An Ethical Analysis of the 2014 FIFA World Cup in Brazil

Arjyo Mitra
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I. INTRODUCTION

Brazil was officially named the host nation of the 2014 FIFA World Cup on October 30, 2007. This came after the country’s delegation successfully convinced the FIFA Executive Committee of the potential social and cultural benefits of hosting the tournament.\(^1\) Although then-president, Luiz Inacio Lula da Silva, and president incumbent, Dilma Rousseff, publicly welcomed the responsibility of hosting the event, the Brazilian public repeatedly expressed its discontent at FIFA’s decision.\(^2\) 61 percent of the Brazilian adults who participated in a 2014 survey by the Pew Research Center were against Brazil hosting the event.\(^3\)

Public protests and riots reached their climax before and during the 2013 FIFA Confederations Cup, which precedes the World Cup, and regained momentum as the opening ceremony of the World Cup drew nearer.\(^4\) The protests were centered around the people’s demands for higher expenditure on healthcare, education, and public transport.\(^5\) But the hosting responsibilities included an estimated expenditure of $3.6 billion of taxpayer money for the construction of stadiums.\(^6\) Rampant corruption and organizational inefficiency detrimentally affected the nation’s preparedness for the event. This led to further widespread public disillusionment. There are several ethical concerns surrounding the govern-

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4. Id.
5. Id.
ment’s diversion of taxpayer funds away from areas that urgently required investment and attention.

This report provides a brief overview of the present condition of Brazil’s economy, public service systems (healthcare and education), and business environment. The description gives some context to the subsequent discussion. The next section describes the controversies about different aspects of the government’s overall World Cup-related expenditure, specifically:

- FIFA’s tax exemption;
- Construction of stadiums;
- Construction costs exceeding budgets;
- White elephants;
- Crowding out of accompanying investments in infrastructure; and
- Social costs to Brazilians.

This report summarizes the ethical concerns raised by these controversies. These concerns are analyzed from the perspective of whether the decision to bid for the hosting rights for the 2014 FIFA World Cup was ethical and morally justifiable in light of the pressing need for extensive public investment.

Additionally, the report utilizes a consequentialist approach to answer the question: do the ends justify the means? Here, the ends are the predicted benefits from hosting the tournament. The means refer to the seemingly unethical use of taxpayer money for purposes other than the facilitation of immediate public welfare.

The juxtaposition of these two contrasting perspectives on ethics sheds light on whether Brazil’s hosting of the 2014 FIFA World Cup was ethical.

II. BRAZIL: AN OVERVIEW

A. The Economy

According to the International Monetary Fund’s (IMF) World Economic Outlook Database of October 2013, Brazil is the seventh largest economy in the world, with an estimated Gross Domestic Product (GDP) of $2.523 trillion (corrected for purchasing-power-parity valuation of national GDP) and per-capita GDP of $12,528 (the 79th largest in the world). The corresponding nominal figures are $2.169 trillion (7th) and $10,773 (63rd).

Brazil’s annual GDP growth rate reduced from 7.5 percent in 2010 to
0.9 percent in 2012. The 2014 first-quarter results showed a 1.9 percent growth over the past twelve months.

B. Income Inequality and Poverty

The country’s GINI Index—which measures the degree of income inequality—is one of the highest of the countries that form the dataset. The 2009 estimate was 54.7 (the 13th-highest of 150 nations in the dataset and 3rd-highest out of the 32 nations competing in the World Cup; only Honduras and Colombia suffer from worse income inequality) and the 2012 estimate was 51.9.

Sixteen percent of Brazilian citizens live below the national poverty line, and thirty-one million people live on less than $1.25 per day.

C. Healthcare

Brazil experienced dramatic improvements in public health over the last decade. But it still lags behind most countries in the Organization for Economic Cooperation and Development (OECD) in primary health indicators such as life expectancy (73.4 years versus OECD average of 80 years); health spending as a percentage of GDP (8.9 percent versus OECD average of 9.4 percent); and per capita health expenditure ($1,043 in 2011 versus OECD average of $3,322).

Furthermore, the country faces significant challenges to universal access to primary healthcare. There is a deficit of primary care facilities and doctors. Crucially, the recent development of the private healthcare industry and the underfunding of public sector health facilities created socioeconomic disparities in access to quality healthcare.

18. Id.
hospitals have increased prices by 20 or 30 percent since 2009,19 making Brazilian healthcare the most expensive in Latin America. Some operations cost within 10 percent of equivalent operations in the United States.20

D. Education

The improvement in Brazil’s education has been markedly slower than its healthcare. Only 57 percent of 25 to 34 year-olds have earned the equivalent of a high school degree, causing Brazil to lag behind most OECD countries (the corresponding figure is 82 percent for OECD countries).21 The OECD Programme for International Student Assessment evaluated the general level of ability acquired by students in crucial subjects.22 Empirical results show the average Brazilian student ranked far below the average OECD student in reading literacy, math ability, and knowledge of science.23

Brazil’s public education system lacks the necessary facilities and funding to improve these basic standards. Consequently, illiteracy levels are high.24

E. Corruption in the Public Sector

Based on eight different studies composited into the Corruption Perceptions Index (2012), Brazil’s public sector is the 69th least corrupt of 178 countries for which data was available.25 According to Transparency International, which compiled and published the report, some of the harmful effects of corruption include “human suffering, . . . failure in the delivery of basic services like education or healthcare[,]” and the derailment of “the building of essential infrastructure . . . .”26 Corruption also unfairly imposes a “dirty tax” on the poor and vulnerable.27

High taxes, bureaucratic corruption, and high borrowing costs form the “Brazil Cost” of doing business in the country.28 This significantly hinders the initiation of projects. In fact, Brazil is ranked 116th out of 189 countries in the ease of doing business.29

20. Id.
21. OECD BETTER LIFE INDEX, supra note 16.
22. Id.
23. Id.
24. See id.
26. Id.
27. Id.
III. WORLD CUP CONTROVERSIES

A. FIFA's Tax Exemption

Any direct or indirect expenses incurred by FIFA for the 2014 World Cup were granted full federal tax exemptions by Law Project 7422/2010, which was submitted to the Brazilian National Congress on May 31, 2010. These expenses include "imports carried out by FIFA itself, FIFA's Brazilian subsidiaries," or any third-party organizations hired by or associated with FIFA to help organize the event. Provisional Measure 497/2010 described a special tax regime for the construction of stadiums for the 2014 tournament and the FIFA Confederations Cup 2013.

The exemptions detailed in Law Project 7422/2010 included, but were not restricted to “[F]ederal excise taxes (IPI) due on customs clearance; [I]mport tax[es]; . . . Contributions for the Financing of Social Security (COFINS); [F]reight taxes (AFRMM); [and F]ee[s] for the use of the Foreign Trade System (SISCOMEX) . . . .” Furthermore, they applied to the imports of a wide range of durable goods and consumables that would be used exclusively during the tournament.

Law Project 7422/2010 is also discriminatory in assigning the burden of tax payments to suppliers involved in the organization of the tournament. Again, it favors FIFA and its interests. Being a non-resident entity, FIFA receives exemptions from taxes levied on its own activities in connection with the World Cup, whereas its businesses that are registered in Brazil do not receive such benefits. Crucially, the law highlights that Brazilian suppliers, both individual and corporate, who receive payments from FIFA and its affiliates will not be exempt from taxation on income and capital gains. But FIFA’s Brazilian subsidiaries are granted the same exemptions from corporate income taxes.

This indicates the shifting of the burden of income tax payments from FIFA to Brazilian companies not permanently associated with the footballing institution. Most of FIFA's other operating and organizational expenses, such as compensation and prizes, also escape taxation, whereas income of Brazil-based sources continues to face taxation.

31. Id.
33. Id.
34. Id.
35. Soares da Silva, supra note 30.
37. Id.
According to Brazil’s Federal Revenue Department (FRD) 2010 estimates, the tax breaks associated with the 2014 FIFA World Cup and the 2013 FIFA Confederations Cup total around R$800 million ($475 million) between 2011 and 2015. It seems that while the temporary tax breaks limit costs for FIFA and its private suppliers, they also serve to limit potential tax revenue for the Brazilian government. This shortfall in tax revenue most likely translates to an increase in the burden of future taxation for the country’s citizens.

B. Construction of Stadiums

Estimates of the expenditure incurred by the Brazilian government in preparing the nation for the tournament vary from $11 billion to $14 billion, with some sources reporting estimates of $15 billion. But there is a broad consensus that the government has spent $3.6 billion (R$8 billion) on the infrastructural modernization of stadium facilities. This enabled the hosts to bring the total number of stadiums in use to twelve, a record for the tournament. Five cities built stadiums from scratch, one stadium was demolished and rebuilt to suit FIFA’s specifications, and the other six underwent extensive renovations.

1. Construction Costs Exceeding Budgets

In FIFA’s original inspection report of Brazil’s candidacy for hosting the 2014 FIFA World Cup, required investments for construction or renovation of the stadiums were estimated to be $1.1 billion. But costs had

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38. Id.
43. See Mark Koba, World Cup by the Numbers: Most Expensive Ever!, CNBC (June 12, 2014, 8:00 AM), http://www.cnbc.com/id/101750395/.
run three times over budget by 2012.\textsuperscript{46}

a. Arena Corinthians, Sao Paulo

Sao Paulo’s Arena Corinthians, also known as the Itaquerao Stadium, was originally estimated to require R$335 million in investments.\textsuperscript{47} But the final estimates increased to R$820 million to account for expenses required to enable the stadium to fulfill FIFA’s general requirements, with R$420 million of the costs funded by tax credits granted by the city.\textsuperscript{48} The stadium eventually cost R$965 million, 15 percent above its planned budget.\textsuperscript{49} This figure does not take into account the additional expenses that will be required to remove 20,000 seats after the World Cup.\textsuperscript{50}

The Itaquerao Stadium was built in a city that already had a fully functional stadium, the Morumbi Stadium.\textsuperscript{51} The Morumbi was originally slated to be Sao Paulo’s only World Cup stadium.\textsuperscript{52} But the city’s organizing committee failed to provide FIFA with financial guarantees for the required $135 million renovation that was required to update the structure and it was removed from the list of stadiums.\textsuperscript{53} This allowed Sao Paulo to accommodate plans for the Itaquerao Stadium, but at a much higher cost to the government and taxpayer.\textsuperscript{54} The necessity of building a second stadium at such high costs, especially when the first would have sufficed, is questionable.

b. Estadio Nacional Mane Garrincha, Brasilia

The demolition and subsequent rebuilding of Brasilia’s Estadio Nacional Mane Garrincha in 2010 was originally supposed to cost $300 million.\textsuperscript{55} But government auditors revealed this cost tripled to $900 million, making the stadium the most expensive in Brazil and the second-most expensive football stadium in the world.\textsuperscript{56}

\begin{itemize}
\item \textsuperscript{46} Andrew Downie, \textit{Soccer-Brazil World Cup Stadiums on Track, but Costs Soar}, \textit{REUTERS} (Apr. 3, 2012, 9:49 AM), http://www.reuters.com/article/2012/04/03/soccer-world-brazil-idUSL2E8F2GG820120403.
\item \textsuperscript{47} Id.
\item \textsuperscript{48} Id.
\item \textsuperscript{49} Bernie Roseke, \textit{Project Management Disaster: The Arena de Sao Paulo}, \textit{PROJECTENGINEER} (June 7, 2014), http://www.projectengineer.net/project-management-disaster-the-arena-de-sao-paulo.
\item \textsuperscript{50} Downie, supra note 49.
\item \textsuperscript{52} Id.
\item \textsuperscript{53} Id.
\item \textsuperscript{54} See Downie, supra note 49.
\item \textsuperscript{56} Id.
\end{itemize}
i. Price Gouging and Fraudulent Billing

Allegedly fraudulent billing of expenses and the existence of widespread corruption at the bureaucratic level are blamed for the massive increase in prices.\(^{57}\) A team of auditors from the Audit Court in Brasilia found that as much as one-third of the stadium’s cost was attributed to overpricing.\(^{58}\) Their investigation of 75 percent of the project’s costs revealed $275 million in alleged price gouging.\(^{59}\)

For instance, the auditors’ report indicates that the government was billed $1.5 million by the construction consortium formed by Andrade Gutierrez, a construction conglomerate, and Via Engenharia, an engineering firm, for the transportation of prefabricated grandstands that should have only cost $4,700.\(^ {60}\) The auditors also uncovered additional expenses of $46.3 million incurred due to poor planning, delays in construction, and fraudulent accounting practices.\(^ {61}\)

ii. Corporate Corruption

The extent of corporate corruption prevalent in Brazil is indicated by the discovery that Andrade Gutierrez, the company that won bids to build or renovate four stadiums in 2010, increased its corporate election campaign contributions from $73,180 in 2008 to $37.1 million in 2012.\(^ {62}\) Odebrecht, Brazil’s top builder, also increased its political contributions from $90,909 in 2008 to $11.6 million in 2012, a 127-fold increase.\(^ {63}\) During that period of time, Odebrecht won four stadium contracts and the operational ownership of Rio de Janeiro’s Maracana Stadium for thirty-five years.\(^ {64}\)

“There must be some corruption,” Sergio Nogueira Seabra, Secretary for Transparency and Prevention of Corruption in Brazil’s Comptroller General’s Office, was quoted as saying in May 2014.\(^ {65}\)

1. White Elephants

In addition to the enormous expenses incurred by the government for the preparation of the twelve venues, there have been significant fears that at least four, and as many as eight, of the twelve stadiums will fail to

57. See id.
59. Id.
63. Brooks, supra note 61.
64. Id.
generate revenues beyond their use during the tournament.66

a. Estadio Nacional Mane Garrincha, Brasilia

For instance, the stadium in Brasilia hosted a few games in the 2014 FIFA World Cup and is slated to host the 2016 Summer Olympics in Rio de Janeiro. After that, the publicly funded stadium may be left unoccupied because there are no major football teams in Brasilia.67 The city's clubs play in the third and fourth divisions of the national league and cannot attract sufficiently large crowds.68 High maintenance costs and limited inflow of revenues mean the stadium may never generate profits to justify the massive outlay on its construction.

b. Amazonia Arena, Manaus

The newly constructed Amazonia Arena in Manaus cost $294 million, 25 percent over its planned budget,69 and finds itself in a similar situation. Manaus is a two million-strong metropolitan city located in the Amazon rainforest, and its best professional football team plays in the fourth division of the national league.70 Thus, the stadium is expected to remain vacant while racking up maintenance costs. The construction of the brand new 44,500-seat Arena Amazonia in Manaus has been described as “shameful.”71 Similarly, the Arena das Dunas in Natal and the Arena Pantanal in Cuiaba together cost R$820 million, but do not have sufficiently qualified club teams to occupy them.72

1. Crowding out of Accompanying Investments in Infrastructure

The excessively large number of stadiums constructed for the World Cup and the associated infrastructural investments on airport, transportation, and accommodation greatly divided the attention of the Brazilian government.73 The organizational capabilities of the responsible companies were also stretched to the limit by the vast number of different projects. Huge delays and constantly increasing costs caused by bureaucratic and operational inefficiency hampered the achievement of the

66. Downie, supra note 49.
67. Panja, supra note 45.
71. Barchfield, supra note 72.
73. Rishe, supra note 13.
planned infrastructural goals.\textsuperscript{74} They also compromised the quality of the facilities built. This caused the construction of many planned facilities to be abandoned or extensively delayed.\textsuperscript{75}

Approximately half of the infrastructure projects originally promised were not delivered or completed.\textsuperscript{76} Approximately one-fifth of all projects were dropped due to delays.\textsuperscript{77} Attempts to improve urban transportation were largely unsuccessful.\textsuperscript{78} Rail projects and bus corridors were dropped in up to six cities.\textsuperscript{79} Airports also suffered delays in construction, and many planned updates to design and technology were abandoned or postponed until after the World Cup.\textsuperscript{80}

For example, the construction of the Amazonia Arena in Manaus suffered from numerous delays and additional expenses beyond the planned budget.\textsuperscript{81} This had a detrimental indirect effect on important infrastructural investments in the city, such as the expected $810 million investment in Manaus’ public transportation system.\textsuperscript{82} Despite being intended to combat the city’s traffic congestion problems, the plan was crowded out and eventually cut from the Sports Ministry’s official list of World Cup-related expenditures.\textsuperscript{83}

\textit{The Guardian} recently reported that Gianna, a resident of Copa do Povo (People’s Cup), a flash camp near Sao Paulo’s newly constructed Itaquerao Stadium, said, “We don’t have hospitals, we don’t have schools. But we have stadiums. Lots of stadiums.”\textsuperscript{84} This accurately captures the social injustice of Brazil’s expenditure on stadiums at a time when its public education and healthcare industries have been calling for extensive investments.

\textbf{C. Social Costs to Brazilians}

The construction of stadiums, the upgrading of accommodation facilities for tourists and national delegations and the creation of urban transportation facilities came at immense social costs to Brazilian citizens. Those suffering from poverty were most affected by the social displacement caused by the evacuation of favelas and other public housing

\begin{itemize}
\item \textsuperscript{74} See id.
\item \textsuperscript{75} See id.
\item \textsuperscript{76} Anthony Boadle, \textit{World Cup Leaves Brazil Costly Stadiums, Poor Public Transport}, \textit{REUTERS} (June 5, 2014, 12:26 PM), http://www.reuters.com/article/2014/06/05/us-brazil-worldcup-infrastructure-idUSKBN0EG23H20140605.
\item \textsuperscript{77} Id.
\item \textsuperscript{78} Id.
\item \textsuperscript{79} Id.
\item \textsuperscript{80} Id.
\item \textsuperscript{81} Barchfield, \textit{supra} note 72.
\item \textsuperscript{82} Id.
\item \textsuperscript{83} Id.
\item \textsuperscript{84} Owen Gibson, \textit{The World Cup is Really Just for the People in Helicopters}, \textit{GUARDIAN} (June 11, 2014, 2:41 PM), http://www.theguardian.com/world/2014/jun/11/world-cup-helicopters-streets-sao-paulo#.
facilities.\textsuperscript{85} Estimates suggest that between 250,000 and 1.5 million people have been forced to abandon their residences or evicted, with very few receiving adequate relocation assistance or monetary compensation.\textsuperscript{86} Some citizens received only 20 to 40 percent of the value of their houses in compensation in what has been termed “a programme of mass eviction of the lower classes set out in order to put on a glossy show for the rest of the world.”\textsuperscript{87}

IV. SUMMARY

The broad ethical concerns raised by the topics covered in these sections are summarized below.

The Brazilian government decided to host the 2014 FIFA World Cup despite the country’s clearly apparent lack of infrastructural capacity, poor operational management capabilities, and ill-suited private and corporate business environment.

The government has repeatedly neglected the requirements of society and its demands for improved healthcare, education, and public infrastructure. Instead, it has served to benefit FIFA, a private foreign institution, at its own cost and the cost of its citizens.

Relaxed tax requirements and numerous exemptions offered to FIFA have robbed the government of tax revenues and increased the future tax burden on the Brazilian public.

The government has not delivered on several secondary infrastructure projects that it promised, such as modernization of airports and urban and interstate transportation facilities. These projects would have brought real value to society by directly benefiting the Brazilian public. But the government sanctioned and financed the construction of expensive stadiums that will most likely not deliver returns on investment.

The organization of the tournament came at the direct expense of the welfare of Brazilian citizens. Local housing facilities such as favelas were evacuated, and appropriate relocation measures were not enacted across the board.

The acknowledgement of these ethical concerns lays the foundation for the subsequent theoretical analysis of the same from two unique perspectives.


V. AN ETHICAL ANALYSIS

A. A DEONTOLOGICAL APPROACH

Theories of deontological ethics broadly state that the ethical judgment of an action must depend solely on its adherence to basic moral duties or codes of conduct. Different versions of deontological theories focus on the roles played by agents and patients within the ethical frameworks they occupy.

1. Agent-Relative Obligations

The fundamental duty of any government body is to ensure an adequate standard of living and satisfaction for its citizens. This can be done by continuously targeting improvements in levels of education, primary health, employability, security and public infrastructure. Only once these goals have been achieved at sustainable levels should governments embark on secondary projects, such as hosting international events. These obligations are agent-relative, in that each government is obligated to attend to the needs of its citizens in particular.

The discussion of Brazil’s poverty, income inequality, illiteracy, and poor health shows the government has not devoted enough attention to its citizens’ needs and demands. It has not fulfilled all its obligations to its citizens and therefore should not have undertaken the responsibility of hosting the World Cup. The taxpayer funds spent on tournament-related investments should have been used for improving existing public healthcare and education facilities, both of which are sorely lagging behind their private counterparts. Enabling regular access to quality education and primary healthcare has enormously beneficial impacts on the socioeconomic elevation of the impoverished. It can also result in several positive effects, such as a reduction in crime, violence, and substance abuse, all of which Brazil suffers from.

In short, hosting the tournament represented a violation of the government’s duty and obligation towards its citizens and is unethical from a purely agent-relative deontological perspective.

89. See generally id.
2. Patient-Centered Perspective

Patient-centered deontological theories dictate that people have the right against being used by another entity for the user's benefit without their prior approval.93

This definition becomes relevant when one considers the Brazilian public was largely against the organization of the World Cup. Brazilian citizens regularly organized riots and engaged in public displays of their disapproval of the huge investments on stadiums and the mass evacuation of housing facilities.94

It was abundantly clear the public was opposed to hosting the tournament and the manner in which the organization took place. Thus the patient-centered deontological theories reveal hosting the event violated the basic ethical rights of Brazilian citizens.

B. A Consequentialist Approach

Consequentialism entails the weighing of the potential positive and negative impacts of a decision before rendering an ethical judgment. Thus, an action or decision can only be judged based on its consequences.95 An extension of this argument allows any foreseeable course of action to be undertaken if it produces desirable results.96 Consequentialism, therefore, considers Brazil hosting the 2014 FIFA World Cup to be ethical if it brings about positive consequences. Conversely, if the consequences prove to be negative or insufficiently positive, the act is unethical.97

1. Tourism

It is estimated that the 2014 FIFA World Cup brought approximately 3.7 million people to the country from around the world.98 Tourists were expected to inject approximately $3.03 billion into the Brazilian economy through expenditure on accommodation, food, transportation and entertainment.99 Of course, expenditure on match tickets could not be considered because FIFA receives all revenue from ticket sales.100 In addition to these direct effects on the Brazilian economy, this money

93. ALEXANDER & MOORE, supra note 93.
95. ALEXANDER & MOORE, supra note 93.
96. Id.
97. Id.
99. Id.
100. Michelle Sulahian, A Week from the World Cup, FIFA is Already the Big Winner in Brazil, FIELDS GREEN (June 5, 2014), http://thefieldsofgreen.com/2014/06/05/fifa-already-the-big-winner-in-brazil/.
could also have indirect impacts through the phenomenon of multiplier
effects (i.e., the recirculation of the foreign money within the Brazilian
economy in the form of local consumption).

But these ex-ante estimates are not always reliable. It is difficult to
statistically describe the net effects of the influx of foreigners during a
World Cup or international event. This is partially due to the crowding
out of certain foreigners who would have attended but for increased
crowds and prices.\textsuperscript{101} For example, the tourist inflow statistics for At-
lanta were identical during the summer months of 1995, 1996, and 1997,
indicating that the 1996 Summer Olympics crowded out quite a few po-
tential foreign visitors.\textsuperscript{102} As another example, tourism figures for Syd-
ney declined for three successive years after the 2000 Summer Olympics,
revealing that the purported ex-ante benefits of tourism may often be
overestimated.\textsuperscript{103}

The 2014 World Cup's effects on tourism also depended on how the
country's reputation as a world-class tourist destination was affected by
the international media coverage of the tournament. Positive events,
such as superb organization, civil peace, and a flawlessly executed tourna-
ment, would have undoubtedly attracted foreigners. But this tournament
was marred by controversies, intense public riots, and violent protests.\textsuperscript{104} Many foreigners will be tempted to avoid the civil unrest in Brazil. It is
likely that ex-post estimates of the benefits to tourism will be
underwhelming.\textsuperscript{105}

2. Reputation of Brazil

The intention behind hosting the World Cup was to portray Brazil as a
“vibrant, rich, diverse and sophisticated country” on the global stage.\textsuperscript{106}
Hosting a successful tournament would have generated international
awareness of Brazil’s economic development. It would also have indi-
cated world-class management and organizational capabilities and a
thriving business sector. In other words, the brand image of the country
would have been significantly bolstered.

But numerous instances of delays in stadium construction, allegations
of corruption, and increases in construction costs tarnished the reputation
of the country’s bureaucracy and infrastructural capabilities.

Thus, the intended consequence of “putting Brazil on the map” was not
achieved to the desired extent.

\textsuperscript{101} Andrew Zimbalist, Brazil’s Long To-Do List, AM. Q., Summer 2011, at 57, availa-
\textsuperscript{102} Id.
\textsuperscript{103} Id.
\textsuperscript{104} See Brazil World Cup: Clashes as Sao Paulo and Rio Riots, supra note 97.
\textsuperscript{105} Raymond Colitt, World Cup Didn’t Help Brazil’s Economy and Olympics Won’t
Either, NewsCRED (Jan. 18, 2015, 11:00 AM), http://skift.com/2015/01/18/world-
\textsuperscript{106} Zimbalist, supra note 104.
4. Accompanying Infrastructural Investments

The preparations for the tournament involved updating, beautifying, and modifying various public infrastructural facilities, such as urban transportation and accommodation. While these will undoubtedly have lasting legacies, one can justifiably question whether investments could have been made independently of the tournament.

The FIFA World Cup is often used as a driving factor for extensive plans for the urbanization of the host country’s facilities. But such investments could have been made even if Brazil did not host the tournament. The country was desperately in need of advanced highways, airports, schools, and hospitals; investments should have been made in these areas instead of fiscal expenditures on football stadiums. The expenditure of $3.6 billion on stadiums undoubtedly crowded out some necessary investments in much needed public infrastructure. This is another negative effect of the preparations for hosting the tournament.

The observed investments in public infrastructure should not be considered a direct consequence of the FIFA World Cup. In fact, they are victims of the tournament because many planned public infrastructural facilities were not completed by their deadlines or were abandoned due to the government’s focus on the tournament.

5. Harbinger of Structural Reform

The buildup to the World Cup exposed the deficiencies in Brazil’s business environment and public service sector and signaled the immediate need for extensive structural reform. It is abundantly apparent the government will need to meet the demands of the public in order to reduce social unhappiness in the country. The World Cup directly contributed to this realization by pushing social unrest firmly into the spotlight and has, therefore, been a necessary evil. If the government undertakes mass investments that push Brazil onto the path of social prosperity and satisfaction, they will be a direct consequence of the glaring inefficiency of the World Cup’s organization.107

In purely theoretical terms, one can justifiably condone the Brazilian government’s decision to organize the tournament due to its exposure of deep-seated social disharmony. But this does not justify the decision to host the tournament. Had the hosting rights not been awarded to Brazil in the first place, the government would have been able to address the unrest and target structural reform much earlier. Perhaps the unrest would never have reached the levels observed. Targeting structural reform and socioeconomic prosperity should be the foremost prerogative of the government; it should not require a debacle on the scale of the World Cup’s organization for the government to become attuned to the needs of its citizens.

107. Wright, supra note 11.
Thus, it appears most of the intended positive consequences of hosting the tournament, such as improved international status and brand image, increased tourism, and advanced public infrastructure, may not be achieved as a result of the tournament. In fact, the tournament may not bring about any extraordinary consequences that would not have been achieved without the tournament. This indicates that the government's decision to host the tournament is not one that survives the judgment of consequentialist theories of ethics.

6. Influence on National Team's Performance

A technical analysis of the performance of the Brazilian national team in competitive fixtures since 1960 suggests the national team performs dramatically better when playing at home. In fact, its chances of winning the World Cup increase from approximately 30 percent to 48 percent when home advantage is factored into the statistical model.

Brazil was heavily considered to be a favorite to win the trophy, and doing so at home would have rid the population of the traumatic memories from the 1950 World Cup final. Brazil lost that final on home soil despite being heavy favorites. Given that Brazil is known as a football-crazed nation, winning the 2014 edition in front of a home crowd would possibly have changed the public sentiment from one of brooding frustration to one of jubilant ecstasy. This would most certainly have been a positive consequence of hosting the tournament.

Unfortunately, Brazil exited the tournament at the semi-final stage after a humiliating 1-7 loss to Germany. This result was arguably the worst in the history of Brazilian football. Thus, the possible positive consequence generated by hosting the tournament was certainly not achieved. In the weeks following the World Cup there were further exhibitions of the dissatisfaction and frustration due to the poor performance of the national team at home. This is clearly a negative consequence.

VI. SUMMARY

From a football perspective, the 2014 FIFA World Cup proved to be one of the best in recent memory. The quality of football was outstanding, and Brazil’s football fans lived up to their reputation as welcoming, football-loving people. Happily, the tournament was staged without any significant operational glitches. But this does not spare the tournament’s organizers from intense scrutiny of the ethics of awarding the hosting rights to a country that clearly needed urgent public investment in various

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109. Id. at 5.
infrastructural projects when the decision was made. Brazil’s government should have put the needs of its citizens before the allure of hosting an international event such as the World Cup.

The hosting of the tournament can be deemed unethical because of its diversion of government funds and attention away from the immediate needs of the Brazilian public. This conclusion is supported by deontological and consequentialist theories of analysis. The manner in which the organization of the tournament took place—with the country’s organizational inefficiency, bureaucratic corruption, and the marginalization of the public occupying the spotlight—left the government faced with an uphill task to restore faith in its commitment to ensuring the satisfaction of society’s basic needs.
Articles