

Study on the Economic and Social Impacts of Using Mega-events for Urban Regeneration

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Abstract: The article focuses on the significant economic and social impacts that large-scale events such as the Olympic Games have on the host city. They involve large financial investments, affect millions of people and can strategically transform cities. While these events often improve physical infrastructure, they can also exacerbate inequality and displacement. Disadvantaged communities are often forced to relocate to make way for urban redevelopment projects associated with large-scale activities. Employment and income inequalities may also emerge, with employment opportunities benefiting mainly the middle and upper classes. Legacies such as infrastructure improvements are often unevenly distributed, further marginalising low-income groups. They may also lead to suburbanisation and higher costs of living, resulting in the displacement of residents and the exclusion of disadvantaged groups. In addition, mega-events can place a huge financial burden on taxpayers and are prone to corruption. In short, the neoliberal framework behind mega-events can contribute to the economic, social and geographical polarisation of urban areas.

Keywords: mega-event, urban economic urban regeneration

1. Introduction

According to scholarly sources, mega-events may be defined as expansive cultural events, including both commercial and sports aspects, that possess a remarkable level of popularity and global importance [1]. Mega-events has significant economic implications, including substantial financial investments amounting to billions of dollars, while simultaneously exerting a profound influence on a vast number of individuals, potentially impacting millions of people. Moreover, these events possess the capacity to strategically reposition cities and localities within the global landscape. Mega-events possess a temporal brevity, yet their influence and importance for the host city extend well beyond the event itself [2]. The preparatory phase, the event execution, and the subsequent legacy collectively impact various interconnected facets of urban revitalization, including the economy, society, physical infrastructure, city reputation, and the environment [3]. The observable effects of a mega-event, such as the Olympic Games, on the host city mostly pertain to the enhancement of the physical infrastructure. However, it is important to note that these improvements sometimes occur at the detriment of economic, social, and environmental fairness and impartiality [2,4].

2. Mega Events Improving the Physical Environment in Urban Regeneration

The choice of a city to host a mega-event is driven by the possible beneficial outcomes it may bring, with a primary focus on enhancing the economic growth of the city or area and facilitating urban regeneration via the cumulative investment stimulated by hosting such event [5]. Enhancements that are closely associated with the event are often seen in the development of venue amenities, the refurbishment of transportation and service infrastructure, and the upgrading of communications networks [6]. Infrastructure projects that are tangentially associated with the event, including as recreational amenities, business hubs, and public areas, often occur with the objective of enhancing the host city's surroundings and reputation, hence enticing investment for further progress. Consequently, there is a growing trend whereby significant athletic events are being used as catalysts for extensive enhancements to the urban landscape. An exemplary case demonstrating successful urban development can be observed in the context of the 1992 Barcelona Olympics. During this event, significant investments were allocated towards the enhancement of transportation systems, telecommunications infrastructure, and the revitalization of a deteriorated coastal region. Consequently, these efforts yielded positive outcomes such as the establishment of an improved public transport network, the creation of new marinas, and the development of various leisure amenities. Notably, the transformation of the coastal area resulted in the creation of captivating sandy beaches, which continue to serve as a beloved public space in the present day [7]. The Sydney Olympics included the development and building of the Olympic Park. The cleanup efforts undertaken in the Homebush Bay region provide a valuable chance to tackle the significant levels of brownfield pollution [8]. This evidence illustrates that mega-events provide possibilities and facilitate enhancements to the host city's physical environment.

3. Inequalities Caused by Mega Events

Governments that host mega-events frequently justify their bids and budgets by emphasizing the increase in tourist activity and the resulting economic gains, as well as the enhancements made to the urban environment [9]. However, this argument is based on the assumption that all local residents consistently reap the benefits of the city's economic growth and improvements in urban infrastructure. Nevertheless, this assertion has encountered growing opposition in recent times, as some scholars contend that evaluations of mega-events have to include an equitable standpoint about the allocation of advantages and disadvantages among the populace resulting from those occurrences [3]. In theory, it is expected that various socioeconomic groups would experience distinct economic advantages. Extensive research has demonstrated that the middle and upper classes tend to derive varying degrees of benefits from mega-events. However, existing studies offer limited evidence to support the notion that these events confer advantages upon the most economically disadvantaged groups. This suggests that mega-events may contribute to the exacerbation of urban population polarization. The following part sequentially examines the economic and social disparities and exclusions that may emerge from the three stages of mega-events, namely the Pre, Mid, and Post Mega-event phases.

3.1. Displacement as a Direct Result of Eviction

The word "eviction" is often used to describe the act of forcibly, directly, and/or involuntarily displacing someone [10]. Mega-events are often orchestrated with the objective of urban redevelopment, necessitating the removal of existing structures and displacement of disadvantaged communities residing in low-income neighborhoods [11]. Nevertheless, within the trio of the state, community, and capital, it is evident that the community's voice has the least amount of influence. Therefore, they have a considerable disadvantage when it comes to protecting their position and

community against the occurrence of forced evictions and demolitions. The perception among privileged individuals is that community opposition to demolition or development is detrimental to economic interests. Consequently, efforts are made to ignore, minimize, or even stigmatize such resistance in order to facilitate the process of eviction [12].

The expropriation of families on a large scale at the Pre stage often results in the immediate occurrence of mass evictions and a decrease in the availability of low-cost and social housing. These outcomes ultimately lead to substantial decreases in affordability, as shown by reference [13]. One prominent instance may be seen in the context of the Atlanta Olympics, during which about 15,000 individuals were displaced from public housing developments, resulting in the loss of 9,500 affordable housing units. This displacement was undertaken to facilitate the construction of the Olympic project [14].

Disadvantaged inhabitants often experience displacement from their original neighborhoods, resulting in their relocation to far urban peripheries characterized by restricted availability of public amenities and services. This phenomenon exacerbates existing imbalances in their access to decaying urban infrastructure and contributes to heightened levels of social segregation. Furthermore, it is worth noting that new disparities may emerge within the already marginalized groups of Even. This phenomenon is effectively demonstrated in the transformation initiative undertaken for the Rio Olympics. Even within slum communities and other low-income populations, which are identified by the Exceptional City theory as the primary groups affected by urban transformation, disparities in geographical location and policies give rise to varying outcomes for different individuals and communities involved in the demolition and relocation process [15].

In the event that the government is unable in furnishing resettlement homes for the displaced individuals, or if the cost of the alternative housing provided surpasses their financial means, it would inevitably result in the emergence of a fresh cohort of individuals experiencing homelessness [16].

The land acquisition and demolition phases of urban redevelopment projects have the potential to exacerbate existing inequalities in access to housing and the city. This can lead to increased exclusion of disadvantaged and economically marginalized groups, while residents in more affluent areas experience the advantages of improved infrastructure following redevelopment efforts.

3.2. Employment and Income Inequality

The rationale for investing in the organization of mega-events is often predicated on the notable augmentation of job prospects. Nevertheless, the allocation of these emerging employment opportunities is often characterized by an uneven distribution, mostly favoring those who are currently gainfully employed, possess specialized skills, and have the desired mindset [17]. A significant proportion of those who experienced prolonged unemployment were not selected for a considerable number of the assured positions available during the Olympic Games. Instead, their attention was directed towards employment opportunities that lacked union representation and exhibited substandard working conditions [12]. During the preparations for the 1996 Olympics, a significant reliance on low-income undocumented immigrants was seen, resulting in a notable prevalence of labor exploitation within the construction sector [2].

Furthermore, mega-events are seen as advantageous promotional prospects for cities and regions, since they aid in the attraction of tourists and the augmentation of tourism income [16]. Nevertheless, research indicates that the attendance and accessibility of mega-events are typically restricted, and the exorbitant costs associated with these events can discourage potential tourists who would otherwise be inclined to visit. This is particularly evident in cases where the host city is already a popular tourist destination, as evidenced by the decline in tourist arrivals during the Olympic Games in Beijing and London, which experienced a decrease of 30% and 6% respectively. This situation has disadvantages for some merchants who are often involved in private tourist activities.

Nevertheless, in the context of Mega events, wherein there is a substantial rise in both visitor influx and overall economic activity, it is quite plausible that street sellers may see a decline in their revenue for the duration of the event. The reason for this phenomenon might be attributed to the significant decrease in pedestrian activity inside the city during the event. Additionally, it is observed that affluent visitors tend to reside in the more upscale areas of the city, where a substantial police presence acts as a deterrent for street sellers [9]. The orchestration of large events sometimes results in the relocation of a substantial amount of economic activity, which in turn adversely affects local small enterprises. However, it is observed that prominent vendors or renowned brands situated in affluent regions tend to attract a significant influx of income and consumer spending [18]. This implies that mega-events have the potential to amplify disparities and inequities between well-established, authorized suppliers and smaller enterprises within the industry.

3.3. The Uneven Distribution of Legacies

Infrastructure projects associated with mega-events, particularly those pertaining to transportation, often serve as a significant factor in the rationale provided by local and national governments when bidding to host such events. These governments assert that hosting mega-events would enhance the quality of urban life for their population [19]. Nevertheless, the distribution of advantages and expenditures resulting from the legacy is sometimes unevenly allocated among community members. Infrastructure investments and the establishment of public transportation networks often exhibit a concentration in the vicinity of the event location. However, as indicated by the preceding analysis, it is observed that low-income populations are more likely to have been displaced to the outskirts of urban areas during the pre-event stage. Consequently, these investments do not effectively enhance accessibility for low-income groups, who persistently experience lower levels of accessibility to the facilities in comparison to middle-income groups [15]. Furthermore, empirical research has shown that the implementation of fresh transportation infrastructure mostly enhances the accessibility of regions that are already comparatively well-linked through metro and rail networks, hence attracting middle- and high-income demographics who prefer to concentrate in these locations. Changes to urban transport networks have been shown to have a negative impact on the capacity of low-income groups that rely on transportation to access urban services and infrastructure. This exacerbates existing socio-spatial disparities in terms of access to opportunities [17].

3.4. Gentrification-Related Indirect Displacement

Zheng and Kahn [20] argue that when the government invests in enhancing the built environment, it initiates a social multiplier effect in certain urban areas. This impact occurs when the environmental improvements are incorporated into increased rental prices, thus leading to the development of housing and amenities in such locations. The substantial and concentrated investment resulting from mega-events serves as a significant catalyst for private investment that is strategically focused on certain areas, leading to the growth of the middle class. The aforementioned transformation serves as a tangible representation of urban revitalization, facilitating the emergence of novel residential districts that will serve as vibrant hubs of economic expansion. Simultaneously, it contradicts the previously stated goal of providing housing assistance to those with low incomes [21]. The escalation of land and property values has resulted in a corresponding rise in rental expenses, rendering homes perpetually inaccessible to those with lower incomes, hence rendering it financially unfeasible for this demographic [12]. The subsequent ripple effect will also result in the transformation of nearby restaurants, shops, and other amenities into higher-end establishments catering to the upper-middle class. This process will involve the closure of support services and the replacement of old businesses or social centers that previously served lower-income groups [22]. Consequently, those residing in

the host community will experience compelled relocation from their residential areas, leading to an occurrence of indirect displacement. The reconstruction initiatives aimed at enhancing the physical surroundings of a mega-event do not provide improvements in the quality of life for the people of the host area. Instead, these efforts lead to the displacement of those locals due to the process of gentrification [10].

The aforementioned phenomenon is supported by the transformations observed in the Newham Stratford region, which served as the host for the London Olympics. It was observed that a significant number of individuals were compelled to relocate due to their inability to meet the financial demands associated with housing and expenses in the revitalized Stratford area. Furthermore, these individuals encountered difficulties in securing employment opportunities and experienced a loss of familiarity with their former neighborhood [21].

Gentrification not only impacts residential areas, but also entails the removal or restriction of public spaces that are meant to be accessible to all citizens. Consequently, developers gain control over these spaces, limiting access to only certain privileged groups, predominantly those with financial means. This transformation effectively undermines the democratic nature of these spaces, rendering them exclusive rather than inclusive.

As an illustration, the establishment of the Olympic Golf Course on the Marapendi Nature Reserve and Park during the preparations for the Olympic Games in Rio de Janeiro, entails the transfer of ownership from the state to the developer subsequent to the event. The developer assumes the responsibility of transforming the park into high-end residential units, thereby restricting access exclusively to individuals of higher economic means.

Consequently, this exclusion permanently deprives low-income groups of their ability to utilize and appreciate these wetlands and parks, thereby exacerbating existing social disparities in spatial utilization.

3.5. Opportunity Cost and Encumbrance of Cost

As previously mentioned, it is often observed that the advantages of mega-events tend to be concentrated among already privileged sectors of the community, while the less advantaged individuals incur a disproportionate penalty [2]. Although it might be argued that tax monies can be allocated towards programs determined by the elected government, the burden of repaying debts falls disproportionately on people via taxation. The expenses associated with staging mega-events are often substantial, characterized by significant cost overruns that indicate a financial burden. According to research findings, mega-events tend to surpass their original budgets by an average of 179% (source: [22]). Nagano saw significant economic repercussions as a result of hosting the Winter Olympics, leading to a burden on taxpayers who were required to bear debts of almost £20,000 per family in order to achieve fiscal equilibrium. This financial strain was particularly challenging for low-income populations, who were already facing many adversities. (17) Furthermore, the allocation of these public funds may have been directed towards more expansive social objectives, therefore fulfilling the collective welfare of a wide range of individuals. The concept of public interest. The diversion of cash resulting from the depletion of these budgets inevitably reallocates resources away from other crucial social and economic initiatives, including education, healthcare, and infrastructure. This reallocation hinders the implementation of programs that may effectively foster social justice and enhance the well-being of marginalized populations.

Furthermore, because to the substantial financial resources at stake, similar to any enterprise encompassing billions of dollars, the likelihood of corruption and embezzlement is heightened throughout the building and preparatory stages of large-scale events [5]. Additionally, the political aspect of mega-events sometimes leads to the use of political power by governments in order to fulfill their aims and engage in unethical commercial endeavors, hence potentially fostering corrupt

behavior [22]. Furthermore, mega-events are characterized by their limited duration, necessitating the implementation of special legislation that temporarily suspends regular rules in order to streamline event organization. However, the lack of comprehensive and transparent regulations surrounding this process can create favorable conditions for the proliferation of corrupt practices [23]. This phenomenon might result in a higher susceptibility to corruption in large-scale events compared to conventional building projects.

The disproportionate impact on disadvantaged individuals and marginalized communities arises when corrupt politicians or civil employees engage in the misuse of public money, resulting in insufficient investment in social service initiatives. In the context of organizing large-scale events, it is seen that prominent suppliers with extensive networks and abundant resources tend to establish monopolistic practices, hence intensifying the marginalization and exploitation of small enterprises. Moreover, it is imperative for any government and its affiliated institutions to garner public trust in order for their policies and programs to thrive. The presence of corruption and embezzlement can undermine the confidence in the government's capacity to tackle issues of fairness, thereby impeding effective governance in addressing social inequality and exacerbating the problem of polarized inequity [24].

4. Conclusion

The phenomenon of urban regeneration through the coordination of mega-events has long been regarded as a reflection of the impact of neoliberalism on global politics and economics. This influence has shaped the manner in which mega-events are planned and funded, often involving the infusion of capital through public-private partnerships [25]. Mega-events often employ the neoliberal framework as a means to rationalize the necessary evictions and renovations associated with them. While these events effectively revitalize specific urban areas, stimulate economic development, and enhance the physical infrastructure within a given region [26], their market-oriented nature can lead to the displacement of marginalized individuals through housing demolitions or, indirectly, through the process of middle-classification. Consequently, these individuals may experience economic displacement or, in some cases, bear the burdens of these events without receiving equitable access to the associated benefits. Initially, the primary purpose of governments was to assume a regulatory and facilitative function inside the marketplace, with the aim of promoting the implementation of initiatives that alleviate economic and social disparities. In the realm of mega-events, the convergence of 'free market' ideology with state institutions has led to governments assuming the role of capital agents rather than regulators, as they want to attain political prestige and cultivate a favorable urban image [27]. Undoubtedly, the aforementioned phenomenon is poised to intensify economic, social, and geographical polarization inside urban areas, thereby giving rise to heightened disparities.

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