The benefits to any city hosting an Olympics are more psychological than tangible, writes **Rod Monger**

Feel-good dividend

The Olympics inevitably spawns speculation and predictions about the impact on the host's local economy. For example, during the 2012 bid, Dallas officials predicted that the effect on that city would be US$4 billion.

But evidence suggests that officials bidding to host the Olympics tend to wear rose-tinted glasses when evaluating any potential economic windfalls. Research has consistently shown that identifying measurable, sustainable benefits is a "mixed bag" at best.

At first flush, it seems intuitive that any mega event, the Olympics included, must be good for business. For example, by some estimates, half a million foreigners and 5 million Chinese will visit Beijing. Surely, prodigious sums will be spent on accommodation, food and incidentals, and spectators will most certainly engage in that most competitive event of all – shopping.

Yet, any gains to the local economy from these activities tend to be offset by at least two factors. One is a displacement effect, which means that tourists who would have visited a city like Beijing for cultural or business reasons avoid the crowds and hassles during competitions. In Beijing's case this may be heightened by government limitations on visas.

> The effect can be defined as those experiences which lead to enhanced social cohesion and increased civic pride

The second factor is the "couch potato effect" – residents who might otherwise be out on the town stay at home to enjoy cheaper entertainment watching the Games on television rather than competing with Olympic fans.

Hopes that mega events will spur economic growth are also persistent. Wolfgang Maennig is an Olympic gold medallist and now a professor at the University of Hamburg specialising in economic research on mega events like the Olympics. He and his colleagues have found that four factors among many can overwhelmingly explain the choice of host cities.

One is high unemployment when the bid is made. Dr Maennig interprets this as a motivator for potential nation hosts, which consequently invest more time and effort in the bidding process. Yet, any payoff in terms of employment is elusive. One study found that the 1984 Games generated only 5,043 jobs for the Los Angeles economy, without any carryover to following years.

By contrast, Atlanta (1996) created an estimated 42,448 jobs, although half or more were transitory. Even those jobs deemed permanent could not be reliably attributed to the Olympics, since the regional economy was on an economic upswing anyway.

In addition, Atlanta's higher employment came at a price. Researchers estimated that each job cost US$63,860 to create. Indeed, researchers concluded that when other factors were taken into account, the Olympics may have actually generated a cumulative long-term job loss.

Atlanta did get high marks for using the purpose-built Olympic infrastructure in "meaningful ways" after the competition. The stadium later became Turner Field, the home of the Atlanta Braves baseball team, but the stadium added nothing to the metropolitan economy. Nonetheless, some evidence suggests that Olympic and other mega-event stadiums can have a positive impact on land values in the immediate area, but not city-wide.

Some observers find all these no-growth findings easy enough to accept, noting that most past Olympic venues were in developed countries. These were not built for the purpose of regional economic development in the first place.

In a developing country, the Olympics require that an "iconic" stadium and related facilities be built with some employment and economic impact, lasting or not. But more importantly, upgrades to the surrounding urban infrastructure would be needed. Examples include roads, public transport systems and the telecommunications infrastructure.

Soft effects are just as important. These might include improvements in language skills, intercultural experiences and an improved image that could later bring tourist and investment money into the region.

Thus, locating Olympic events in developing nations has most likely heightened the interest in what "footprint" the Olympics could leave on the regional economy. It also raises the question of whether a host could manage the Olympics or other mega event with an economic growth end-game in mind.

If hard economic benefits are notoriously difficult to pin down, researchers have sweetened the pot with the "feel-good" factor. Dr Maennig

describes this as local fans running amok in the streets waving flags, honking horns and shouting when the home team wins.

Other researchers have tried for a more scientific explanation, noting that the effect can be defined as those experiences that lead to enhanced social cohesion and increased civic pride.

Interestingly, these academics have calculated economic benefits generated by "feel-good" benefits, intangible though they may be. A figure of €830 million (HK$9.7 billion) was proposed for the 2006 soccer World Cup. These benefits were named as the "greatest measurable effect" for that event, and others.

Perhaps in their sagest observation, the researchers remarked that the Olympics are no ordinary investment and that governments were more interested in political gains. Indeed, the governments most likely expected negative returns on economic investment from the beginning.

Few observers ever thought that China undertook the Olympic bid with potential economic benefits in mind; it certainly did not need the Games to spur growth. Beijing officials long ago concluded – and probably did not care – that there would be no direct positive economic effect.

What they covet is the "feel-good" factor. To Dr Maennig this means that the motive for the Beijing Olympics was the leadership's desire to demonstrate to both Chinese and foreigners alike of China's burgeoning success and global power – what he describes as the "political emancipation" of the nation.

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Don't delay cleanup

Guangdong and Hong Kong must start to plan how they will improve air quality in time for the East Asian Games and the Asian Games in November 2009 and 2010, respectively. Despite valiant efforts, it has not been easy to clear the smog in Beijing in time for the Olympic Games. Indeed, Beijing's experience provides an important lesson for every place trying to clean up. Shutting down factories and building sites in the final stretch may not be enough because, not only are there geography and meteorology to contend with, there are also physics and chemistry.

Just consider what Beijing has done already. Planning for the "blue sky project" actually goes back to 1998 and has, so far, cost more than 140 billion yuan (HK$160 billion). The Capital Iron and Steel Group, or Shougang, was relocated from Beijing to a new site in Tangshan (唐山) as one of the government's key efforts to reduce air pollution for the Games. The capital has also modernised many factories, imposed tougher emissions controls and taken many other steps to upgrade surrounding industries.

News reports indicate major polluters – including electroplating, cement and paper plants – were shut down or suspended as early as last year. Government subsidies were also provided to many enterprises for remediation work and personnel upgrades. Moreover, the city issued an air-pollution control notice in April requiring polluting industries to stop work from July 20 for three months. Power plants were asked to use higher-quality fuels to help reduce polluting emissions. While sulphur dioxide emissions have been reduced, suspended fine particulate levels remain extremely high. Lung-affecting ozone, particularly in its secondary form – that is, formed by the chemical interaction of various pollutants – remains a big headache. Just before the Games, the city introduced an odd-and-even licence plate system whereby only half its vehicles were allowed on the road each day. It is now widely recognised what a massive effort that was, because it affected more than 3 million vehicles.

> Shutting down factories and building sites in the final stretch may not be enough to clear the air

Du Shaozhong (杜少中), deputy director of the Beijing Environmental Protection Bureau, counted some 200 air-pollution control measures undertaken in connection with the Olympics. Most significantly, some will continue afterwards. This is good news because, in the short term, even aggressive measures are not enough. To improve the public health of the people, sustained efforts are essential. The Olympics has made top officials aware that shutting things down is, in fact, a desperation measure that has only limited impact. While green groups have criticised the "blue sky efforts" as short term, they acknowledged that the Games has opened a door for long-term improvements.

The coming decade will be critical for China. It needs to tighten air-quality standards, for starters. One key discussion point in Beijing is just how good or bad pollution is on a day-to-day basis. The problem arises because of the difference in air-quality standards; China's are lower than those used in developed countries. Setting lower standards does not help; it simply excuses high pollution levels. Without telling people and industries the harm that pollution causes, through proper standards, how can there be the constant pressure necessary to clean up?

In our nation's case, it is officially acknowledged that the efforts in Beijing for the Olympics will help upgrade industry, which will have a positive long-term economic impact. The most precious of resources – natural and human – will benefit. Heavy pollution makes the planet, as well as people, sick. The monetary gain from "business as usual" industrial growth is not balanced or sustainable.

For us, there is an immediate need to study pollution data and emissions sources to understand them within the context of the region's geography and meteorology. Trying out model control measures can help to see which may be the most effective. Hong Kong and Guangdong need to get on with devising plans to clean up now.

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Other Voices

Danger lurks in huge marine energy source

Michael Richardson

Ice that burns? It sounds like a magician's trick. So do some of the exotic names given to gas hydrate – "flammable sorbet", "crystal gas" and "burning ice". But recent scientific surveys and test drilling in Asia and elsewhere have proven that this substance exists in massive, potentially recoverable quantities and that it could be an important commercial energy source for the future.

Indeed, some of the world's biggest economies and energy users, including the US, Japan, China, India, South Korea and Canada, are racing to develop production techniques and equipment to tap gas hydrate and bring it to market within the next decade.

For all of them, except energy self-sufficient Canada, the ability to tap new domestic sources of natural gas offers the prospect of substantially reducing dependence on expensive gas imports.

Hydrate deposits up to several hundred metres thick are generally found in two places: on or beneath the deep ocean floor, or underground close to the Arctic permafrost layer, where high pressure and cold temperatures turn natural gas (methane, ethane and propane) into semi-solid form.

Gas hydrate looks like ordinary ice, although it is sometimes discoloured. But when brought to the surface and allowed to warm, it can be lit with a match. It then burns with a soft orange flame. One cubic metre of gas hydrate releases as much as 164 cubic metres of natural gas, in which methane is usually the chief constituent.

While global estimates vary considerably, the US government's energy department says that the energy content of methane in hydrate form is "immense, possibly exceeding the combined energy content of all other known fossil fuels", meaning coal, oil and conventional gas.

The presence of hydrates has been inferred from seismic surveys and subsea sampling along most of the world's continental shelf margins. Some of the biggest deposits so far found are on the ocean floor off Japan, South Korea, India and China, and on and off US and Canadian Arctic land territory.

Since last April, the US has signed separate agreements with India, South Korea and Japan to co-operate in hydrate research, exploration and production.

However, apart from the high costs and technical challenge, all the hydrate explorers face another possible danger – environmental disaster.

While governments are attracted to an abundant clean fuel, scientists are concerned that drilling risks disturbing the seabed and triggering an uncontrolled release of methane, a potent global warming gas.

The world's abundant methane hydrate deposits have been safely stored for thousands of years in the ocean depths and Arctic permafrost.

Those who now seek to exploit what is probably the world's greatest store of new fossil fuel must therefore be sure that in doing so they improve, not harm, the global environment.

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Rudd hitches Australia's future to rising China

Greg Barns

Australian Prime Minister Kevin Rudd wants his fellow Australians to embrace China and the Asian region like never before. But this will be an exercise fraught with political danger given Australia's uneasy collective psyche about its Asian neighbours.

While sports-mad Australians are focused on the Beijing Olympics, and the media is busy complaining bitterly about the degree of security the Chinese are exercising, Mr Rudd is mapping a strategy to make Australia realise that its future lies predominantly in developing deep relationships with China and Asia.

This week, on his way home after waving the flag for the Australian Olympic team, Mr Rudd stopped off in Singapore to deliver a speech that would normally be front-page news in Australia if not for the Olympics.

Along with plugging his idea of a European Union-style Asian club – a concept that has so far fallen on deaf ears in the region – Mr Rudd outlined why Australia needs to move its relationship with China and the region beyond the economic and strategic.

"Will China democratise? How will China respond to climate change? How will China deal with crises in the global economic and financial systems? How will China respond domestically to the global information revolution? And how will Chinese culture adjust to the array of global influences now washing across its shores? … How China responds to these forces will radically shape the future course of our country," Mr Rudd said.

While Mr Rudd's conservative predecessor John Howard recognised China as a driving force in Australia's economic and strategic future, what Mr Rudd is doing is fixing Australia's fortunes as a nation to rise with the newest superpower.

And it's not only China that Australia needs to embrace, but the Asia-Pacific region generally. Australia needs to become a fully integrated nation in the region in which it happens to be located – being a European outpost that flirts with Asia is no longer enough, according to Mr Rudd.

> Mr Rudd believes the way to achieve his vision ... is to turn 21 million Australians into Asiaphiles

Not surprisingly, but controversially in the Australian domestic context, Mr Rudd believes that the way to achieve this vision of making his country "fully regionally engaged" is to do what no Australian leader has been able to do to date – turn its 21 million inhabitants into Asiaphiles.

"I am committed to making Australia the most Asia-literate country in the collective west," Mr Rudd says.

And Mr Rudd proposes to do this by "investing in Asian languages and cultural education in Australia's schools". His vision "is for the next generation of Australians – businessmen and women, economists, accountants, lawyers, architects, artists, film-makers and performers – to develop language skills which open their region to them".

Whether Mr Rudd can achieve this ambitious vision remains to be seen. When Paul Keating, prime minister from 1991 to 1996, embraced Asia and created an Asian languages programme for schools, conservative media commentators and politicians were none too subtle in accusing Mr Keating of being out of touch with "ordinary Australians".

Mr Howard abolished Mr Keating's Asian languages initiative when he was elected to office in 1996. Pauline Hanson, the hard-right politician who was elected to the national parliament in 1996 on an anti-Asian, anti-Aboriginal platform, lashed out at Asian influence on Australia.

China and Asia remain even today an uncertain proposition for many Australians. While the naked racism and xenophobia towards China and other Asian nations is now thankfully consigned to history, Mr Rudd's dream of an Asia-literate Australia where the average Joe speaks fluent Putonghua, and watches Chinese cinema, is a tough ask.

But Australia needs to give Mr Rudd a chance to implement his vision if only because it cannot be cut adrift from the region in which it exists.

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Myanmar cause could be Bush's redemption

Ian Holliday

US President George W. Bush's valedictory tour of Asia, built around the opening ceremony for the Beijing Olympic Games, turned attention to the legacy he will leave in this fluid and dynamic region. While much interest focused on his repeated call for China to improve its human rights record, his most lasting impact could lie elsewhere – in Myanmar.

In these dark times, it is important to remember that Mr Bush still retains pockets of fervent support out there in the world. In Thailand at the end of last week, he brushed about as close as he could get to one of them. The president marked 175 years of Thai-US relations by lunching with nine exiled Myanmese activists in Bangkok. First Lady Laura Bush flew to Mae Sot on the Thai-Myanmar border to visit refugees from the country's ongoing civil war.

Mr Bush is big in Myanmar. Unstinting support for detained democracy icon Aung San Suu Kyi is part of the reason. Yet more significant, however, is his controversial foreign policy. In Myanmar, the 2003 Iraq invasion is viewed today exactly as it was once told by the White House. For most Myanmese, this was and always will be a heroic intervention to release an oppressed people from entrenched dictatorship.

Indeed, if there is any disappointment with Mr Bush in Myanmar, it is that he never found a way to send troops into the country. Despite this, both the president and the first lady remain leading advocates for Myanmar. The freedom and democracy institute Mr Bush is committed to creating after he leaves office will be an ideal platform for ongoing engagement.

With Myanmar as a signature theme, the Bush centre can give real meaning to the Bush Doctrine of active democracy promotion.

It is important to recognise that Myanmar is far from ideally suited for a smooth transition. Although the outside world focuses on tragic episodes such as brutal repression of the 8-8-88 movement 20 years ago and crushing of the monk-led saffron uprising last September, deep-seated ethnic tensions are if anything more problematic. Long mired in poverty, this country will only ever tread a very difficult road to democracy.

Yet Myanmar remains perfect for Mr Bush. Senior General Than Shwe's junta has few redeeming features, and fully justifies its presidential billing. By any reasonable measure, this is a tyranny. The minority groups that feel the most terrible wrath of Myanmar's army are frequently Christian, and have long drawn avid support from Mr Bush's core domestic constituency. The extensive human suffering reported from inside the country is real.

For too long, Myanmar has been a largely hidden land of injustice, caught but briefly in the media spotlight. It is to Mr Bush's credit as president that he has helped to keep it on the international agenda. Once the trappings of office are gone, he can burnish his reputation and perform a global public service by focusing insistently on Myanmar.

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