Find 2 counter arguments.

Reflect

Explain your strongest argument, in your opinion.



CEE Example Research

Link: <u>The Olympics is a</u> disaster for <u>people who live</u> in host cities

Why is it credible? long standing reputation for journalistic integrity, comprehensive coverage, and adherence to editorial standards

2

gentrification
Details:

	•	Tokyo 2020 follow the pattern of displacing residents	
		 over 300 households relocated 	
	•	Olympic-induced displacement disproportionately affects	
		vulnerable populations	
d		 1984 Los Angeles, 1988 Seoul 	

- Atlanta 1996 led to the demolition of public housing
 thousands displaced
- similar trends in 2008 Beijing and 2016 Rio de Janeiro
- IOC often overlooks human rights abuses, and the cycle of displacement persists with upcoming Games in Paris, Los Angeles, and Brisbane

I believe a city should NOT hos	believe <u>a city should NOT host the Olympics</u> because		
Source - You need at least 5!	Reason (in your own words)	COUNTERARGUMENT 1: increase	
Link: <u>The Economics of</u> <u>Hosting the Olympic Games</u> Why is it credible?	Main idea: Hosting the Olympics places an enormous economic burden on cities	global trade and stature Link: <u>Hosting the Olympic Games –</u> <u>Top 3 Pros and Cons</u>	
Council on Foreign Relations: American think tank specializing in U.S. foreign policy and international relations. Independent and nonpartisan nonprofit organization.	 Details: High Costs: Montreal 1976: Actual costs billions above projection, \$1.5B debt Infrastructure: Sochi \$50B, Rio \$20B, Pyeongchang \$13B Bidding for IOC: Millions spent on evaluation, preparation Tokyo: \$150M failed 2016, \$75M 2020 success Planning and Organizing: \$50–100M Tokyo 2020 Overruns: Budget > \$15B, actual costs > \$35B Winter Games: cost overruns – fake snow, water systems Rio Challenges: 2016 Rio Olympics costs > \$20B, required a bailout, left many venues unused 	Hosting the Olympics can enhance a country's global trade and stature by serving as a credible signal for commitment to trade liberalization, leading to increased trade flows and the country's entry into prestigious economic organizations. Refutation: Concurrent economic policies / geopolitical conditions may have contributed to advancements. Substantial costs + low economic gain may not lead to lasting improvements.	
	Uncertain Benefits:		
	Revenue Inequity: IOC retains over half of TV revenue		
	 Job Creation Overestimation: Temporary roles mostly go to already employed individuals 	COUNTERARGUMENT 2: increase	
	 Mixed Tourism Impact: Varies; Barcelona succeeded, London and Beijing faced declines. 	Link: Hosting the Olympic Games –	
	 Doubtful Economic Impact: Salt Lake City 2002 showed no substantial long-term benefits or GDP impact. 	Top 3 Pros and Cons	



What did you hear? I heard.... (statistic detail), and

I'm wondering...

"That intangible thing... becoming a major league city." VANEK SMITH: Is there a - kind of what Kenneth mentioned, is there kind of, like, a softer sort of payoff? I mean, is there, like, a payoff in - like, maybe not right away but in, like, visibility for your city, long-term tourism?

MATHESON: Yeah, and the answer for that is yes. And that's, of course, what we call the legacy effect, right? And you can have a couple kinds of legacy here. No. 1, part of this is actually real infrastructure. You make your roads better, and you build your airport expansions. And both Greece and Rio have expanded subway systems thanks to the Olympics. And then there's that last thing. There's that intangible thing about, you know, becoming a major league city - right? - or putting your city on the map. But even there, it requires a very unique situation. I think the best two examples of this we have are Barcelona, which was kind of in the shadow of Madrid and lesser known as a tourist destination. It was about 10th or 12th in Europe in tourist destination before the early 1990s. After the Olympics, it's jumped into the top five in tourism in Europe. And so there's a good example. Salt Lake City, also following the Olympics, ski visits to Utah significantly outpaced ski visits to Colorado. So there's some legacy effect that you're getting out of these things.

Resource Exploration (8 mins)

DURATION: 45-50 minutes





Day 2: Overview

Title 2.1.24 Class 🖭: Debate Handout

- 1. Divide the class into two sections.
- 2. Explain the debate overview and give a handout (paper).
- 3. Allow for students to choose a role in the debate.
- 4. Follow the debate process in the slides.
 - a. Intro Round
 - b. Critique
 - c. Final Round
- 5. Have students add to their handout each part of the debate and reflect at the end.

Instructions (optional)

Scan a copy of your debate tracking notes at the end of today's debate.

Remember you must speak once to receive the final 10% for your grade on this assignment.

If you were absent, please upload your flyer and argument to this assignment.

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A los na securit funcios da 3 los na secura consecuritos da 2 los na secura con estadores da 2 los na secura con estadores da 2 los na securitos da 2 los	2.1.24 Make Up Debate Google Docs	Students can view file	•	×
	2.1.24 Olympics Debate Google Docs	Students can view file	•	×

Day 2: Assignment + Slides

Should a city host the Olympics? (45 points)

A. Introduction: (8 mins) - Respond to these questions with your group, based on your research, before the debate begins.
 1. What are the reasons to support your side of the argument? (Summarize your group's key points.)



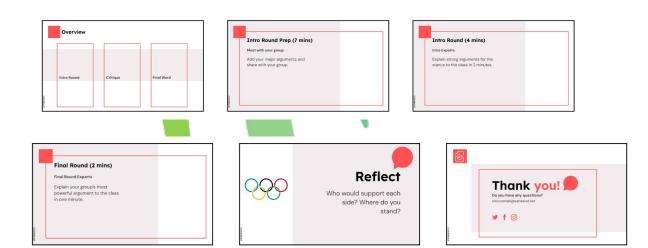


Overview: Role	\$	_
Intro Speaker (up to 4) - summarize an argument	Critique (up to 4) - answer questions from the opposing group	
Final Word (up to 4) - reiterate argument	Question (lots) - ask a question to the opposing group	

2. What are potential counter-arguments the opposing view could make?

B. Presentations (4 minutes): As you hear the other group debate, keep track of their own perspectives and justifications for why their theory is correct. Track the speaker, its main ideas and reasoning for why it is the correct theory.

Argument + Specific Examples (Data)
I



C. Critique Preparation, In Groups: (6 minutes)

1. What are the limitations of the opposing sides' thoughts? Write the pitfalls, and at least 2 questions here.

You said..... why....?

D. Critique: (Round 4: 14 minutes) - 7 mins of questioning per group) What two insights did you gain?

E. Final Response (4 mins total - 2 mins per group)

1. Why is your view better than the opposing view?

F. Reflection: After today's debate, answer the following.

1. Who might support hosting the Olympics? Who might oppose hosting it? Which group do you side with, and why?



Classroom Setup



Divide the classroom into for and against. Label the boards at the front of the class.

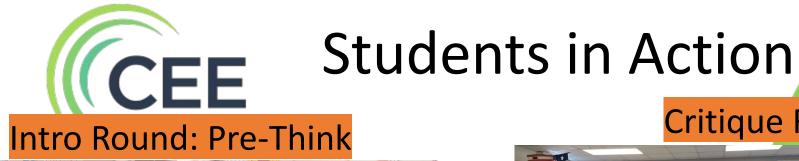


Overview: Roles

Intro Speaker (up to 4) - summarize an argument Critique (up to 4) – answer questions from the opposing group

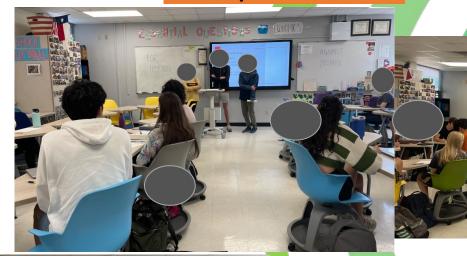
Final Word (up to 4) reiterate argument Question (lots) – ask a question to the opposing group

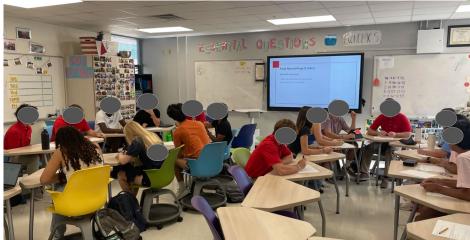
Overview		
Intro Round	Critique	Final Word



Critique Rounds







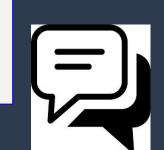
Final Word: Pre-Think



What are the major arguments for your stance?

Simulated Intro Round

Group 1: Host the Olympics. Group 2: Don't host the Olympics.



Breakout Rooms: Come up with your group's best arguments for your stance? (8 mins)



Intro Round: Simulation: Why is your stance the best? Share evidence.



Final Word: Hosting

Student Voices

Day 3: Movie Poster



Movie Poster Assignment: The Economics of Hosting the Olympics

With your partner or partners, create a Movie Poster that explains your stance on whether or not to host the Olympics. In your poster, include the following

Movie Title

A student-made title must be visible on the top or bottom of the poster. The title MAY NOT include the name of the term you have been assigned but must allude to the stance.

Illustrations of the Impact with Data

You will need a primary and secondary illustration on your poster. The illustrations must show the impacts of your choice. The illustrations need to be large enough to see from the back of the room. There needs to be **3-4** pieces of data to reinforce your stance.

One-line Slogan

The one-liner slogan must be carefully written to express the overall impact of your choice.

Poster Layout

The poster must show thoughtful use of color, to make it eye-catching. Judicious use of space is paramount; your group must avoid wide-open spaces, crowding, and unnecessary gaps. You will present your poster in front of the room. The title, illustration, and one-liner slogan must be clearly visible to me sitting in the back of the room.

Neatness

Illustrations and text appearing on the poster should be excellent. In order for full credit to be given, all groups must work on the product in class. Find an appropriate job for each member of your group.

Summation

Be sure that the movie poster has enough written and visual information to summarize the overall idea of your stance.









What's something you can use in your classroom?

Ref	ect

CEE

_					
	Classroom Connections	Option #1	Option #2	Option #3	Add your
	Check Ins: SEL	What's your favorite Olympics sport?	Which Olympic city would you have enjoyed visiting?	What's your favorite Olympic moment?	response in the Chat box!
	Warm Ups	Video + Questions	Article + Questions	Video + What, So What, Now What	
	Tasks	Individual Research	Debate Prep + Debate	Movie Poster: Group Stance	

Reflection



Q & A



References

- Olympics.Org: Benefits of the Olympics
- ProCon.Org: Hosting the Olympics
- Planet Money: Indicator: Why Host the Olympics
- <u>CFR: The Economics of Hosting the Olympics</u>
- LA Interview: Olympics
- WSJ: How the Olympics Make Money
- <u>CNBC: The Cost of Hosting the Olympics</u>
- Business Insider: No One Wants to Host the Olympics
- <u>CNBC International: London Venues</u>



References

- Investopedia: The Economics of Hosting
- <u>Time: Tokyo Olympics</u>
- Harvard Politics: Olympics Costly



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Thank You

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