

# ONE

## Introduction

*“Welcome to Hell”*

ANDREW ZIMBALIST

Rio de Janeiro’s hosting the 2016 Summer Olympic Games was to be the crowning achievement of three decades of democracy and economic development. Rio and Brazil would enter the first world, Rio’s favelas would be modernized, its violent drug gangs rooted out, its sports and transportation infrastructure enhanced, and the city and country would share its good fortunes on the world stage. Reality, however, impinged on what was to have been and played a cruel trick on Rio and Brazil.

Olympics development magic doesn’t even work for developed cities.<sup>1</sup> It certainly wasn’t going to work for Rio. The depressing economic record of hosting the Olympics has a solid structural basis. The International Olympic Committee (IOC) is an unregulated global monopoly. Every two years it conducts an auction among the world’s cities to see which will bid the most extravagantly to earn the honor of hosting the winter or summer Olympics seven years later. Among many other things, the IOC requires the host city to cover any cost overruns. It’s a setup conducive to producing a cursed winner. Costs for the summer Games end up in the \$15 billion to \$25 billion range, while revenues trail in the \$3 billion to \$5 billion range. After the

Games, the host city finds itself with less available land (Beijing dedicated 8,400 acres of real estate to hosting in 2008), more venues of limited use to maintain, environmental degradation, social dislocation, mountains of financial debt, and, generally, a modicum of additional infrastructure, some of which is useful to the city's development but most of which is of low priority.

After each Olympics and the disappointing economic outcome, the IOC puts its well-oiled propaganda machine to work. Try as it does, the IOC public relations effort lately has had little success. City after city is losing interest in hosting the three-week Olympics extravaganza: five European cities dropped out of the competition to host the 2022 Winter Games, and Boston, Budapest, Hamburg, and Rome decided not to go forward with their candidacies to host the 2024 Summer Games. Tokyo won the right to host the 2020 Summer Olympics with a bid of \$7.1 billion, but a September 2016 report commissioned by the city of Tokyo projected costs of \$30 billion. The IOC could not withstand more bad news, especially after the Rio 2016 experience, and its vice president, John Coates, made this clear, stating that Tokyo's high costs "could scare off cities considering bids for future Olympics."<sup>2</sup> The IOC's concern was its bidding process, not Tokyo's fiscal mess.

It took the International Olympic Committee three months to come up with its definitive characterization of the Rio Summer Games: "the most perfect imperfect Games," declared IOC spokesperson Mark Adams in early December 2016. It's a catchy turn of phrase (albeit grammatically flawed); if we only knew what it meant. Does it mean that the Games were perfectly imperfect—the epitome of imperfection? Or imperfectly perfect—almost perfect? Or is it just obfuscation?

One thing is clear. When the Games ended on August 22, 2016, the IOC breathed a deep sigh of relief and then bid farewell to Rio. To the IOC, Rio now became little more than a historical artifact and an object of spin.

The lead-up to Rio 2016 was harrowing for the IOC. Everything was going wrong and there was legitimate concern that the Games would be disastrous, perhaps Mexico 1968, Munich 1972, and Montreal 1976 all rolled into one. Consider the litany of troubling news emanating from Rio in the months leading up to August 5, 2016.

The Brazilian economy was in deep recession with GDP falling at roughly 4 percent annually for two consecutive years, unemployment over 11 percent, and inflation near 10 percent. Social services were being cut back, and there was a broad sense of government dysfunctionality. At the end of June, state government announced that it owed 310,458 employees an average of \$466 each for salaries that were due two weeks earlier. Violence was pervasive and rising, as described by a *Wall Street Journal* article on July 1: “State police have made almost daily raids this week on favelas across greater Rio, waging deadly gun battles in an effort to recapture an alleged drug lord Nicolas Labre Pereira, nicknamed Fat Family. The overweight gangster’s posse recently freed him from custody after a shootout at one of the city’s biggest emergency hospitals. Since June 20, at least eight people have been killed in shootouts with police.”<sup>3</sup> Rio’s state government announced that eighty-four people were killed by police in May, a 91 percent increase from a year earlier. Street muggings were up 43 percent during the five months of 2016, with 9,968 cases in May alone. That number rose to a record 10,701 muggings on the streets of Rio in July.

Second, corruption, long a constant in Brazilian politics, began to spin out of control. The oil bonanza and the massive construction projects, many of them connected to hosting the World Cup and the Olympics, were simply too much opportunity for gain for Brazilian politicians and construction companies to forego. Brazil’s hosting of the World Cup and Olympics created a wide window for the world to watch the country’s biggest corruption scandal (Lava Jato, or Car Wash), along with the graft of World Cup and Olympics contracting, campaign financing, and more. (These scandals are discussed at length in Barbassa’s chapter, “Brazil’s Olympic Rollercoaster.”)

Most notorious perhaps, less than three months before the 2016 Games began, a gang of venal politicians alleged that President Dilma Rousseff was guilty of manipulating the country’s budget for political ends. The allegations were never proven, but Rousseff was suspended from office on May 12 and then removed permanently after the Games were over. The impeachment gambit’s true purpose was to distract Brazilians from the wider rings of corruption that had infiltrated the government and to prepare for a congressional clemency vote for compromised politicians.<sup>4</sup>

The gambit didn't work out as intended. Eduardo Cunha, the House speaker who led the impeachment effort against President Rousseff, was imprisoned on charges of money laundering and bribery after being discovered with millions hidden away in Swiss bank accounts. Former Rio state governor Sérgio Cabral was arrested in November 2016 for taking \$66 million in a graft scheme connected to the renovation of the Maracanã Stadium and other infrastructure. Brazil's new president, Michel Temer, had already lost six of his cabinet ministers to scandal as of mid-December 2016 and was engulfed in his own imbroglio. José Serra, who had been Temer's foreign minister, was accused of receiving a \$7 million bribe from Brazil's largest construction company, Odebrecht, and the former CEO of that company is serving a nineteen-year incarceration.<sup>5</sup>

Understandably, the breakdown of services, the revelation of vast corruption, the extensive layoffs and failure to pay workers, the growing violence, and the waste of Olympics spending provoked widespread and militant political protest. Perhaps most visible to the outside world was the protest staged by police and firefighters just five weeks before the opening ceremonies at Rio's International airport, warning visitors that the city was not safe, with one large sign stating "Welcome to Hell." The police, firefighters, and other public workers threatened to go on strike during the Olympic Games.

Amid this social, economic, and political turmoil, the Rio Organizing Committee for the Olympic Games (ROCOG) was scrambling to prepare the city for the event. And not everything was going so well. It was unclear if the new Line 4 metro to Barra da Tijuca would be functional or if many of the competition and related venues would be ready. ROCOG had run out of money. In July 2016 the Rio city government allocated an extra \$46 million to help with last-minute preparations, and following a declaration of a state of calamity by the state governor, a further \$890 million was committed by the federal government in emergency aid to help complete the Line 4 metro and provide Games-related security, including the payment of wages to police to patrol the streets. The sports venues were supposed to have test events. Many didn't. Some that did failed. Power supply to all venues was in question. ROCOG announced that many venues with temporary seating would have significant reductions in capac-

ity. Meanwhile, the temporary seating in some arenas was not stress tested before the competition. Only 15 percent of the planned promotional, decorative, and directional signage was installed. Construction was rushed and, in many places, shoddy. As athletes arrived at their village days before the competition began, they found lodging with dysfunctional plumbing and electricity. Some teams were forced to relocate temporarily and the Australian team refused to move in. There were ten reported construction-related deaths.

A 3.9-kilometer bike path that passed by a sheer cliff at ocean's edge—heralded as one of the city's infrastructural improvements from the Games—collapsed, sending two bikers plunging to their deaths. The path was constructed by the construction group Concremat and funded by a loan with public funds from the state development bank, BNDES. After the collapse it was revealed that “the number of contracts signed between the city of Rio and Concremat went up by 2,132 percent since 2009, when mayor Eduardo Paes took office for the first of his two terms. Of those contracts, 46 percent were offered without public bidding, under the allegation they pertained to emergency works. The group belongs to family members of Rio's tourism secretary, who was also treasurer of both of Paes' campaigns for mayor.”<sup>6</sup>

But matters turned still uglier for Rio 2016. Rio was hit by a virulent outbreak of the mosquito-borne Zika virus. Hundreds of *cariocas* (as residents of Rio are known) fell ill, and dozens of babies born to Zika-infected mothers suffered from microcephaly. This alarming news led many star athletes to bypass Olympics competitions, beginning with the world's number-one ranked golfer, Jason Day. Rio 2016 was supposed to herald golf's triumphant return to the Olympics after a 112-year hiatus, but Jason Day led an embarrassing exodus. Because of Zika, an international group of eminent doctors, bioethicists, and scientists signed a petition calling for the Games to be moved or postponed.

The ugliness continued to spread. Guanabara Bay, site of three of the five sailing courses, was supposed to be cleaned up for the Games. The bay is the dumping ground of waste from the surrounding communities and factories. The plan from the 2009 hosting document was to increase the treatment of water going into the bay to above 80 percent,

but by August 2016 less than half of the water was treated. The Associated Press commissioned a sixteen-month-long study of the bay; the Rodrigo de Freitas Lagoon, host of rowing events; and Copacabana Beach, site of the open swimming competition, and here's what they found:

The first results of the AP study published . . . showed viral levels at up to 1.7 million times what would be considered worrisome in the United States or Europe. At those concentrations, swimmers and athletes who ingest just three teaspoons of water are almost certain to be infected with viruses that can cause stomach and respiratory illnesses and more rarely heart and brain inflammation—although whether they actually fall ill depends on a series of factors including the strength of the individual's immune system.<sup>7</sup>

The next blow to Rio 2016 was that the World Anti-Doping Agency (WADA) noticed irregularities in Rio's new testing laboratory and shut it down. (It was later restored.) Given all the above and ticket prices out of reach to middle-class Brazilians, it should come as no surprise that ROCOG had to contend with severely lagging ticket sales.

Conditions did not improve once the Games began. Ben Fischer, who covered the Games for the *Sports Business Journal*, wrote: "The problems started out of the gate for Olympic partners, when sponsor guests waited two hours to enter the opening ceremony. Volunteers guided regular fans to a gate designated for sponsors, just the first of many complaints about poorly trained or unaware local staff."<sup>8</sup> Rio 2016 initially had 70,000 volunteers, the majority of whom received just a few hours of training at most. Many stopped reporting to duty after a day or two, happy to have been fed and given uniforms. Fischer's assessment continued: "Signs of budgetary collapse were common, from the poorly managed volunteer program, to the lack of wayfinding signage, to the precarious sewer system that couldn't handle toilet paper being flushed."<sup>9</sup>

Joshua Paltrow and Dom Phillips, writing for the *Washington Post* after the first week of the Games, characterized the steady mishaps as follows:

Before the bus windows got blasted out and the water in the aquatics center turned emerald, before the Australian coaches got robbed at knifepoint and the Belgian sailor fell sick after tumbling in the sewage-strewn bay, before gang members in a favela killed a Brazilian police officer and a stray bullet landed in the media tent, one could make the case that Rio's Olympics were going well. But the scares, mishaps and inconveniences have started to pile up. Olympics organizers have been bombarded by questions about the safety and efficiency of arenas and transportation routes, about the spotty attendance and officials' tough response to political protests, and about the level of contamination in swimming pools, which turned an algal green this week, forcing organizers to cancel a dive training session Friday morning. . . . Last Saturday, a stray bullet pierced the roof of the media tent at the equestrian venue. Three days later, two windows on an Olympics bus were struck by projectiles—organizers claimed they were rocks, passengers suspected gunfire. The next day, a pickup carrying police officers working security for the Olympics took a wrong turn into a favela and were met by a hail of bullets. One officer since died. Throughout the Games, Olympics fans and participants have been mugged, sometimes in harrowing circumstances. Two Australian rowing coaches were robbed at knifepoint near Ipanema Beach, and Portugal's education minister was assaulted near a downtown lagoon.<sup>10</sup>

Paltrow and Phillips neglected to mention that an overhead camera at Olympic park fell sixty-five feet on August 15, injuring at least seven people.

Writing for the *New York Times* about the horrors of transportation in Rio during the Games, Rebecca Ruiz and Ken Belson observed that it sometimes took two hours or longer to travel from one Olympics cluster to another—and that would be once you were able to find a taxi, assuming that the driver knew the route to the venue.<sup>11</sup> The largest impact of the transportation bottleneck fell on cariocas going to and from work. One commuter told Ruiz and Belson, "What makes me really outraged is that even with eight years of preparation,

the organizers planned it to be this way, knowing how much it would impact a large part of the local work force.” She said her normal commute time of thirty minutes ballooned to more than two hours during the Games.

Probably Rio 2016’s biggest scandal had little to do with Rio. The president of the Irish Olympics council and a longstanding board member of the IOC, Pat Hickey, was arrested in Rio and charged with heading a massive, lucrative ticket-reselling scheme. People knew about corruption in FIFA and Brazilian politics, but the executives of the IOC were generally deemed to be free of corrupt behavior, at least since the Salt Lake City bidding scandal prior to the 2002 Olympics. With Hickey’s arrest, it appeared that profiteering and graft had penetrated all the way to the top of the IOC. (Chade’s chapter on press coverage of the Games reveals some implicating news about the Hickey affair.)

So, the fact that the Games were pulled off was, as IOC president Thomas Bach proclaimed at the closing ceremony, “a miracle.” Other than very visible empty seats on television at most venues, the competitions all took place and did so with few serious incidents—at least incidents that were visible to the international audience.

Long-time Canadian IOC member and former director of WADA, Richard Pound, put it poignantly: “Ninety-nine percent of the folks who experience the Olympics do so by television or whatever platform . . . the world has no idea about the back-of-the-house shambles that are here. . . . Let’s . . . get out of town, and the world will forget how close it was to disaster on many occasions.”<sup>12</sup> Rio had limped to the finish line—and then collapsed.

Since the Games ended in late August, Rio’s problems have only grown worse. Violence has escalated dramatically. The economy has continued to sink steeply. Mountains of debt augur fiscal austerity, if not paralysis. Corruption scandals have become more extant and every week touch more politicians. Thousands of workers, including hundreds involved with the Games, have continued to be unpaid. Numerous Olympics white elephants mock the passersby.<sup>13</sup>

Meanwhile, the IOC, turning now to spin the Tokyo Games and the Russian doping quagmire, has evinced little concern over the actual impact that the Games had on Rio and Brazilian society. That’s

the oversight that this volume aims to rectify. In the next chapter, “The Olympics in the Twenty-First Century: Where Does Rio 2016 Fit In?,” Jules Boykoff describes how the task of hosting the Olympics has changed over the years, how the experience of host cities has varied, and how Rio’s record compares to that of others. In chapter 3, “Brazil’s Olympic Rollercoaster,” Juliana Barbassa situates Rio 2016 in its historical context, tracing the arc of the 2016 Games from the euphoria of being selected as host by the IOC in 2009 to the depressing decomposition of the city’s political and economic life.

In chapter 4, “Not Everyone Has a Price: How the Small Favela of Vila Autódromo’s Fight Opened a Path to Olympic Resistance,” Theresa Williamson discusses the centrality of the favela in carioca life and tells the story of one favela adjacent to the Olympic park. The city made promises it didn’t keep and trampled on the rights of the *favelados* in Vila Autódromo. Williamson extracts lessons from the resistance tactics used in this favela.

In the next chapter by Renata Latuf de Oliveira Sanchez and Stephen Essex, “Architecture and Urban Design: The Shaping of Rio 2016 Olympic Legacies,” the architectural and urban planning that went into Rio 2016 is discussed as well as many of its infelicitous outcomes. Chapter 6, “Strictly Confidential: Access to Information and the Media in Rio,” relates the frustrations of Jamil Chade, an award-winning journalist and European correspondent for the newspaper *O Estado de São Paulo* who has covered numerous Olympic Games and the 2014 World Cup, and the manipulated accounts of Olympics-related events that were presented to the public.

In “Safety for Whom?: Securing Rio for the Olympics,” Juliana Barbassa elaborates the prejudicial plan to keep executives, athletes, and fans safe at the expense of Rio’s residents before, during, and after the Games. The environmental challenges and costs of hosting the Games are related by Jules Boykoff in chapter 8, “Green Games: The Olympics, Sustainability, and Rio 2016.” The final chapter, “The Economic Legacy of Rio 2016,” by Andrew Zimbalist, analyzes the economic impact on Rio from hosting the Olympics.

Together these chapters seek to provide a fuller picture of how hosting the Olympics affected life in Rio de Janeiro—an issue to which the IOC gave only lip service. A consistent theme resonates throughout

these pages that buttresses the ascendant cautionary narrative surrounding hosting the Olympic Games. The chapters herein detail the economic, social, environmental, and political pitfalls that impacted Rio and that should be red flags for all prospective hosts.

#### NOTES

1. There is an occasional exception to this generalization. See Andrew Zimbalist, *Circus Maximus: The Economic Gamble Behind Hosting the Olympics and the World Cup* (Brookings Institution Press, 2016).

2. “IOC: Tokyo Olympics’ Huge Cost Could Give Wrong Message,” *NBC Sports*, December 1, 2016 (<http://olympics.nbcports.com/2016/12/01/tokyo-2020-olympics-cost/>). Since Coates issued this admonition, it is interesting to note that Tokyo in December 2016 was estimating costs between \$15 billion and \$18 billion. That is, magically, the costs were reduced practically in half from those estimated in the September study, without any significant change in the plan for the Games. One has to wonder whether the technique for cost reduction is the same as is being used in Beijing 2022 and has been used elsewhere; namely, Olympic-related costs are simply moved off budget. Beijing did this with its high-speed rails going to the Nordic and Alpine ski areas, 60 and 120 miles north of Beijing, that will cost \$5 billion or more. They simply declared that the rail lines would be built anyway (a highly dubious proposition) and so would not be counted as part of the Olympics’ expense.

3. Will Connors and Paul Kiernan, “Woes Confound Rio in Run-Up to Olympic Games,” *Wall Street Journal*, July 1, 2016.

4. Of course, the success of the impeachment process was a function of Rousseff’s abysmally low popularity rating. Although Rousseff was not directly implicated in the Lava Jato scandal, she was chair of the board of Petrobras during the years of its misdeeds. Further, many interpret her removal as part of a larger plan by Brazil’s Social Democratic Party and the PSDB-led coalition to carry out the austerity program demanded by international financial institutions.

5. Odebrecht pleaded guilty to providing bribes for construction contracts worldwide to the tune of billions of dollars, at least \$349 million of which went to Brazilian politicians. See, for one, Samuel Rubinfeld and others, “Brazil Giant Settles Bribery Case,” *Wall Street Journal*, December 22, 2016, p. B2.

6. Juliana Barbassa, “Rio de Janeiro’s Olympic Gamble,” *ICSSPE Bulletin* (Journal of Sport Science and Physical Education), no. 70 (May 2016), pp. 33–34.

7. See, for one, Jenny Barchfield, “Expert to Rio Athletes: Don’t Put Your Head Under Water,” *Associated Press: The Big Story*, August 1, 2016.

8. Ben Fischer, “After All the Problems, Rio ’16 Is the Olympics that Succeeded in Spite of Itself,” *Sports Business Journal* (August 22–28, 2016), p. 42.

9. Ibid.

10. Joshua Paltrow and Dom Phillips, “The Olympics Are a Test that Brazil Has Yet to Pass,” *Washington Post*, August 12, 2016.

11. Rebecca Ruiz and Ken Belson, “No Way Around Rio’s Gridlock, Even for Olympic Officials,” *New York Times*, August 17, 2016.

12. Quoted in Fischer, “After All the Problems,” p. 42.

13. One excellent discussion of the utter state of disrepair of multiple Rio Olympic venues is Anna Jean Kaiser, “Legacy of Rio So Far Is Series of Unkept Promises,” *New York Times*, February 16, 2017.