



## #Olympics

### **The Olympic legacy: debt and a city with fewer rights**

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A ten-year cycle of mega events is about to end in Rio de Janeiro. Inaugurated by the Pan American Games in 2007, the 2016 Olympics will bring this cycle to a close in the city that is the trademark of Brazil. Throughout this period, *Instituto PACS* has been monitoring the changes taking place in the city, which have been turning it into a product to be sold, instead of a place for its inhabitants to live.

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People living in Rio have had enough of the violence of the evictions, the savage repression of informal workers, the military attacks on daily life in the *favelas* and the Olympic amounts of funds spent on works that will benefit the few. They can no longer stand to pay the highest public transportation fare in the country and ride in jam-packed trains, ferries, vans and buses. Nor can they bear to hear anymore about the health care crisis, knowing that between 2008 and 2013, the state government did not collect R\$138 billion in revenue because of the tax waivers and exemptions it granted companies, as the report from the state Court of Accounts shows.

No one accepts the state of public calamity declared in June of this year, when it was the governments themselves that created the real catastrophe by continuing to pursue a city model designed to benefit those abroad and those on top. We watch as spaces in the urban territory are being built by steamrollers that plough over the history, memory and roots of this four-hundred-year old city, to which the history of Brazilian culture and politics “from below” contributed a lot of joy and life.

In 2005, we watched as Rio was chosen as the host of the Pan American Games, with an estimated cost of close to R\$1 billion at the time. Once the games were over, the final cost came to R\$3.7 billion due to overbilling on infrastructure works. The velodrome built for the competition was later dismantled, as it was considered inadequate for the Olympics. The cost of taking it down was higher than that of building it. Legacy for whom?

A total of R\$25.5 billion was spent on the World Cup in Brazil. This time, the legacy of public investment handed over to the private sector was expensive tickets that exclude the working class from the stadiums. Now, parties are held in these *gourmet*, soulless arenas for an elite group of consumers — the overwhelming majority of which is white — who took the place of the regular fans. These “Fifa standard” stadiums in the Northeast, North and Mid-west regions are now “white elephants” that have to host the games of the big teams from the South and Southeast to stay afloat. With regards to the Olympics, the budget — whose total is still not in — is a Pandora’s box, as there is little transparency on the estimated R\$39.08 billion reported in the most recent update of the Responsibility Matrix. That is not to mention the fallacy on private spending on the games that Mayor Eduardo Paes has defended on several occasions, which has proven as such by the studies carried out by *Instituto PACS* and other organisations, journalists and activists.

Was the situation really that different in Athens? Is there no connection between the Greek crisis and the 2004 Olympics?

As we can see, the financial impacts are humungous and we are all footing the bill. During the World Cup, the volume of tourists was expected to contribute to the growth of the national economy, but that did not happen. Several of the optimistic economic forecasts released prior to the event were proven wrong shortly after it by major newspapers and economists pointing out that the major investments did not generate the expected returns:

*Once the event was over, however, economic consultant firms, such as Tendências and Capital Economics, did the calculations and concluded that its general impact on GDP was null or insignificant. But few were expecting a negative outcome.*

*The dissemination of the effects on GDP confirmed that, as analysts had predicted, Brazil went into a 'technical recession' in the first half of 2014, which is characterised by two consecutive trimesters of negative growth.[1]*

The games set off a cruel and subtle process: the one involving the construction of these mega-stadiums and the infrastructure works that provide access to them, such as freeways, bridges and overpasses. Some of these works collapsed at birth, killing innocent people, such as the overpass in Belo Horizonte and the bicycle path in Rio de Janeiro. The process also fuelled real-estate speculation in cities hosting the World Cup and led to the eviction of large numbers of people. More than 750,000 people were expelled from the areas surrounding the works being executed for the event[2].

The financial impact of the World Cup is reflected in the increase in municipal and state debt. Only 1.4% of costs were covered by the private sector; the remaining 98.6% was paid for with public funds. The source of funding continues to be the state via the taxes and contributions that we all pay. And when there is no money, the solution is to create new debt.

In the case of the Olympics, the city of Rio de Janeiro quadrupled its budget, not only through tax collection, but also by constantly increasing its debt. Now that the funds to execute the works are coming in, the construction industry and other sectors have begun to grow. However, we are not yet able to measure the medium- and long-term impacts of this on public finances. While the political economy of mega events generates costs at the speed of a 100-metre sprinter, the consequences of debt accumulation are more like a marathon for the future.

### **A circular and perverse logic**

In addition to the turnaround in budget priorities, mega events are excellent excuses for carrying out the elites' plans to commodify all aspects of urban life. The promotion of these events deepens and accelerates the process of reorganising the city with the goal of establishing a "market-city" — that is, a product to sell, and not a place to exercise the right to the city and citizenship. It also serves as an excuse to legitimise the urban model based on a pattern of development that benefits speculators in the real-estate industry and the wealthy classes that harbour the desire to be separated (and protected) from the "dangerous classes" through spatial segregation and the privatisation of public spaces.

Therefore, greater commitment to the fight for the right to the city and to have this debt audited is fundamental. Without it, the city will increasingly become a space only for the rich. Today, for example, someone from the west side of Rio has to take at least three buses to get to the beaches on the south side. This is a clear example of the *centre-periphery* logic being strengthened in Brazilian cities. This process has been intensifying and Rio de Janeiro, in particular, appears to be a synthesis of all of this, as here, everything happened on a much larger — and even Olympic-sized — scale.

The conclusion we come to here is one and the same: the objectives of the reorganisation of metropolises around these mega sporting events are clearly to foster real-estate speculation and the privatisation of all dimensions of the city. The growing amount of public resources being transferred to the private sector via public debt is resulting in a brutal process of exclusion and the expropriation of rights.

At the same time, areas such as health, education and other social rights are left struggling in agony. From 2007 to 2016, the amount of public resources allocated to security in Rio practically tripled: from R\$2.5 billion to R\$7 billion. If we analyse public security's share of the budget of the state of Rio de Janeiro today, we find that it represents close to 15% of the total, ahead of 10% for education and 8% for health. In 2007, 15% of the state's budget was invested in education; today, it is 5% lower.

This reversal of priorities opens the door to a process of intense militarisation, which kills mainly youths, black people and people living in the favelas. A recent report of Amnesty International showed that 2,500 people were killed between 2009, the year Rio was chosen to host the Olympics, and 2016[3].

The way of thinking behind the preparation of these events needs to be revisited. Instead of generating pain and excessive costs for citizens, mega sporting events should adapt to the city, and not vice versa. What one sees, however, is the logic of public administration and the public interest being subjugated to satisfy the interests of the International Olympic Committee (IOC) and the Federation Internationale de Football Association (FIFA), private organisations funded by international mega-corporations.

The Olympic Charter talks about values such as “friendship”, “respect” and “solidarity”. That is not what we have seen around here. Rio missed the opportunity to implement concrete and transparent processes for social change, which would, in fact, be a proper legacy for a festive event. The project of building a city for the people, based on social justice and real democracy, is being replaced by one that puts profit and private interests before the ethical values forgotten over the past decade.

Even so, being the good four-hundred-year old that it is, Rio de Janeiro will know how to resist and reinvent itself. The birthplace of *samba* and *Bossa nova* will find a way to turn the end of this cycle into the beginning of a new one — one that puts the search for a full life first. One with life in the streets, life in the communities. With everyone enjoying the beaches and justice and radical democracy in the favelas and on the pavement. Life must prevail.

## **Notes**

[1] COSTAS, Ruth. BBC Brasil. Afinal, foi a Copa que derrubou a economia? São Paulo, 29/08/2014. Available at: <http://bbc.in/2a7K21t>.

[2] Data on human rights violations were compiled by the *Comitês Populares da Copa e das Olimpíadas* (Popular Committees of the World Cup and the Olympics). For more information, see: <http://rio.portalpopulardacopa.org.br/>

[3] “A violência não faz parte desse jogo! Risco de violações de direitos humanos nas Olimpíadas Rio 2016”. Available at: <https://anistia.org.br/direitos-humanos/publicacoes/violencia-nao-faz-parte-desse-jogo/>.