

Consider the options

Chicago could make a better investment than Olympics 2016

By Allen R Sanderson – Chicago Tribune - April 22, 2008

As reported in the press and media events, an overwhelming majority of Chicagoans – 84 percent – was supportive of the city’s bid to host the 2016 Olympic events. (Given the political season and climate, another way to “spin” the numbers for those opposed is that only 54 percent were strongly supportive; 30 percent were simply “somewhat supportive.”) I suspect that at least 84 percent of those polled were also in favor of world peace, fewer potholes, and the Cubs winning the 2008 World Series. But a more relevant way to elicit information is to face respondents with some prices or notion of the sacrifice required to achieve a stated objective.

For example, what if the pollsters had asked: “How much would you be willing to pay annually in the form of taxes on what you own, earn or spend to bring the 2016 Olympic Games to Chicago?” The survey could have given some prices to choose from: \$0; \$50; \$100, \$500 or \$1,000. Or, alternatively, the pollsters could have asked: “If it costs the city \$1 million to have the 2016 Olympic Games here, are you strongly in favor, somewhat in favor, somewhat opposed, or strongly opposed?” Then we could, either sequentially or by segmenting respondents, up the ante: “What if it costs the city \$100 million? \$1 billion?” Another way to tease out how residents feel would be for pollsters to present some menu options: “If Chicago were going to spend an additional \$1 billion over the next few years on various civic projects, how would you like to see the mayor, City Council and other public agencies allocate that amount of money?” Alternatives could be: (a) The 2016 Olympic Games; (b) Shoring up our roads, bridges and public transportation; (c) Putting more police on the streets and in neighborhoods; (d) Public schools and health care; (e) Efforts to make Chicago a greener, more environmentally responsible city. I would be willing to wager a sizable sum of money on where having a public party in eight years would rank on people’s priority list – and how much they would be voluntarily willing to shell out for it.

Time and time again, commissioned polls or impact studies purport to show one thing when reality is quite another. I have yet to see an economic impact study for building a sports facility or convention center, or hosting a major sporting event, that did not promise cornucopias of cash to the city bold enough to “invest” in the scheme. And yet, virtually all convention centers in this country lose money, and revenues spent inside new sports palaces enrich only the owners and leagues. If the pattern holds, and it likely will, cities that host Olympic events tend to lose money. These short-term, overly hyped events, as opposed to longer term, well-thought-out urban investments, have low or negative rates of return. That may be fine if our eyes as well as our wallets are wide open, knowing full well that this will cost us monetarily but that we still want to do it.

After all, we spend money on dogs and boats with no expectation that they will pay for themselves financially. But, then, let’s at least be upfront and honest about it: “Yeah, it’s going to cost us – and you, the taxpayer – an unknown ton of money and some serious inconveniences, but we think it’s worth it and here’s why.”

Whether to support the Games themselves or merely the city’s official bid, the latter carrying a price tag of \$50 million to \$100 million, one hears that “only private money” is underwriting those activities; no tax dollars will be spent. “Private” implicitly refers to donations from corporations and wealthy citizens. However, in jargon that students learn on the first day of Economics 101, virtually all expenditures or allocations have an opportunity cost, whether it be for a firm or family. If Boeing, Sears, Motorola or McDonald’s gives \$1 million to help finance our Olympic bid, that is \$1 million that does not get returned to stockholders as dividends or plowed back into the company for new projects and production. In addition, that is \$1 million that does not, then, support an exhibition at the Field Museum, a new gallery at the Art Institute, or an after-school youth program.

When I sit down each December to write out checks to local, national and international charities and other non-profit organizations, I am implicitly choosing how to allocate, say, \$2,000 among various groups and activities. The slice that goes to WTTW Ch. 11 doesn’t go to the Chicago Coalition for the Homeless or the American Cancer Society – or to the University of Chicago. It’s still just \$1 million or \$2,000 no matter how a corporation, a wealthy benefactor or I cut it.

There is no free lunch in this world and no free Olympic Games either.

I think it would be lovely for this magnificent city to have its chance to be on the world stage, and what better way to have our coming-out party than serving as host in 2016.

But just as alcohol ads encourage us to “drink responsibly,” let’s apply the same exhortation and expectation in getting ready for it and in our public pronouncements and promises.

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