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Brazil’s Economic, Social, and Political Legacy from World Cup is Decidedly Mixed

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For 200 million Brazilians, the second World Cup held on native soil ended in shame and frustration on July 7 with a historic 7-1 loss to Germany even as the official final was held six days later, with the Germans beating out Argentina to claim their fourth trophy in the quadrennial tournament. Off the field, the tournament ran smoothly for the record number of foreign tourists visiting the country and affluent Brazilians attending matches, but preparations also caused the widespread displacement of low-income Brazilian families. Estimates suggest that public expenditure on stadiums and related projects will far outpace the eventual economic dividends for the country while tournament organizer FIFA stands to profit handsomely. Meanwhile, not all of the promised infrastructure and transportation projects for the tournament were completed (NotiSur, March 9, 2012, and Feb. 7, 2014).

Although there were fewer protests in numbers during the tournament, police activity was at record highs. Rio de Janeiro mobilized its largest police presence in the city’s history for the July 13 final and reacted sharply with tear gas and paintballs to a protest a few kilometers from the Maracanã Stadium. Two days prior to the final, Brazilian police arrested 23 individuals suspected of plotting acts of violence during the match. Several legal and human rights organizations contested the preventative arrests, and the individuals were freed on July 24.

Immediately after the conclusion of the World Cup, Brazil’s federal and state election season kicked into full gear. President Dilma Rousseff (Partido dos Trabalhadores—PT) is up for re-election. She faces her most serious challenge from Sen. Aécio Neves (Partido da Social Democracia Brasileira, PSDB), from Minas Gerais, with Eduardo Campos (Partido Socialista Brasileiro—PSB), former governor of Pernambuco, polling a distant third. Political analysts believe that Brazil’s loss in the World Cup has not affected Rousseff’s political standing and point to concerns about the country’s macroeconomic situation as more likely to impact her re-election chances (NotiSur, Aug. 23, 2013).

Tournament a boon for tourists, especially Latinos, and rich Brazilians

With 3,429,873 tickets sold, the 2014 World Cup was the second-most-attended in history following the 1994 edition in the US. Such high attendance figures were buoyed by record numbers of foreign visitors who traveled to Brazil for matches. About 692,000 foreigners of 203 different nationalities entered the country in June, a figure nearly 100,000 above initial estimates and 132% higher than in June 2013. Countries from the Americas with teams in the tournament were the most common origin of visitors: Argentina, the US, Chile, Colombia, and Mexico, respectively. Approximately 100,000 Argentines alone traveled to Rio for the World Cup final.

This unprecedented number of Latin American visitors to the region’s largest country belies proximity on the map. Despite sharing a land border with all but one South American nation, Brazil has historically been something of a world apart from its neighbors for cultural, linguistic, and geographic reasons. However, public officials hope that the World Cup will usher in a new era of Latino tourism to Brazil.
"My idea is to make a campaign that would bring South Americans for the Olympics," Rio Mayor Eduardo Paes told O Globo in an interview published July 13. "Especially because we pitched the IOC that this would be the Olympics of South America." The 2016 Summer Olympic Games will be the first held on the continent.

Overall, Rio, the country’s tourism capital, registered 400,000 foreign visitors. São Paulo, host of the opening match, received 196,000 foreign visitors plus another 300,000 Brazilian tourists. Together they contributed to a R$1 billion (US$450 million) economic boost for the country’s largest city, although some of this was offset by a reduction in business travel to Brazil’s financial capital, as the World Cup slowed down the pace of business considerably.

The total expenditure by foreigners in Brazil was estimated at R$797 million (US$359 million) by the Central Bank. However, these figures are still well below the US$11.3 billion in public expenditures on stadiums and related projects, and analysts contest Minister of Sport Aldo Rebelo’s claims of a US$90 billion economic impact from the World Cup in the next 10 years, pointing to much more modest predictions of a US$5 billion impact in 15 years from the 2006 World Cup in Germany.

Inside the stadiums, surveys by polling agency Datafolha indicated that the vast majority of Brazilian attendees self-identified as white and affluent, belonging to the A and B income classes, a minority compared with the largely mixed-race, middle-to-low-income population. Meanwhile, stadiums, infrastructure, and transportation projects caused the displacement of upward of 250,000 Brazilians across the 12 host cities according to housing and human rights nongovernmental organizations (NGOs). At the conclusion of the tournament, an estimated 82% of infrastructure projects, such as transit lines, airport renovations, highway expansions, and multimodal terminals, were completed (NotiSur, June 20, 2014). Approximately half were delivered by the tournament opener one month prior. On July 3, an overpass built for a new bus rapid-transit line in Belo Horizonte collapsed, killing two, a tragic event that recalled the eight workers who died during stadium construction.

Heavy police presence and preventative arrests cast pall over protest activity

While the World Cup opened on June 12 with a sizeable protest near São Paulo’s Itaqueirão Stadium that resulted in arrests, tear gas, rubber bullets, and injured journalists, such scenes by and large did not repeat themselves during the tournament. Folha de São Paulo reported a 38% decrease in protest activity during the 30 days of the tournament as compared with the 30 days prior. While public interest in the national sport surely played a role in keeping people off the streets and instead glued to their televisions, the extremely harsh measures taken by police during the World Cup, abetted by exemptions from Brazilian legal norms put in place for the duration of the tournament, also served to instill fear in the average citizen who took to the streets during the June 2013 nationwide protests.

On July 11, two days before the World Cup final, Brazilian police conducted a nationwide sting operation in Rio, São Paulo, and Porto Alegre to arrest 23 activists who have been involved in the protest movements. They were accused of plotting acts of violence during a protest scheduled for the World Cup final and held under suspicion of forming an armed gang.

Approximately 1,000 people gathered in a square about 3 km from Maracanã Stadium in the Tijuca neighborhood on the day of the final to protest public expenditures on the tournament, poor
quality health care and education, political corruption, the plight of Palestinians, and other causes. Although protesters showed no coordinated attempt to march in the direction of the stadium, a police presence several times the number of protesters closed off the square as well as the subway station that serves it and fired tear gas at the crowd.

The arrested activists became the subject of considerable public debate in the two weeks following the tournament. The mainstream media reported from a leaked police dossier that the individuals in question, including the imprisoned 23 plus a lawyer who sought political asylum unsuccessfully in the Uruguayan Consulate, had stockpiled arms and explosives and were responsible for acts of vandalism and the death of a TV journalist during previous protests in Rio. The appellate judge who heard the case, however, declared in his opinion, "Precautionary imprisonment is an exceptional measure that should be decreed only when supported by the legal requirements, in observance with constitutional principles of the presumption of innocence." Unconvinced that such was the case, he freed the activists on July 24.

President Rousseff turns attention to three-way race and stagnant economy

The stinging defeat of the Brazilian national team was a blow for President Rousseff, who after distancing herself from the World Cup in the controversial months leading up to the tournament began to embrace the squad as they progressed in good form. On social media, she sent messages of support and posed for a picture imitating a gesture popular among the players. This approximation with the team stood in sharp contrast to her public reception at both the World Cup opener and final match, where she was booed and jeered with vulgar chants. However, in light of the aforementioned reports of the racial and socioeconomic makeup of the Brazilians in attendance, specialists have opined that her treatment at the stadiums represents a demographic likely to oppose the left-leaning PT and not necessarily the national mood.

Overall, political commentators believe that the Brazilian public has evolved to a point where performance on the field does not correlate to attitudes in the polling booth. "If the national team had won, this wouldn’t have helped Dilma [Rousseff], the same way that Brazil’s defeat doesn’t favor the opposition. Voters are more mature; they don’t mix channels. Elections are one thing, sports another," said Fernando Antônio Farias de Azevedo, a political scientist at the Universidade Federal de Santa Catarina.

Instead, Rousseff should be more concerned with the economy. The country is flirting with negative GDP growth for the first time since 2009, and International Monetary Fund (IMF) estimates of 2014 GDP growth have been readjusted down for the fifth time, now estimated at 1.3%, less than in 2013. Several financial analysts, including Moody’s, are pointing to the possibility of a recession just four years after the country initiated a historic economic boom.

The government has lowered taxes on many goods, including automobiles, to stimulate consumer spending. However, the possible default of neighboring Argentina is raising concerns that one of Brazil’s biggest trading partners will buy less of its goods. Domestically, economists are not optimistic of a significant impact from tax reductions. Alexandre Porsse and Felipe Madruga, professors at the Universidade Federal do Paraná, concluded that the car tax reduction alone, the principal stimulus measure, would only increase GDP by 0.02%.

Nevertheless, the incumbent remains the front-runner with approximately two and one-half months until election day. Both Datafolha and Ibope, the country’s leading polling agencies, say Rousseff is
polling at 38% to Neves’ 22% and Campos’ 8%. Those numbers have fluctuated for both Neves, who has risen, and Campos, who rose and then fell. Rousseff has remained stable with at least a 37% vote share since mid-April. In the eventual runoff, Rousseff would win with 41% of the vote.

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