

Hosting the Olympics Can Be an Economic Burden

Dustin Woodard

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Sometimes it isn't the athletes that face the toughest challenges in the Olympic Games. Hosting the Olympics can be quite a financial hurdle. The 2004 Olympics are no exception.

Hosting the 2004 Olympics has sucked \$10-12 billion (in U.S. dollars) out of the Greek economy. That's more than five percent of the country's annual gross domestic product!

When Greece bid on the games, it was before security was being beefed up around the world as a direct result of the 9/11 terrorist attack. It's estimated that \$1.5 billion is being spent on security alone. Security costs include the posting of 40,000 troops along the northern border prevent illegal entry. The new security system is so sophisticated that it can photograph people's faces, intercept phone calls and deduce cell phone numbers almost anywhere in the city. Television rights, corporate sponsorships and ticket sales help the hosting country bear the burden of the costs, but \$12 billion is a lot to come up with.

NBC is paying about \$800 million for broadcast rights to the Olympics in the U.S. NBC expects to net a record \$1 billion in ad sales for its Olympic coverage. Indonesia's major networks decided a \$1.35 million price tag was too much, though they are willing to dish out \$10 million to air the 2006 FIFA World Cup.

Ticket sales for the 2004 Olympics have been disappointing, partly due to late construction and partly due to a lack of interest in attending the games among the Greek citizens. Just two weeks before the start of the Olympics, about 3.1 million of 5.3 million tickets remain unsold. What remains to be seen is if hosting the 2004 Olympics was worth it. The Olympic Games: 13-29 August 2004. The Paralympic Games: 17-28 September 2004

If you think the Greeks over-committed, the Chinese have budgeted \$23 billion for the 2008 Olympic games – seven times more than the Sydney games, and 32 times what Los Angeles spent for the 1984 Games! I'm glad I'm not paying for the 2004 Olympics – because understanding the mathematical reason for hosting the games is "Greek to me."

1. Assuming the 2004 Olympics represent approximately 6% of the country's annual gross domestic product (GDP) what is the GNP for the country of Greece?
2. If NBC meets its goal in ad sales, approximately how much is their profit projected to be?
3. If there are 5.3 million tickets sold, between the Olympic and Paralympic games, what might the population of seats (tickets) be for any given sold out event?
4. What was the percent of change in Olympic budget for the 2000 Sydney games? 1984 Los Angeles games?
5. In appropriate paragraph form, what benefits might a country derive as a result of hosting the Olympic games?