

## RIO DE JANEIRO: FROM THE SWEET TASTE OF OLYMPUS TO BITTER DISILLUSIONMENT

---



**Anna Ayuso**

*Senior Research Fellow, CIDOB*

**T**he staging of the 2016 Olympics in Rio de Janeiro cannot be disconnected from Brazil's national and international situation in 2006, when it presented its bid, and 2009 when it won the nomination. Then, Brazil was in the midst of a decade of economic growth and prosperity with domestic social advances. This boom was translated to a larger role on the international scene with a foreign policy fit for an emerging power. Brazil demanded prominence in international organisations like the International Monetary Fund, the World Trade Organization, the Security Council and the G20. Along with its BRICS partners (Brazil, Russia, India, China and South Africa) it argued for the revision of an international system that privileged the traditional powers. At the same time it was broadening its alliances with the global south and leading regional cooperation in South America. Like other emerging powers, holding mega-events enabled it to boost its international prestige while generating employment and pleasing the people.

After the 2014 football World Cup was awarded to Brazil, the nomination of Rio as an Olympic host city excited the then president, Lula Da Silva, as well as the public. Rio had previously made six unsuccessful bids (first for the 1936 games and most recently for the 2012 edition). It seemed to confirm what *The Economist* proclaimed and President Lula reiterated after the discovery of the pre-salt oil mega-reserve: God is Brazilian! However, calculation errors and unforeseen circumstances have meant that, in the run up to their inauguration, the Olympics have produced less enthusiasm in Brazil than criticism.

**Unfulfilled promises.** In the Olympic bid, geopolitics had more weight than economic calculations. Nevertheless, it was expected that the games would favour investment and boost "Brand Brazil". For Rio de Janeiro, it was the chance to carry out urban reforms, regain dilapidated neighbourhoods, expand habitable spaces and introduce environmental measures. But, despite the enormous economic effort, the results have not been those expected.

The enormous city-planning operation to rehabilitate the central area did not manage to attract sufficient investors and left small-scale savers

and pensioners trapped in speculative operations. The Olympic village in Barra de Tijuca became the largest property investment, displacing a low-income population to establish an exclusive neighbourhood. Many of the people evicted from the most central favelas did not receive alternative social housing. Housing prices shot up. Transport remains clogged up and expensive. The new metro line is unfinished and its use is expected to be restricted to spectators during the Olympics. The spectacular cycle lane on the coastal cliff collapsed with two people falling to their deaths.

The Olympic venues are mainly in the rich southern part of Rio. Just like the stadiums dotted around the country during the World Cup, the Olympic infrastructure does not match the future needs of the people. The decontamination of the lagoon had to be left half-finished because of lack of time and excessive costs. As a consequence, the population feels that these games bring more problems than benefits.

**Unavoided problems.** The problems associated with the construction of facilities and infrastructure demonstrated in previous Olympics were repeated in Rio. There was no shortage of excess costs due to delays and poor planning as well as dubious judgement. The budget had to be revised: in 2009, it was calculated to be R\$28.8 billion; but, by January 2016, it had already reached around R\$39.1 billion (€7.75 billion). Although this cost is much lower than London and Beijing, much of the overspend is attributed to corruption and bribery linked to the large construction companies, such as Odebrecht, and to Petrobras, whose directors are facing an investigation that involves hundreds of politicians. Rio state, which set too much store by the pre-salt oil reserves has gone bankrupt due to the collapse of oil prices and the lack of investor interest. Although the federal government has taken on the costs necessary to finish the works, owing to the indebtedness, the state government has been obliged to reduce public services and delay payments.

The endemic insecurity of the city of Rio was fought and reduced, but not eliminated. The army and the police liberated the favelas, displacing criminal gangs to the periphery without eradicating them. Although international terrorism has not hit Brazil, since the attacks in Paris, Brussels and Turkey, an international event like the Olympics makes alarm bells ring. Security will increase costs and involve measures that will affect the people's day-to-day life. The protests that accompanied the football World Cup could be repeated in a landscape of discontent and social polarisation.

**Unforeseen circumstances.** Faced with these predictable problems, it was inconceivable that, prior to the Olympics, Brazil would throw in a triple national crisis. The country fell into an economic crisis with two consecutive years of recession (-3.8% of GDP in 2015). The growing fiscal deficit (more than 10%) must be financed with debt at a high interest rate due to its downgrading by the ratings agencies. The weak economic activity increased unemployment and annual inflation of 10% is hitting the middle and less well-off classes.

The poor economic performance brought discontent and the population went out to demonstrate in large numbers against the government, spurring a political crisis without precedent since the return to democ-

racy. On May 12th 2016, weeks before the Olympic Games, the Senate began an impeachment case against the president, Dilma Rousseff. She has been removed from her duties until her possible dismissal is decided upon. The process will be resolved by the Senate in less than three months and may coincide with the games. Meanwhile, the vice-president, Michel Temer, serves as president, leading a government that is at least as unpopular as the previous one, if not more. The Olympic Committee still does not know which dignitary will inaugurate the games. It is an unprecedented situation that is not good for the country's image.

To top it all off, months before the start of the games, a health crisis broke out due to the transmission of the Zika virus via mosquitoes. The health consequences remain unclear, but sportspeople and tourists are alarmed. Although the effects on the participation of both will be limited, the episode has revealed weaknesses in the health system and the living conditions of poor communities.

**Missed opportunity or lost bet?** What was meant to be a showcase for Brazil, showing the muscle of its global power aspirations, has come at a bad time. The games will probably be satisfactorily staged, as the World Cup was, but the effect on the country's image will leave it greatly devalued. That is why it is a missed opportunity. What is more, the Olympics do not seem to contribute to revitalising the economy, to improve quality of life, or to provide infrastructure to ease day-to-day life. So it does not seem like a lucky bet two years on from a costly world cup. The promises have not been kept, the costs were not realistically calculated, and it does not contribute to social inclusion. Despite it all, Rio, the *Cidade Maravilhosa*, will endure and go on.

