

# **An Analysis of the Political Economy of Bidding for the Summer Olympic Games: Lessons from the Chicago 2016 Bid**

by

Robert A. Baade and Allen R. Sanderson

## **Abstract**

Chicago bid for, and was ultimately selected by the United States Olympic Committee (USOC), the right to become an applicant city to host the 2016 Summer Olympic Games. The International Olympic Committee (IOC) subsequently approved Chicago as one of four candidate cities. This paper examines Chicago's ultimately failed bid in light of the multi-dimensional intersecting political and economic considerations on the part of the IOC, USOC, the Chicago2016 committee and the city as each pursued separate agendas shaped by their political economies. Disputes between the IOC and USOC relating to the appropriation of broadcast and sponsorship revenues and the character of Chicago's bid in light of the commercial emphasis and character of the Games by previous host U.S. host cities played prominent roles in explaining Chicago's failure. Other cities can learn from the Chicago experience, and this article is a primer on strategies applicant cities should avoid in the pursuit of Olympic gold.

## **I. Introduction**

Rather from a simple change of heart, a way to deflect attention away from growing city-hall corruption scandals, or responding to the business community's offering to front the bidding costs, in the summer of 2005 Mayor Richard M. Daley suddenly suggested that Chicago might consider seriously "going for the gold" – competing for the right to host the 2016 Summer Olympic and Paralympic Games.<sup>1</sup> Thus Chicago was to join Houston, Philadelphia, San Francisco, and Los Angeles to vie for the United States Olympic Committee's (USOC) endorsement. The USOC subsequently selected San Francisco, Los Angeles and Chicago as the three Applicant Cities. Owing to

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<sup>1</sup> Officially the Summer Olympic Games are referred to as the Summer Olympic and Paralympic Games. For ease of exposition, the term "Summer Olympic Games" will represent the official title.

local financial and political issues, largely surrounding funding for a stadium that could serve both the Olympics and the San Francisco 49ers' football franchise, San Francisco withdrew its bid, leaving only Chicago and Los Angeles for the USOC to consider. In a close vote, the USOC chose Chicago on April 14, 2007, as the United States' Candidate City.<sup>2</sup>

On June 4, 2008, the International Olympic Committee (IOC) chose four of the seven applicant cities – Chicago, Madrid, Rio de Janeiro, and Tokyo.<sup>3</sup> Sixteen months later (October 2, 2009), at the IOC session in Copenhagen, Rio de Janeiro was selected on the third ballot.

The selection of a host city for the Olympic Games by the International Olympic Committee (IOC) reflects both the political and economic character of the event. The IOC must project an objectivity and fairness in making its selection, the political dimension, while pursuing the “rent-seeking” characteristic of all monopolists, the economic dimension. The political economy that defines IOC behavior as it relates to the selection process can be illuminated through a case study. The purpose of this paper is to use Chicago's bid to host the 2016 Summer Olympic Games to provide insight into IOC decision-making. Shedding some light on what many view as an opaque process may prove beneficial to applicant and candidate cities as they formulate and execute a winning strategy for hosting the Games.

The paper is organized as follows. The second section identifies and analyzes IOC political motivations. The IOC functions as a monopolistic supplier, but its authority

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<sup>2</sup> Chicago had bid twice unsuccessfully earlier, in 1952 and 1956.

<sup>3</sup> The other three bidding cities were Baku, Azerbaijan; Doha, Qatar; and Prague, Czech Republic.

comes at the grace of the international community. Capricious decision-making, or the perception of such, could undermine that authority. The third portion of the paper discusses the rent-seeking of the IOC, to include the extent to which it relies on the Summer and Winter Olympic Games and broadcast revenues to finance its operation. The fourth section of the paper explores the IOC and USOC dispute regarding broadcast revenues. The fifth portion of the paper focuses on the character of Chicago's bid in pursuit of the 2016 Summer Olympic Games. Conclusions and policy implications are delineated in the paper's final section.

## **II. The Politics of the International Olympic Committee**

Voting members of the IOC ultimately select the host city for the Summer and Winter Olympic Games. A candidate city's chances of successfully bidding for the Games are enhanced through obtaining information and understanding the criteria, to include strategic interests and concerns that guide the IOC selection process. The strategic response of a National Olympic Committee (NOC) to its perception of the IOC's evaluative process is amenable to game-theory analysis. A logical predicate to that analysis is to consider IOC motivations in choosing a host. The IOC, as noted in the introduction, must give the impression of objectivity and transparency if it is going to maintain its authority. The IOC must represent the wishes and desires of the international community, and as those evolve so must the IOC. Maintaining transparency can be advanced through following a standard selection process; an articulation of a set of criteria that govern the selection of a host city; and assembling an IOC membership

involved in the selection process that represents the world. An analysis of each of these items follows.

The selection process has been codified in the Olympic Charter, which is subject to periodic revision. The Charter currently in force is *Olympic Charter: In Force as from 11 February 2010*. This 104-page document codifies everything from the “Composition and General Organization of the Olympic Movement” (Chapter 1, Section 1), to “Rights to the Olympic Games and Properties” (Chapter 1, Section 7), as well as the words that must be used by the host nation’s Head of State to proclaim an opening of the Games of the Olympiad (Chapter 5, Section 56).<sup>4</sup>

One key to understanding the IOC selection process is to understand the composition and general organization of the “Olympic Movement.” The *Charter* identifies the three main constituents as: “the International Olympic Committee, the International Federations and the National Olympic Committees.”<sup>5</sup> The *Charter* makes clear where ultimate authority resides:

The Olympic Movement is the concerted, organized, universal and permanent action, carried out under the supreme authority of the IOC, of all individuals and entities who are inspired by the values of Olympism.<sup>6</sup>

Quoting again from the *Charter*:

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<sup>4</sup> The Olympic Charter can be found online at:

[http://www.olympic.org/Documents/Olympic%20Charter/Charter\\_en\\_2010.pdf](http://www.olympic.org/Documents/Olympic%20Charter/Charter_en_2010.pdf)

<sup>5</sup> International Olympic Committee, *Olympic Charter: In Force as from 11 February 2010*, February 2010, p. 9.

<sup>6</sup> *Ibid.*, p. 11.

Under the supreme authority of the International Olympic Committee, the Olympic Movement encompasses organizations, athletes and other persons who agree to be guided by the Olympic Charter...

Any person or organization belonging in any capacity whatsoever to the Olympic Movement is bound by the provisions of the Olympic Charter and shall abide by the decisions of the IOC.<sup>7</sup>

The *Charter* makes absolutely clear the organizational hierarchy; the IOC is the supreme authority, and the National Olympic Committees must play by the rules articulated and agree to accept IOC rulings on all matters relating to the conduct of the Olympic Games.

The values that the IOC embraces and promotes through the Games, the “Fundamental Principles of Olympism,” are clearly articulated as well. To wit:

Olympism is a philosophy of life, exalting and combining in a balanced whole the qualities of body, will and mind. Blending sport with culture and education, Olympism seeks to create a way of life based on the joy of effort, the educational value of good example and respect for universal fundamental ethical principles.

The goal of Olympism is to place sport at the service of the harmonious development of man, with a view to promoting a peaceful society concerned with the preservation of human dignity.<sup>8</sup>

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<sup>7</sup> *ibid.*, p. 13

An analysis of Chicago's unsuccessful bid requires an examination of the extent to which the United States Olympic Committee and/or the City of Chicago failed to comply with the values endorsed by the *Charter* and the IOC and/or challenged the supreme authority of the IOC. Generally speaking, from a game theoretical perspective if an applicant for the Games challenges the organizational structure or fails to abide by the rules, the interests of the applicant and the decision maker are no longer compatible. The selection of a host city that has become an adversary results in a clear reduction of the payoff -- economic rent --for the authority. If other applicant NOCs pursue a strategy consistent with that of the adversarial applicant, then the supreme authority may have to concede some power. However, if the other applicants honor the rules of the game and do not challenge the IOC, then the candidate city that does challenge will have to submit an offer that more than compensates the authority for its losses to remain competitive.

There has been at least one instance in recent history where circumstances effectively compelled IOC concessions. In 1978 Los Angeles was the only applicant for the 1984 Summer Olympic Games, and the IOC had to accept the offer that Los Angeles presented or cancel the Games. Faced with that prospect, the IOC was not in a position to use other applicant city bids to compel Los Angeles to improve its "offer". It is in no way surprising that the IOC encouraged other applicant city bids even up to a year before the 1984 Games were held. The *Olympic Charter* states:

Any application to host Olympic Games must be submitted to the IOC by the competent public authorities of the applicant city together with the approval of the NOC of the country. Such authorities and the NOC must

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<sup>8</sup> *ibid.*, p. 11.

guarantee that the Olympic Games will be organized to the satisfaction of and under the conditions required by the IOC.<sup>9</sup>

When there is only one applicant city, as was the case for 1984, the applicant city and the IOC share authority as it relates to the conduct of the Games and the sharing of rents from them. The payoffs for the IOC and the NOC in this situation are either zero, the outcome if the applicant city withdraws its bid or the IOC cancels the Games, or some finite return that will depend on the negotiating strengths of the two parties. Both the IOC and NOC would choose to hold the Games as long as the costs they incur are exceeded by the benefits derived if the Games are held. It is safe to say that the IOC did not fare as well for 1984 had there been other applicant cities while the City of Los Angeles fared better than they would have had there been competition to host the Games. This practical observation is made despite the following language in the *Olympic Charter*:

Any surplus incurred by a host city, an OCOG, or the NOC of the country of a host city as a result of the celebration of an Olympic Games shall be applied to the development of the Olympic Movement and of sport.<sup>10</sup>

“Surplus” is subject to interpretation and practice. The applicant city could reduce costs by providing less in the way of infrastructure than that perceived as appropriate by the IOC. Alternatively, the IOC or the NCO could spend money in ways that are inconsistent with the ideals expressed in the *Olympic Charter* but sufficient to eliminate any surplus.

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<sup>9</sup> Ibid., p. 73.

<sup>10</sup> Ibid., p. 72. It should be noted that OCOGs and host cities are not the same entities.

Applicant or candidate cities, all else equal, can improve their chances of being selected when there is more than one applicant city by being “politically correct” as it relates to espousing the values articulated in the *Charter* and accepting the IOC’s authority. The political dimension, however, also involves things beyond the control of the applicant. The host city is finally determined by a vote during the “Session”. The Session represents a gathering of all IOC delegates and applicant cities do not determine those who cast a vote. According to the *Olympic Charter*, “the total number of IOC members may not exceed 115.”<sup>11</sup> The *Charter* limits constituency membership. To wit:

...a majority of members whose memberships are not linked to any specific function or office, as defined in BLR 16.2.2.5; their total number may not exceed 70; there may be no more than one such member national of any given country, as defined in and subject to BLR 16;<sup>12</sup>

Presently there are 110 members of the IOC, and Table 1 identifies their geographic distribution.

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<sup>11</sup> *Ibid.*, p. 30.

<sup>12</sup> *Ibid.*

**Table 1**  
**IOC Membership by Geographic Area**

Statistic Countries	Number of Members	Percentage of Total
Asia, Australia, Fiji, India, and Indonesia	20	18.2
Canada and United States	5	4.5
Africa to include Morocco but not Egypt	15	13.6
Europe (to include Monaco) and the Commonwealth of Independent States	44	40.0
Central and South America, Aruba, Barbados, Cuba, Mexico, Panama, Puerto Rico	14	12.7
Middle East to include Israel, Egypt, and Turkey	12	10.9
Total	110	99.9

**Source:** <http://www.olympic.org/content/the-ioc/the-ioc-institution1/ioc-members-list/>

Accessed on April 23, 2011.

As the information recorded in Table 1 indicates, Europe and the Commonwealth of Independent States dominate the composition of the IOC. The smallest representation comes from the United States and Canada. It should also be noted that the IOC is male dominant: only 17.3 percent (19) of the IOC are female. This information is important, and it does suggest that the composition of the IOC does not favor the selection of an applicant city from North America, specifically from the United States or Canada. The argument that the composition of the IOC explains why Chicago was rejected requires further explanation given the selection of four North American sites in the last eleven

Summer Olympic quadrenniums. The selection of Rio de Janeiro also ignores the relatively small representation of members from South and Central America. A review of the Summer Olympic Game locations during modern times -- 1896 to the present to be exact -- does not unambiguously suggest a correlation between location and current IOC membership. The location for the Summer Olympic Games is represented in Table 2.

**Table 2**  
**The Location of the Summer Olympic Games 1896 -- 2016**

<b>Year</b>	<b>Location (City and Country)</b>
1896	Athens, Greece
1900	Paris, France
1904	St. Louis, USA
1908	London, UK
1912	Stockholm, Sweden
1916	Scheduled for Berlin, Germany (WWI precluded the Games)
1920	Antwerp, Belgium
1924	Paris, France
1928	Amsterdam, the Netherlands
1932	Los Angeles, USA
1936	Berlin, Germany
1940	Scheduled for Tokyo, Japan (WWII precluded the Games)
1944	Scheduled for London, UK (WWII precluded the Games)
1948	London, UK
1952	Helsinki, Finland
1956	Melbourne, Australia

1960	Rome, Italy
1964	Tokyo, Japan
1968	Mexico City, Mexico
1972	Munich, Germany
1976	Montreal, Canada
1980	Moscow, USSR (now Russia)
1984	Los Angeles, USA
1988	Seoul, South Korea
1992	Barcelona, Spain
1996	Atlanta, USA
2000	Sydney, Australia
2004	Athens, Greece
2008	Beijing, PRC
2012	London, UK
2016	Rio de Janeiro, Brazil

**Source:** <http://geography.about.com/od/countryinformation/a/olympiccities.htm>

Table 3 combines the information from Tables 1 and 2 and provides rank orders by geographic area for both representation and successful bids.

**Table 3**  
**Rank Orders by Geographic Area for IOC Representation (Current)**  
**and Successful Bids**

Statistic Geographic Area	IOC Membership: Percentage	IOC Membership Rank Order	Successful Bids Percentage Since 1896 (28 in Total Actually Held) <sup>a</sup>	Successful Bids Rank Order <sup>b</sup>
Asia, Australia, Fiji, India, and Indonesia	18.2	2	17.9	2.5
Canada and the United States	4.5	6	17.9	2.5
Africa to include Morocco but not Egypt	13.6	3	0	5.5
Europe (to include Monaco) and the Commonwealth of Independent States	40.0	1	57.0	1
Central and South America, Aruba, Barbados, Cuba, Mexico, Panama, Puerto Rico	12.7	4	7.1	4
Middle East to include Israel, Egypt, and Turkey	10.9	5	0	5.5

<sup>a</sup> Between 1896 and 2016, the IOC designated 31 Summer Olympic Games host cities. Due to World War I (1916) and World War II (1940 and 1944), only 28 Summer Olympic Games were actually held. The statistics recorded in Table 3 are for Games actually held.

<sup>b</sup> When ranks are tied the convention is to average the ranks in the ascending order of values for the purposes of computing the Spearman's rank correlation coefficient (Spearman's Rho).

The information exhibited in Table 3 does not yield a statistically significant Spearman rho or Kendall Tau coefficient (this, in part, is attributable to

the ties identified with the two rank orders and the small number of observations). While it cannot be concluded that there is a statistically significant relationship in the rank orders, three things are worth noting: First, the very top of the rankings does indicate that the selection of a host city favors those countries that have the greatest representation of current IOC members.<sup>13</sup> Second, the frequency of selection of a city from the United States or Canada is far greater than is reflected in the IOC membership of those two nations. Third, selection has favored the developed world.

The bias toward developed countries, however, may be changing. The selection of Rio de Janeiro as the host city for the 2016 Summer Games arguably reflects a growing less-developed country (LDC) voice in global decision-making. (The selection of South Africa and Brazil as the host nations for the FIFA World Cups in 2010 and 2014, respectively, bolsters that contention.) This may well be the result of the promise by some groups that hosting a mega sports event serves as a significant catalyst for economic development. There is ample reason to argue that LDCs may have a greater need for measures that can induce economic growth.<sup>14</sup>

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<sup>13</sup> It should be emphasized that the IOC representation is based on the current roster of representatives. The extent to which that representation has changed over time obscures, perhaps vitiates, any correlation between representation numbers and successful bid attempts. A more exacting technique in establishing the relationship between representation and winning bids would require identifying the composition of the IOC at the time the selection occurred for each of the 31 host city designations.

<sup>14</sup> It should be noted that the idea that mega sports events induce a growth in economic activity is not supported by economics scholarship. The popular perception and promise that mega events induce economic growth has trumped research undertaken by academics economists to a significant degree in guiding decision making as it relates to the pursuit of hosting mega events by countries and cities.

Summarizing the political dimension as it relates to the selection of a host city, a case can be made that it is important for an applicant host city and its NOC to develop a relationship with the IOC to include an operational endorsement of IOC values as articulated in the *Olympic Charter*. It also appears to be advantageous for the applicant city to be from Europe, where IOC representation is strongest. Strategically speaking, it is also essential to recognize the hierarchy as it relates to Olympism: the IOC is the supreme authority in all matters relating to the Olympic Games. IOC authority extends to the distribution of rents derived from the Olympic Games, and it would be a strategic mistake, ordinarily, for an NOC to pursue economic rents derived from hosting the Games at the expense of the IOC. A discussion of the “rent-seeking” by the IOC is discussed and analyzed in the paper’s next section.

In addition to the potential geopolitical distribution of IOC voting members, the voting model itself – a series of rounds in which the 100+ delegates choose one favorite, with the city garnering the fewest number of votes being eliminated each time – may add complexity and intrigue. Nobel laureate Kenneth Arrow compared many voting systems in terms of their likely impact. His “impossibility theorem” exposes the flaws in whatever rule is chosen, and the possibility that the consensus best city – or candidate – may not prevail in the end.

In the selection process for the 2012 Games, for example, Madrid received the highest number of votes by far in Round 2 but was eliminated in Round 3, leaving London and Paris to battle each other in the 4<sup>th</sup> round. In the Copenhagen vote for the

2016 Games, despite what many considered a strong proposal, Chicago was eliminated on the first round:

Round I Madrid 28, Rio 26, Tokyo, 22, Chicago 18

Round II: Rio 46, Madrid 29, Tokyo 20

Round III: Rio 66, Madrid 32<sup>15</sup>

In conjunction with the standard treatment of voting models and blocs is the matter of gamesmanship and integrity. In the former, what one may term “strategic” or game-theoretic voting or, informally, “horse-trading, can certainly occur. For example, it was rumored that in the 2016 vote Rio was able to convince some IOC members to vote for Tokyo on Round 1 to ensure that Chicago, which Rio felt would be stronger competition, got eliminated early. With respect to the issue of integrity, the IOC has not been immune to allegations of vote-buying and corruption in the choice of a host city, most recently in the process for the 2002 Winter Games that eventually selected Salt Lake City. More recently still, the IOC’s twin, FIFA, has been stung by similar bribery charges with regard to awarding the 2022 World Cup to Qatar.

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<sup>15</sup> For an examination of various voting models and their likely outcomes, see Hansen and Sanderson, (2009). Full citation: <http://www.forbes.com/forbes/2009/0622/sports-international-olympic-committee-on-my-mind.html>]

### III. The Economics Dimension: IOC Rent-seeking<sup>16</sup>

The IOC is a monopoly supplier in the market for the Summer and Winter Olympic Games, an entertainment market arguably distinct from all others.<sup>17</sup> The IOC, furthermore, behaves as a monopolist in this distinctive market to include wielding its market power to maximize its well-being. The *Olympic Charter* clearly identifies and sanctions IOC rent-seeking. To wit:

1. The Olympic Games are the exclusive property of the IOC which owns all rights and data relating thereto, in particular, and without limitation, all rights relating to their organization, exploitation, broadcasting, recording, representation, reproduction, access and dissemination in any form and by any means or mechanism whatsoever, whether now existing or developed in the future. The IOC shall determine the conditions of access to and the conditions of any use of data relating to the Olympic Games and to the competitions and sports performances of the Olympic Games.
2. The Olympic symbol, flag, motto, anthem, identifications (including but not limited to “Olympic Games” and “Games of the Olympiad”), designations, emblems, flame and torches, as defined in Rules 8-14 below, shall be collectively or individually referred to as “Olympic Properties”. All rights to any and all Olympic properties, as well as all

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<sup>16</sup> It should be noted that the in the *Olympic Charter* the IOC is identified as a not-for-profit entity. Rent as used in this paper refers to “well-being” as opposed to profit. The operative assumption is that the IOC functions in a way that maximizes the difference between its total benefit and its total cost. The end to which that difference is used by the IOC is not material to this analysis.

<sup>17</sup> While the IOC could be identified as a monopolist as it relates to the conduct of the Olympic Games, in terms of operational structure, it is more akin to a cartel in that there are regional blocks and more than 100 voting members with varying interests.

right to the use thereof, belong exclusively to the IOC, including but not limited to the use for any profit-making, commercial or advertising purposes. The IOC may license all or part of its right on terms and conditions set forth by the IOC Executive Board.<sup>18</sup>

This language leaves no doubt with regard to the appropriation of revenues relating to the conduct of the Games. Footnote 6 in the *Charter* specifies, furthermore, that “Games will be organized to the satisfaction of and under the conditions required by the IOC.” It is tautological to say that the said organization maximizes IOC well-being. Finally, the IOC specifies how any surplus generated by a host city, and by extension its NOC, should be used (see footnote 10 in this chapter). Any surplus is put to a use consistent with IOC objectives and values, and is, therefore, consistent with maximizing its well-being rather than that of the host city or NOC.

Rent-seeking involves not only the appropriation of revenues favorable to the monopolist, but maximizing the revenues made available by the host city through the conduct of the Games. The IOC can be thought of as a contest designer and the applicant cities as contestants. Theoretically, the contestant submitting the highest bid wins the prize, the right to host the Games. (Political and personal considerations, of course, could alter this calculus. Rio de Janeiro’s geographic-diversity appeal and Juan Antonio Samaranch’s personal plea on behalf of Madrid were sufficient to offset Chicago’s likely financial advantage in bidding for the 2016 Olympic Summer Olympic Games.) Rent-seeking viewed from this perspective requires a contest design that maximizes the value of applicant bids. The features of the contest are that it involves multiple stages and that

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<sup>18</sup> Op. cit., p. 20.

the outcome is winner-take-all. There are actually three stages in bidding for the Games. Applicant cities must first be selected by their NOCs since the Olympics organizational structure emphasizes the relationship between the IOC and the NOCs. Once the NOCs select a city, then the IOC selects candidate sites among the applicant cities submitted by NOCs. The selection of the host city does to some degree reflect the nature of the relationship between an NOC and the IOC. This is important to note because tensions between the IOC and an NOC could diminish an applicant city's chances of winning.

Research has revealed a couple of things with regard to the design of contests. There are two theoretical outcomes that are most relevant for this analysis. First, in the case of either linear or concave cost functions as it relates to bidding for the Games, the contest designer -- the IOC in this case -- maximizes revenues (bids) by adopting a single-prize strategy.<sup>19</sup> The IOC apparently believes that the cost function facing applicant cities is linear or concave, and that perception is arguably correct. If the cost function is shaped primarily by an "ability parameter" unique to each applicant (the ability parameter is independently distributed, privately processed information), then it appears reasonable to assume that bidding costs decline beyond a certain point, especially for those cities that are generally favored to win. The courting between an NOC and its applicant city very likely promotes a feeling of confidence particularly when the applicant city is well-positioned to meet IOC infrastructure demands. Beyond the infrastructure needed to accommodate the Games, the costs are relatively small, and this suggests a concave cost function.

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<sup>19</sup> See, for example, Benny Moldovanu and Aner Sela (2001) "The Optimal Allocation of Prizes in Contests," *American Economic Review*, Vol. 91 (3), June, 542-558.

A second relevant theory has to do with the likelihood that the winning bid exceeds the value of the Games, the “winner’s curse” for the selected city. Given theory relating to the winning bid, the prevalence of the winner’s curse is directly related to the number of bidders -- candidate cities -- vying for the Olympic Games.<sup>20</sup> Practically speaking the perception of objectivity and transparency in the selection process very likely would be impaired if there were a single-stage contest. Accusations of capriciousness in selecting a host city would likely intensify as the number of applicant cities considered evaluated directly by the IOC increased (witness the controversy surrounding the BCS in NCAA football in the United States). Allowing the NOCs to select applicant cities from within a nation at a first stage, deflects some criticism to the NOC that would otherwise be directed at the IOC. It is certainly easier to rate the virtue of five cities than twenty-five. The multiple-stage contest from the contest designer’s point of view, therefore, preserves the financial advantage to the contest designer of more bidders while reducing the number of bids the designer has to consider directly.

It is conceivable, furthermore, that the multi-stage construct encourages higher bids for the Games among candidate cities given their investment at the applicant city stage. The higher the sunk costs for applicant cities, the more financially aggressive they are likely to be at the candidate-city stage of the competition in an effort to recoup their costs.

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<sup>20</sup> Theoretically, the winner’s valuation of the good varies directly with the number of bidders. Here it is assumed that the number of bidders equal the number of the cities that submit applications at the first stage of the process. The winning bid is conditioned by the bids submitted. The information that each bidder uses might well have a temporal dimension as well, as information on past winning bids is used to condition present bids. A “first-order-statistic” such as the perceived greatest economic impact recorded from the games or the perceived mean economic impact.

The IOC depends on the Olympic Games to finance its operations, and so maximizing well-being is tantamount to maximizing the difference between revenues and costs from the Games. Broadcast rights and sponsorships are the financial life-blood of the IOC. It has been reported that these two sources account for approximately 85 percent of the Olympic Movement's total income. The three main constituents of the Olympic Movement are the IOC, the International Federations, and the NOCs. The IOC distributes approximately 90 percent of its revenues to the Olympic Movement, retaining the remainder for operational and organizational costs associated with governing the Olympic Movement.<sup>21</sup> Although the 1936 Berlin Olympics were the first Games to be televised, broadcasting did not become a mass phenomenon until 1960 in Rome. The total revenue from broadcasts for the Rome Games was \$1.2 million with European television operators accounting for most of that amount. The IOC received an insignificant amount of that total revenue at that time, about 1 to 4 percent, but the IOC recognized a potential significant revenue source and it took the necessary legal steps to control broadcast rights starting with the 1968 Games in Mexico City.<sup>22</sup> In fact, the IOC amended the Olympic Charter in 1971, Article 21, stipulating that IOC held the exclusive right to negotiate the television contract and the distribution of those revenues.<sup>23</sup> Juan Antonio Samaranch recognized the potential importance of the American television market, and following his election as IOC President, broadcast revenue increased substantially as did the IOC's share of that revenue. Jacques Rogge, Juan Antonio Samaranch's successor, if anything bolstered the emphasis on broadcast revenues. Rogge

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<sup>21</sup> <http://www.olympic.org/ioc-financing-revenue-sources-distribution>

<sup>22</sup> Emilio Fernandez Pena (2009), "Olympic Summer Games and Broadcast Rights, Evolution and Challenges in the New Media Environment," *Latina*, 64, [http://www.revistalatinacs.org/09/art/876\\_Barcelona/77\\_144\\_FernandezEng.html](http://www.revistalatinacs.org/09/art/876_Barcelona/77_144_FernandezEng.html), accessed on April 24, 2011, p. 3.

<sup>23</sup> *Ibid.*

reportedly stated: “We need spectators at the Games, but the IOC does not insist on 100,000-seat stadiums. The Olympics are primarily put on for television.”<sup>24</sup>

It could be argued the modern Olympics story is about commerce and money (Barney et al. 2002), and if that assertion is true, then the modern Olympic story is about broadcast revenue and its control. Indeed, it would seem that television and the Olympics were made for one another. Sport has the capacity to attract large audiences, and only the World Cup has the global television appeal of the Summer Olympic Games. Table 4 identifies trends relating to the distribution of revenue from television broadcast rights between the IOC and host cities.

**Table 4**  
**The Evolution of the Distribution of Revenue from**  
**Television Broadcast Rights for the Olympic Games**

Entity Period	IOC Share in Percentages	Host Cities Share in Percentages
1948-1968	1-4	96-99
1972-1980	10	90
1984-1992	33	67
1996-2004	40	60
2006-2010	51	49

Source: Emilio Fernandez Pena (2009), “Olympic Summer Games and Broadcast Rights, Evolution and Challenges in the New Media Environment,” *Latina*, 64, [http://www.revistalatinacs.org/09/art/876\\_Barcelona/77\\_144\\_FernandezEng.html](http://www.revistalatinacs.org/09/art/876_Barcelona/77_144_FernandezEng.html), accessed on April 24, 2011.

<sup>24</sup> Robert K. Barney, Stephen R. Wenn, and Scott G. Martyn (2002), *Selling the Five Rings: The International Olympic Committee and the Rise of Olympic Commercialism*, (Salt Lake City: The University of Utah Press), p. 278.

The majority of the broadcast revenues originates from the United States, but ironically the share of broadcast revenue from the U.S. peaked for the Moscow Games in 1980, Games that the U.S. boycotted because of the then Soviet Union’s Afghanistan incursion. Table 5 identifies the amount and share of broadcast revenues accounted for by the U.S. and Europe from 1980 through the Beijing Games in 2008.

**Table 5**  
**Dollar Revenues and Percentage of Broadcast Revenues**  
**Accounted for by the United States and Europe**  
**from the Olympics, 1980 through 2008**

<b>Olympics</b> / <b>Statistic</b>	<b>\$ Broadcast Revenues (current dollars in millions)</b>	<b>Percent of Broadcast Revenues Originating in the United States</b>	<b>Percent of Broadcast Revenues Originating in Europe</b>
Moscow 1980	101	84.1	7
Los Angeles 1984	286.9	78.6	7.6
Seoul 1988	402	74.6	7.5
Barcelona 1992	631.1	63.5	14.9
Atlanta 1996	898.3	50.7	27.55
Sydney 2000	1,331.6	53	26.2
Athens 2004	1,494	53	26.3
Beijing 2008	1,737	51.4	25.5

Source: Emilio Fernandez Pena (2009), “Olympic Summer Games and Broadcast Rights, Evolution and Challenges in the New Media Environment,” *Latina*, 64, [http://www.revistalatinacs.org/09/art/876\\_Barcelona/77\\_144\\_FernandezEng.html](http://www.revistalatinacs.org/09/art/876_Barcelona/77_144_FernandezEng.html), accessed on April 24, 2011.

Several things are worth noting. First, the share of broadcast revenues emanating from the U.S. has diminished but stabilized to slightly over 50 percent. Second, the percentage of broadcast revenues originating in Europe currently approximates a quarter of all broadcast revenues. Third, the United States and Europe together account for about 75 percent of broadcast revenues, which means that approximately 25 percent originate from the “rest of the world”. It should not be surprising, perhaps, that Rio de Janeiro, as

part of the rest-of-the-world, was awarded the 2016 Games given the growing importance of broadcast revenues from places other than the United States and Europe.

#### **IV. The IOC and USOC Dispute Regarding Broadcast Revenues**

As established above, broadcast revenues are the financial life-blood of the IOC. Since the IOC distributes 90 percent of its revenues to the International Sports Federations and NOCs, those entities depend on broadcast monies as well. Given that the distribution of broadcast funds is a zero-sum game, the significant portion of broadcast revenues appropriated by the USOC has become a major source of tension not only between the USOC and the IOC, but between the USOC and the 204 other NOCs. Tim Elcombe and Stephen Wenn (2011) have attributed the source of the broadcast-revenue dispute to U.S. Public Law 95-606, popularly known as the “Amateur Sports Act”, promulgated by Congress in 1978. Elcombe and Wenn opined:

Exclusive rights to the use of Olympic marks and emblems in the U.S. territory granted in the Amateur Sports Act were leveraged by the USOC to obtain amounts of Olympic-generated revenue from the sale of television rights fees and major corporate sponsorships far larger than any of the other National Olympic Committees (NOCs) recognized by the IOC. This privileged financial position has become a divisive issue for the USOC, IOC, and the world’s 204 other NOCs.<sup>25</sup>

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<sup>25</sup> Tim Elcombe and Stephen Wenn (2011), “A Path to Peace: Thoughts on Olympic Revenue and the IOC/USOC Divide,” *SAIS Review*, vol. XXXI no. 1 (Winter-Spring).

The tension between the IOC and the USOC appeared to reach a zenith following a July 8, 2009, announcement by the USOC of its plan to launch the U.S. Olympic Network (USON) in partnership with Comcast Corporation. USON was expected to launch in 2010, and Stephanie Streeter, Acting Chief Executive Officer of the USOC, stated:

The U.S. Olympic Network will be a dream come true for fans of the Olympic Games, delivering rich year-round content associated with the world's greatest sporting competitions. By bringing the stories, competitions and history of the Olympic Movement into American homes year-round, the USOC hopes to not only inspire a new generation of athletes but also to educate young people about the ideals and values of the Olympic movement. And, we believe strongly that the USON can also serve as a template that can be used in other parts of the world to expand access to the Olympic experience. Plus, the USON's unparalleled year-round exposure of the Olympic brand – already one of the world's most recognized and respected – will generate compelling opportunities for Olympic sponsors to expand their association with the Olympic Games and the Olympic Movement. At the same time, we believe it will enhance interest in and viewership of Olympic-related coverage on broadcast networks. We are excited to work with all of our partners, and everyone

associated with Olympic Movement, to establish the USON as the foremost full time channel for Olympic-related content.<sup>26</sup>

The language of the USOC announcement was carefully worded with the intention of placating both the IOC and the other NOCs. The announcement highlighted the “values of the Olympic Movement,” and its use as a “template that can be used in other parts of world to expand access to the Olympics experience.” The IOC and other NOCs were not buying the USOC claims, and the creation of the USON received swift and pointed criticism from the IOC. The reaction of the IOC was clearly represented through remarks made by IOC Finance Commissioner Chairman Richard Carrion in a *New York Times* interview on July 9: “They (USOC) do just what they think they want to do, and the Olympic movement be damned. I think it’s just unilateral and, frankly, somewhat arrogant.”<sup>27</sup>

Chicago was not involved in the development of the USON nor the decision to announce the launch of USON so close to the October 2, 2009, IOC decision date about the host city for the 2016 Summer Olympic Games. The USOC July 8, 2009 announcement regarding the creation of USON undermined Chicago’s bid if it was construed as posturing by the USOC in its ongoing dispute with the IOC regarding the distribution of broadcast revenues. Mr. Carrion’s comments left little doubt about how the IOC viewed USON. Since other NOCs would be affected negatively by the launch of

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<sup>26</sup> USOC, “USOC and Comcast partner to launch the U.S. Olympic Network,” July 8, 2009. <http://www.teamusa.org/news/2009/07/08/usoc-and-comcast-partner-to-launch-the-u-s-olympic-network/14101>. Accessed on May 29, 2011.

<sup>27</sup> NYSportsJournalism.com, “U.S. Olympic TV Network Draws Wrath of IOC,” July 9, 2009. <http://www.nysportsjournalism.com/olympic-tv-battle-7-09-09/>. Accessed on May 29, 2011.

USOC, IOC votes very likely moved away from Chicago to the three other candidate cities.

Punishing Chicago for USOC arrogance could result in some costs to the IOC and the other NOCs. The U.S. market remains the most lucrative, and not awarding the Games to Chicago could diminish IOC revenues for the 2016 Games. It should be noted, however, that Chicago and Rio are each one hour removed from the Eastern Daylight Time Zone in the U.S.; thus it is unclear how broadcast revenues would be affected. Viewership in the U.S. is based on interest in the Games and convenience for viewers as it relates to dramatic effect. Viewers, even if aware of the IOC-USOC dispute, are not likely going to allow their viewing to be influenced by it. Sponsorship revenues may be affected as U.S. sponsors may be less inclined to be involved in the Rio Games. That remains to be seen.

The long-term implications are less clear. U.S. cities may be less willing to bid for future Olympic Games given the perception that the risk of securing them has increased. Following New York City's failure to secure the 2012 Summer Olympic Games, USOC chairman Peter Ueberroth indicated that U.S. cities might not bid for the 2016 Olympic Games because it is not worth it. Specifically the dispute revolves around what the IOC and other NOCs perceive as the excessiveness of the share of broadcast revenues and sponsorship revenues appropriated by the U.S. from the Games, 12.75 and

20 percent, respectively. The conventional wisdom appears to be that until that dispute is resolved, the U.S. will not serve as a host for the Summer Games in the future.<sup>28</sup>

Ueberroth's perception of the changed risk-reward profile reflected not only the commonly perceived political antipathy directed toward the U.S. over revenue-sharing, but the inability of the U.S. to "present a clear partnership between city, state, and federal officials."<sup>29</sup> Chicago's failed bid likely has bolstered the impression articulated by Ueberroth, and if the U.S. does not bid for future Games that will likely have a negative impact on IOC financial expectations for future Games. Given the fact that the total costs involved for any candidate city in just bidding for the Games will likely exceed \$50 million,<sup>30</sup> cities may be less inclined to bid.

On the other hand, the IOC, in awarding the 2016 Olympics Games to Rio de Janeiro, may be anticipating that future revenue streams from the Games will be less dependent upon U.S. and European markets. Future Olympic audiences will be more Asian and South American, and the IOC may benefit long-term from developing markets in those parts of the world in which there is a larger potential audience. That strategy, of course, depends on the continued economic development of the world's populous areas, and that is not a certainty.

While the USOC—IOC dispute regarding the distribution of revenues from the Olympic Games does not explain entirely Chicago's unsuccessful bid for the 2016

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<sup>28</sup> SI.com (2011), IOC-USOC inch toward new revenue-sharing pact, June 8. <http://sportsillustrated.cnn.com/2011/more/06/08/ioc.usoc.revenue.talks.ap/index.html>. Accessed on June 27, 2011.

<sup>29</sup> Newsmax.com, "U.S. Cities May Not Bid for 2012 Olympics (sic), October 11, 2005. P. 1. <http://archive.newsmax.com/archives/articles/2005/10/11/91847.shtml>. Accessed on May 29, 2011.

<sup>30</sup> See, for example, <http://www.nytimes.com/2005/07/06/sports/othersports/06cnd-olympic.html>, for costs reportedly involved in bidding for the Games. Accessed on May 29, 2011.

Summer Olympic Games. Chicago's bid was generally considered strong, but in retrospect there were flaws. In the final analysis the bid's strengths were not sufficient to offset USOC mismanagement particularly as it related to the creation of USON. The next section of the chapter discusses the history of the Chicago bid and the flaws that doomed it.

## V. Chicago's Bid

In a public announcement on May 11, 2006, after nearly a year of informal conversations and deliberations, as well as 2004 comments suggesting it would be folly, Chicago Mayor Richard M. Daley<sup>31</sup> named Patrick G. Ryan, personal friend and founder and chief executive of insurer Aon Corp. as head of an exploratory committee to examine the feasibility of putting Chicago forth as an applicant city for the 2016 Games. In that news conference, Daley stated up- front that the Olympics “cannot become a financial burden to the taxpayers of Chicago and Illinois.”<sup>32</sup> USOC Chairman Peter Ueberroth, present at the gathering, complemented the mayor's stance: “The bid process . . . must be 100 percent privately financed – no public money.”<sup>33</sup>

Ryan would later become Chicago 2016 Chairman. And the city and state would later be forced by language in the *Olympic Charter* and the standard host city contract to provide \$500 million and \$250 million, respectively, of taxpayer support as a financial guarantee in the case of cost overruns or revenue shortfalls. But the lack of a complete

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<sup>31</sup> In Chicago politics, the middle initial – M – is a constant fixture to distinguish Richard M. Daley, first elected mayor in 1989, from his father, and former mayor of Chicago for 21 years, Richard J. Daley. Together father and son ruled Chicago from 1955 to 2011 for all but 13 years.

<sup>32</sup> *Chicago Tribune*, Section 1, Page 26, May 11, 2006.

<sup>33</sup> *Ibid.*

financial guarantee, and financial exposure for taxpayers, continued to plague Chicago's bid, especially in light of recent cost-overruns on other local projects, the precarious nature of the city's and state's budgetary situations, and what most regarded as overly optimistic revenue projections from the Games. (Unlike practices in most nations, the U.S. federal government underwrites a relatively modest portion of the costs of the Olympic Games, leaving host cities and states to shoulder the majority of the financial burden . This has been a sore point with Olympic organizers in the past.) The cost of the bid itself was approximately \$80 million, all privately funded, though the economist's notion of opportunity cost looms large – that is, a substantial portion of that money donated by firms and well-heeled bid supporters would certainly have gone to other civic projects instead.

Barely two months later, Chicago unveiled its first Olympic plans – a temporary 80,000-seat facility to be used in conjunction with Soldier Field to offer two venues for opening and closing ceremonies,<sup>34</sup> the Olympic Village, a new aquatic center, and media center, all along the lakefront and close to the center of the city.

Subsequently, many things changed. Chicago's original slogan, "Stir the Soul", did not translate well into other tongues, so it was replaced by "Let Friendship Shine." The two-stadium concept, not an IOC favorite, was dropped in favor of a larger temporary facility, and one not on the lakefront but in Washington Park on the South Side; the aquatic center, after Daley's visit to Beijing to view the 2008 Games, was moved adjacent to it in Washington Park. But with many venues near the heart of the city, the compact nature remained a strong feature of Chicago's bid throughout.

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<sup>34</sup> Soldier Field, home of the Chicago Bears, is the National Football League's smallest stadium, with 61,500 seats, too small for IOC requirements.

In Spring 2007, the USOC, in a tight vote, selected Chicago over Los Angeles to represent the United States. Chicago officially became a candidate city in September 2007. The IOC evaluation committee visited each of the four candidates in Spring 2009; each city made its final presentation to the IOC in June, leading up to the final Copenhagen vote on October 2. (One 2008 event of note was the arrest on December 10 of then-governor Rod Blagojevich on federal corruption charges; his predecessor, George Ryan – no relation to Pat Ryan – is currently serving a six-year prison term for corruption. In June 2011 Blagojevich was convicted on seventeen counts.)

Any successful sports competition or political campaign contains a mix of skillful planning, good execution, and, frankly, dumb luck. With respect to the latter component, Chicago benefitted by having the 2008 Summer Games in Beijing taint geographical neighbor Tokyo's bid for 2016, just as London's hosting for 2012 affected European entry Madrid. And when Rio de Janeiro was awarded the 2014 World Cup, an international event many in Brazil may regard as more important than the Olympics, that entry may have slipped a notch. On the proverbial other hand, Chicago drew the short straw in terms of the order for the evaluation team to visit each of the candidate cities in early 2009: Chicago was the first city the 13 inspectors visited, and the date was late March in a city known for harsh winters and late springs.

On the political front, Chicagoan Barack Obama's November 2, 2008, victory may have signaled to the international community an abrupt change from the Bush administration.<sup>35</sup> In addition, the continuity provided by the Daley administration,

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<sup>35</sup> A McCain victory in 2008 would certainly have diminished the prospects for any U.S. candidate city after Senator McCain led Senate hearings on the 2002 Winter Olympics bribery scandals in Salt Lake City, proceedings that embarrassed IOC leadership, a group not likely to forget that public humiliation.

virtually certain to have been in power through 2016, would have reduced the risk for the IOC.

Events and data points in 2008 and the first half of 2009 included:

- Chicago 2016 commissioned a study that purported to show that the Games would produce over \$22 billion in economic impact on the city and state, mainly as the result of increased tourism, a figure that was significantly higher – by approximately a decimal place – than others were projecting.
- Formal opposition, anti-Olympics rallies, and public forums sprung up across the city. Preservation groups, community leaders, and those worried about bird sanctuaries, boating, finances or gentrification of some neighborhoods grew in number and intensity. An ad hoc group, *No Games Chicago*, gained some traction as the most organized opposition to Chicago's bid throughout the process, and its leadership even met with IOC officials in Chicago, Switzerland and Copenhagen.
- An on-going public, private, and legal skirmish between the USOC and the Chicago 2016 committee headed by Ryan continued to fester over an Internet domain name. The USOC had used Chicago2016.org as its official web site, but a local entrepreneur, Steve Frayne, owned Chicago2016.com. The Chicago Organizing Committee complained about possible confusion over the two sites.
- Public support for the Games, an important variable for the IOC, ebbed and flowed. Polls indicated that Madrid appeared to have strong support

among its citizens, and Tokyo residents much less desire for the Games. Chicago surveys indicated strong support in 2008, but then waning enthusiasm from early to late in 2009, when numbers supporting or opposing the Games about equal among the public. The driving factor in this tepid support appeared to be the mayor's about-face in terms of his promise of using tax revenues and giving virtually unlimited financial guarantees to cover shortfalls. This more than anything else seemed to galvanize local opposition.

- In addition to the dispute between the IOC and the USOC over the latter's proposed television network and revenue-sharing arrangements (see Section IV above) in the two years leading up to the Copenhagen vote, Chicago also had to contend with leadership turnover and instability with its Colorado partner – the USOC. Removal of the USOC chief executive, installation of a less-experienced acting director, massive layoffs at the organization's headquarters, and the USOC's lack of political savvy and international influence, made its management team less able to assist, and perhaps even turned a potential complementary asset into another liability for Chicago.

In late 2009, leading up to October 2, President Obama initially indicated that Valerie Jarrett, a close adviser, would represent his administration in Copenhagen. That was later supplemented by a decision to add First Lady Michelle Obama to the delegation. (Oprah Winfrey also attended and spoke; Michael Jordan was invited but did not attend.) But as the date drew closer and the pressure mounted, the President decided

to attend and speak in Copenhagen as well, though his total time on the ground in Denmark consisted of only a few hours, compared with much longer commitments of time by leaders of the competing delegations.<sup>36</sup>

Chicagoans in general, and the Chicago 2016 committee (at least publicly) were shocked by the lopsided first-ballot trouncing in Copenhagen on the October 2, 2009, vote. Odds-makers and popular web sites – in Las Vegas, Toronto and other locations -- suggested strongly that Chicago held front-runner status and could count on a tight race in the final-round against Rio, a contest pitting the monetary advantages of a U.S. city v. the strong emotional appeal of a South American candidate. “Miscalculation” was a word frequently employed in hindsight. In a Dewey-Defeats-Truman moment, Jerry Roper, president of the local Chamber of Commerce, said on the eve of the vote: “In Chicago, if there’s one thing we know how to do is count votes.”<sup>37</sup>

Budgetary exigencies, political corruption, and a short-sighted decision to lease the city’s parking meters for what many considered a bargain-basement up-front price and galvanized citizens as virtually nothing else in recent memory.<sup>38</sup> Polls showing widespread job disapproval left Mayor Richard M. Daley vulnerable to a re-election challenge in February 2011. (He had won six mayoral elections, receiving 71 percent of the vote in 2007.) The selection of Rio de Janeiro for the 2016 Games was probably the

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<sup>36</sup> For the 2012 Summer Olympics vote, British Prime Minister Tony Blair spent considerable time in Singapore in advance of the vote; French President Jacques Chirac went but spent relatively little time there. President George W. Bush stayed away.

<sup>37</sup> *Wall Street Journal*, September 30, 2009, page A20.

<sup>38</sup> The Mayor leased Chicago’s 36,000 parking meters to a private firm. In essence Daley traded a 75-year revenue stream for one payment of \$1.15 billion. The City’s Inspector General calculated that the present value, market value, of the lease should have been \$2.2 billion. In addition the acquiring firm immediately raised meter rates throughout the City, further infuriating the populace.

straw that broke the mayor's political back and led to his decision to retire as Chicago's longest-serving mayor.

## **VI. Conclusions and Policy Implications**

Unpredictable or surprising results have marked the Olympic Games. The “Miracle on Ice” during the 1980 Lake Placid Winter Olympic Games remains a compelling chapter in American sports lore. No one really expected a team of American amateur hockey players to compete with the experienced, powerful Soviet Union team let alone beat them. Not all the upsets occur during actual athletic competition. The “Debacle on Daley Plaza” -- the announcement that Chicago had been eliminated as a contender during the first round of voting to host the 2016 Summer Olympic Games -- left Chicagoans gathered on that Plaza on October 2, 2009 stunned and searching for answers for the rejection. What accounted for what many considered a monumental upset? What can be learned from the experience?

Like any unexpected outcome in an athletic competition, the vote outcome in 2009 was years in the making. The preparations by the USOC and Chicago were deficient in ways that were fundamental to winning the delegate vote. The USOC and Chicago failed to convince IOC delegates that the values espoused by the Olympic Movement in putting on the Games matched the principal motivation of the United States. The inability and/or unwillingness of the USOC to develop the essential relationships with IOC officials contributed substantially to the mistrust and tension between the USOC and the IOC. The lack of relationship building can in large part be attributed to the relatively recent instability and lack of experience within the USOC leadership, as noted in Section V above. It cannot be ignored, however, that the relationship between Juan Antonio Samaranch, Jacques Rogge’s immediate predecessor

as IOC head, and the USOC was troubled. That coupled with Samaranch's reported plea for Madrid votes in the first round contributed to Chicago's early exit.

Complementing the difficulties that the USOC had with the IOC, and vice versa, and the tensions between the USOC and the Chicago2016 committee (and with the Daley administration as well), was the inability of the local "boots on the ground" – Pat Ryan and his people, Mayor Daley and his underlings – to articulate clearly and communicate effectively with those on whom the burdens (and possible benefits) of the Games would ultimately fall: the citizens of Chicago and their neighborhoods. The ever-shifting literal and financial landscape produced anxiety among the populace and easy fodder for the media. Appearing to rely on "the Chicago Way", a reference to the well-known tactic of riding roughshod over anyone who deemed to question or criticize a decision, as well as producing information only on a need-to-know-basis or when cornered, the Chicago 2016 insiders and government officials did not create friends nor smooth feathers. This was evident in the press, polls, and general population. While well-intentioned, "stubborn" and "arrogant" were familiar criticisms of those leading the charge. In terms of the USOC and Chicago, as well as Chicago and its citizens, there was certainly plenty of finger-pointing and possible blame to go around.

The criticism that the U.S. views the Games as mostly an economic opportunity, "the commercial Games", exacerbated by the experiences of the 1996 Summer Games in Atlanta, was further embellished rather than negated by the timing of the USOC July 8, 2009, announcement regarding its launch of an Olympics cable network, USON. The USOC decision was viewed as an attempt by the U.S. to maintain, if not increase, its share of broadcast revenues or at least strengthen its hand in upcoming negotiations with

the IOC over the distribution of broadcast and sponsorship revenues, the financial lifeblood of the IOC. The USOC gambit alienated not only the IOC but the more than 200 other NOCs that in effect share with the USOC broadcast and sponsorship revenues. This alienation surely influenced delegate voting, and Chicago garnered the fewest votes of any of the four candidate cities in the first round of voting. Chicago may well have been unaware of and thus victimized by the USOC action. If so, then the lack of a coordinated strategy between Chicago and the USOC to secure the Games is an indictment of USOC leadership.

Deficiencies in the USOC/Chicago bid do not entirely explain the voting outcome. The delegation representing Rio de Janeiro exhibited acumen in designing and executing a bidding strategy, and that coupled with a shift in economic and political power away from the United States contributed significantly to Rio's success. Clearly the right to host the 2016 Games was not solely Chicago's to lose.

Given the costs of even bidding for the right to host the Olympic Games, minimizing risk requires that cities and NOCs understand the essentials of winning bids. The USOC did little to follow even the most essential ingredients of a recipe for securing the Games, and Chicago's loss was in part at least attributable to USOC mismanagement. A good starting point for future bids by U.S. cities is to ensure that the USOC and the candidate city are following a blueprint that impresses upon delegates the embrace of the values articulated by the Olympic Movement and cultivates vital relationships with the IOC and its delegates. Failure to do so coupled with global economic and political realignment, will result in further disappointment and frustration for the U.S in bidding for future Games.

The fact that the USOC will not put forth a city for the 2020 Summer Olympic Games may be an admission that much work needs to be done within the U.S. to avoid the embarrassing mistakes that undermined Chicago's 2016 bid.

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