

# CHAPTER 5

## Conclusion

From the above analysis and comparison, the definition of Olympic Economy and the impacts of holding the Olympic Games will be realized. Meanwhile, by comparing economic structure of the host countries, different influence of holding the Olympic Games will be known.

### 5.1 Impacts on Previous Host Countries

Holding the Olympic Games has indeed a lot of impacts on economy of the host countries. The impacts on the host countries are concluded as followings.

1. Boosted amount of investment. Growth rate of investment, except Barcelona 1992 and Sydney 2000 Olympic Games, will keep increasing in Pre-Games and boost at summit in Games-Year due to the enormous amount of investment.

2. Splendid growth rate of GDP. The increased investment in Pre-Games and Games-Year will lead to splendid growth rate of GDP. However, Growth rates of Atlanta 1996 and Sydney 2000 Olympic Games keep stable instead of fluctuating because the two hosts are advanced countries.

3. Bubbling GDP in Pre-Games. Growth rate of GDP will dramatically decline after Games-Year due to the inefficient amount of investment. Reducing the percentage of Olympic investment to domestic investment is supposed to improve the sharp decrease of GDP.

4. Stable household consumption and government expenditure. Rarely do growth rates of household consumption and government expenditure appear significance with holding the Olympic Games.

5. Higher price of real property in Pre-Games and Games-Year. The boosted investment in Pre-Games and tourists in Games-Year result in higher price of real property. Over-heated price of real property will encounter the risk of bubbling.

6. Different economic structure. Holding the Olympic Games greatly stimulates and motivates economy of developing countries such as Japan, Korea and China. On the other hand, the impacts of holding the Olympic Games show insignificance with the advanced countries such as the United States and Australia.

As a result, growth rates of economic indicators are supposed to above 10% in order to stimulate economic development and transfer industrial structure as well. It can be concluded as the more advanced economic development of a country is, the less significance of holding the Olympic Games will be.

## **5.2 Impacts on China's Economy**

Beijing 2008 Olympic Games are estimated to bring a considerable amount of revenues and has a profound influence on China's economic development and industrial structure. They can be concluded as followings.

1. Alluring Revenues and Profits. The amount of profits is expected to be as many as 16 million US dollars. The expected revenue is 1,625 million US dollars, while the expected expenditure is 1,609 million US dollars. Although such a profit is not as much as those of Los Angeles 1984, Seoul 1988 and Sydney 2000 Olympic Games, it is, however, still a considerable sum of money to earn.

2. Splendid Growth Rate of GDP. Current economic situation of Beijing 2008 Olympic Games resembles those of Tokyo 1964 and Seoul 1988 Olympic Games. During the holding of the Olympic Games, growth rates of GDP and GDP per capita are expected to be around 13%. In detail, the estimated growth rates of GDP contributed from Beijing 2008 Olympic Games in Beijing city and China are 2.35% and 0.2% in Pre-Games, 4.1% and 0.4% in Games-Year, 0.6% and 0.1% in Post-Games.

3. The enormous amount of investment. The investment on holding Beijing 2008 Olympic Games is far more than that on previous Olympic Games. It is supposed to be around 36,171 million US dollars. Specifically, the amount of indirect investment is as many as 18,675 million US dollars, while that of direct one is about 17,506 million US dollars. The proportion of indirect investment to direct one is 1:1. Such a proportion equals to that in Seoul 1988 Olympic Games. Growth rates of investment are expected to be 19% and 11% respectively in China and Beijing city. Also, the three-phase growth rates of investment in Beijing city contributed from Beijing 2008 Olympic Games are estimated as 5.6% in Pre-Game, 0.2% in Game-Year and - 0.2% in Post-Year.

4. Excellent achievement on attracting tourists and creating employment. The amount of tourism revenues and number of visitors are expected to be more than those of previous Olympic Games. They are 5,000 million US dollars and 1,900 thousand people respectively. Specifically, 4.25 billion US dollars will be contributed from Beijing city,

while 0.75 billion US dollars will be contributed from rest areas.

5. Rapid Development of the Third Industry. Holding Beijing 2008 Olympic Game benefits the third industry the most, so that the swift of industrial structures in Beijing city raises percentage of the third industry to 65% step by step. In contrast, as for the industries in China, the Olympic Game benefits the second industry the most instead. From 2000 to 2005, the averaged growth rate of the second industry is 0.26%.

6. The risk of bubbling capital market. High demand for renting will lead to over-heated price of real property. Especially, boosted price of real property in Beijing city will encounter the risk of bubbling.

Therefore, the great amount of benefits indeed motivates China to pursue the opportunity of holding the Olympic Game. Not only can it increase the fiscal incomes for the governments and Beijing Olympic Committee, but also raise its national reputation.

### **5.3 A Milestone for China's Follow-Up Economy**

It is believed that the Olympic Game indeed a milestone for China to greatly stimulates its follow-up economic development, motivate its social environment and switch the industrial structures because China's economic situation of holding Beijing 2008 Olympic Games is similar to those of Tokyo 1964 and Seoul 1988 Olympic Games. The details are as following:

1. Spectacular growth rate of GDP. The averaged growth rates of GDP in Tokyo 1964, Seoul 1988 and Beijing 2008 are spectacular. The former two are above 15%, while the latter is above 13%. High growth rate of GDP will push up follow-up development of China's economy.

2. High percentage of indirect investment. The proportion of indirect investment to direct one is 1:1, which equals to that in Seoul 1988 Olympic Games. And, the enormous amount of indirect investment on Seoul 1988 Olympic Games plays an important role to push Korea into one of Newly Industrialized Countries. Indirect investment contributes on social basic faculties such as transportation improvement, pollution reducing and environmental protection. In addition, a variety of sustained investment projects on China's economic and social development are supposed to get out of the bubbling risk on follow-up economy.

3. An expected splendid performance on economic development. As for economic development such as increased amount of investment, tourism revenues and employment

is concerned, Beijing 2008 Olympic Games are expected to have more splendid performance than Tokyo 1964 and Seoul 1988 Olympic Games.

4. Rapid development of the third industry. High percentage of the third industry is the requisite of being a Newly Industrialized Country. With the holding Beijing 2008 Olympic Games, percentage of the third industry is supposed to increase.

5. Transitional economic structure. The three host countries are in transitional economic structure when holding the Olympic Games. Especially, rapid economic development and high-focused foreign investment result in boosted China's economy. With a variety of economic development, a great amount of foreign investment and social reform, China's economy is supposed to keep stimulated and motivated after Beijing 2008 Olympic Games.

## **5.4 Suggestions**

Eventually, in order to succeed in holding Beijing 2008 Olympic Game and motivate follow-up economic and industrial development, there are four suggestions given as followings:

1. Balancing the Economic Development. It is no doubt that Beijing 2008 Olympic Games will benefit a great many industries. Therefore, balancing the economic development of different areas is extremely important. Appropriately motivating a variety of industries with different strengths of each city helps reduce the economic disparity in China. For example, development of industries such as information, telecommunication, service and environmental protection can be focused on Beijing city, while others can be advanced in rest areas.

2. Avoid Insufficient Investment in Post-Games. Making a well management to the follow-up use of Olympic gymnasiums and facilities can avoid falling into disuse. Moreover, emphasizing the indirect investment such as basic construction and follow-up development can avoid dramatically shrinking in economic development of Post-Games. Constant and long-term investment such as Western Developing, North-East reconstructing, Central Rising, and Eastern modernizing as well will keep a more stable economic situation than over-focused and prompt one.

3. Increasing Foreign and Private Investment. Making best use of market mechanism can reduce excessive investment from government. In other words, it can be replaced by foreign direct investments or private entrepreneur funds. Therefore, not only did it release

financial pressure of central government, but also offer multiplied channels for funding.

4. Raising the International Reputation. It is a great opportunity to introduce Chinese historical and colorful culture. A plentiful humanistic treasure and a variety of historical spots are indeed strengths for developing tourism and achieve the goal of raising its international reputation.