

“Future of Winter Olympic Games in the Context of Ongoing Application Process to Host Winter Olympic Games 2022”

Study Case: Cracow Bid

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Abstract

The concept of Olympism, i.e. healthy rivalry of athletes from all over the world, is the fundamental element of the Olympic Games (summer and winter), which are mega-sporting and, mostly as a consequence, touristic events. Unfortunately, with time the idea of Olympism begun to succumb to more profound commercialization and politicization, as sport arenas became a scene to demonstrate power of individual countries. Competition for hosting the Games was always high, due to the assumption that they will bring in investment, boost the economy and increase tourism. To determine whether the Olympics bring profit or loss to the host city, a research that takes into account the cost-revenue analysis, as well impact on tourism is necessary.

The main reason for the deliberations shown in this study was the decision of Cracow to apply for hosting of 2022 Winter Olympics and then withdrawal of the bid due to a negative result in a local referendum, which confirms that the society's opinion of the Games have changed. The application process for the host of the WOG 2022 highlights the changes that have occurred in the perception of this global event by the citizens, politicians and authorities. As a result of those changes, 9 months before the vote of the WO 2022 host, only two Asian applicants remain in the competition. Thus, the question arises about the future viability of the Olympics, especially the winter ones, if the current trend will be preserved.

Keywords: *Cracow bid, event tourism, Olympic Games, Winter Olympic Game 2022*

Paper type: *Scientific paper*

Introduction

The Olympic Games are one of the most significant mega sport events in the world. The history of the Games reaches far before Christ and their legacy survived until the Modern Era, allowing the revival of the Olympics movement. The ancient principles of the Games are what makes them stand out from similar events. The Olympic Games, both summer and winter, are mega-sporting and, mostly as a consequence, touristic events. They draw hundreds of thousands visitors to host cities and billions of viewers to the TV coverage (Overseas Travel and Tourism - Monthly Release, September 2012). Hosting major sports events is a type of event tourism. Even though there are issues related to financing, as well as sustainability, it is not difficult to list the benefits of hosting an event, both

long and short-term, including an increased tourism demand, branding and media exposure. The Olympic Games can be described as mega events¹, however the opinions on their profitability are biased among the specialists, politicians, as well as the inhabitants of host cities. As many costs and benefits are not quantifiable, it is not easy to find reliable sources to obtain data and carry out accurate calculations and comparisons. Darren McHugh (2006) proposes the following taxonomy to enumerate all costs and benefits associated with hosting the Games (table 1), however it also does not give a chance for a realistic comparison. Lack of research and analysis carried out in each host country after the Games, as well as a unified system of gathering and publishing data, account for significant barriers in this respect.

¹ Mega events are defined by Philips (2014) as “international events attracting visitors from all over the world and having the potential to encourage coverage by important international media”.

Table 1. A taxonomy of Olympic Costs and Benefits

Event Costs <ul style="list-style-type: none"> • Bid costs • Security • Congestion externalities • Administrative costs • Translation costs • Promotion (i.e.: the torch relay) • Advertising • Opening/Closing ceremony costs • Insurance 	Event Benefits <p>The Olympic Spectacle</p> <ul style="list-style-type: none"> • Viewing pleasure of ticket audience • Television Spectacle (translates into TV revenue) • “Promotion of sporty lifestyles” • Positive externality accruing to Olympic Athletes who compete in their home country • Housing services for athletes during the games (since most of them don’t have standing and are only housed for a short time, this can likely be ignored). Induced secondary effects of direct outputs • Stimulated tourism demand (also a secondary effect of Halo) Primary effects of Halo • “Pride” externality accruing to citizens of the host city/province/nation. • Surplus accruing to volunteers who enjoy the experience Intangible Secondary Effects of Halo • “Cachet services” (i.e. - sponsorship, sales of commemorative coins)
Infrastructure Costs <ul style="list-style-type: none"> • Construction of housing • Construction of supporting transit infrastructure (transit lines, highways) • Construction of venues 	Infrastructure Benefits (Benefits that could be realized simply by building the infrastructure and not holding the Games at all) <ul style="list-style-type: none"> • Future social housing • Future athlete use of infrastructure • Future public use of infrastructure • Future transit use

Source: Darren McHugh (2006), *A Cost-Benefit Analysis of an Olympic Games*

Recently, the International Olympic Committee is putting more emphasis on the sustainability of the Games that conforms to the current trends in tourism. The Olympics are, in fact, a collective of projects, which makes it difficult to assess their impact. The Games empower host cities and enable them to evolve, develop and grow in terms of image, tourist services, etc. For example, Torino was well-known for its industry, and the main purpose of the Winter Olympics 2006 was to change that image into more tourist-oriented destination. Previous to 2006, Torino was graded as ‘worth a detour’ (by the Michelin guide 2006), it was promoted to ‘worth a tour on its own’ (Olympic.org, 2014). The number of visitors has increased by a million over the 6-year period (from 3,3 million in 2006 up to 4,3 million in 2012) after holding games, which was possible due to thoughtful planning and considerable involvement of the local community (Olympic org. 2014).

The Olympics are supposed to promote the philosophy of Olympism and contribute to building a peaceful and better world by educating youth through sport practiced without discrimination of any kind. They are also meant to be conducted in the Olympic spirit, which requires mutual understanding between competitors and fans, with a spirit of friendship, solidarity and fair play (Olympic Charter).

The concept of Olympism: Citius - Altius – Fortius (Faster – Higher – Stronger)

The concept, born in ancient Greece and revived in the late 1800s by Pierre de Coubertin, was meant to lead to integration

of societies and nations. The idea of Olympism relates to the mainstream humanistic view, creating a foundation for sport and physical culture, and giving a high place in the social hierarchy. Olympism, according to Zuchora (2009, p.241), “is an appeal to all to create and build the modern world of sport in such a way as if it was possible to have life without the existential fear of war, if justice was meted out to all according to the same measures, if everyone was equal and the ways to perfect oneself to truth, goodness and beauty could be based on pedagogy of hope and pedagogy development through joy”. Olympism is aimed at all people, regardless of age, profession, ethnicity, nationality or religion, and its specific characteristic is participation of all people of good will, involved in development of humanity. According to the Olympic Charter², Olympism is a philosophy of life, praising and connecting body, mind and soul into a balanced entity. Combining sport with culture and education, Olympism seeks to create a way of life based on the joy of effort, educational value of good role model, social responsibility and respect for universal ethical principles. According to Olympic Charter participating in sports is one of the human rights. Everyone has the right to participate in sports without discrimination and in the essence of the Olympic spirit, which requires a mutual understanding as well as friendship, solidarity and the idea of fair play, which is understood as selfless respect for the rules of the game and for the opponent, maintaining equal chances in fight, not taking advantage of random superiority, resignation from material benefits of victory and minimising the suffering of the opponent (Polish Olympic Committee statute, 2014).

² Olympic Charter (1898) consists of a collection of fundamental principles of Olympism, implementing rules, activity of the Olympic movement and conditions of Olympic ceremonies adopted by the International Olympic Committee.

The Olympic Games were, and still are, identified not only with a major sporting event, but also with an international celebration of youth occurring every four years, and every two years since 1994: alternating summer and winter. In common opinion the Olympic movement is one of the most important and particularly worth cherishing phenomenon of the modern world. Therefore, the Olympic Games should be an international event promoting sport and healthy lifestyle, as well as the idea of fair play, peace and equality between people (Kurkiewicz 2008). Unfortunately, with time the idea of Olympism began to succumb to profound commercialization and politicization, as sport arenas became scenes to demonstrate power of individual countries. The application process for the host of the WOG 2022 highlights the changes that have occurred in the perception of this great event by the citizens, politicians and authorities in broadly understood Western societies: the Olympic games are 'unfashionable' and perceived as a bottomless pit due to enormous costs of erecting sport infrastructure needed only for the fortnight of the Games. (Abend 2014). As a result of those changes, 9 months before the election of the WOG 2022 host, only two applicants remain in the competi-

tion (Livingstone 2014). Thus, the question arises whether the future of the Olympics, especially the winter ones, if the current trend will be preserved.

Past experiences of selected countries that hosted Olympic Games

History demonstrates that when planning the organisation of such large events, costs are often underestimated and benefits overestimated (figure 1). This results from the aggressive marketing and media hype inspired by the politicians wanting to acquire the support of the inhabitants of the potential host city (Mościcki 2012). Montreal organised the Summer Olympics in 1976 and until today it is the most profound example of mismanagement where substantial over-budget spending led to debt of 1.5 billion USD. It took 30 years to pay off the debt – the last payment was made in 2006, and the authorities struggled until today with the issue of maintenance of the Olympic stadium that costs the taxpayer 20 million USD annually. Scientists argue that even though the example of the Canadian city, every other host city in the history of the modern Olympics has went over their planned budget.

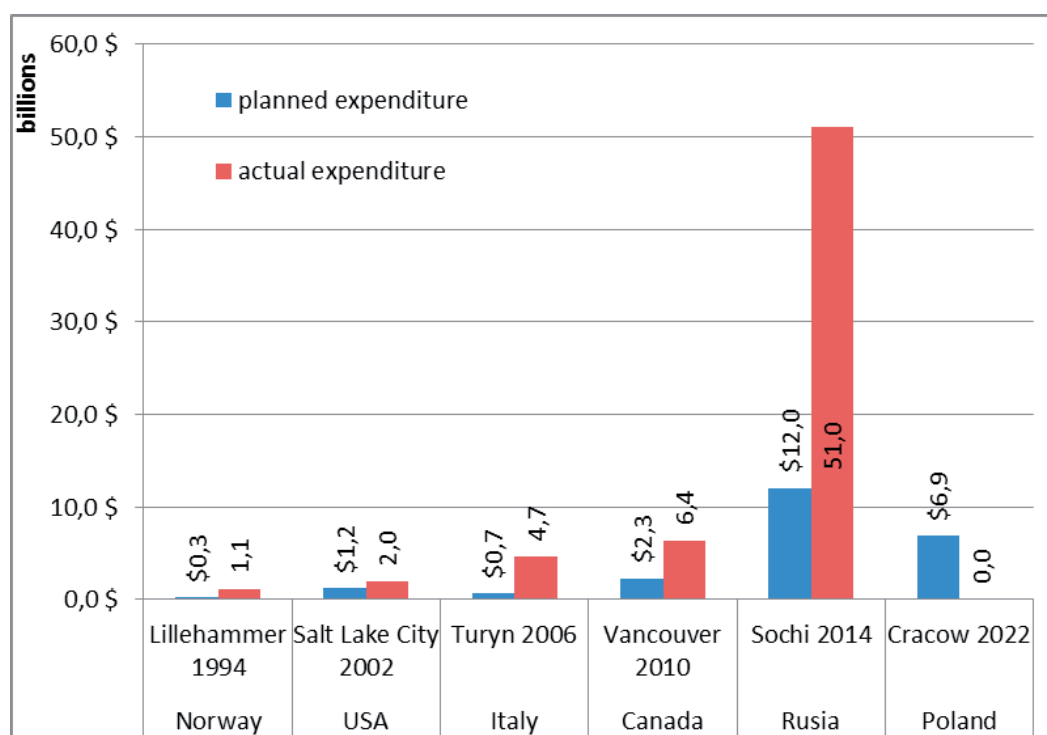


Figure 1. Comparison of expected and actual costs of organisation of Olympic Games

Source: Wałachowski, Kępa (2014), *Kosztowne igrzyska*, Ośrodek Badań o Mieście.

So far, the most successful host city was Los Angeles (1984), which actually made a profit. How was this achieved? Chiefly because of private funding and using already existing adequate infrastructure to minimise the costs. The Los Angeles 1984 Olympics showed the International Olympic Committee (IOC) that the televising rights can bring high profits.

Profits generated by the organisation of the Calgary WO 1982 are shown to be 150 million USD, which was achieved

by huge government subsidies. Sarajevo 1984 Winter Olympics were the first Games since 1932 to bring profit and were followed by four consecutive financially successful Olympics: Los Angeles 1984, Calgary 1988, Seoul 1988 and Barcelona 1992. At that point in time, Olympics were government-funded. During the organisation of the Lake Placid WO 1980, the Olympic Committee went almost bankrupt and help from the state authorities of New York was necessary. After Lillehammer

1994 Winter Olympics, 40% of hotels went bankrupt, and ski slopes were sold for minimal prices to avoid their downfall (Thomas 2014). The sport and supporting infrastructure was meant to be reused in 2022 during the WO organised by Oslo, however Norway has cancelled its bid as the 6th country in the process. Because of the deliberate destruction of the accounting files of the Olympics organised in 1998 in Nagano, it is not possible to determine the actual budget, however it is estimated to be nearly 10 billion USD. As a result, Nagano fell into recession and its Olympic-related debt is on average 30 thousand USD per household and it is still growing. Maintenance of the Olympic venues alone costs 22 million USD annually and only brings about 10% in return. Athens 2004 were organised thanks to support from the European Union and its budget came up to an estimated 16 billion USD. Meanwhile, when the Greeks were submitting their bid, they were planning on spending only 1.6 billion USD. It is believed that it was the summer of 2004 when Greece began its march to bankruptcy, to which it succumbed when the global recession hit Europe. Also only 1.6 billion USD was estimated by the Chinese for the Beijing 2008 Olympics. The communist regime in Beijing got carried away, thinking only of the potential propaganda success the event could be. Eventually, China spent about 40 billion USD and demolished most of their Olympic venues even earlier than the Greeks did it.

On the other hand, London 2012 Olympics can be counted as a success, as the number of visitors increased after the Games (promoting the host city is one of the goals of organizing Olympics): the IOC reported 698,000 visits to the UK related to the London 2012 Summer Olympics/Paralympics. Office of National Statistics (2013) has noted a 12% increase in the number of visitors in June 2013 compared to the same time in the previous year. However, Nouriel Roubini (2014), an economist, has classified the London Olympics as 'economic failure', as many tourists not related to Olympics avoided London during the Games and Brits remained at home fearing the crowds. Many of the most popular suburbs and tourist attractions of London were actually less crowded than usual. The company Experian Footfall claims that during the two weeks of the Games, the number of visitors in stores of East London fell by 9.6%, while, according to the expectations, the hospitality sector noted a rise of 4.8%, as well as increased profit per one available room by 95%. According to Borowski (2012), head economist of Kredyt Bank, London Olympics were significant for the city and the country mainly for prestige reasons, because the city has already possessed the adequate infrastructure and was attractive for tourists. Therefore, according to Mr. Borowski there was no positive long-term economic effects. Despite the fact that government officials forecasted that the Games would positively influence the construction industry, because the majority of the companies realising the infrastructural projects were British (98%).

The chance of profit is tempting for many cities; however, investing in such a project is risky. Since 1992, every other Olympics have brought losses to the organisers. Even applying can be expensive as branding, marketing and PR are necessary to obtain the support required to back up the bid.

It has been 10 years since the Summer Olympics in Athens and, according to *The Independent*, 21 out of 22 venues are not in use and are rotting away (Anon, 2008). London 2012 was more costly than Athens (by 5.6 billion USD), however that also includes the costs of adapting some of the facilities so that it can be used for longer than just 2 weeks (Smith, 2012). London 2012 OGOC has worked hard to turn the Games into a legacy. Department of Culture, Media and Sport has stated that 'any pressure from international sporting federations – or indeed from the International Olympic Committee – to build unnecessarily high-specification venues should be strongly resisted' (Department of Culture, 2007). One of the projects was to turn the Olympic Stadium into a football venue (then assigned to West Ham United) at the additional cost of 250 million USD (Magnay, 2013). Financial clarity of the organising committees is often questioned by the public as occasional scandals are revealed. For example, Vice-secretary General of the Nagano 1998 Olympic Bid Committee - Sumikazu Yamaguchi - burnt all accounting documents, so the total cost of the Games is unknown; however, it is estimated as a net loss that nearly brought Nagano to bankruptcy. Excessive expenditure and measures of the Sochi 2014 preparations (Anon, 2013) have added up to approximately \$51 billion (Yaffa, 2014). According to Alexander Belenkiy (2014), Sochi is a "ghost town" barely 6 months after Games.

However, the Olympic Games have a great potential that can be used for the benefit of a host city. Economists use the term 'Barcelona effect' to describe the increase of tourist attractiveness and, therefore, influx of international visitors, related to the Olympic Games. The name of the term comes from Barcelona, which hosted the Games in 1992 (Duran 2002). During the Olympics, Barcelona was a secondary European city. In next few years, it gained popularity, transformed into a global tourist-business centre and gained mass influx of tourists, economic growth and increase in employment. This effect was achieved through enormous spending on the development of the infrastructure of Barcelona: city bypasses were built and all industrial sites on coastal areas were removed to give Barcelona full access to beautiful beaches. Experts claim that a similar situation can happen in any country hosting a major sporting event (Brunet 2012). The scale of the Barcelona effect is difficult to estimate *ex ante*. Therefore, assumptions made in empirical studies regarding an increase in the influx of international tourists to the host country in years after the event tend to be biased and over-estimating. Many experts also use the term 'Montreal effect' that relates to the Montreal 1976 Olympics and the serious debt and economic issues of countries hosting major sporting events. The history of the Olympic Games shows the Montreal effect of acquiring large debt is more common than the Barcelona effect. The exact results of economic gains or losses of the organisation of the Games is virtually impossible due to the multi-dimensionality and complexity of the phenomenon discussed. An attempt to determine the influence of the organisation of winter Games in 21st century on selected economic indicators is shown in table no. 2.

Table 2. Influence of hosting the Olympic Games on selected indicators.

City - WO host / aim	Cost in billions USD	Dynamics of the GDP per capita	Labour market	The end result
Salt Lake City (USA) 2002 Aim*: general economic development, transformation of the city into a centre for recreation and sport	2	strong revitalisation of the economy (**GDP 20 % in 2010 compared to year 2002)	an increase in employment (40 thousand new jobs)	evident economic growth, however high sensitivity to crisis situations. **42% increase in the number of visiting skiers and 67% increase in the spending by skiers and snowboarders, which results in labile changes on the labour market
Torino (Italy) 2006 Aim*: recultivation of urban space and an increase in competition	4,7	no improvement of the economy (2010 – GDP lower by 3.2% compared to 2006)	in the Olympic period, 18 thousand of jobs were created mainly in the hospitality and gastronomy sector, in the post-Olympic phase – even higher dynamic, especially in the trade and gastronomy sectors	image change of the city from industrial to touristic
Vancouver (Canada) 2010 Aim*: socio-cultural transitions and an increase in the importance of tourism	6,4	no improvement of the economy (higher GDP indicators in the period preceding the Games, turn for the worse during the global crisis)	***45 thousand of new jobs in years 2003–2010, an increase in the unemployment since 2009, which proves that the full potential of the Games was not utilised to create beneficial tendencies on the labour market	in the year of the Olympics (global recession), British Columbia was visited by 649 thousand of tourists: 242 thousand from Canada, 324 thousand from USA, 83 thousand from other countries, which is believed to a significant success of the Games
Sochi (Russia) 2014 Aim*: prestige	51	no improvement of the economy	no significant changes due to low unemployment shown	seriously limited

Source: own analysis of data based on Piechota, I., (2014). *Zmiany na rynku pracy miast – gospodarzy zimowych igrzysk olimpijskich (Changes on the labour market of the host cities of Winter Olympic Games)*, * Coliers International report, February 2014, **website Salt Lake City Chamber 2012, *** University of British Columbia report comparing trends on the labour market in Vancouver and other Canadian metropolises

According to official data, both expected and real costs of the Olympics increase with time. It is the result of the increasing popularity of the Games, economic growth of individual countries and enrichment of their citizens, as well as a dynamic

development of new technologies. An important factor accounting for a constant increase in costs of hosting is the systematic growth of athletes competing in an increasing number of sports and events (table 3).

Table 3. Winter Olympic Games in terms of volume – athletes and sport events.

Games	Year	Host city	Host country	Nations	Athletes	Sports	Disciplines	Events
I	1924	Chamonix	France	16	258	6	9	16
II	1928	St. Moritz	Switzerland	25	464	4	8	14
III	1932	Lake Placid	USA	17	252	4	7	14
IV	1936	Garmisch-Partenkirchen	Third Reich	28	646	4	8	17
V	1948	St. Moritz	Switzerland	28	669	4	9	22
VI	1952	Oslo	Norway	30	694	4	8	22
VII	1956	Cortina d'Ampezzo	Italy	32	821	4	8	24
VIII	1960	Squaw Valley	USA	30	665	4	8	27
IX	1964	Innsbruck	Austria	36	1091	6	10	34
X	1968	Grenoble	France	37	1158	6	10	35
XI	1972	Sapporo	Japan	35	1006	6	10	35

XII	1976	Innsbruck	Austria	37	1123	6	10	37
XIII	1980	Lake Placid	USA	37	1072	6	10	38
XIV	1984	Sarajevo	Yugoslavia	49	1272	6	10	39
XV	1988	Calgary	Canada	54	1423	6	10	46
XVI	1992	Albertville	France	64	1801	6	12	57
XVII	1994	Lillehammer	Norway	67	1737	6	12	61
XVIII	1998	Nagano	Japan	72	2176	7	14	68
XIX	2002	Salt Lake City	USA	77	2399	7	15	78
XX	2006	Torino	Italy	80	2508	7	15	84
XXI	2010	Vancouver	Canada	82	2566	7	15	86
XXII	2014	Sochi	Russia	88	2900	7	15	98

Source: own research based on data from official website of Olympic Games (www.Olympic.org)

As shown by the data on Winter Olympics, the number of disciplines increased between I WOG (1924) and XXII WOG (2014) increased from 9 to 15, and the number of events from 16 to 98. Meanwhile, the number of athletes grew from 258 (16 countries) to over 2900 (88 countries), and so did the number and mobility of the fans. This situation requires more and more investment for the necessary Olympic infrastructure: sport, communication, hospitality-catering and supporting. Economists point out that currently excessively high investment costs are not able to balance the quantifiable and non-quantifiable benefits of hosting an event lasting for only two weeks.

Winter Olympic Games 2022: study case - Cracow bid

It can be distinguished 4 big phases of the Olympic cycle: the birth of an idea to bid, the decision of the NOC (National Olympic Committee), winning the bid (when succeeding), major preparations for the games and the Olympics followed by all their effects (Preuss, 2002). Eight countries considered applying to host the WOG 2022 (Switzerland, Germany, Sweden, Norway, Poland, Ukraine, Kazakhstan, and China). However, St. Moritz with Davos (Bosley 2013) and Munich with Garmisch-Partenkirchen (Mackay, 2013) held referenda and abstained from applying, because the revenue from such an event cannot be easily predicted. Ultimately, 6 countries entered the competition, including 4 European countries.

Stockholm (Sweden), due to prolonged dialogue with the government, submitted its application at the last minute and then withdrew it on January 17th, 2014. The reason for its withdrawal of the WOG 2022 application were concerns about the cost associated with investment. It turned out that the planners of the Swedish Olympic Committee, when estimating the expenditure, based their analysis on the costs of investment incurred by the organisers of Vancouver 2010 Games. Jane Sterk, leader of the Green Party in Canada claims that, from the beginning, the Olympics were being prepared basing on false data and empty promises to convince the citizens to support the idea of organising the Games in the referendum in Vancouver (64%

voted: yes). Costs of security and safety increased from planned 175 million USD to 1 billion, and building of the underground cost 2 billion USD (Polska - The Times, 2010).

Lviv (Ukraine) applied to IOC on November 5th 2013. Due to the economic and political instability of the country the IOC announced on June 30th 2014 that Lviv will focus of applying for WOG 2026 and it will not continue to apply for the Games is 2022.

Oslo (Norway) has announced its application after the results of the local referendum indicated the support of residents. The bid, however, has been withdrawn, because the Norwegian parliament rejected the notion to provide financial guarantees for the organisers on October 2nd 2014 (Anon 2014).

Almaty (Kazakhstan) and Beijing (People's Republic of China) were the only non-European cities applying to the 2022 Winter Games and, as of time of writing, are the only two left in the race. Kazakhstan hosted Asian Olympic Games in 2011 and was chosen to host Winter Universiade in 2017. Beijing is meant to host ice-hockey, speed-skating, figure-skating, short-track and curling, while other events are supposed to take place in Zhangjiakou region. In case of victory, Beijing would become the first city to host both summer and winter Olympics.

The initial idea of hosting Winter Olympics in Lesser Poland was born in 1993 and bidding for 2006 Olympics was proposed. Even though Cracow is the capital of Lesser Poland, it was Zakopane – town located at the foot of the Tatra Mountains - that was meant to be the host. The venture ended in a fiasco, when Torino won the bidding. Despite the failure, the idea did not die and it was revived and redesigned in 2012. This time Cracow became the centre of the project as it has a strong touristic image. Jagna Marczulajtis-Walczak³ and Szymon Krasicki⁴ are the authors of the first concept of the project "Cracow - Winter Olympics 2022". The local government of Cracow and region, members of the Parliament and the government supported the idea and provided the financial guarantees that were submitted to the IOC on November 7th 2013 as a part of the Cracow Bid.

³ Polish snowboarder, Member of the Parliament in the 7th term (born 1988)

⁴ Polish cross-country skiing coach, lecturer, assistant professor of physical education (born 1936)

Cracow's infrastructure is already highly developed and the Olympics plans accounted for use of many already existing facilities, however, all of the skiing events were supposed to take place in Zakopane Cluster (located 100 km south of Cracow). Although Zakopane is a very popular skiing resort, it would need some investment to bring it to the Olympic standard. The transport infrastructure between the two clusters would require improvement, not only be necessary for the time of the Games, but that could benefit all the inhabitants of the Tatra region for the years to come. Cracow and Zakopane are located in the province of Lesser Poland, which is a major centre for winter sports training in Poland. Therefore, utilisation of the facilities could have been simple to predict.

According to the estimations, as a result of organizing the Olympics in Lesser Poland, 35 thousand new jobs were meant

to be created, and election of Cracow as a host was supposed to be an opportunity for a stable increase in employment, mainly in the tourist and para-tourist sectors. The enthusiasts also pointed out the increased demand for specialists in construction, IT and energy industries related to organisation of the Games. The adversaries⁵ believe the analyses carried out by Spanish scientists affiliated with Universitat Autònoma de Barcelona, which confirm that the jobs created due to events like that are not stable or long-term and often rely on 'junk' contract, and even illegal work (Ležoń 2014).

In March 2014 the chances of all candidates for hosting of the Winter Olympics 2022 were analysed and assessed by an American group of independent specialists (table 4). According to that assessment, Kazakhstani Almaty came first, followed by Oslo, Beijing, Lviv and Cracow respectively (Rapalski, Serafin 2014).

Table 4. Assessment of chances of candidate cities for WO 2022.

Advantages	Disadvantages
I. Almaty – Kazakhstan	
<ul style="list-style-type: none"> - candidating for the third time - mountains and infrastructure only 30 km away from the city - 8 out of 12 venues needed were already submitted to the IOC, next 2 will be built before 2017r. 	<ul style="list-style-type: none"> - the accommodation base is too small - necessity of construction of ski jumps and venues for ice-based competitions - construction of the Olympic village - expansion of roads and the airport
II. Oslo – Norway	
<ul style="list-style-type: none"> - sport venues located only 10 km away from the city - it has a state of the art infrastructure – best amongst all candidates - the budget of the Games closes within 5.1 billion USD, which is a relatively small amount - the application process and promotion costs 48 million USD 	<ul style="list-style-type: none"> - lack of political support from the Norwegian government to provide financial guarantee - Norway hosted two Olympics already (Oslo 1952 and Lillehammer 1994), moreover, it will host Youth Winter Olympics in 2016 – for the IOC authorities it can mean 'too much of Scandinavia' - Oslo co-hosts the Games with Lillehammer, located 200 km away, which creates the necessity for building of two Olympic villages and will force the spectators to travel
III. Beijing – China	
<ul style="list-style-type: none"> - it has the necessary hospitality infrastructure that was built for the 2008 Summer Olympics - it has an enormous Olympic stadium 'Bird's Nest', which dwarves all venues of other candidates 	<ul style="list-style-type: none"> - the Games must be held in three cities (all ski competitions will be held in the province Zhangjiakou located 200 km away from the capital, therefore an idea came up to build a train between the cities to reduce the travel time to 2hours) - the IOC might not be interested to organise another Games in the Far East (2008 – Beijing/Summer Olympics, 2018 – Peiyong Chang/Winter Olympics, 2020 - Tokyo / Winter Olympics)

⁵ the voluntary action *Cracow Against Olympics* (pol. Kraków Przeciw Igrzyskom), citizens

IV. Lviv – Ukraine	
<ul style="list-style-type: none"> - the citizens of Lviv who support the Games count on the improvement if the city's infrastructure - Ukraine plans to spend 51.6 million USD on the application - the budget for the preparation and the Games themselves comes up to 8.4 USD - before the change of authorities, the city had a strong support of the government - a consortium of five expert companies was hired, which has won the elections for many cities already - the logo is ready 	<ul style="list-style-type: none"> - complicated political and military situation - necessity for construction of bobsleigh and luge tracks, as well as new venues in Carpathians (Volovets and Tysovets located ca. 180 km away) - website related to the preparations does not work
V. Cracow – Poland	
<ul style="list-style-type: none"> - total cost of sporting venues for the WO 2022 in Cracow would add up to 200 mln USD 	<ul style="list-style-type: none"> - roads, venues and hotels must be built - Cracow wants to co-host the Games with Zakopane and Slovakia: alpine skiing in Jasna (ca. 200 km away from Cracow), other competitions, for example, in Zakopane (100 km). The IOC does not approve of that (none of the countries that proposed such a solution has ever reached the final phase of application) - poor funding: estimated cost of 7 billion USD, including 6 million USD for the Swiss company EKS carrying out the Cracow's application and 16 million USD for the promotional campaign and there might not be enough funds to the IOC

Source: own research based on Rapalski, Serafin (2014), "ZIO 2022. Igrzyska nie dla Krakowa - oceniają eksperci z USA" (WOG 2022. Olympics not for Cracow – according to American experts).

The first edition of the Around the Rings⁶ Olympic Power Index for the 2022 Winter Games also provides some measure of the weakness of the cities remaining in the race. All five scores are in the middle range of the Power Index (table 5), which evaluates the bid cities across 11 categories ranging from accommodations to venue plans. In this initial review, scores in

the category of ambience have been pegged at three until satisfactory assessments in this subjective category can be made. It is one of two categories – along with Last Games – that has maximum score of five. The other nine categories carry 10 points maximum, with total score possible of 100. Almaty scores the best, but it's only 64 points out.

Table 5. Around the Rings Olympic Power Index for the 2022 Winter Games

March 2014	Almaty	Beijing	Krakow	Lviv	Oslo
Ambience (5)	3	3	3	3	3
Accommodation	6	6	6	6	7
Bid Operation	5	5	6	6	7
Finance	7	7	5	5	2
Last Games (5)	5	1	5	5	2
Legacy	7	7	6	7	7
Marketing	6	7	5	5	8
Gov/Public Support	7	7	5	5	5
Security	5	6	5	5	7
Transportation	6	5	5	5	7
Venue Plans	7	4	4	4	6
POWER INDEX	64	57	55	56	64

Source: Hula E., Bisson M., (2014), 2022 Power Index -- Uncertainty Rules Winter Olympic Race.

⁶ Around The Rings in the opinion of "The Guardian" (February 4,2010) has long been the most influential internet presence on the Olympics.

Nowadays, more often presented argument against organizing WOG is fact, that current organizational requirements of the Games are ever-growing. Some of the demands of the IOC seem unnecessary, such as building extra ice rinks, even though the events can be easily held in one. This creates sunk costs, as those arenas are not used after the Games (Magnay 2013, Rolland 2013, Rynek Turystyczny 10/2014, Seliga 2014). However, Krasicki (2014) defended the concept of organising the Games in Cracow by reminding that 'in the case of Poland, which is still poorly developed, organizing this global event could give a chance for significant progress through acceleration of construction and modernization of roads and communication facilities, as well as sport and recreational base. It could mean that there would be a possibility to make a developmental jump, which in 'normal conditions', i.e. without Winter Olympics, could take next decades'.

Two opposing bodies have expressed their strong opinions on the grounds of this complicated problem: the voluntary action *Cracow Against Olympics* (pol. Kraków Przeciw Igrzyskom), led by a student, Tomasz Leśniak and the official voice of the Cracow City Council. In case of the first, citizens expressed their concerns and opposed the hosting of WO 2022, while the latter focused on the advantages, justifying it by saying that there is already enough negativity in public sphere (Leśniak 2014). And it is true, as the Council has started the campaign later than the opposing committee, which has already succeeded in convincing citizens. Even though both of these entities were out there, promoting their notions, especially on the Internet, very little was known on the real opinion of the society. It was necessary to carry out research that would enable the committees to act adequately. The authorities have argued that there is a need for certain infrastructure in Cracow and it would be built anyway, so it makes sense to use money from the IOC for that purpose. The same logic applies to fighting smog. The opposition was mostly concerned about corruption within the commission, which just happened to be true (Kacprzak 2014) and accused the authorities of using middle-means instead of directly addressing the problems. Both of these groups carried out strong campaigns before the local referendum. The referendum was held in time of the EU Parliament elections day, 25th of May 2014 and 35,96% of Cracow population took place in it. The exact question was: *Are you in favour of holding the 2022 Winter Olympic Games in Cracow?* After a negative response, the Cracow bid was rejected by 69.72% of voters.

In the opinion of many citizens, including Polish examining journalist Witold Gadowski (2014), Cracow was wasting money on the Games from the beginning of application process (the expenditure of the bid committee alone accounted for 1.2 million USD, without even accounting the money spent by the local government). The alleged prodigality regards mainly expenditures of the committee, including representation and advisory, as well as the imprecise contract signed by the municipal authorities with the Swiss company Event Knowledge Services (EKS), which prepared the Cracow's application for the WO 2022. It was not considered that the bid might be withdrawn, for example due to a referendum, and the case of payment for the services provided by EKS is currently in court. The question

arises why the authorities of Cracow did not hold a referendum before they decided to apply, not after placing the bid and incurring significant expenses. Selection of a logo of the Games also generated a lot of criticism to the committee. Instead of choosing for maximum 10 thousand USD, a logo from the competition submissions (142 to choose from), the committee paid the Swiss company 26 thousand USD. The project imposed on the residents by the committee became a laughing stock of the Internet.



Picture 1. Logo of the Cracow 2022 WO

Source: www.krakow.sport.pl

Cracow has already hosted Euro 2012 (14th European Championship for men's national football teams) and FIVB 2014 (Volleyball Men's World Championship) and will host World Youth Day (expecting approximately 1 million visitors) and European Men's Handball Championship in 2016.

Bożek (2014) states that the ongoing application process for Winter Olympic Games 2022 makes it clear that the idea of Olympism is undergoing a crisis. Europe is at the end of an era of hosting major sporting events. Withdrawal of the applications of Stockholm, Lviv, Cracow and Oslo is a strong signal for the IOC to revise the formula of future Games. Next Winter Olympics will take place in Korean city of P'yŏngch'ang in 2018, the following in Chinese Beijing or Kazakhstani Almaty (Around the Rings 2014), if the countries do not cancel their bids.

Conclusion

Increase in the number of competition categories (from 16 to 88) and requirements regarding infrastructure (modern stadiums, ice rinks, bobsleigh runs, ski slopes and lifts) lead to an abrupt increase in the cost of preparing and conducting Winter Olympics, to which there are additional increasingly higher costs related to ensuring safety, as well as transport and communication of so-called Olympic family. The process of applying for the title of host city of the Winter Olympics has also been expanded (from one to two phases), which undoubtedly results in further increase in expenditure. Stockholm, Cracow, Lviv and Oslo had cancelled their applications. Even before that, potential bids from Switzerland and Germany were abandoned, after being rejected in local referenda. A lot of cities in Western Europe cancelled their applications as the \$51 billion cost of Sochi 2014 seems too much for most, even the richest, candidates. After the Oslo bid was withdrawn, only two cities remain in the race: Beijing, China and Almaty, Kazakhstan (Livingstone 2014). The IOC will meet in Kuala Lumpur, Malaysia, on July 31, 2015, to choose a host for Winter Olympics 2022.

Whether Olympics bring profit or loss is not necessarily the most accurate measure of the cost-revenue analysis. Nowadays, organising the Games is an investment of billions of dollars and

host cities cannot expect the return within two weeks. It is an investment for the future of the host city and not just for the Games. Similarly, sporting venues are only costly when they are not utilised after the Olympics. However, the change of perception these events poses many questions regarding the future of the Games and their organization, especially the winter ones.

During the race for hosting of WOG 2022 we can observe the end of an era of high demand for that kind of entertainment. Nowadays, local communities do not want to host the Games (e.g. St. Moritz and Davos, Munich, Cracow) or the authorities resign due to high costs (e.g. Stockholm, Oslo). The Games became an exclusive pastime for some for which the whole community has to pay. Therefore, Europe gave a strong 'No' to the Olympics for the first time. It is a challenge the International Olympic Committee and new President Thomas Bach need to resolve quickly to ensure the long-term viability of the world's most prized sports event. The IOC has stated that, in the face of the crisis occurring, specific action must be taken and developed a 40-point plan to make application process cheaper

and subordinated to the needs of the cities, not the necessity to meet initial requirements (Eurosport 2014). IOC President Thomas said „what we want to do in the future is we want to invite potential bidding cities there to study how the Olympic Games would fit best into their social, sport, economic and ecological environment”. It means that instead of cities having to fit IOC criteria, the focus should switch to the Games being part of a city's growth plan. Changes to the bidding process and efforts to reduce the cost of the games are among the key issues being addressed by the IOC as part of Bach's „Agenda 2020,” his blueprint for the future of the Olympic movement that will be voted on in December (Livingstone 2014). The current crisis centres primarily on Winter Games, which also face concerns over whether rising temperatures will prevent countries from holding the event in future decades.

The most recent Olympics in Europe took place in Torino in 2006 and next potential one could take place in 2026, assuming that there will be willing candidates and that they will win with applicants from other continents.

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