

# ECONOMICS AND THE OLYMPICS

FEDERAL RESERVE BANK OF KANSAS CITY

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Use some of the concepts from our Fifty Nifty Econ Concept Cards to foster discussions in your classroom about the Olympics and tie in value-added economic vocabulary. Get your free copy here: <http://apps.kansascityfed.org/resources/fiftynifty/>

**Bank: A business that provides money services, such as cashing checks, making loans and paying interest on accounts.**

- Research how commercial banks in Olympic venues like Rio de Janeiro are similar to and different from those in the United States.

**Barter: To trade goods and services without using money.**

- Bartering on the streets of Rio is very common. What would you bring to Rio to barter with, and what would you hope to gain?
- How could you learn what types of goods and services would be desirable for bartering in an Olympic city?
- Investigate the rise of bartering in corporate sponsorships for the 2016 Rio Olympics. What types of bartering occurred? Is this type of bartering good or bad? Explain.

**Budget: A plan showing how income is to be spent.**

- How much would it cost you to attend an Olympic Games? How much does the average spectator spend?
- How does the budget for the Rio Games compare to previous Olympiads?
- Develop a budget for a trip to an Olympic Games, choosing to be either an athlete or spectator. Consider transportation, lodging, food, entertainment and souvenirs.

**Capital Resources: Goods made and used to produce other goods and services.**

- Watch any one Olympic event. What capital resources were required to make that competition possible?
- What kinds of capital resources did Rio need to prepare for the games?
- What happens to everything built in any given city in preparation for the Olympic Games? What does Salt Lake City look like today compared to when it hosted the 2002 Winter Olympics?

**Choice: To make a decision.**

- Why do broadcasters decide to show a competition on TV after it is over instead of live?
- There are many Olympic competitions going on at any time. Brainstorm how companies might decide which ones to air.
- What are some choices athletes might have to make during their years of training?

**Circular Flow: A model of an economy showing the interactions between households and businesses as they exchange goods, services and resources in markets.**

- You just bought a \$30 ticket to watch your favorite sport at the Olympics. Once you give your cash to the ticket agent, where does it go from there? Try to guess the next steps.
- Using the concept of circular flow, debate whether the Olympic Games will boost Rio's economy.



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## **Competition: Methods used by businesses to gain more customers and earn higher profits.**

- How many athletes are competing at this year's Olympics? What are the odds of someone winning a gold medal?
- What sponsors are competing for your favorite athlete's endorsement?

## **Consumers: People who buy and/or use goods and services to satisfy wants.**

- How will Olympians act as consumers during the games?
- How can Olympic spectators unable to travel to the host city still be consumers of an Olympic Games?
- What were some of the most visited places by spectators in Rio outside of the Olympics? Where did the majority of spectators spend their money?

## **Costs/Benefits: The bad and good points related to making a decision.**

- How much would it cost you to get a ticket to the Olympics?
- Analyze the costs and benefits of previous cities that hosted the Olympics. Argue whether the benefits exceed the costs.

## **Credit: Promise of payment at a future time in return for goods/services now.**

- When traveling internationally, what might make a better choice for payments: cash, credit cards or debit cards? Research the costs and benefits of each option and propose the best choice.
- Credit card fraud is on the rise in Rio and visitors could be vulnerable. What steps can people visiting Rio take to protect themselves?

## **Currency: Paper money that is used by a country.**

- Research Brazil's currency, how it is produced and the symbolism of its notes and coins.
- Brainstorm the different types of currency that might be common at an Olympic Games. Research how Brazil might prepare for the influx of foreign currency.

## **Demand: The amount that consumers are able and willing to buy at all possible prices at a given time.**

- How might the demand for goods and services change when the Olympics descend on a host city?
- Which Olympic sport has the highest demand for tickets? Why do you think this is so?

## **Division of Labor: When workers perform part of a production task.**

- Broadcasting athletic competitions requires a variety of people to do a variety of tasks. Research the different roles employees play to successfully broadcast a sporting event.
- What is the division of labor for a relay team in track and field or swimming?



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## **Earn: To receive money for doing work.**

- For many Olympians, their sport is their full-time job. Research how these athletes make money in their sport.
- Do athletes earn money when they win a medal at the Olympics?
- Compare the earnings of men and women in different sports. If there are discrepancies, discuss why. Based on those earnings, which sport would students prefer to play?

## **Economic Systems: The way a society organizes the production, consumption and distribution of goods and services.**

- Compare and contrast the economic systems of two recent host cities for the Summer Olympics.
- Explain how different economic systems might make one city a better host city over another city.
- How has Brazil's economic system affected its preparation for the Olympics?

## **Economics: The study of the production, consumption and distribution of goods and services.**

- What economic effect could the ban of many Russian athletes from the Rio Games have on Rio itself?
- The Zika virus poses a serious concern for travelers to Rio. What economic effect could Zika have on the games?

## **Employment: An occupation by which a person earns a living.**

- Brainstorm what kinds of new jobs are created to prepare for an Olympiad. How many of those disappear after the games?

## **Entrepreneur: Someone who takes the risk of producing a product or starting a new business.**

- As a group, develop a list of products or services you could offer either at an Olympic venue or to capitalize on the Olympics in your own hometown.
- Investigate new businesses that might exist only during the Olympics and share with your classmates. Why might this occur only during the Olympics?

## **Exchange Rate: Ratio at which a unit of currency of one country can be exchanged for that of another country.**

- If one Brazilian real (its money) is worth 31 U.S. cents, then how much would it cost to attend the Olympic opening ceremonies if the listed price is between 200-4,600 real?
- Investigate how to physically exchange currency in preparation for an international trip.

## **Exports: The goods and services that producers in one nation sell to buyers in other nations.**

- Research goods and services exported by one of the nations that hosted a recent Olympic games and share with the class.

## **Finance: The management of money.**

- How are the Olympic Games financed? Does it vary by hosting country?

## **Goods: Things that can satisfy people's wants.**

- What are some goods you want that are either related to or inspired by the Olympics?
- What types of goods might be most in demand during the Olympics for both athletes and spectators?



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## **Human Resources: Workers who make goods and provide services.**

- What kinds of human resources may you find during a swimming competition?
- How many people are needed to run the Olympics, and where are they recruited from? Brainstorm a plan to recruit workers for an Olympic Games.

## **Imports: The goods and services that consumers in one nation buy from sellers in other nations.**

- What must Rio import to meet the needs and wants of those visiting for the Olympics?

## **Incentive: Something that influences the behavior of people.**

- What personal and economic incentives are there for an athlete to win a medal at the Olympics?

## **Income: Amount of money you earn or receive from different sources.**

- How much money does an athlete make winning a medal? How might it vary between gold, silver and bronze?
- Research the sources of income for the International Olympic Committee.

## **Interdependent: When people and nations depend on one another for the goods and services they want.**

- How do the Olympics demonstrate economic interdependence?

## **Invest: To use money to gain a profit.**

- What is the return on investment for major Olympic sponsors like Nike, adidas and Visa? Is it worth their time and money to invest in the Olympic Games?

## **Money: A good used to buy other goods and services.**

- Brainstorm the different forms of money that are likely to be accepted during the Olympic Games.

## **Natural Resources: Gifts of nature used to make goods and services.**

- What natural resources are required for a city to host a Summer vs. a Winter Olympics?
- What natural resources does Rio have that make it a good fit to host an Olympics?
- Make a list of natural resources needed to host the Summer Olympics. Based on that information, research and determine which U.S. city might be able to accommodate the games.

## **Needs: Things you must have to live.**

- Brainstorm the different needs of Olympians while competing during the games.

## **Opportunity Cost: The next best choice that you give up.**

- If you choose to sit down and watch a broadcast of the Olympics, what is your opportunity cost?
- Discuss what the possible opportunity cost might be for an athlete deciding to compete in the Olympics.



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## **Price: The amount people pay when they buy a good or service.**

- How do ticket prices vary among each sporting competition? Why do you think they vary?
- Look up the ticket prices in Brazilian reals on the Olympic website for the opening/closing ceremonies and two other competitions happening in at least two different locations. Then, convert that number to U.S. dollars. Do you think these prices are fair? Why? Would you pay these prices to see any of these events? Why?

## **Producers: People who use resources to make goods and services.**

- What products might someone produce to sell onsite during the Olympics?
- What product could you create that could capitalize on the excitement that often accompanies the Olympics?

## **Profit: The money a business makes after it pays its production costs.**

- Does a host city profit from hosting the Olympics? What kind of production costs could it incur?
- How does the International Olympic Committee profit from the games?

## **Public Goods: Goods and services provided by the government.**

- As a class, list the various public goods a host city might need to invest in to ensure an Olympic Games runs smoothly.
- Debate the costs and benefits of local government investing in roads, facilities and public spaces for an Olympic Games. Does this provide major benefits?

## **Scarcity: When there is not enough for all who want it.**

- How would a scarcity of rooms and tickets affect prices at the Olympics?
- The 2022 Winter Olympics will be in Beijing, an area where water is a scarce resource. How could hosting the Olympics affect water resources; how could Beijing prepare?

## **Services: Activities that can satisfy people's wants.**

- As an athlete, what services might be beneficial to be offered while staying in the Olympic Village?

## **Standard of Living: A level of material comfort in everyday life that is measured by the goods and services available to an individual, group or nation.**

- Compare nations' standards of living for the last three Summer Olympic Games.
- Research the living conditions of Olympians during the games. Compare them with standards of living in the United States.

## **Supply: The amount producers are able and willing to produce and sell at all possible prices at a given time.**

- How might the Olympics affect the supply of goods and services in a host city?

## **Trade-offs: When you choose to get less of one thing in order to get more of something else.**

- To build new facilities and improve infrastructure for an Olympic Games, what trade-offs might a host city need to consider?

