THE 2014 WORLD CUP IN BRAZIL: ITS LEGACY AND CHALLENGES

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THE 2014 WORLD CUP: ITS LEGACY AND CHALLENGES

MARILENE DE PAULA

1 – INTRODUCTION

Brazil, the 'land of football' jumped for joy in 2007 when the country was appointed to host the 2014 FIFA World Cup. This would not only enable the five-time world soccer champions to play at home but also give this emerging country with the world's sixth-largest economy an opportunity to showcase its strengths as a regional leader and BRICS member state. Most importantly, the event would hopefully enhance Brazil's traditional image of a nation with high rates of violence and enormous social inequalities.

At the FIFA ceremony in Zürich, Switzerland, on 30 October 30, 2007, Brazilian president Luis Inácio Lula da Silva clearly stated the nation's intention in his acceptance speech:

Here we are assuming responsibility as a nation, as the Brazilian State, to prove to the world that we have a stable, growing economy, that we are a country that has reached stability. We are a country that has many problems, yes, but the people in our country are determined to solve these problems.2

However, things changed along the way. Against expectations that the tournament would be funded almost entirely from private sources, news emerged just a short while before kick-off that vast sums of public money were being spent. Popular approval of hosting the tournament dropped from 79% in 2008 to just 51%.3 Another reason for increasing criticism was the great number of reports on human-rights violations including evictions and forced removals in the context of World Cup related infrastructure upgrades and construction.

Despite the criticism, the 'Cup to end all Cups' – as both former president Lula da Silva and his successor Dilma Rousseff, like him a member of the Workers' Party, referred to the tournament – turned out to be a sporting success. Several million football fans flocked to Brazil where they witnessed some great matches; the stadiums proved to be safe and many records were smashed.

The World Cup also proved to be a financial success – at least for FIFA, which not only organises but also owns the trademark and all related rights. FIFA's balance sheet in the 2011-2014 financial period shows record revenues of USD 5.718b4 (2007-2010: 4.189b), with marketing and the sale of broadcasting rights generating the lion's share of almost USD 4.117b.5

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4 The average rate of exchange (Brazilian Real–BRL to US-Dollar–USD) used throughout is BRL 1.92 to USD 1.00 (2010-2014).

According to the government’s *Portal Transparência*, the World Cup cost Brazil BRL 27.4b (USD 13.88b), mostly paid by the state resp. the taxpayers.\(^6\) This is a fairly low figure when compared to host-city spending in sectors such as education (USD 145b), or public health (USD 30.52b) in 2013. The argument brought forward by those in favour of hosting the World Cup was that this would be a low price to pay. They swept aside the many accusations of cartellisation and monopolisation among construction companies and consortia, as well as human-rights violations such as forced evictions and police brutality in response to protests.

### Table 1 – Total Cost of the 2014 World Cup\(^7\)

<table>
<thead>
<tr>
<th>Area</th>
<th>Total budget (in BRL 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airports</td>
<td>6,280,560</td>
</tr>
<tr>
<td>Communication tools</td>
<td>6,600</td>
</tr>
<tr>
<td>Tourist developments</td>
<td>172,209</td>
</tr>
<tr>
<td>Stadiums</td>
<td>8,457,846</td>
</tr>
<tr>
<td>Temporary structures (Confederations Cup, World Cup)</td>
<td>778,200</td>
</tr>
<tr>
<td>Public transport</td>
<td>8,727,713</td>
</tr>
<tr>
<td>Other services (monitoring and volunteer programs)</td>
<td>51,488</td>
</tr>
<tr>
<td>Harbours</td>
<td>597,700</td>
</tr>
<tr>
<td>Public security</td>
<td>1,797,752</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>550,313</td>
</tr>
<tr>
<td><strong>Total BRL</strong></td>
<td><strong>27,420,381</strong></td>
</tr>
<tr>
<td><em>(Total USD)</em></td>
<td><em>(13,88)</em></td>
</tr>
</tbody>
</table>

The total cost of the World Cup is about 500% higher than the BRL 5.6b expected by the government.

### 2 – ECONOMICS

There was an optimistic feeling about the 2014 World Cup in terms of positive impact on the national economy, including job generation. In 2010, one of the firms hired by FIFA for auditing the process of the World Cup, Ernst & Young Consultants, in partnership with Getúlio Vargas Foundation (FGV), published a study, ‘Sustainable Brazil: social and economic impacts of the Soccer World Cup 2014’.\(^8\) The study optimistically expected the World Cup to inject BRL 142b (USD 73.95b) into the Brazilian economy between 2010 and 2014, not only generating 3.63m jobs a year, but also an income of BRL 63b (USD 32.81b) for the population. It highlighted that the World Cup would cause ‘a surprising ripple effect in the investments in the country.’

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\(^7\) Source: Portal da Transparência, Controladoria-Geral da União (CGU); see http://www.portaltransparencia.gov.br/copa2014/home.seam; accessed 22 August 2014.

new boost in the country’s economy will come and it will grow like a snowball, being able to increase five times the total amount of investments and favour different sectors of the economy.9

However, there was a slowdown in the Brazilian economy; newly created jobs proved to be unsustainable, especially due to the downturn in the main sectors of tourism and civil construction. It is also important to note the many strikes and holidays in the run-up to the World Cup, as well as entrepreneurs increasingly unwilling to invest. In February 2014, GTV economist Paulo Pichetti stated, ‘There’s no recession but neither are we headed for sustainable economic growth.’10

Against government promises that the event would generate thousands of jobs and would boost economic growth, many economic analysts consider the 2014 World Cup to have had a weak impact. According to LCA economics consultant, Celso Toledo, ‘the World Cup is an event that enhances welfare but is of little economic relevance, especially in large countries like Brazil. If it had some impact at all, I think it was a negative one. It was like an extended holiday.’11 According to estimates by the Ministry of Tourism and the Institute of Economic Research Foundation (FIPE), the World Cup injected BRL 30b into the Brazilian economy, a sum approximating its total cost of BRL 25.6b, which amounts to 0.7% of Brazil’s GDP for 2013. This corroborates information provided by Dr. Emerson Marçal, co-ordinator of the Applied Macroeconomics Centre at the São Paulo School of Economics, FGV-EESP, who expected the economic impact of the 2014 World Cup impact to be zero by the end of 2014.12

In hindsight the World Cup did not only have a low impact on the economy, but a negative one: Finance Minister Joaquim Levy made public that the World Cup led to a decreasing Gross Domestic Product (GDP). According to him the weak performance of the Brazilian GDP was due to the negative performance of the economy during the World Cup.13 The Brazilian economy grew derisory 0.1% in 2014. This is the worst result since 2009, when the economy decreased by 0.2%. In 2013, according to revised data, the economy grew by 2.7%.

3 – FIFA: EXCEPTION RULES

In June 2007, when Brazil submitted its proposal to host the 2014 World Cup, the government made sure it would be nominated by providing an official 11-point guarantee agreement that

removed any bureaucratic obstacles to FIFA's benefit. The document was the basis of Federal Law 12.663/2012, popularly known as 'General World Cup Law', a most peculiar piece of legislation that enabled the organisation to turn the World Cup into a profitable venture: FIFA was granted many tax privileges as well as unrestricted entry visas to FIFA staff, partners and clients and even to individuals named by FIFA; Brazil's public funds covered any legal costs resulting from possible lawsuits against FIFA and their staff, representatives and consultants; and exclusive rights were granted to FIFA and its sponsors in terms of their brands and restricted areas for the sale of their products were defined, in effect imposing a ban on competition by street vendors, for example. Finally, the Brazilian government was liable for any general injury or damage suffered by FIFA and its staff, including any event-related safety issues, except where caused by FIFA.

FIFA's demands were met in full even though they contradicted then-current Brazilian legislation. The government's compliance caused a public outcry. Martim de Almeida Sampaio, president of the Human Rights Committee of the São Paulo Branch of the Brazilian Bar Association (OAB-SP), expressed scathing criticism, stating that 'this law creates a state-of-siege-like situation. National sovereignty has been swept aside. The [Brazilian] Constitution guarantees freedom of trade, yet the "General Law of the World Cup" defines areas where it is FIFA that decides who can trade and what can be sold.' Expressing his concern about safety and trading relations, Orlando Santos Jr., a researcher at Federal University of Rio de Janeiro's Observatório das Metrópoles, said, 'To give FIFA the power to manage urban spaces inside the city is a very serious issue. ... Who empowered FIFA to regulate on public areas of the city? Then there is the infringement of my rights as a citizen: my rights are curtailed by an exception rule that prohibits my use of this public space for a certain time. This sets a precedent of subordination of public to private interests.'

FIFA was also exempt of taxation, duties or any other federal charges. Federal Law 12.350 created in December 2010 states that 'no taxes, duties or other levies shall be imposed on FIFA, FIFA subsidiaries, the FIFA Delegation, teams, match officials, FIFA confederations, member associations, participating member associations, the host broadcaster and non-resident members, staff and individual employees of all these parties, who are to be treated as tax-exempt persons/entities.' The law effectively granted full tax exemption to FIFA, its subsidiary companies, service providers, teams and players. According to the Federal Audit Court (TCU), from 2010 until 2014 FIFA and its partners deprived the Brazilian state of federal taxes amounting to BRL 558m (USD 291m) in federal tax. This explains why the 2014 World Cup in Brazil generated record earnings for FIFA. In contrast, for the 2006 World Cup in Germany the

17 However, the law does not grant exemption for capital gains on transactions in the financial and capital markets or on the sale of goods to companies or individuals; see http://www.receita.fazenda.gov.br/Legislação/leis/2010/lei12350.htm; see also http://br.boell.org/sites/default/files/downloads/Na_Sombra_dos_Megaeventos_FINAL_maior_.pdf; accessed 27 September 2014.
18 See note 17.
Organising Committee paid EUR 101,000; a 21% tax was imposed on bonuses paid to players and coaches, and there was a 10% tax on tickets.20

In April 2013 FIFA Secretary General Jérôme Valcke’s view was widely reported that ‘too much democracy can be a hindrance when organizing a World Cup.’ The Reuters article further quoted Valcke as follows:

‘I will say something which is crazy, but less democracy is sometimes better for organizing a World Cup,’ [Valcke] told a symposium on the tournament.

‘When you have a very strong head of state who can decide, as maybe Putin can do in 2018 [...] that is easier for us organisers than a country such as Germany [...] where you have to negotiate at different levels.

‘The main fight we have [is] when we enter a country where the political structure is divided, as it is in Brazil, into three levels, the federal level, the state level and the city level.

‘[There are] different people, different movements, different interests and it’s quite difficult to organize a World Cup in such conditions.’21,22

Despite the difficulties in dealing with the Brazilian government and the slow pace of services the FIFA Financial Report 2014 shows the highest revenues ever realised in a World Cup: USD 5.718b, with a net profit of USD 338m.23

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21See note 19.

22 For the report in Brazilian Portuguese, see http://esportes.terra.com.br/futebol/valcke-menos-democracia-ajudaria-na-organizacao-da-copa,e881cdd88a83e310VgnCLD2000000ec6eb0aRCRD.html; accessed 1 September 2014.

4 – STRIKES, ACCIDENTS AND DEATHS

One of the main reasons why Brazil wanted to host the World Cup was the potential job creation, with sectors such as civil construction and tourism highly favoured. However, some of these hopes failed to materialise. A survey of workers' wages commissioned by the Interunion Statistics and Social Studies Department (DIEESE) of the International Wood and Construction Workers’ Federation (ICM) found that civil construction workers at World Cup building sites earned less than expected: only 17% of them earned anywhere between a top wage of BRL 1,000 (USD 520) and Brazil's current minimum monthly wage of BRL 724 (USD 377) for the construction sector. In the period of 2009-2013, when stadium construction was at its height, a total of 128,450 workers went on strike 26 times demanding the overtime pay and premium rates guaranteed by Brazil's labour laws. The strikers were successful in pushing through most of their demands for medical assistance, higher wages and other rights.

On the positive side, the study also concedes that these construction workers earned between 0.78% and 7.35% more than workers in other sectors and than their colleagues in civil construction unrelated to the World Cup.

Stadium construction work claimed the lives of eight workers, six of whom died on sites running behind schedule, which meant that pressure was high to complete work. Three of the deaths occurred in Manaus' Arena Amazônia. Brazil's Labour Superior Court (Tribunal Superior do Trabalho) intervened due to issues of (night-time) health and safety. So far, none of the families have received full compensation.

**Table 2 – Roll Call of Workers Who Lost Their Lives**

<table>
<thead>
<tr>
<th>Arena Corinthians, São Paulo</th>
<th>Arena da Amazônia, Manaus</th>
<th>Estádio Nacional, Brasília</th>
<th>Arena Pantanal, Cuiabá</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ronaldo Oliveira dos Santos, 43; crane accident, Nov 2013</td>
<td>Marceleudo de Melo Ferreira, 22; after fall from roof, Dec 2013</td>
<td>José Afonso de Oliveira Rodrigues, 21; Jun 2012</td>
<td>Muhammad’Ali Maciel Afonso, 32; electrocution, May 2014</td>
</tr>
<tr>
<td>Fábio Luiz Pereira, 23; Mar 2014</td>
<td>Raimundo Nonato Lima da Costa, 49; Mar 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fábio Hamilton da Cruz, 23; Mar 2014</td>
<td>Antonio José Pita Martins, 55; crane accident, Feb 2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Construction delays were among FIFA's biggest worries. In 2012 FIFA secretary general Jérôme Valcke stated that Brazil deserved *un coup de pied aux fesses* ('a kick in the butt'). He apologised later, saying that his words had been misinterpreted. A few months later, however, when asked whether Brazil needed another kick, he replied, ‘This remains to be answered at the end of the World Cup.’

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Another important aspect is that the World Cup Law affected informal workers. Their hopes of improved job prospects during the World Cup were dashed: their chances of earning a living were severely restricted because only a few of them were actually allowed to work anywhere near the stadiums. As for street vendors, those who used to sell their products around the stadiums suffered the most: they were removed while transport infrastructure construction or refurbishment work was carried out over an average of three years. Street vendors were also removed from construction sites for transport infrastructure sites in Salvador, Natal, Fortaleza, Belo Horizonte and Cuiabá.

One FIFA objective was to ban competition, both in terms of people and products not considered to be up to ‘FIFA Standard’ by the organisation. The initially serious expression, ‘this is (not) FIFA standard’, soon acquired an ironic tone and became widely used all over Brazil to describe issues and situations that were either too good or too bad. For the duration of the World Cup, businesses in the vicinity of the stadiums were forbidden to advertise for companies other than FIFA partners or sponsors.

A 2012 survey by StreetNet International on street vending in Brazil’s host cities highlighted the lack of information, both from FIFA and local authorities, regarding urban ‘reorganisation’ during World Cup related events. This badly affected the vast majority of the approx. 350,000 street vendors in the host cities who were already on low incomes and living in poor conditions. Their resistance and struggle resulted in the formation of groups and labour union commissions fighting for street vendors’ right to work.

Despite FIFA’s exclusive safety and trading zones near São Paulo’s stadiums, the street vendors’ union, supported by NGOs and community organisations, managed to obtain authorisations for 2,400 street vendors to work during the matches. However, just 600 of São Paulo’s 158,000 street vendors, were given permission to work in the vicinity of Arena Corinthians, the stadium where six of the World Cup matches were held.

In Belo Horizonte, 400 of the city’s 25,000 street vendors had a spot in a permanent market around the football stadium. According to Isabella Gonçalves Miranda of the Belo Horizonte Popular Committee of People Affected by the World Cup, the income of 150 families – some of whom had been working at the market since the 1960s – depended on those spots. Despite having work permits for the area, they were all removed in 2010 before construction on the new stadium began. Their removal caused the vendors to lose their workplaces and to find themselves in great financial hardship. In Gonçalves Miranda’s words: ‘As each family earned an average of BRL 1,000 to 2,000 per match, being kept away [from the stadium] for four years meant a huge loss of income.’

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In Cuiabá, street vendors were banned not only from the vicinity of the stadium, but also from the bus station and other traditional trading spots in the city for the duration of the World Cup. About 200 of them were allowed to sell sponsored products in the restricted area near Arena Pantanal during the matches. Edio Duarte, inspector-in-chief of the municipality of Cuiabá, stated that his agents worked 'hard to enforce FIFA's rule on licensed products', adding that they were 'not only concerned about street vendors. Our inspectors also monitor bars and restaurants around here.'31 Some of the street vendors were able to return to the bus station after the World Cup.

In Salvador 592 vendors were given permission to work around Arena Fonte Nova stadium. In Manaus, after strenuous negotiations with the authorities including an increase in the profit margin (BRL 0.50) per item sold, 140 vendors were accredited to work at the FIFA Fan Fest area and in the public viewing zone. In Fortaleza 360 vendors were accredited to work outside the FIFA Fan Fest area.32

Another kind of World Cup 'legacy' was the intense pressure imposed on street vendors. From January to September 2014, Porto Alegre’s municipal inspectors confiscated 110,000 items from street vendors, 20% more than in the same period of 2013.

In all host cities, while shops located within the restricted areas were allowed to maintain their activities they were often obliged to decrease their advertising space; any unlicensed publicity was removed. Any exceptions required FIFA authorisation.

5 – TOURISM

A survey by FOHB, the Forum of Brazilian Hotel Operators, to ascertain hotel occupancy rates in World Cup host cities during the actual games (12 June-13 July 2014) showed average rates of 61%, increasing to 77% on the days preceding games and on actual games days. While hotels in cities with pre-existing infrastructure and tourist marketing strategies such as Rio de Janeiro (87%), Fortaleza (72%), Brasília (68%) and Recife (also 68%) did well, rates in other regional capitals such as Cuiabá were disappointing.33

One of the Brazilian federal government’s primary commitments for the World Cup was to improve the tourist and hotel industry. In January 2010 the National Bank for Social and Economic Development (BNDES) therefore created 'ProCopa Turismo' to provide funding for the hotel sector. In contrast to previous programmes, ProCopa extended repayment periods to 15 or 18 years; 17 projects totalling BRL 2.8b (USD 1.456b) were submitted.

In Rio de Janeiro, three of the seven hotels participating in the project were not ready in time for the World Cup. When questioned about the situation, BNDES directors claimed that the three

hotels had not been intended for the World Cup, contradicting both the 'Responsibility Assignment Matrix' and contracts with the same conditions as other World Cup projects.

Table 3 – ProCopa Financing Projects to September 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Projects</th>
<th>Total (in BRL 1,000)</th>
<th>Financing/Investment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Investment</td>
<td>Financial contracts</td>
</tr>
<tr>
<td>2010</td>
<td>3</td>
<td>401,937</td>
<td>231,968</td>
</tr>
<tr>
<td>2011</td>
<td>3</td>
<td>96,660</td>
<td>57,641</td>
</tr>
<tr>
<td>2012</td>
<td>6</td>
<td>739,223</td>
<td>462,965</td>
</tr>
<tr>
<td>2013 (to Sep 2013)</td>
<td>5</td>
<td>472,268</td>
<td>265,611</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>1,710,088</strong></td>
<td><strong>1,018,185</strong></td>
</tr>
</tbody>
</table>

Although not all data is available yet, tourism seems to have been a profitable sector during the event. Vicente Neto, the president of Brazilian Tourism Institute EMBRATUR stated, 'The World Cup gave Brazil a new tourist season in 2014, improving the country's revenue and job creation.'

Many foreign visitors expressed their full satisfaction with the warm welcome they were given in Brazil and said they wished to return to Brazil. However, there were complaints about the state of some of the hotels, whose quality was considered to be lower than elsewhere in Latin America.

Foreign tourism brought an increase in revenue. According to data from the Central Bank of Brazil, revenue generated by foreign tourists in June and July 2014 was higher by 37.84% (USD 1.58b) when compared to the average revenue of USD 982m across the same period in the previous three years. Against this positive view, it should be noted that during the World Cup in July 2014, Brazilian tourists abroad spent the record sum of USD 1.25b, exceeding by one third the amount of USD 937m spent by visitors coming to the country in the same period.

However, in some cities the situation worsened due to the World Cup. In Belo Horizonte tax exemptions and legislation changes led to a massive oversupply of hotel beds, with many vacancies during the World Cup, and many more after the games.

6 – URBAN TRANSPORT PROJECTS

In June 2013 mass rallies were held to protest against high tax levels and sub-standard public transport. Over 17.8% of the population in Brazil's eight major capital cities spends over two hours commuting to and from work each day in crowded, uncomfortable trains and buses, which adversely affects workers' performance. According to data supplied by the Conference Board, an

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34 The 'Responsibility Assignment Matrix' defined investments in various sectors; see http://www.bacc-ga.com/bacc/internal.jsp>m=3&s=2; see also http://www.portaltransparencia.gov.br/copa2014/saibamais.seam?textoldTexto=24; both sites accessed 10 October 2014.


international business membership and research association, average Brazilian labour productivity in 2013 amounted to USD 10.80/h, the lowest among Latin American countries (Chile: USD 20.80; México: USD 16.80; Argentina: USD 13.90).37

Project cancellations affected the construction and upgrading of rail and road transport infrastructure, primarily underground railway/subway systems particularly badly. 16 of the 44 original projects were cancelled; related investment fell from BRL 11.6b to BRL 8b (USD 6b to USD 4.16b). Only two of the host cities, Recife and Fortaleza, actually did realise their subway projects on schedule.

Instead, host-cities resorted to creating Bus Rapid Transit (BRT) systems, which are less costly than subways. However, buses travelling at an average speed of 20-30 kph have a far smaller capacity. São Paulo's BRT, for instance, has an hourly capacity of just 30,000 passengers; its cost per linear kilometre is BRL 40m (USD 20.8m). Railway systems both above and below ground have more than twice the capacity and might therefore be able to solve current transport problems in the medium and long term, however at a far greater cost, estimated in the range of BRL 500m (USD 26m), not least due to expropriation costs.

Despite these problems, tourists travelling to and from game sites experienced few or no major difficulties or serious transport issues, which may be considered a good result. What remains to be seen, however, is when projects still awaiting completion may actually be considered part of the World Cup legacy.

In Fortaleza the major construction project to upgrade and transform the existing rail network into a 'metro standard' LRV system will cost an estimated BRL 265.5m (USD 138m).38 According to the ‘Responsibility Assignment Matrix’,39 construction only began in 2012 rather than 2010. The system was not ready for the World Cup games; work remains incomplete. The Ceará State government has not mentioned a new deadline.

Recife’s LRV system opened in June with only two working stations and a one-way system; passengers did travel from downtown Recife to the stadium, Arena Pernambuco, during the World Cup. In October 2014, seven of its 22 stations have been completed. Another line – also with just two stations – opened the after final World Cup game. For the residents of São Lourenço da Mata near Arena Pernambuco, however, the World Cup 'has brought nothing good. Nothing has changed. Public transport is awful. The streets are full of potholes,' says local resident, Hildalina Damásio, adding, 'During the World Cup, life was the same as always, there were no tourists, nothing! ... The only construction was an access road to the stadium. But for the people here, there were no changes, no benefits. For those of us who need public transport, Camaragibe Bus Station is still as bad as ever.'

In Brasília the government abandoned the LRV system project in 2012. Although construction had begun, it was stopped five times by the Department of Justice to investigate fraud in the bidding process. The budget for this project was BRL 1.55b (USD 807m) for a 22.6km track and 25 stations with a daily capacity of 12,000 passengers.

39 See note 33.
The new Cuiabá LRV system was 45% complete when the games began. In Curitiba only one construction project was finished on schedule. In Manaus plans to build a monorail and LTR system failed to materialise. None of the projects in Natal – upgrading the airport and road infrastructure, drainage around the Arena das Dunas stadium – were completed in time for the Cup. Several public transport projects were withdrawn in Porto Alegre.

Rio de Janeiro managed to complete its construction projects – the Transcarioca BRT system, from the International Airport to the West Zone and work near Maracanã Stadium – in May 2014. Salvador and São Paulo also completed their construction work, although there were long delays in São Paulo, where staff could be seen completing missing details around Arena Corinthians the day before the opening ceremony for the World Cup.

A tragic incident occurred in Belo Horizonte on 3 July 2014 when an unfinished bridge, part of a project to upgrade the city’s public transport system, collapsed onto a busy road, killing two and injuring twenty-two. The Department of Justice has investigated the bidding process for the construction of the bridge; a highway and a station in the same project have been found to have structural problems.
<table>
<thead>
<tr>
<th>Host city</th>
<th>Investment (in BRL 1,000)</th>
<th>Construction/Improvement</th>
<th>Cancelled projects</th>
</tr>
</thead>
</table>
| Belo Horizonte | 1,405,600                 | a. Arrudas Boulevard/Tereza Cristina  
b. BRTs: Antônio Carlos/Pedro I; Área Central; Cristiano Machado  
c. Pedro II transport corridor  
d. Extension of Traffic Control Centre | 1 project cancelled in 2012 |
| Brasília     | 44,600                    | a. Extension of highway DF047 (airport access)                                           | 1 project cancelled in 2012 |
| Cuiabá       | 1,719,400                 | a. Upgrade of roads and access to Arena Pantanal  
b. Mário Andreazza transport corridor  
c. LRT: Cuiabá/Várzea Grande | 2 projects cancelled in 2012 |
| Curitiba     | 466,200                   | a. BRT: Extension of South Green Line/Marechal Floriano  
b. Airport bus corridor/Bus and train stations  
c. Upgrade of bus and train station  
d. Upgrade of Marechal Floriano transport corridor  
e. Upgrade of Santa Cândida terminal  
f. New road monitoring system  
g. Upgrade/integration, Metropolitanas radial road | 1 project cancelled in 2013 |
| Fortaleza    | 617,156                   | a. BRT Alberto Craveiro Avenue  
b. BRT Dedé Brasil Avenue  
c. BRT Paulino Rocha Avenue  
d. Via Expressa/Raul Barbosa (new tunnels and flyover)  
e. New underground stations  
f. LRT: Parangaba / Mucuripe |                      |
| Manaus       | –                         |                                          |                    |
| Natal        | 472,248                   | a. Access to new airport São Gonçalo do Amarante  
b. Zona Norte/Rena das Dunas stadium transport corridor,  
c. Priority 2: Road construction, Via Prudente de Morais |                    |
| Porto Alegre | 33,309                    | a. 3 access road, Estádio do Beira Rio  
b. Upgrade of road infrastructure, Beira-Rio Stadium | 11 projects cancelled in 2013 |
| Recife       | 890,673                   | a. BRT: East-West-Branch World Cup city  
b. BRT: North/South – Igarassu/Tacaruna/city centre  
c. Caxangá East-West transport corridor  
d. Via Mangue transport corridor  
e. Underground station Cosme e Damião  
f. Flyover, highway BR 408  
g. Underground terminal: Cosme and Damião |                    |
| Rio de Janeiro | 1,866,600                 | a. BRT Transcarioca (Airport/Penha/Barra)  
b. Maracanã area redevelopment/upgrade of multimodal hub |                    |
| Salvador     | 20,625                    | a. Accessibility improvements                                                             |                    |
| São Paulo    | 548,507                   | a. Upgrade of road infrastructure, Zona Este development area                         |                    |
| **Total**    | **8,084,918 USD**         | **4,204,160**                                                                            |                    |

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Meanwhile, in February 2014, Aguinaldo Ribeiro, Brazil’s Minister of Cities, made the following statement: ‘We have checked on all the host cities in order to see whether construction work might interfere with any of the events. Where there might have been any impacts, we have facilitated the most rapid handover possible, and are monitoring the situation closely to ensure that deadlines are met and to avoid any delays.’

8 – STADIUMS BUILT OR UPGRADED WITH PUBLIC FUNDING

According to FIFA, 3.17m people attended the games, only 1% less than the expected number. It was a success from this point of view. Moreover, the visitors liked the stadiums. However, building or upgrading the venues cost BRL 8b (USD 4.21b), virtually all of it publicly funded. In Brazil construction costs per seat were far higher than at the previous two World Cups: in South Africa (2012) a seat cost BRL 7,000 (USD 3,640), in Germany (2013) BRL 6,500 (USD 3,380) and in Brazil BRL 11,843 (USD 6,230).

As an ironic ‘legacy’, four of the host cities – Manaus, Cuiabá, Natal and Brasília – are now haunted by the curse of the ‘white elephant’. As none of their major soccer teams is in the Premier League or Série A of the Brazilian Championship, which would draw bigger crowds, the greatest challenge now facing these state governments is how to make their stadiums profitable. One response, to give an example, has been to invite Brazil’s most famous teams to play in their cities.

To make matters worse, however, not even the Brazilian Premier League (Série A) has been able to attract significant crowds. According to a poll conducted by Pluri Consultoria, the Brazilian Championship came 18th out of 20 countries in terms of average spectator numbers between 2003 and 2013, making it less attractive than Major League Soccer, the Chinese Championship or even the UK's Football League, which would be comparable to Brazil’s Série B.42

In terms of creating revenue, Brasilia’s national stadium, known as Mané Garrincha, has been the most successful so far. The Distrito Federal (DF) government has scheduled several activities including the soccer matches of the 2016 Olympic Games as well as Universiade 2019, a significant university sports event involving 12,000 athletes aged 17 to 28. Several soccer games involving Brazil’s major teams including Flamengo and Botafogo from Rio de Janeiro have also been held there. The DF government’s General World Cup Secretary, Claudio Monteiro, explained that they see what works best to make the stadium profitable: ‘We are not in a hurry... We are finding out the options of exploiting the stadium... We can either have a shopping center or an entertainment center with shops, restaurants, banks even. It’s a good place for business, in the heart of the city, with parking areas.’

At a cost of BRL 1.4b (USD 730m), Brasilia’s stadium was by far the most expensive. According to Universo On Line (UOL), from its opening in May 2013 until April 2014, the stadium generated a

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public revenue of BRL 2.871m (USD 1.495m) before tax; in the same 11 months, revenue after tax amounted to just BRL 1.371m. Maintenance costs will probably rise as will wages for increasing numbers of staff, including security guards and janitors.

Arena Pantanal in the host city of Cuiabá, a stadium with 41,390 seats during the tournament and reversible to 28,000 seats, was built to host just four World Cup games. The budget was BRL 342m (USD 178m), but the actual cost was BRL 596m (USD 310m) and will most likely rise even higher by the time the stadium is completed. This is a particularly interesting case because the stadium is the property of the state of Mato Grosso, which has no team in Série B, let alone in Série A. Just 44,926 spectators went to watch a total of 78 local championship games. The state government intends to privatise the stadium. However, so far the private sector has shown no interest.

The Arena is managed by the state government of Mato Grosso. The costs add up to BRL 300,000 a month. After the World Cup only 15 matches were held in the stadium, generating an income of BRL 50,000. Six months after the World Cup the Arena was closed down for repairs. BBC estimates the loss to be BRL 1.4m.

In the city of Manaus, the construction costs for Arena Amazônia, again built for just four World Cup games, went BRL 170m over budget, to BRL 669.5m (USD 348m). Fabrício Lima, the city’s Sports and Leisure Secretary explained the dilemma: 'The city had a price to pay – either we built the Arena or Manaus would not have been able to host a World Cup match.' Mayor Arthur Virgílio Neto added: 'The stadium must be used to the maximum, but its running costs will be a crucial factor.' Lima also indicated that the stadium may only see sporadic use due to high energy and water costs, staff salaries and insurance premiums.

The loss of the stadium at Manaus is estimated BRL 2.7m. Together with the stadiums of Brasilia and Cuiaba it sums up to around BRL 10m.

In Rio de Janeiro, the city that will host the 2016 Olympic Games, a wave of protest arose against a government project involving the privatisation of the iconic Maracanã stadium prior to its structural upgrade, and the closure or destruction of important buildings and sports training facilities. A school, the significant Museu do Índio (Museum of Indian Culture), a swimming park, and a nearby athletics track were to be sacrificed to build a parking lot and a Football Museum. At a cost of BRL 304m (USD 158m), the stadium had quite recently been refurbished for the 2007 Pan American Games.

In order to prevent the project from going ahead, several community groups, NGOs and individual activists formed the World Cup/Olympics Popular Committee, which launched a campaign, O Maraca é Nosso! ('Maraca is ours!'). Named after the stadium's local nickname of

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Maraca, it has been supported by many artists and (Olympic) athletes, some of whom would have lost their training grounds. The committee has been opposed to 'elitism and expensive tickets and wants to preserve the character of games cheered on by soccer fans in the traditional way.' It argues that – due to the standards imposed by FIFA – the supporter profile has changed and today's more middle-class (i.e. wealthier) soccer fans are disconnected from local teams and their history. Committee member Gustavo Mehl: 'We want a 50% quota of low-price tickets; we also want some seats in the stadium to be removable so fans can keep on bringing in their drums and other musical instruments.'

After violent clashes between the police and the protesters including the indigenous occupiers of their museum, the Governor changed his mind and decided to save the buildings while going ahead with the privatisation of the stadium itself. Consórcio Novo Maracanã, which consists of several major development and civil-engineering companies, acquired and structurally upgraded the stadium at a cost of BRL 1.07b (USD 557m), well over the official budget of BRL 705m or USD 367m. However, plans to change the stadium’s iconic shape attracted even angrier criticism than the excessive costs.

The stadium that will be operated by Novo Maracanã Consortium for the next 25 years is very different from the place revered by soccer fans where sports history was written. At the same time, the structure is undeniably improved and does attract a new, different kind of spectator. Since games are often held on Sundays and Wednesdays, it offers new fun and leisure options on weekends and even in mid-week.

### Table 5 – The World Cup Stadiums

<table>
<thead>
<tr>
<th>Host City/Stadium</th>
<th>Total Cost (BRL 1m)</th>
<th>Price per seat * (BRL 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belo Horizonte / Mineirão</td>
<td>695</td>
<td>11,180</td>
</tr>
<tr>
<td>Brasília / Estádio Nacional Mané Garrincha</td>
<td>1,438</td>
<td>19,752</td>
</tr>
<tr>
<td>Cuiabá / Arena Pantanal</td>
<td>597</td>
<td>14,423</td>
</tr>
<tr>
<td>Curitiba / Arena da Baixada</td>
<td>327</td>
<td>7,605</td>
</tr>
<tr>
<td>Fortaleza / Arena Castelão</td>
<td>519</td>
<td>8,122</td>
</tr>
<tr>
<td>Manaus / Arena Amazônia</td>
<td>670</td>
<td>15,057</td>
</tr>
<tr>
<td>Natal / Arena das Dunas</td>
<td>400</td>
<td>9,524</td>
</tr>
<tr>
<td>Porto Alegre / Estádio Beira Rio</td>
<td>330</td>
<td>6,600</td>
</tr>
<tr>
<td>Recife / Arena Pernambuco</td>
<td>533</td>
<td>11,587</td>
</tr>
<tr>
<td>Rio de Janeiro / Maracanã</td>
<td>1,077</td>
<td>13,668</td>
</tr>
<tr>
<td>Salvador / Arena Fonte Nova</td>
<td>690</td>
<td>12,546</td>
</tr>
<tr>
<td>São Paulo / Arena Corinthians</td>
<td>820</td>
<td>12,059</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,096</strong></td>
<td><strong>Average price/seat: 11.843</strong></td>
</tr>
</tbody>
</table>

* Admission to World Cup events. Some stadiums with removable seats reduced their capacity after the World Cup.

Rather than private investors, it has been the Brazilian government (taxpayer) that funded most of the costs of stadium construction and upgrading. To do so, it has diverted local revenues and

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borrowed from the National Bank for Social and Economic Development (BNDES), the Bank of Northeast of Brazil (BNB) and Caixa Econômica Federal (CEF).

FIFA does not accept that it has benefited from tax exemptions granted to it and its partners, to the detriment of Brazil's public funds. In an (undated) statement that tries to 'set the record straight', FIFA notes that it

only requires an easing of customs procedures for some materials that need to be imported for the organisation of the World Cup and that are not on sale in the host country (e.g. import of computers to be used by FIFA or the LOC), import of electronic advertising boards (and subsequent export), import of footballs to be used during the World Cup), ...

FIFA also refuses any responsibility for the choice of twelve host cities, or for the cost of the stadiums:

Each Host Country has to decide whether it wishes to use eight, ten or 12 stadiums. Brazil opted for 12. Each Host Country also has to design their stadiums in such a way that allows them to be used in a sustainable manner over the longer term. Only then is consideration given to any modifications that may need to be made for the World Cup, with both parties working together to find the best possible solution.

The statement further notes that FIFA 'covered the entire operational costs of the World Cup to the tune of around $2 billion USD. We don't take any public money for this, and instead we only use the money generated by the sale of World Cup TV and marketing rights' and rejected any criticism that infrastructure improvements had to comply with FIFA requirements, pointing out that 'in terms of the host country's investments, the figures quoted often include investments in infrastructure that are not directly linked to the cost of the World Cup and some have not even been made for the World Cup.'

The Brazilian government has made no reply to the FIFA statement.

9 – FORCED REMOVALS AND EVICTIONS

When I got [back] here, the house was already flooded. They had removed the plumbing, those city men with sledgehammers. I tried to negotiate an extension with them, so I could get out, so I could get a new place, because we had nowhere to go. Where were we supposed to stay? In the street? And he told my daughter: 'You talk to your mother, she's too stubborn. She'd better calm down, or she'll end up getting hurt.' At that moment, I got really scared, because there were a bunch of policemen there, from the Municipal Guard. He said that I could get out the easy way or the hard way. Then I realised that what was going on was something shady. That was not something lawful.50

Elisangela, the protagonist of the documentary 'Elisangela's Story', describes her forced removal from her home. Forced removals are a principal social cost paid by host cities preparing for the World Cup. According to the National Coalition of Local Committees for a People’s World Cup

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50 See http://www.boell.de/en/2014/06/11/we-were-not-invited-party-women-and-world-cup.
and Olympics (ANCOP), some 250,000 people are threatened by eviction or have already been forcibly evicted in Brazil’s 12 host cities. Many had to leave their homes to make way for the construction of road or (light) rail infrastructure. In July 2014, the Federal government released data challenging this number, claiming that only 35,653 people had been expropriated or displaced.\textsuperscript{51}

Raquel Rolnik, UN Special Rapporteur on adequate housing 2008-2014, welcomes the availability of data but warns that the government itself has found it a challenge to ‘discover’ precise numbers: ‘It is easy to see that the data are incomplete: in Belo Horizonte and Cuiabá, for example, there is no information on whether people received fair compensation or were relocated and, if so, where they now live; in Rio de Janeiro, only the families displaced for [the] Transcarioca [transport] project are listed, while numerous other construction projects caused hundreds of individuals to be evicted – for example from the \textit{favelas} near Mangueira Underground [station] in the vicinity of Maracanã [stadium].\textsuperscript{52}

In Rio de Janeiro, many evictions have also occurred in the context of transport infrastructure construction related to the Olympic Games in 2016. According to the Mayor’s office, 20,299 people were removed, most of them from their homes in slum areas. Mayor Eduardo Paes downplayed the situation, saying that ‘there had been “little dialogue” between the public authorities and local communities.’\textsuperscript{53}

The Public Prosecutor’s Office and the Department of Justice played an important role in these evictions, trying to assure citizens’ rights to adequate housing in two different ways. The first of them was related to the fact that people received inadequate information on the expropriation process. Not only were they not given clear deadlines by which they would have to leave their homes, there were also issues regarding fair and prior cash indemnification. The second complaint was that cash compensation paid to evicted persons was far too low, making it impossible for them to remain in their old neighbourhoods, many of which have seen real estate prices rocket due to speculation.

In Belo Horizonte, so-called ‘popular committees’ and local residents lodged numerous complaints with the Office of the Attorney for Citizens Rights (PRDC), which recommended that Belo Horizonte City Hall (PMBH) should not remove an entire community without prior cash indemnification and that families should be paid proper compensation for expenses related to temporary alternative housing, which had been so low that it had to be increased on court orders.

In Rio de Janeiro, some residents were relocated to housing estates funded by a Federal Government programme called \textit{Minha Casa, Minha Vida} (‘My home, my life’), at a distance of almost 60km from where the displaced people once lived. The estates lack adequate infrastructure such as state schools, water supplies and sewerage, or efficient public transport. Many residents see no improvement on their previous poor living conditions; some even feel that the long commutes to work have made their lives worse.


Raquel Rolnik points out that ‘a basic principle of the right to housing is that the removal process must not put the person in a worse situation than before. But this is what has been happening in many of these cases.’

The real reasons for evictions have also been called into question. In the host cities of Fortaleza, Recife and Rio de Janeiro, and based on evidence found in areas from which people had been evicted, there were complaints that real-estate speculation was the actual motivation. Suspicions have been expressed that the World Cup provided the perfect excuse to remove ‘undesirable neighbours’ from areas slated for gentrification, something that would have been much more difficult had developers been obliged to buy the land.

On Recife’s historic sugar wharf of Cais José Estelita, a controversial development project known as Novo Recife became the object of disputes when Consórcio Novo Recife, a group of developers, acquired a plot of 105,000 sqm in this area of important local heritage. Their plan was to pull down the historic warehouses and to build twelve new commercial and residential buildings including 40-floor skyscrapers. Some 5,000 supporters of Ocupe Estelita (Occupy Estelita), including local artists, musicians and other cultural activists, prevented the demolition of the wharf and have entered into a dialogue with the Mayor and City Hall.

According to the Ocupe Estelita manifesto, the movement ‘defends [our rights to] a city for all. It questions decisions that have turned Recife into a segregated city, with derelict, restricted or privatised public spaces. […]’. The movement has been present for almost three years next to the historic warehouses of Cais José Estelita. [Project Novo Recife] is not only illegal, [it] will exacerbate various endemic problems facing the city, such as social segregation, dysfunctional urban mobility and a lack of public leisure areas and facilities. It has failed to enter into a dialogue with the neighbouring communities who are facing a huge housing shortage. The protests are still ongoing.

**10 – PROTESTS AND THE WORLD CUP EFFECT IN SOCIAL MOVEMENTS AND NGOS**

In the six host cities for the FIFA Confederations Cup in the summer of 2013 (15-30 June), 864,000 people took to the streets in the ‘biggest show of anger yet against the government, which is being accused of corruption, high prices and a lack of investment in public services.’ The riots were followed by other moments of turmoil, some involving ‘Black Bloc’ activities and striking workers from different sectors. The Special Secretariat for Security of Large Events (SESGE) invested BRL 8m (USD 3.5m) in rubber bullets, tear gas and flash bombs.

The rioting and vandalisation of public and private buildings which accompanied many protest rallies drew the attention of the international press, causing the Brazilian government to respond with heavy-handed repression. In Belo Horizonte and in all of the 853 cities in the state of Minas Gerais, a State Court injunction made street protests illegal during the Confederation Cup for fear

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that the teachers and police on strike at the time would obstruct the streets near the Mineirão stadium:

It is illegal to make any attempt or attempts to impede, prevent or obstruct the free passage of any individuals or vehicles, or to impede the regular performance of state public services, shows, performances, or any other sports and cultural events.57

According to Marcelo de Siqueira Freitas, Brazil's Attorney General, a group of 414 solicitors and prosecutors worked round the clock from May until the end of the World Cup on 13 July 2014, monitoring and reporting on 'news and even rumours of shutdowns' of public services, federal road closures and occupations of public buildings in order to take legal action whenever required. The attorney general continued, 'Alongside the intelligence and security agencies, our nationwide group monitored any interventions that might have jeopardised the games.'58

Their action was successful. Through twelve legal proceedings the group effectively managed to prevent or reduce strikes in ten different public service areas, and to ban protest rallies that could have blocked federal roads in six states – Rio Grande do Norte, Pernambuco, Alagoas, Ceará, Paraíba and Sergipe. Their legal actions also banned protests and picket lines from forming around two stadiums, Arena das Dunas and Arena Pernambuco, and at Rio de Janeiro's airports.59

On the day before the final World Cup game in Rio de Janeiro, a pre-emptive police operation led to the arrest of nineteen people, reportedly for illicit association and acts of vandalism; thirteen of them were released the day after the Cup while the remaining six were released about a month later.

The return to Brazil of dictatorial, repressive methods is a deplorable legacy. Police responded with brutality to some of the extensive protests. In one particularly serious incident in Rio de Janeiro, 600 people who had gathered in Saens Pena Square, in the city's Zona Norte, were surrounded by police officers for no evident reason and causing injury to at least fifteen journalists. The event prompted Amnesty International to launch a campaign in defence of freedom of expression and peaceful assembly in Brazil. Using soccer terminology, Brasil, chega de bola fora: Dê cartão amarelo ('No foul play, Brazil!'), the campaign was launched on 8 May 2014. Journalist reports of police brutality eventually led to the arrest of four members of the military police.60

Some protest rallies were held during the actual World Cup, but the numbers of protesters were lower. Nevertheless, protesters and police clashed in almost every city hosting the games of the World Cup. In the first week of the Cup, there were more than 20 protests and 180 arrests across the various cities, many resulting in police action.61

59 See preceding note.
The fear remains that exceptional situations become permanent in a process described by the Italian philosopher, Giorgio Agamben, creating 'an anomic space in which what is at stake is a force of law without law'. In other words, there is a very real risk of a negative legacy if and when legislation for exceptional situations evolves into a kind of shadow law of which no-one is aware.

11 – FINAL CONSIDERATIONS: MEGA-EVENTS AND THE CITY AS A SHOWCASE

Recent history has shown that the main attraction in hosting mega-events lies in the potential of implementing a new stage in the commercialisation of urban space. Big cities have become enterprises primarily focused on urban 'development' and on imposing new restrictions on the use of public space.

The enterprise-city is now the new paradigm of urban development. The city becomes a product and enters the competition roll with other cities in the developing world in order to become salable to the largest possible number of financial players. Large corporations, construction and real estate markets determine the urban redevelopment. Thus, big business, allied to governments, increasingly exert power over the changes and decisions that affect cities.

The decisions are not made at the local level, taking into consideration the rights to the city, but rather decided by the interests of capital, represented by a select group of national and international companies.62

In Brazil, Eduardo Paes, the Mayor of Rio de Janeiro, expressed the same attitude to the realisation of mega-events including the 2016 Olympics in his city:

What is the opportunity? Well, not lousy stadiums. It is [that we can show] that this country is transparent, just as it should be, with strong institutions. Seriously, this is a good country for business, for tourists to come to. It's a great opportunity to 'sell' our country.63

The 2014 World Cup was a good example of the new paradigm whereby urban change reflects a government position which privileges certain groups, failing to assure that inclusive public policies benefit all members of society, and implementing change and introducing gentrification including forced evictions under the pretense of development. Such changes have a dramatic impact on thousands of lives – and not always for the better.

Many projects related to the World Cup have indeed brought vital improvements to urban (transport) infrastructure. But the choices they involved have had a deep impact on people's lives.
