# Olympic bids give the losing countries an economic boost, too

Study shows that taking part in the bidding to host an Olympic Games pays off as much as winning

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The Olympic Games site in Stratford, London.

Among the many claims for the legacy of the 2012 London Olympics was the idea that it would bring an economic boost, from the construction jobs needed to build shiny new sports facilities, to the increased tourist revenue, and the marketing benefits of reminding the world that London is still swinging.

So at first glance, a report in this month's *Economic Journal* looks encouraging: professors Andrew Rose and Mark Spiegel say analysis of past history reveals that hosting the Olympics delivers an increase in exports of an extraordinary 20%, a result that is, they say, "statistically robust, permanent and large".

But there's a catch: they find that the effect is just as large for countries that have put in a bid to host the Games and failed.

Rose, from the University of California, Berkeley, and Spiegel, of the Federal Reserve Bank of San Francisco, argue that a push to try to host the Games – or other sporting "mega-events" as they call them, such as football World Cups, often goes alongside a conscious decision by a country to tear down trade barriers and play a larger role in the world economy.

They point out that China's negotiations with the World Trade Organisation were completed in 2001, shortly after Beijing won the right to host the 2008 Games; Rome won the 1960 Games in 1955, as Italy joined the UN and began the negotiations that led two years later to the Treaty of Rome.

For Tokyo, Spain and Korea, too, hosting the games went alongside becoming a fully fledged member of the global elite.

Rose and Spiegel argue that countries use the games as a way of sending a signal that they're committed to joining the international club. Unfortunately, for London, where free trade, open markets and foreign takeovers are ingrained, it seems unlikely the "Olympic effect" will bring much economic benefit.