

# Transcript: The Economic and Social Impacts of Mega-Events

## **Introduction:**

Welcome to the City-REDI Podcast. The next series of podcasts are inspired by the Birmingham Economic Review. The review is produced by City-REDI, University of Birmingham and the Greater Birmingham Chamber of Commerce. It is an in-depth exploration of the economy of England's second city and a high-quality resource for informing research, policy and investment decisions. This episode focuses on Chapter five, which looks at opportunities for Birmingham and the region.

The Birmingham Commonwealth Games, held in summer 2020 to over 1.5 million people, bought tickets to the event. More than 5 million people came into the city centre. 40,000 jobs and skills opportunities were created and hundreds of millions of people tuned into the games worldwide.

Clearly, the Commonwealth Games had a huge impact for Birmingham. Does this impact reflect the funding and work that went into making it happen? And will there be a long-lasting legacy for the region? What are the economic and social impacts of mega events like the Commonwealth Games? Let's find out.

## **Dr Matt Lyons:**

Welcome to the City-REDI Podcast. In this podcast, we'll be discussing the economic and social impacts of hosting mega-events. Birmingham has, of course, recently hosted such an event the 2022 Birmingham Commonwealth Games, which saw the city abuzz with activity. This podcast is also being recorded during the FIFA World Cup in Qatar, which is one of the most expensive mega events ever recorded.

Hopefully by the end of this podcast, we want a bit more about the potential impact and legacy of such events and how these impacts can be effectively measured. I'm Dr Matt Lyons, Research Fellow at City-REDI / WMREDI at the University of Birmingham. And today I'll be talking to Professor Calvin Jones, Professor of Economics at Cardiff University. Calvin holds a Ph.D. in the economics of tourism and major events.

He's been involved in development of a number of measurement tools for sustainability, including the pilot environment, satellite accounts for Wales and the Tourism Environmental Satellite Account for Wales. His research interests focus on sustainable regional development, energy, economics and A.I. automation and future skills. Calvin is also a failed novelist, rockstar and screenwriter, but serves a successful and rewarding, if short period in Nelson Mandela's security detail.

He's also the winner of both the MoSS Madden medal in regional science and the People's Choice Award at the 1996 International Snow Sculpting Championships. But perhaps most importantly, Calvin is my former PhD supervisor. So, Calvin, thanks for joining us today.

## **Professor Calvin Jones:**

Pleasure to be here.

**Dr Matt Lyons:**

And it's quite a varied and exciting CV you've got and I don't know how you get a part time gig as a security detail for head of state. But if they are hiring regional scientists on if.

**Professor Calvin Jones:**

The labour market is very tight back then, so they had to scrape the bottom of the barrel and well beyond.

**Dr Matt Lyons:**

So your Ph.D. is looking at major events, and you've since looked at various different events in football from different perspectives. I was wondering if you could just give us a brief summary of the work that you've done in this area and maybe how it's changed?

**Professor Calvin Jones:**

Well, initially I started with the Rugby World Cup, which is held in Cardiff in 1999 and then quite a lot of work looking at the economic impact of that event, both in the short term in terms of expansion impacts on the stadium and hotels, bars and so on, and then thinking about where that and then stadiums more generally sat within regional development and national narratives and so on.

So, as you say, spread out to other stadiums in the UK and beyond and to a discrete events, and then more latterly then I was more interested in wider impacts, social impact, cultural impacts, but, but then basically carbon impact and greenhouse gas impacts of, of tourism, sports events, cultural events, which I started doing from 2006 onwards, although nobody was very interested in 2006. Funnily enough.

**Dr Matt Lyons:**

Ok there's a lot of things I'm sure we'll come back to as we go as we go through. But just to start off, really. The right to host mega-events like the Olympics, the World Cup and the Commonwealth Games, these are things that are often enthusiastically pursued by policymakers at the city and national level. However, they cost huge amounts of money.

The academic literature tends to pour cold water on whether these present value for money. So just to start off with and do you think these mega events generally present value for money?

**Professor Calvin Jones:**

No, certainly not in a narrow sense of returns to GVA, GDP, growth, jobs and so on, which, you know, tend to be very high in terms of additional economic activity while the event is on and maybe prior to the event in terms of construction activity. And then afterwards, not much happens. You

know, and then the narrative shifts to whether the event spurs development you would have wanted anyway, you know, in the best cases.

So for example in Wales in the case I started in the new National Stadium for rugby was only built because we held the Rugby World Cup and without the Rugby World Cup we would not have got a lot of national lottery grant for that stadium of £42 million or whatever it was. So that fulfilled a very clear national need for a new stadium, which was creaking and falling down and the old arms park.

And you can see similar narratives emerge around things like Barcelona, you know, which is hailed as one of the most successful Olympics in terms of visiting redevelopment, although, you know, contested in some ways. But Barcelona got a new beach out of it. You know, it happened at the same time as the opening for the opening of the European Union internal market in 92.

So, it was very much kind of a Spain looking eastwards, you know, Barcelona being the kind of vehicle for that. So, I think you can you can you can certainly stitch together wider arguments that these events fit within a wider development kind of process. But in terms of the event themselves and the jobs they create, you know, there's very little evidence you get your money back. In that sense.

**Dr Matt Lyons:**

That's quite a startling thing to say up front that they don't present very well in very narrow economic terms anyway for money. But I was wondering if we could talk about some of those wider impacts really. And so as I recently did a blog and part of it was in the Economic Review and that was around the tourism impact of the Birmingham Commonwealth Games and it was genuinely very difficult to separate out what, what is genuinely additional. And that's one of the easier kind of impacts to measure really the number of people turning into an area. So, I was wondering if you could talk about sort of the different types of impacts that maybe we might look to capture. So, beyond the narrowly impact and what the challenges are for those?

**Professor Calvin Jones:**

Yeah, I mean, certainly, I mean, you know, sticking with a tourism and there's always an argument that in the longer term, visitation might be increased as you increase the visibility of the city on the back of a major event. And again, same thing with Cardiff. I mean, that's certainly true that the new stadium and the millennium now principality stadium renamed when the sponsorship changed that has been at the centre of a number of cultural sporting other events which have placed Cardiff towards the top of the UK's kind of destination cities, if you like.

So, I think, I think there are arguments that for the long term you can, in the best case, increase visitation to a city on the back of a sports event. And that's, you know, I think, a defensible reason for having them. I think in other places, for example, London, you know, I think before the London Olympics, London was already the second most visited city in the world, I think after Paris, if I remember correctly.

So, the argument that the Olympics can spur tourism for London is a much more dubious one because people know where London is. You know, for second and third tier, cities are different. The argument is stronger, maybe around things like urban redevelopment. You know, again, looking at

London, that part of East London was a little bit of a mess, the big triangle within it, where the Olympic Park sat.

The question then is whether the sort of development that you have in those places is the sort a city really needs, you know? So I mean, again, counterfactuals, you know, the planning for London 2012 happened at the same time you had a huge crash in financial markets and crash property demand. After that. And huge problems, you know, in terms of how we sold the land from the London Olympics after the those governments sold that land, leased that land afterwards, and the emergence of, you know, this fairly typical, you see this in East Manchester as well, you know, lots of flats, some offices, property regeneration, which in other lights looks like horrible gentrification through affordable housing than you'd see in other places.

So, you know, it's not just is this right for the city, but is this right for which parts of the city you know, who benefits? And certainly, if you look at the population of East London, you know, there aren't that many houses in the former Olympic Park that they would be buying, or flats. You know, people who are maybe recent immigrants, you know, of minority ethnic background who maybe are not in the sorts jobs in many cases where they can afford to buy those properties.

So, it's you know, it's not just a city benefit, but what do you consider the city, the sort of infrastructures which are developed? How fit are they for purpose in terms of wider city and national development is a really interesting question, I think.

**Dr Matt Lyons:**

Well, there's a lot of things to impact there. I mean, we certainly hear with some of the Olympic stadiums that they don't get repurposed very well. And that sort of quite obvious sort of a failure to get value for money. But you also mentioned that the Olympics sort of came in the wake of a financial crisis. Well, of course, the Birmingham Commonwealth Games is coming in the wake of the pandemic crisis, which has affected tourism numbers as well.

And then now into a cost of living crisis. So how do you sort of interpret legacy from an event when there's so much noise in the macro economy?

**Professor Calvin Jones:**

It is almost impossible. And it's and it's not just impossible because of noise in the macro economy, but it's almost impossible because nobody collects the sorts of sport and activity related stats you'd want to you so and tourism stats so if you look at the you know the performance of visitor statisticians of health statisticians in terms collecting longitudinal surveys which you can see here you can see a bump in people who went out and did sport after the 2012 Olympics, though, you know, in Australia, which is often held up as a really good cases of a well-managed Olympics, you know, they change their recreation survey sort of around the time of the Olympics. You just couldn't tell whether Australians were taking more sport after they held the Olympics. So it's this there's a huge raft of issues, you know, in measuring what are and I always say, you know, you have to remember that again, I'll come back to Cardiff, to this case. I know best that the very successful Cardiff Stadium probably brings in about £120 - £130 million per annum to Cardiff every year and has them for 20 years. Great, £120 million. Who's complain about that? The Cardiff economy is probably worth nearly £20 billion. So how would you find £120 million in £20 billion worth of yay-

today activity. It's needle in a haystack time so these things often then get the go ahead based on gut feeling where the people who are in control want them to happen.

And can make the narrative arguments in the press and so on, and you will look in vain for a really good ex post holistic assessment of even an Olympic Games. And the impact it's had. People don't do it.

**Dr Matt Lyons:**

And what it is I suppose in the ex-ante there's a lot of trying to justify the spending, but afterwards less interest in the evaluation.

**Professor Calvin Jones:**

Everybody's moved on. I mean, literally many in in terms of the Olympics where certainly lots of people went from Australia to London to help manage the Olympics between those two. You know, they dismantle the organizing committees. The city governments have new and interesting things they want to build or problem solve. You know, the circus moves on and nobody gives much of monkeys the last time the circus was in town? And that's just very convenient for all, really, isn't it?

**Dr Matt Lyons:**

So you've spoken about how maybe they don't on paper, in narrow terms, present a good value for money. But the London Olympics is about ten years ago now, and it was a ComRes poll a few years that followed and as reported in the BBC, that found that two thirds of the UK public believed that the London Olympics was worth the cost and I'd say anecdotally there's quite a buzz about Birmingham. A lot of people thought it was great seeing Ozzy Osborne, you know, and everything like that. So does it really matter if these events do present good economic value or is it more about perceptions? Slightly loaded question.

**Professor Calvin Jones:**

So there's this term in this picture four years ago, I've seen it much recently and the term was psychic income, which is used to explain why even when, for example, citizens in an American city might know that a new sports franchise and a new stadium isn't worth money, they still vote for it because they like the feel good factor of having, in that case, a big baseball or, you know, football team in town or a big peripatetic sports events in a European sense.

So that's fine. And where you can show that acceptance and happiness in events is obviously, you know, speed is something well beyond just the money. The problem is, of course, that people are consuming narratives which are generally written from quite a narrow perspective. So what you don't get is necessarily changing of times changing in Qatar, but you don't typically get widespread media coverage on what happens on the downside of sports events.

You know, that that the sport is front and centre. Everyone sees the fantastic medals and the fantastic performances and the great cultural kind of bizarre around it. And what people don't see

because is the counterfactual what the money could have been spent on. Now, I'm not saying that these events as transformative in terms of the money spent sometimes they are you know, sometimes you look at something like the billions spent in Athens, you know, the more spent in Qatar, you know, that they could be used for different things.

You know, that those resources but people don't see it because the counterfactuals this really hard to work out. If people would have preferred something else, they've been given a sports event. They almost never have a choice of whether it happens or not. Almost never. And once it's happened, you've got a very narrow kind of binary choice, are you happy it happened or not?

And with almost no information about what the alternatives were. So, I think I like this, you know, and again, coming back to my own patch, you know, we would have held the Rugby World Cup for nothing because we like rugby in Wales and we like having people run for a party, you know. So I think there's, there's obviously that argument there but it's not quantifiable.

And the problem is of course that when you're looking at these events happening in places like South Africa, just for example, with the World Cup, they're really big issues to be solved in South Africa, which new football seasons are not going to solve? And for example, the tax holidays that major sponsors, partners get from, you know, in terms of paying taxes in those countries during the time the event is on and the kind of use around it is a problem in terms of kind of corporate dominance of political processes and just saying people are happy with it is not enough for you don't think.

**Dr Matt Lyons:**

I'm really interested in this issue of the counterfactual an opportunity cost because they aren't presented by policymakers here a raft of options we can host the Commonwealth Games I think it was about 700 million is that public money that went into that? If my memory serves similar amounts of money that it cost to build the South Wales metro.

**Professor Calvin Jones:**

It well more than at the time we finished, it's notionally 750 million I think.

**Dr Matt Lyons:**

So with things like that it's not present. You could have a metro system or you could have a party. I mean I've never seen it presented like that.

**Professor Calvin Jones:**

But I mean, I mean there are obvious issues there and the frustration is that the, it always costs more than you think it'll cost, you know, I mean the workers Bent Flyvbjerg is really good on this you know, in terms of big infrastructure projects always cost more than you think they will whether they are wrapped up in sports event or not.

I think cities are getting much more cute about using existing resources as far as they can. And there's a tension between sport's governing bodies who want something new and bright and shiny for their athletes to compete in now want to be able to compete in for the future. And cities say, well, we've already got a velodrome, already got a swimming pool it's fine, let's use this one.

So there's that kind of tension, obviously, that the amount of power between, you know, big event hotels and cities or betting against each other is part of the picture. You know, the more you can bid in terms of big and shiny stadiums, maybe the more likely you are to get the event. So that's a that's an issue. There's a kind of monopolistic position of the of the event holders in some ways. I was hoping to reach two or three really big ones you'd want to host, I think globally. So, you know that this issue around what the Romans called bread and circuses, you know, keep you population happy with a few circuses while making sure they've got enough bread. Well in Britain at the moment we haven't got enough bread and we've just got circuses. You know, the unboxed, I was going to say debacle, it's probably not fair. The unboxed festival being the last thing to kind of entertain us and I'll see the balance some people say is wrong, you know, and there are kind of be bread and butter issues that we need to be worrying about before, before having another big party.

**Dr Matt Lyons:**

As I mentioned at the top, obviously, we're having this conversation during what looks to be the most expensive World Cup ever. I put together a blog on this as well, and I had to check the figures multiple times because I couldn't quite believe it. The Qatar World Cup is estimated to have cost over \$220 billion or over £130 billion. My estimate is 15 times the cost of the London Olympics and about twice as much as the UK government's fiscal black hole. And what are your thoughts on the evaluation of these kind of projects which are no longer, you know, mega-events, but giga-events or something beyond just one issue?

**Professor Calvin Jones:**

Yeah, I mean, it's, so again, this is this is an interesting boundary question because quite a lot of what the I did was not it wasn't just stadia; it was public infrastructure more generally, you might call it. Qatar is a really interesting example, of course, because it's an it's an empty place. And the future for Qatar is unknowable. You know, I mean, it's in the hands of a very small number of people. And the extent to which those infrastructures will be inverted commas, value for money is a really open question because it depends what Qatar looks like in ten years, you know, and this and the Qatari citizen population, as opposed to the kind of resident population who come to work and so on or make them go home at Olympics are suspended, you know, and the kind of level of like a use of that £220 billion of investment is it's almost impossible to judge ex-ante than to say the people who had the money in their back pockets, because we're importing their gas down to Milford Haven terminal and burning it in the power station and shipping it to Gloucester to be spent elsewhere in the UK because we're giving them that money for that gas. They can do what they want with it, you know, I mean, if the Qatari's want to spend that money and it, you know, it's largely their money or something they're calling a FIFA World Cup and changing Qatar. Then they are in overwhelming control of that. No, but you know, there is no civic process to decide whether that's a good use of money or not. You know, outside a very small elite. And so when we see this happen in that sort of place, both the size of the money is not that surprising.

And you look at the extent to which, you know, also not to this level, but the events in Sochi, Winter Olympics in Russia, you know, hugely expensive. Hugely expensive, both direct financial costs, unintended upset ecosystems and so on. You know, that happened in a situation where one man decided that he wanted to have a Winter Olympics and he made other people pay for it, you know, oligarchs and so on.

And so in those sorts of situations where there is less civic debate, it's not surprising. The numbers we see are staggering. And, you know, it'll be interesting to see what happens, you know, with the next World Cup in North America, you know, and whether that looks very different, unfortunately, I hear that the carbon numbers are going to be even worse because, of course, we'll be flying teams around better North America rather than busing them between stadiums in Qatar, which would also at least see the close together there, which reduces the carbon footprint a bit.

But it means if there's a more kind of modest approach going forward where this is just a really weird outlier, whereas the world gets poorer and poorer and many ways, these events just sucking more, more resource.

**Dr Matt Lyons:**

It's interesting. You've touched on slightly the environmental impact of some of these events. It's not really something that we've discussed yet. I think it's possibly unfair, but particularly notable when you're thinking about things like the World Cup, the Olympics, which does involve a huge section of the population flying all over the world to a particular event and I think exaggerated in Qatar where everything has to be air conditioned, possibly even outside as well. Is the environment a big concern for these kind of events?

**Professor Calvin Jones:**

We're seeing more and more greenwashing. You know, I mean, the extent to which mega-events have taken on the environmental issue, the environmental issues have is changing. You know, the extent to which mega-events are having to consider this is is you know, is increasing. For example, Formula One has talked about a regionalized calendar. So at the moment, following on just jumps across the world really random way, depending on who they signed a contract, it is ludicrously high carbon is the stuff but in the cars is irrelevant to shipping this stuff for people around the world.

So they are moving towards Canada where they'll have a bunch of European races, bunch of American races, a bunch of Asian races, you know, and Middle Eastern races. So you will get less travel. So you're seeing some big organizational changes occur. The rational thing to do is just not have Formula One. That's the problem, isn't it? Is once you once you start to look at this, you realize that the carbon footprint of some of these events are so massive that there's only so much you can bring them down.

And I think, you know, I was writing about this in 10 or 15 years ago about the fact that we were moving spectators around the world in that tens and hundreds of thousands for these short term events just looked really bad. And in the subsequent 10 years nobody really cared and carried on and still carries on.

There are two competing arguments, I think here. One is that what I've just said should hold. And these are really high carbon, very high consumption events for a very small number of people who

are typically very rich, you know, or save up their money in the case of the World Cup and have a lifetime experience and we shouldn't do them. Or We should have probably differently. And then there's another argument, which is these events are a tiny percentage of any national footprint in a given year. Same economically, I mean, you know, compared to the carbon footprint of all the Qatari gas built in a year that the World Cup is just minuscule, you know, compared to even the you know, the Wales' is 40 million tonnes of carbon per annum. You know, any major events could hold you would be very small. But of course they have demonstration effects and have signalling effects and they're so high profile you want to use them in ways which demonstrate your commitment. And then what typically happens is you get greenwashing. You know, you get FIFA who say they do things which are low carbon, but of course they're not building the stadium so they don't care if they there's a lot of embodied carbon then. And it's not their fault that thousands of people die, you know, when they say building stadiums. Allegedly. So, you get these really weird effects where, you know, sports governing bodies who take the bit they can deal with and they can say, Oh, we're a green event because we recycle the plastic in the stadia and not care about where the stadia came from.

You know, and that's very frustrating as somebody who tries to measure carbon impacts holistically because, you know, the big stuff is just, you know. And that way many ways, you know, they are absolutely a reflection of society where universities will, you know, count the carbon in their buildings, but not in international students travel to get to university. So in a way, they're doing a really good job of reflecting society because we're all doing it.

#### **Dr Matt Lyons:**

As you know, at WMREDI, we've got a particular interest in anything that affects the local economy, the economy, the Midlands, and as such we're starting to consider the impact of the Commonwealth Games. That's just gone. And with respect to some of the things that we've just we've just discussed and do you have advice and how we might have conducted your project, how we might best capture it, some of these issues that we've talked about, opportunity cost, reputational effects, wellbeing, physical.

#### **Professor Calvin Jones:**

Yeah, start ten years ago. That would be my first point with advice because you know, it always strikes me that if you want to do this properly, as soon as an event is going to happen, you start baseline. What do people think of Birmingham in 2017, 2019, 2021, 2023, 2025? You know what are visitor flows for very particular purposes in 2017/ 2019 continuing on so and so forth because without that the counterfactual is very, very difficult to judge you have big issues when you ask people about events because they typically know you're asking either directly or indirectly on behalf of an event, which I think all of us in academia get dragged into.

In some ways, you know, we start doing research and depending on who's paying us, it can be difficult to do research in a very objective way. So, what you get that is people saying what they think you want to hear, you know. So, did you enjoy the Commonwealth Games? Yeah, it was wonderful. Did you go to the events? No but it was on telly and I thought it was brilliant.

I loved Ozzy Osborne, whatever. And on the other hand, you will then get quite vocal segments of society who are very concerned about way the way in which major events impact on, say, homeless

populations are often quite bad for on the shape of the urban fabric, which changes in ways which are beneficial to property owners, not a beneficial to people renting their property, for example.

And so you get kind of really almost a dumbbell effect where you get extremes. Sometimes it's either end and they'll tell you very much about what's in the middle. So, you know, the way to do this and we've tried this in the past with, with the UK events people is to have a consistent, coherent methodology. You can apply for a medium long term but as I implied early and nobody really interested in that.

So as an academic you often end up, if you're very lucky, you get to go along to the stadium during the event and survey people, you know, where they came from, how long they stayed, how much they spend on what they think of it, where they go afterwards. And we've done that over the many events in various places, including the Tour de France in London.

And that's really interesting because at least then you can do get a good handle on the expenditure factor. You can say this is definitely for the event is not bundled up with anything else. And other than that, I think it's really hard, you know, to do things as ex-post unless you thought about it really clearly ex-ante. So Godspeed.

**Dr Matt Lyons:**

We'll have thanks for that. I mean, fortunately, a lot of this information that you've just referred to, particularly regarding tourism, is stuff that has been captured and has been thought about, I think and maybe the Birmingham Commonwealth Games is hopefully a little bit unique in that there has been some and some preparation for this kind of analysis for some time, and particularly with regard to inward investment linked to the Games, which I think is a novel area of extension that we're hopefully going to look at as well.

I think we're sort of nearing the end of our time here. I have to say and thanks for your time, Calvin. Always nice to talk to you. It's been fascinating and yeah, hopefully see you on here again.

00:30:23:16 - 00:30:35:13

Speaker 3

It's a pleasure and I look forward to the outcomes from your research from Birmingham.