

BRAZIL

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State Crisis Instead of Final Sprint

<http://www.kas.de/brasilien/en/> IN THE NEXT 100 DAYS, 10 ISSUES SHALL BECOME DECISIVE OF WHETHER THE OLYMPICS SHALL BECOME A SUCCESS OR NOT IN CRISIS-STRUCK BRAZIL

100 Days prior to their Opening Ceremony, Brazil has practically forgotten this summer's Olympics and Paralympics. Instead the country is involved in a deep economic and political crisis. The latter is no longer limited only to the impeachment of Pres. Dilma Rousseff, but also casts doubts on the problem-solving skills of the Brazilian Administration as a whole. Whether the Olympics are going to be a success notwithstanding, shall essentially depend on 10 issues.

In recent years Brazil held the stage regarding grand events in the sporting area: Subsequent to the Confederations Cup-2013 and the Men's World Soccer Championship Games-2014, the 2016 Summer Olympics and Paralympics are going to take place on the South-American continent for the first time. Furthermore, in 2009 Brazil was acknowledged as a booming economy - spared, as it was - from the global economic and financial crisis and whose President at the time, Luiz Inácio Lula da Silva (PT) self-confidently demanded a place on the international stage for his country. Through its hosting of the foremost global sporting event and apart from international gains in prestige, Brazil had set its sights on long-lasting effects in the areas of urban development, infrastructure, the economy and tourism

1. Is Rio de Janeiro's infrastructure ready for the Olympics?

The Games are scheduled to take place within 32 sporting grounds in four districts

of the Seven-Million-Inhabitant Metropolis, of which 14 are being constructed specifically for the Olympics. To the surprise of domestic and international observers, most of the competition venues are practically almost fully completed (excepting only the velodrome). Different, however, is the situation regarding a commuter Megaproject: A new metro-line is supposed to convey, on a daily basis, 300,000 passengers from the Ipanema and Copacabana tourism centres to the sporting venue Barra - heretofore barely reachable with the public transportation network - thus clearly cutting back traffic volume on the sole connecting thoroughfare. The Organizing Committee is clearly concerned whether this project can actually become operational prior to the Olympics Opening Ceremony- and is already drawing up contingency plans. The collapse of a newly built bike lane, whereby two users died, has further weakened the public trust in the development of infrastructure.



In 2009, Brazil is awarded the 2016 Olympics
Photo: Ricardo Stuckert/Agência Brasil

In addition, a run-down area of the city's center right next to the Guanabara Bay - previously a military-complex not accessible

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to the public - was converted into an attractive common ground for the city's inhabitants. The city center, up to now deserted except for working hours and consequently unsafe, shall be up-valued by means of the prestige-project "Museum of the Future", green areas, bicycle lanes and tramways. In addition, the marina of the city-district Gloria, the venue for sailing competition, was modernized as well, and opened to the public. Should all construction projects be completed prior to the games' opening, the city shall meet the building requirements stipulated for the Olympics.

2. Do the Olympics construction projects facilitate further corruption possibilities?

For more than two years, Brazil is witnessing the disclosure of the greatest corruption network of its history encompassing the semi-public oil giant Petrobras (pursuant to the public prosecution a money-laundering locality, also code-named Operation "Lava Jato" i.e., Carwash). The until-recently CEO of the construction company Odebrecht, in charge of the Metro expansion, has already been sentenced due to corruption. Other construction companies are also being accused of corruption in connection with the Olympics projects, so that in the meantime even construction works had to be interrupted. Pursuant to "Panama-Paper" leaks, more than 100 P.O. Box Companies are suspected of being connected with the "Lava Jato" investigations, in addition to numerous Brazilian politicians, construction companies and sporting authorities. It is now eagerly expected whether the investigations under way shall confirm a connection between the Olympics construction projects and mailbox companies. The issue is, after all, to what extent the judiciary shall be capable of handling the corruption disclosure process in a non-partisan manner - allowing critics to identify signs for possibly instrumentalizing the process against former President Lula da Silva.

3. Shall Dilma Rousseff be impeached?

On April 17th, shortly before midnight, a Sunday session of Brazil's House of Representatives - wherein heated controversies

for the last word through vocal choirs, polemical posters, and confetti instead of the democratic exchange of arguments - came to a close. With 367 yeas vs. 137 nays, the House decided to forward the process for the impeachment of President Dilma Rousseff (PT - Workers Party) to the Senate for further procedural steps.¹ Now, the process rests with Brazil's second parliamentary House, the Senate. Therein, a committee for the evaluation of the impeachment process has already been set up. Said committee is expected to pronounce itself by mid-May on whether the Senate should deal with the process. The committee's recommendation shall be decided upon forthwith by a simple majority of the plenum, wherein approval is deemed certain. As of this moment, President Rousseff's mandate is interrupted and Vice President Michel Temer (PMDB) takes over the affairs of state. Subsequently the members of the Senate shall have 180 days to analyze the accusations against President Rousseff. To definitely deprive the President of her office, a plenary vote by a two-thirds majority is needed. According to recent surveys, this vote as well, would turn out to the detriment of the President.



(Still-)President Rousseff with the Olympic Torch
Photo: Marcelo Camargo/Agência Brasil

4. Who would, in lieu of Rousseff, open the Olympic Games?

As soon as the Senate votes for dealing with the impeachment process bringing President Rousseff's mandate to a temporary halt, her Vice President Michel Temer (PMDB) shall

¹ For additional information on the impeachment process see "Mass Protests and Political Gridlock" (<http://www.kas.de/brasilien/en/publications/44569/>) of March 17th 2016.

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become Interim President. Should the Senate decide for Impeachment, he shall take over the presidential mandate until its end in 2018. This would, in fact, put an end to the 13-year-in- power of President Rousseff's Workers Party, however this could in no way be termed a new political beginning – given that the 75-year typifies the Brazilian political system like hardly any other: His Party PMDB, with only one exception, took part in all administrations since Brazil's re-democratization in 1985, given that due to its heterogeneity and lagging program-planning-skills, it coalesced with parties of various genres (until March it was still an official part of President Rousseff's government coalition). For the third time since Brazil's re-democratization the PMDB would be able to take to take over the country's presidency, and for the third time it would be the result of taking it over by the vice-presidency. Although, impeachment processes were filed against Temer as well, as a skilled tactician he relies on significantly wider range of support within the parliament, so that he shall most likely remain steadfast. In an (allegedly unintentionally disclosed) speech he already presented himself as the country's president of national unity – however, the new political beginning of which the nation is in dire need and which the population called for during the mass protests in March - he would hardly be capable of embodying. In addition, the Panama Papers point to a strong involvement of his party in money laundering.

Furthermore; the supreme electoral court is examining the annulment of the 2014 presidential election due to suspicion of bribery financing. Should it come to an annulment, both Rousseff and Temer would have to resign from their offices. If still in 2016 it should come to a vacancy of both the offices of President and Vice-President, whether through the annulment of the presidential election or the impeachment of both, direct presidential elections would have to be held within 90 days, otherwise their successor in office would be elected in the parliament. During this period, the office of President would be held ad interim by Eduardo Cunha (PMDB), Presiding Officer of the House of Representatives. However, he is already

subject to a corruption process at the Supreme Court - and should he be forced to leave, the President of the Senate Renan Calheiros (PMDB) would, in turn, become President ad interim, but is similarly being accused of corruption. As last in the presidential successional line would be the Head of the country's Supreme Court, Ricardo Lewandowski. Therefore, a possible successor of President Rousseff would, most likely, be a member of the PMDB Party, which also relies on a majority in Congress and, in this manner, is bound to play a leading role in the forthcoming Administration.

Thus, it becomes clear that the Brazilian political situation faces fundamental problems that a possible impeachment of President Rousseff - would hardly solve – particularly in view of possible successors. Some 30 years after the re-democratization of Brazil, important elements of a democratic political culture are weakly portrayed, including civic education of the population, stable programmatic parties and sense of responsibility of the elected state representatives towards the population. However, particularly worth mentioning is the lack of understanding the need for compromise and dialogue, given the Brazilian population's extreme polarization. Consequently, it remains unclear how Brazilian Politics can achieve problem-solving skills. Regardless of the outcome of the Impeachment Process and annulment of the Presidential Elections, the population's call for both new Presidential and Parliamentary elections is becoming louder, even if, currently, there is no legal basis for them. In fact, constitutional amendments or even more drastic measures within Brazil's heated political environment should no longer be considered unthinkable. Predictions about who shall hold the office of the country's President on occasion the Opening of the Olympic Games on August 5th and to what extent the Administration shall actually be capable of acting are, therefore, not possible.

5. Could the Olympics provide new impetus to the Brazilian economy?

The economic boom-years - in which Brazil won the competition for hosting the 2016

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Olympic Games - have, in the meanwhile, given way to the worst economic crisis the country is undergoing since the 1930s. Joblessness is rising, inflation is high and the economy is shrinking – traumatic for a country that had become accustomed to significant growth rates over the years. In 2015 the Federal State of Rio de Janeiro, experienced a slump in revenues of nearly one third by its oil and gas sector, which is now threatened by sinking oil prices and the hesitant steps of a Brazilian energy turnaround. The remaining economic performance came mostly from the service sector, which is particularly beset by the economic crisis. Due to the correspondingly lower tax revenues (and their mismanagement, claim the government's critics), as of the end of 2015, the state's administration pays neither its public servants nor its pensioners their dues. Work-stoppage and forced savings in educational-institution, police-force and healthcare services are the result. Therefore, it remains unclear to what extent, public services, such as security and healthcare shall be available on occasion of the Olympics. Furthermore, in view of this scenario, the government's critics question expenditures on the order of almost R\$ 40 billion (approx. Euro 10 billion) within the Olympics' framework.

On the other hand, the city, the state and the federal government hope that the Olympics might provide a renewed boost to the country's shrinking economy. Admittance-ticket and advertising revenues and tourism income as well, are expected to convey immediate results. In the long term, infrastructure and urban-development projects - which to a large extent are financed as public-private partnerships - are expected to strengthen the economy. Similarly to Barcelona as the prime example for post-event sustainable transformation and economic development through the hosting of the Olympics, Rio as well, might be strengthened as a business center and tourism location.

6. What impact do the Olympics have on the environment of Rio de Janeiro?

It seems to be a dubious success, when Rio de Janeiro's Mayor Eduardo Paes (PMDB) proudly announces, that within the frame of the Olympics Preparatory Works, the proportion of urban waste water that is channeled into the sea fully untreated, has been lowered from 80% (!) to 40%. In addition, the waste-water treatment companies are being accused of corruption and of doctoring the processing values. Nevertheless, the International Sailing Federation is confident that a floating barrier within the Guanabara Bay shall be capable of warding off sewage from the venue of the sailing competitions. In addition, a matter of dispute is a golf course, situated in a nature-preservation area. On the one hand, Rio de Janeiro's environmental pollution poses a threat to athletes, whereas on the other hand, an increased awareness of this condition though the Olympics has given rise to the execution of urgently-needed improvements.

7. How does the Brazilian population view the Games?

Even if their opening is due to take place in less than four months, Rio de Janeiro's inhabitants have practically forgotten the Olympic Games, given that the country's political crisis has overshadowed all other issues in news coverage and public opinion. At the same time, as a symbol of sporting values, the Olympics could provide a momentous stimulus to the country's extremely polarized population. In view of the mass protests against the building of huge stadiums without further subsequent use, Rio's mayor emphasizes that the newly built stadiums may be put to use even after the Olympics: In this manner, building components of sport halls would serve for building schools and the Olympic Villa would be turned into a residential area. Earlier on, however, it was precisely from this location that the population of a shantytown was relocated, giving rise to protests.

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8. Shall the Olympics become a public-health risk due to the Zika Virus?

In February 2016, the World Health Organization declared a state of international public health emergency, on account of the Zika Virus. Since it can give rise to the Guillain-Barré syndrome, leading to paralysis phenomena; and on occasion of infection of pregnant women to birth malformations in their babies (microcephaly); and furthermore, its long-term effects are still largely unknown. Infection through the Zika virus can occur sexually or, in most cases, through mosquitoes. Thereupon, the Brazilian government declared "War" on the mosquito: Media campaigns are clarifying the population and exhorting it towards prevention; while the military is spraying whole city districts and sporting venues with insecticides. However, the vector lays its eggs even in the smallest quantities of stagnant water and, therefore, in view of Rio's tropically-humid climate the battle's outcome does not seem very promising. Nevertheless, the World Health Organization is not advising against travelling to Brazil, excepting pregnant women, whereas Brazil is setting its hopes on the dry season during the Olympic Games – still, it remains unclear to what extent, the Olympics might become a "springboard" to the global dissemination of the virus.

9. Is Rio de Janeiro safe?

With 25 homicides per 100,000 inhabitants (2012) Brazil ranks among the countries with the highest murder-rates globally, surpassing the German rate 32 times. However, Rio de Janeiro ranks relatively well among the positive exceptions registering a decrease in its murder-rates of more than 70% during the past 20 years. A reason for the high crime rates are the huge socio-economic differences – one in each five inhabitants lives in a shantytown – and infiltration of organized crime in both the police and the military. So-called pacifying units were able to achieve success against organized crime through their presence in the shantytowns by providing socializing and professionalizing projects in exchange for disarmament. Nevertheless, subsequent to

withdrawal, most of their successes came to nil, and in many locations, their actions only led to a relocation of criminality. To render the city attractive to tourists, the presence of the military and of the police shall be visibly increased prior to and during the Games. Presumably the security situation – during the Games – shall be stabilized in this manner. However, as in any mega-event there shall be a residual risk of terrorist attacks. In order to deprive both organized crime and minor criminality of their existence bases in a sustainable manner, it becomes necessary to draw-up integrated-policy projects capable of creating alternative livelihoods and of cutting short the country's striking social inequalities.

10. Shall the Olympics draw a large audience to Brazil?

Whether the performance of the Games shall actually confer Brazil the economic and prestige benefits hoped for, shall also depend on the number of international visitors. More than 500,000 are expected from around the world, in addition to 45,000 volunteers and 28,000 journalists. Even if these numbers have already been corrected sharply downwards, the hosting of the games during the northern Hemisphere's summer pause ensures the country of international attention. To date, only about half of the 7.5 million tickets were sold, but this is not unusual. It remains to be seen whether Brazil, in the midst of a state crisis, shortly before the opening of the Olympic Summer Games, shall muster the concentration and the energy for the final sprint, in order to host the games and to bring them to a successful end.

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