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The Damage from Mega-Sporting Events in Brazil

J. Justin Woods

OVER THE PAST SEVERAL YEARS, Brazil's federal government and the city and state governments of Rio de Janeiro have invested tens of billions of dollars to develop the transportation, stadium, tourist, communications and security infrastructure required to host the 2007 Pan American Games, 2014 World Cup, and 2016 Summer Olympics. As Brazil seeks to use these mega-sporting events to assert itself as a major economic player on the world stage, its strategy demonstrates how hosting mega-events serves to attract regional and global capital, and to reinforce unequal power structures at the expense of the public treasury, environmental quality and social equity.

The competition to host international and mega-sporting events has been particularly fierce among the so-called BRICS countries (Brazil, Russia, India, China, and South Africa), who are seeking to demonstrate to global capitalists that their countries have the physical, legal and regulatory infrastructure necessary to accommodate large-scale capital investment. The US Justice Department's recent indictment of soccer officials and marketing executives associated with FIFA (Fédération Internationale de Football Association), which owns the



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World Cup, brings renewed attention to the corrupt and exploitive relationships between international sporting organizations, global corporations, finance capital, real estate and economic development.

While cities and countries seek to host mega-events for a variety of economic and geopolitical reasons, independent economic and social science research has repeatedly demonstrated the promises of local economic development benefits do not justify such massive public expenditures and debt. As Andrew Zimbalist notes in the book *Circus Maximus*, except for the Summer Olympics in Los Angeles (1984) and Barcelona (1992), virtually every municipality that has hosted the Olympics or World Cup over the last several decades has been saddled with a combination of significant debt, "white elephant" stadiums, and a legacy of environmental degradation and social problems related to displacement, sprawl, and gentrification.

Neoliberal Economic Model: Public Financing and Private Profit

Based on the perceived success of the 2007 Pan American Games, hosted by Rio de Janeiro, Brazil was awarded the 2014 World Cup and Rio de Janeiro the 2016 Summer Olympics. This afforded Brazil an opportunity to leverage its investments and address much needed physical and social infrastructure such as housing and mass transit. Instead, however, the Brazilian case provides more evidence that mega-sporting events adhere to an unsustainable neoliberal economic policy that transforms public debt into wealth for global and regional elites at the expense of local needs and well-being.

For the 2007 Pan American Games, the city, state and federal governments in Brazil spent over \$10 billion on stadium construction and renovation and transportation and communications infrastructure, making Rio the host of the costliest Pan American Games ever. Extensive transportation and environmental improvements initially called for a new subway line and to clean up the polluted Guanabara Bay. Yet, as corruption, waste and delays resulted in costs exceeding five times the budgeted amounts, these public benefit projects were scrapped and left incomplete.

The Maracanã Stadium, originally built for the 1950 World Cup, illustrates the effect of these policies. The Maracanã underwent a \$200 million renovation for the Pan American Games, and was then partially demolished and rebuilt for another \$500 million to meet FIFA's requirements for the 2014 World Cup. After nearly \$1 billion dollars in publicly funded renovations that reduced general admissions standing capacity by adding seats and exclusive VIP/luxury boxes, a private construction company now has a 35-year contract to manage the stadium.

In total, Brazil committed to remodeling or constructing 12 stadiums nationwide to host the 2014 World Cup at a projected budget of \$1.1 billion. However, the stadium budget rose to over \$4.7 billion. Nine of the twelve stadiums were brand new, and seven of those were built on sites at which existing stadiums were demolished. All of the stadiums were publicly financed, and, with the exception of two stadiums that are still looking for private managers, the other ten are all under long-term private management contracts.

The public treasury bears the costs of debt service and maintenance for these projects, while private management companies gain the usufruct rights. Further, the capacity of the remaining stadiums far exceeds the communities' needs after the short-lived mega-events. These "white elephants" stadiums are a common

problem for past mega-event hosts and Brazil appears headed for a similar fate. Four of the World Cup stadiums in Brazil were constructed in cities without premier soccer teams. Second division teams typically draw an attendance of about 1,500 people, but now these communities have 40,000 plus capacity stadiums that have millions of dollars in annual maintenance and operating costs, on top of the debt service for stadiums that cost an average of \$325 million.

Similarly the Centro Acuático Maria Lenk, which was the main center for swimming events during the 2007 Pan American Games, has not hosted an event since

the games. Not only does it remain unused and closed to the public, but it will also require significant renovations to meet IOC requirements for the 2016 Olympics. And because the pool does not meet the Olympic standards for all events, an additional swimming center is being constructed for the Olympics. The focus on building short-term sporting facilities dissociated from community needs pre- and post-events is a wasteful practice that, if curtailed, could redirect scarce resources towards projects that better align with both the events *and* the communities' long-term needs.

Environmental Consequences

In addition to saddling Brazil with white elephant infrastructure and decades of debt, the skewed priorities of mega-events have enormous environmental consequences.

As part of the 2007 Pan American

Games, new venues were built throughout the city, including the "Villa Pan" (Olympic housing) on greenfield sites and a golf course on state park land in Barra de Tijuca, which is located near a wealthy area of the city far removed from public transit.

The original Brazil Olympic Plan, modeled after the Barcelona plan, was designed to include four clusters of development connected by new public transit infrastruc-

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ture. However, rather than reinforce a city revitalization plan that ties together the urban fabric, Rio's plan facilitates sprawl and socio-economic segregation. Further, by abandoning the improvements to the subway and mass transit system, the Rio Olympics will have a large carbon footprint as most transportation will be by cars and buses. The combined effect of failing to extend the subway and displacing thousands of residents further from their jobs will exacerbate carbon intensive land use patterns and sprawl.

Another land use issue associated with significant environmental problems is the construction of an Olympic golf course on environmentally fragile and protected public lands in part of Brazil's Atlantic Rain Forest in Barra da Tijuca. This provides more evidence of the so-called "law exclusion zones" surrounding mega-events. Despite massive objections, the conversion of federally protected public land is being made to a private recreational facility without complying with the environmental impact requirements in Brazil's Federal Constitution.

Lastly, as noted previously, the City of Rio de Janeiro promised to clean up the Bay of Guanabara for the 2007 Pan American Games, and it committed to further cleanups to host the Olympics. Guanabara Bay is scheduled to be the site of Olympic sailing and windsurfing events, but the bay is saddled with large floating garbage and debris, and the raw sewage often smells so bad that reportedly it can be tasted. Not only has the cleanup yet to be completed, but in January Rio's state environment secretary, Andre Correa, admitted that neither the city nor state government can remove at least 80% of pollutants in time for the Olympics as promised.

Displacement and the Right to Housing

Private wealth, finance and real estate interests have also mobilized the Brazilian government to deprive economically marginalized people of basic constitutional and human rights, such as housing, by converting public and quasi-public spaces and resources to private use without adhering to legal procedures. Human displacement, the disruption of established communities and the lost opportunity to use billions of dollars in investments to address needed societal problems represent the true social legacies associated with Brazil's mega-sporting events.

Mega-sporting events in Brazil have displaced poor residents in the name of beautification projects that attract global capital and tourists. Such forced relocations are not unique to Brazil, and have accompanied numerous US mega-projects, such as massive slum clearances to facilitate urban renewal and the siting of sport stadiums, government complexes and transportation infrastructure. However, the scope and violent manner in which Brazilians have been forcibly removed from their *favelas*, in many cases without due process or compensation, has been so extreme as to cause violent protests leading up to and during the World Cup.

The Federal Constitution of 1988 recognizes housing as a fundamental right, and Brazil's landmark 2001 City Statute codifies the social use of buildings and land as a public policy goal. Unfortunately, however, substantive and procedural constitutional and human rights have been easily discarded to clear slums for athletic housing, hotels and other communication, transportation, and sporting infrastructure. Despite promises to convert Olympic villages into desperately needed housing for the poor, numerous case studies in Brazil (and elsewhere, including London and Atlanta) show that the investments typically finance luxury housing. The rise in housing and real estate prices economically displaces many more of the poor residents that were not forcibly removed by the initial slum clearance programs.

Official government policy in Brazil is that relocated residents will be given adequate notice and then moved to new places and compensated. However, numerous press reports and civil rights investigators dispute these accounts, with residents reporting being forcibly evicted by armed police, without notice or compensation. And the "fortunate" ones that are relocated often report receiving less comparable housing at locations far removed from their communities, families, jobs and public transportation.

Assessing the Damage

Brazil's case demonstrates that using mega-events as a revitalization strategy comes at the expense of massive debt and wealth transfer from the public sector to the private.

Further, the environmental consequences of hosting mega-events facilitates poor land use, impacts environmentally sensitive areas and fails to deliver environmental benefits such as improved mass transit or pollution remediation. In Brazil, the government's skewed investment priorities represent lost opportunities to improve the environment by protecting critical environmental areas, improving urban sanitary sewer systems and reducing its carbon footprint by improving mass transit and limiting sprawl.

As with previous hosts, Brazil's mega-sporting events

offer a pretext for domestic and international elites to fast-track highly profitable projects by circumventing normal regulatory processes and human rights protections. In the rush to deliver promised infrastructure and policy reforms to "modernize their cities," favelas are torn down, displacing thousands of people to facilitate powerful real estate and capital interests. Planners should be skeptical of the benefits promised from hosting mega-events, especially for developing countries. The massive costs required would be better invested in housing, mass transit and environmental protection for its residents, rather than to benefit elite investors. **P²**