



Written by [Bob Adelman](#) on July 27, 2016

Sixty Percent of Brazilians Expect Economic Losses From Olympics

The theory — and the marketing materials — claim big benefits for Rio de Janeiro for hosting the 2016 Olympic Games: 500,000 people and more than 10,000 athletes attending and spending; improved infrastructure that lasts long after athletes and attendees leave; greater global exposure and enhanced credibility; and, if all goes well, increased revenues that will offset the costs and maybe even leave a little profit behind.



Brazilians aren't buying it. The Brazilian Institute of Public Opinion and Statistics (IBOPE) quizzed 2,000 Brazilian citizens about it and [reported](#) that 60 percent of them expect the games to generate more losses than gains, while less than a third predict the opposite.

The negative perception may partly reflect the average citizen's malaise as the country remains deep in the middle of both an economic recession that shrank the economy by nearly five percent last year, and a political crisis exposing corruption reaching to the highest levels of the government. It may reflect an awareness that most Olympic Games don't pan out as advertised, leaving facilities empty following the games and infrastructure costing millions every year just to maintain.

It may also reflect the recent experience in Sochi, Russia, which hosted the Winter Olympics in 2014. The Russian government invested an estimated \$50 billion in preparing the city of 300,000 on the Black Sea coast for the influx of athletes and attendees. But a combination of corruption (that was responsible for much of that massive cost) and uncompleted buildings and hotels forced many to leave the city before the games ended (doors to hotel rooms hadn't been installed, and many rooms had no heat, Internet connections, or phone reception).

The Guardian stated,

The main feeling for residents and visitors is that the spread-out nature of the stadiums and arenas, and the still-unfinished construction, gives areas of the city the feel of ghost town. With Sochi home to just 300,000 people, the vast majority of infrastructure had to be built from scratch. Whole residential districts were constructed. Many buildings were not finished in time for the games — and probably never will be.

Sochi is not Rio, but Rio faces its own particular and painful set of problems that could keep the Olympic "bounce" from happening. It spent hundreds of millions just to win the prize. It beat out Chicago, which itself spent more than \$100 million in its losing bid to host the event. There is the Zika virus, which has already kept many athletes away. There is rampant crime in Rio: Athletes walking the streets have been robbed in broad daylight, forcing many to write home warning families and friends to stay away. Earlier this week some delegations abandoned housing at the Olympic Games, thanks to abysmal living conditions (no hot water, faulty plumbing, exposed wiring, etc.), deciding to find other accommodations nearby. Competitors from Argentina and Australia have already left the games.



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Financially the city of Rio is so strapped for funds to complete the facilities and provide police protection for the influx of visitors that state officials were forced to advance it nearly \$1 billion to cover those costs.

Those familiar with the internal finances of the Olympic Games are pessimistic that Rio 2016 will even come close to closing the gap between revenues and costs. The games might generate as much as \$10 billion in revenues, but that hardly makes a dent in the \$30 billion the games are estimated to have cost already. And that revenue estimate might be generous when it is realized that those 500,000 visitors will most likely just make up for losses in the normal tourist trade from those who have opted out of visiting Rio because of crime, traffic, and Zika.

Brazilians see what's likely coming starting on August 5: Taxpayers, already heavily burdened, will be left holding a hefty tab when the games end 16 days later.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at LightFromTheRight.com, primarily on economics and politics. He can be reached at badelmann@thenewamerican.com.

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