Cities in the Marketplace, the Costs and Benefits of International Spectacle Economies
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Abstract

This essay gives an overview of the costs and benefits associated with the pursuit of international spectacle economies by urban governments in the late 20th century through the hosting of international events such as the Olympics and World Expos. Areas covered include cities in the marketplace; the direct costs of trying to attract, and subsequently hosting, international events; direct and indirect economic benefits; tourism gains; infrastructural changes; changing urban images; and ultimately the effects on residents and the community.

Keywords: International spectacles, spectacle economies, urban government.

Introduction

International spectacles refer to the creation and "use of temporary places for promotional purposes, transforming streets … parks and parade grounds" (Jarvis 1994, p. 181). In the late 20th century examples of the ways in which cities continually try to make themselves the focus of international spectacles include events such as the Olympic Games, World Fairs and Expos (Shurmer-Smith 1994, p. 206), as well as that so well known to most South Australians, the Formula One Grand Prix. Although international spectacle economies are highly speculative and prone to poor economic performance, investment in them continues to have both a social and political attraction (Harvey 1989, p. 9). Why is this so? Do the costs and benefits of international spectacle economies justify this attraction?

Cities in the marketplace

In an economic sense the costs of ventures designed to attract spectacles are enormous (Ley & Olds 1992, p. 178). The competition to host international spectacles such as the Olympics is extremely fierce with numerous cities from around the world trying to outbid each other in the hope of obtaining the rights to an event. In an attempt to appear more attractive to spectacles, prospective host cities enter the realm of commodified culture. They employ major marketing campaigns to create and promote urban images which will appear more enticing to those deciding the location of the spectacle (Holcomb 1994, p. 115).

One of the main reasons behind the attraction of international spectacles for urban centres is to enhance the global image of the city and attract further economic growth
and development (Hiller 1990, p. 119); fitting generally with the shift of urban governance, in the late 20th century, from managerial to entrepreneurial (Harvey 1989, p. 1). With this shift has come the increased emphasis on cities being produced as commodities to be put on the marketplace rather than as vessels of the society which they represent (Holcomb 1994, p. 116). The immense cost of ventures to attract spectacles and their highly speculative nature raises particular political and moral questions as to the allocation of public resources and funds. This was exemplified by the city of Toronto (Canada) in its bids for both the Olympics and the World Fair when huge investments were made towards these bids in a city full of environmental problems and in dire need of low-cost housing (Ley & Olds 1992, p. 178).

**Spectacle Cities - Costs**

In terms of staging the event itself, the costs of huge public investments made in building the infrastructure required to host particular spectacles (eg stadiums, accommodation villages and transport services) can be high, especially in terms of structures left behind afterwards with little or no post-spectacle use (Randall & Warf 1996, p. 23). The legacy of urban spectacles which were not profitable is visible in cities in which enormous debts were incurred as a result of hosting the event. However, these costs can be offset by the local public sector obtaining support from both the private sector and higher levels of government to try and help defray the risks associated with hosting such an event. But it has been shown that in most cases the major costs are borne by the local state, with the various sources of pressure being placed upon it mostly at odds with one and other, for example securing investment in the private sector, and raising an urban area’s image, versus the provision of welfare housing and community services for all residents. Ultimately this often means that someone has to lose out (Leitner 1990, p. 156).

Unfortunately it is often the urban residents of the cities hosting spectacles who are left to bear the majority of costs as urban governments scramble to attract more investment in the age of entrepreneurialism. In the first instance there is the threat of increased taxes on urban residents to enable the local state to pay for the event (Hiller 1990, p. 119). In the construction and hosting of international spectacles the destruction and disturbance of the existing communities often occurs, resulting in problems such as resident displacement, for example in Atlanta prior to the 1996 Summer Olympics (Food Not Bombs 1996), and the Redfern area of Sydney in the lead up to the 2000 Games. It is in this situation that housing for lower income groups in inner city areas is most at risk and these residents are also those least able to challenge the expropriation wishes of government authorities; to gentrify those areas of the city most likely to be seen by the world, in a big rush to prepare for the event (Hiller 1990, p. 119).

International spectacles can be seen to drive up housing costs, create increased noise and traffic problems (eg the Adelaide Grand Prix) and simply change residents’ style and standard of living, not always for the better. In terms of social costs spectacle economies are seen in the eyes of some as defending unequal class relations, symbolising unity in a fragmented society and as a means for political elites to gain rapid popularity through truth aversion (Harvey 1987, p. 276). An example of the
costs of an international spectacle being borne by the urban residents can be found in an evaluation of the Atlanta Olympics of 1996, where local government and business elites made it the goal of the city to become a well known tourist and convention centre. Millions of dollars were spent on shopping malls, massive government sponsored parties and of course the Olympics themselves, partly with finance obtained from Federal government grants intended to aid the poor (Food Not Bombs 1996). The city tore down low cost housing in order to build stadiums and malls, enacted laws to keep the former residents out of sight (anti-vagrancy bills) and, in the process of continual huge expenditure on Olympic improvements and business related concerns, refused to spend any money or do anything to help the homeless and disempowered groups in the urban area (Food Not Bombs 1996).

**Spectacle Cities - Benefits**

**Direct Economic Activity**

The dominant economic and municipal objectives of international spectacles are towards increasing trade and tourism (Ley & Olds 1992, p. 182). This was shown by the three reasons given by the South Australian government in their support of the Adelaide Grand Prix;

1. "to provide promotional and exposure opportunities for ... Adelaide to the world."

2. to create and stimulate economic activity on an annual basis and thereby provide impetus for employment opportunities .

3. to develop an improved basis for tourism to South Australia through a large scale event." (Burns et al 1986, Foreword)

In an economic sense the increase in trade which results from hosting a spectacle is seen by many, in both the public and private sectors, as resulting in an enhancement of the region through benefits such as new job opportunities, trickle-down effects (Leitner 1990, p. 161), and a general placement of money back in everyone’s pockets. A perfect example of this was a headline in ‘The Australian’ newspaper in relation to Sydney’s hosting of the annual Gay and Lesbian Mardi Gras; "It’s fleshy and noisy but it raises gay capital - $15 million generated" (Lynch 1992). This opinion may be optimistic, as although spectacles can be shown to increase economic activities such as trade and employment they are highly distorted into certain sectors of the economy. However, the quality of this economic activity is often questionable. The majority of employment generated is focused primarily in the retail and services sectors (hotels, restaurants, shops, transport) in which most jobs generated are low skilled, poorly paid and lacking any real permanency; owing to the once-off or seasonal nature of international spectacles (Randall & Warf 1996, p. 274).

Although international spectacles appear as quick fixes to ailing urban economies (Harvey 1989, p. 13) they are highly speculative in terms of benefits, and outside a relatively small number of business owners in a small range of sectors, the majority of residents see little direct economic benefits from the investment of public money in
them (Randall & Warf 1996, p. 282). This was highlighted by the experience of Atlanta in which all of the economic benefits from public investment in the Olympic games went into the pockets of an elite few, while helping to make thousands of people worse off than they were before (Food Not Bombs, 1996).

Tourism

The contribution of spectacles to the increase of tourist activity in a city during an event is entirely dependent upon the number and types of people who come into the area for the spectacle. In the case of Adelaide large numbers of overseas and interstate visitors who visited each year for the Grand Prix contributed over $9 million annually in extra tourism income (Burns et al. 1986, p. 56). However, in the long term, the contribution of international spectacles to increased future tourist activity is highly speculative and largely contingent upon the further promotional and marketing activities of the city. But local states persist in promoting spectacles to generate tourism activity and so they must be seen as providing some sort of benefits (Randall & Warf 1996, p. 273), such as in Adelaide where intangible benefits "in helping to establish the prerequisites for future tourism growth to South Australia" (Burns et al. 1986, p. 56) were gained by hosting the Grand Prix.

Infrastructure

Infrastructural improvements which benefit most urban residents, such as transport systems, cultural and sporting facilities, can often be financed with the assistance of higher levels of government, who appear much more willing to approve funding when an international spectacle is involved (Ley & Olds 1992, p. 182).

Indirect Economic Growth

One of the main objectives of hosting international spectacles is to use them as a promotional tool to enhance both economic development and the global image of the host city, thus promoting further economic growth (Hiller 1990, p. 119). An international spectacle is seen as a publicity agent, creating global ‘visibility’ for the city and acting to pull in other forms of development (Harvey 1989, p. 13). However the validity of such promotion is questionable when the emphases of firms, wishing to relocate to another urban location, are on factors relating to identity and facilities of places rather than simple images. It is also argued that promotional activities excite interest in a given locality in the first instance (Barke & Harrop 1994, p. 109), bringing it forward as an option for economic investment. In the shadow of international spectacles, the local state, with the addition of the private sector (through trade coalitions), have no problem using public funds to support the ‘urban growth ethic’ so favoured in late 20th century urban governance. However, these actions primarily benefit the interests of the private business elite to the exclusion of other groups in society (Hiller 1990, p. 121). In any case spectacles do provide the chance for local businesses to display their skills and enhance their reputations; for example the Grand Prix enabling a positive change in the image of local Adelaide firms (Burns et al. 1986, p. 182).
Community Effects

It is tempting to look at the success or failure of international spectacles simply in terms of tangible costs and benefits, but this would be an enormous oversimplification of a complex set of positives and negatives. Also required is an evaluation of the human reaction of urban residents themselves and their perceptions, experiences and interactions with the event.

The sense of euphoria surrounding the hosting of international spectacles has the ability to create a climate of optimism, and become the symbol of a community going places; instilling some feeling of urban solidarity, civic pride and ‘loyalty to place’ among residents (Harvey 1989, p. 9). This was certainly the case with the Adelaide Grand Prix where the spectacle helped to raise the confidence of South Australians in their local community (Burns et al 1986, p. 182). The potential is created for urban life to become revitalised and the streets full of celebratory activity (Hiller 1990, p. 134), helping to “turn landscape into living theatre and the audience into community” (Jarvis 1994, p. 191). Unfortunately this benefit seems relatively limited to those people who can afford it or who actually have an interest in the event (Hiller 1990, p. 118).

International spectacles are often perceived as elitist and seldom hosted as the result of any form of democratic decision (Hiller 1990, p. 120); leaving them with little involvement by city residents and largely seen as a way of manipulating public support for the thinly masked objectives of the business elite. Although in the case of the Calgary Winter Olympics this was shown not to be the case. This so-called elitist event becoming a more populist urban festival, the benefits of which were seen to far outweigh the costs in the eyes of the majority of urban residents (Hiller 1990, pp. 122 & 132). The improvement of the image of run down areas of the city in the preparation for a spectacle can be thought of as benefiting the community by recreating some sense of hope and confidence in residents (Randall & Warf 1996, p. 273). But this is hardly the case when the majority of people inhabiting these low-cost areas are subsequently forced out of the area in the process of gentrification (Food Not Bombs 1996).

Urban Image

The urban image of cities wishing to host international spectacles undergoes a significant set of changes as cities are reshaped to fit a promotional image which reflects a highly selective reality (Holcomb 1994, p. 115). The city must appear as innovative, exciting, creative and a safe place to visit, play and consume in (Harvey 1989, p. 9). To achieve this the image of a city is often changed in an effort to make the spectacle as effective a promotional event as possible. Campaigns using the city as a commodity to attract investment subsequently lead to the rebuilding of cities to reflect the marketing imagery, with gentrification and physical upgrading of the urban environment becoming the major facets of this strategy for urban regeneration (Harvey 1989, p. 9).
Conclusion

The costs associated with hosting an international spectacle are inevitably borne by the local state of the city hosting the event. These costs are then passed on to the urban residents, who at the same time have their lives and communities disrupted in other ways in an attempt to showcase their city to the world. The benefits of international spectacles, perceived by urban governments to be compelling enough to offset any concern regarding these costs, are extremely speculative. When direct economic benefits do result from the hosting of an international spectacle, they are subject to a great degree of distortion into a small number of businesses in concentrated sectors of the economy. Even these direct benefits are of questionable quality and longevity. Other benefits can be achieved by the city hosting a spectacle in areas such as tourism, infrastructure and indirect economic growth, but these benefits are largely reliant upon the subsequent actions and policies of the local government as to how beneficial they actually become.

In the words of Hiller (1990, p.120); "most of the positive reasons for hosting... [an international spectacle]... have little tangible, direct benefit for the average urban citizen". Some residents will undoubtedly be left worse off than they were before the event.

References


Lynch, P. 1992 ‘It’s fleshy and noisy but it raises gay capital’ \textit{The Australian}, 2\textsuperscript{nd} March, p.4.

