N.Y.'s Olympic Path Is Paved with Gold

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First Anaheim takes the World Series title away from the Giants. Then New York City beats San Francisco for the right to represent the United States in the bidding to host the 2012 Olympics.

Tough to make a buck in SF these days.

But not in New York, where the Olympic movement will serve as a catalyst for capitalists.

How so?

Look at this quote from New York Mayor Michael Bloomberg: "We won't bring the Olympics back to the U.S. on the cheap."

Thank God for that.

The mayor's proclamation came on the heels of New York's organizers suggesting they would spend $5 billion to place the Games throughout New York's five boroughs, with no sport venue located more than 14 miles from the Olympic Village in Queens.

Sounds like an economic redevelopment plan to me with a lot of coin getting put into play.

In fact, The New York Times editorialized two days after the announcement that New York won because the city's proposal was "grand, inventive and appealing, promising accommodations that are world class for athletes and spectators." Additionally, the Times suggested, New York will "benefit from the new buildings, sports facilities and mass-transit service left behind."

But did Bloomberg's remarks slyly suggest Atlanta and Salt Lake had done their Olympics on the cheap? Or that the only way to host the Olympics was to embrace the "giganticism" that Salt Lake City Olympics chief Mitt Romney decried?

Romney made his comments after learning the hotel and transportation tab for the International Olympic Committee in Salt Lake exceeded $1.6 million and the various Olympic ceremonies cost $37.6 million.

As a sports industrialist, I have to ask, "Is that a bad thing?"

I hope not, because in the last 10 years, Olympic host communities have spent billions for their moment in the sun or snow (see chart). Host cities have also engineered some tidy investments from state and federal governments.
Most of us probably saw the investigative report by Sports Illustrated a year ago suggesting $1.5 billion U.S. taxpayer dollars were spent in Utah for the purchase of land, road construction, sewers, parking lots, housing, transportation (buses), fencing, a light rail system, airport improvements, food and infectious disease monitors, security, testing programs, recycling, a weather forecasting system and the planting of new trees.

That total may be inflated. Romney suggested SI's numbers were "completely off" and the total taxpayer amount was closer to $350 million. But any way you count it, a large pile of taxpayer dollars were fast-tracked because the Olympic circus was coming to town.

<table>
<thead>
<tr>
<th>City</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lake Placid</td>
<td>1980</td>
<td>$179.2 million</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>1984</td>
<td>$77.9 million</td>
</tr>
<tr>
<td>Atlanta</td>
<td>1996</td>
<td>$192.7 million</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>2002</td>
<td>$342.4 million</td>
</tr>
</tbody>
</table>

Note: Amounts adjusted for inflation  
Source: General Accounting Office

At issue, of course, is the way in which someone thinks about business concepts like growth, sustainability, change and investment. For the cities selected to host an Olympiad, certain projects will receive priority treatment due to the Olympics.

At the end of the day, though, there's no question big money is going to get spent in New York, and numerous sports business groups have the potential to benefit.

For New York's organizing committee, the problem is it will have to take on cities such as Paris, Rome, Moscow (again), Istanbul, Rio de Janeiro, Madrid or Seville and probably Berlin to win the whole enchilada.

That decision, which doesn't get made by the IOC until 2005, means for the next three years, New Yorkers who dream, scheme and work on the routine will help put New York's game face on. They'll have to spend to win.

Politicians, however, will have ample opportunity to talk about financial risks, incremental taxes, displacement of lower socio-economic groups that reside on suddenly valuable real estate and the creation of venues or buildings that do not work efficiently after the circus leaves town. Even the Times acknowledged that "large stadiums tend to deaden, not enliven, surrounding neighborhoods."

Perfect example? In Sydney, Stadium Australia stands empty far too often and the Olympic Village site in Homebush is more ghost town than boom town.

There's one other hitch. Despite spending millions of dollars to get ready for the IOC's 2005 vote, New York might not win.

Vancouver is a front-runner to win the 2010 Winter Games. If the Canadians win in the mountains (the decision gets made in 2003), it means North America would be asking for its third set of Games in 10 years (Salt Lake 2002, Vancouver 2010, NYC 2012).

The good news is America's TV networks pay the most for broadcast rights, and most of the IOC's Top Partners (Coke, John Hancock, Eastman Kodak, McDonald's, Visa and Xerox) are headquartered in the United States. The bad news is that the rest of the world sometimes gets bored with privileged Americans driving the bus.
As always, following the money should offer a revealing glimpse of the sport business future.

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