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News Release

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Little bounce: BHI finds \$14.8 million in net economic benefits of DNC

BOSTON – A post-convention analysis by the Beacon Hill Institute at Suffolk University finds that the Democratic National Convention netted \$14.8 million in economic benefits to the City of Boston. This is the “value added” to the economy, obtained by estimating net new spending and adjusting for multiplier effects.

The city estimated that the convention would contribute \$154 million in benefits. And, indeed, if the convention were considered alone, the actual benefits – \$156.7 million – would have been quite close to this figure. Unfortunately, however, the convention imposed \$141.9 million in lost business owing to displaced events and lost tourist and commuter spending. When netted against the \$156.7 million, this lost business leaves the city with only a \$14.8 million gain.

“In terms of the final tally of benefits and costs, Boston dodged a bullet,” said David G. Tuerck, Executive Director of the Institute. “By deliberately scaring away tourists and commuters, the city administration avoided the massive traffic tie-ups and productivity losses that security measures made necessary by the convention would otherwise have inflicted,” said Tuerck. “On the other hand, the massive losses suffered by ordinary merchants largely offset such benefits as there were.”

The convention incurred a large opportunity cost, measured by the value of displaced events. These include Sail Boston and the 2004 U.S. Olympic Gymnastic Trials. Together, the events would have generated \$110.6 million in benefits and without the disruptions caused by the convention.

In addition, security measures led to the closing of bridges, roads and tunnels and to increased surveillance on the public transportation system. Responding to these plans, thousands of tourists and workers chose to avoid the city rather than risk sitting in traffic.

While productivity losses were minimal, because many commuters did not come in, local businesses suffered. The principal reason was that tourists and workers were not in town to spend as they usually do. The harmed businesses included restaurants, bars and retail stores.

Using figures from the U.S. National Park Service, BHI found that the city lost \$22.8 million in value added from tourist spending. Based on polling by Suffolk University’s Political Research Center, the tally was \$8.5 million in lost value added from commuter spending. This brings the net result to \$14.8 million.

The entire BHI report will be available at <http://www.beaconhill.org>.