

## **Tourism and corruption in Brazil: a political and economic perspective**

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### **Abstract**

#### **Tourism and corruption in Brazil: a political and economic perspective**

The development of tourism in Brazil is a historic challenge for public and private institutions. The country boasts cultural, social, and natural attractions that support its insertion in the world tourism route, but the limitations, peculiar to a country with its degree of economic development, impose a trade-off between the tourism sector and other economic sectors. The period between 2002 and 2017 covers the decision making and hosting of the 2014 FIFA World Cup and the 2016 Olympics Games. In 2016, the city of Rio de Janeiro hosted the Olympic Games with five other cities, which welcomed the football matches. The events corroborated the stop-and-go perspective of the Brazilian tourism development and stimulated this study. This study shows the impact of corruption on the development of mega-events, as well as the economic and tourist results of the period. It consists of an exploratory approach, with a review of the literature and national media publications, while considering practices of corruption disclosed by the newspapers in digital format and public access, concerning the operationalization of the 2014 FIFA World Cup, as well as the 2016 Olympic Games. The dilemmas arose from allegations of corruption among public, private, and public-private organizations, which were confirmed by practices of passive and active corruption that culminated in the conviction of those involved.

**Keywords:** Tourism; Tourism economics; Corruption.

### **Resumen**

#### **Turismo y corrupción en Brasil: una perspectiva política y económica**

El desarrollo del turismo en Brasil es un desafío histórico para las instituciones públicas y privadas. El país cuenta con atractivos culturales, sociales y naturales que sostienen su inserción en la ruta del turismo mundial, pero las limitaciones peculiares a un país con su grado de desarrollo económico imponen un trade-off entre el sector turístico y los demás sectores de la economía. El período entre 2002 y 2017 abarca la toma de decisión y alojamiento de la Copa del Mundo de 2014 y de los Juegos Olímpicos de 2016. En 2016, la ciudad de Río de Janeiro fue sede de los Juegos Olímpicos,

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además de otras cinco ciudades que recibieron los partidos de fútbol. Los eventos corroboraron la perspectiva stop-and-go del desarrollo del turismo brasileño y estimularon este estudio. Esta investigación tiene como objetivo presentar los impactos de la corrupción en la construcción de la infraestructura de megaeventos y en los resultados económicos y turísticos del período. Es una investigación de carácter exploratorio, con revisión de literatura y contenido publicado en los medios nacionales, la cual considera las prácticas de corrupción reveladas por los medios nacionales, en formato digital y acceso público, en la operacionalización de la Copa del Mundo de 2014 y los Juegos Olímpicos de 2016. Los dilemas surgieron con las denuncias de corrupción entre las organizaciones públicas, privadas y público-privadas, confirmadas por prácticas de corrupción pasiva y activa que culminaron en la condena de los involucrados.

**Palabras clave:** Turismo; Economía del turismo; Corrupción.

## Resumo

### **Turismo e corrupção no Brasil: uma perspectiva política e econômica**

O desenvolvimento do turismo no Brasil é um desafio histórico para instituições públicas e privadas. O país possui atrativos culturais, sociais e naturais que sustentam sua inserção na rota do turismo mundial, mas as limitações, peculiares a um país com seu grau de desenvolvimento econômico, impõem um *trade-off* entre o turismo e os demais setores da economia. O período entre 2002 e 2017 abrange a tomada de decisão e hospedagem da Copa do Mundo de 2014 e dos Jogos Olímpicos de 2016. Em 2016, a cidade do Rio de Janeiro sediou os Jogos Olímpicos, além de outras cinco cidades que receberam os jogos de futebol. Os eventos corroboraram a perspectiva *stop-and-go* do desenvolvimento do turismo brasileiro e estimularam este estudo. Esta pesquisa tem como objetivo apresentar os impactos da corrupção na construção da infraestrutura de megaeventos e nos resultados econômicos e turísticos do período. A pesquisa é de caráter exploratória com revisão de literatura e conteúdo publicado na mídia nacional, considera as práticas de corrupção reveladas pela mídia nacional, em formato digital e acesso público, na operacionalização da Copa do Mundo de 2014 e Jogos Olímpicos de 2016. Os dilemas surgiram com as denúncias de corrupção entre as organizações públicas, privadas e público-privadas, confirmadas por práticas de corrupção passiva e ativa que culminaram na condenação dos envolvidos.

**Palavras-chave:** Turismo; Economia do turismo; Corrupção.

## INTRODUCTION

Brazil boasts a set of natural, cultural, and social resources that enables the country's insertion within world tourism; on the other hand, as a developing country, it relies on public policies and private initiatives to meet the demands of tourism and other economic sectors. Between 2002 and 2017, the international projection of the World Cup (2014) and the Olympics (2016), two mega-events that demanded investments in infrastructure, increased the tourist flow in the cities hosting the events.

The tourist economic activity provides products and services produced to supply transportation, accommodation, travel agencies, and leisure activities, which are some of the needs presented by people visiting a host center. The development of those products and services alters the routine of the population living in the host center (Körössy, 2008), giving rise to impacts (Ruschmann, 1997) that may be perceived as positive or negative (Partidário & Jesus, 2003). The

positive ones being the potential to generate job positions, expand infrastructure construction, and boost the local economy; on the other hand, the negatives consist of speculative pressures, disorderly occupation of space, incompatible practices concerning the land use, conflicts with consolidated traditional values, and valuation of consumption patterns (Almeida, 2009; Boullón, 1985; Hawkins, 1980; World Tourism Organization, 2003; Pearce, 1981, 2012). Such impacts faced in the tourism development process may sometimes constitute favorable arguments but often results in hindering factors to its growth.

The substantial public and private investment in infrastructure to attend the events projected the expectation of a legacy to the tourist development through the juxtaposition between the tourism structural conditions and infrastructure of the event. The suspicion of corruption within the public, private, and public-private institutions pointed out to a problem, which demanded inquiry and investigation of the facts that verified the existence of passive and active corruption. These events corroborated the *stop-and-go* perspective of tourism development in Brazil and aroused our interest in carrying out this research.

It seeks to present, however, the impacts resulting from public investments in the relationship established between those investments and the private sector, culminating on behaviors that are contrary to the principle of morality within the scope of public administration according to the Constitution of the Federative Republic of Brazil (CF) (1988). In addition to administrative misconduct, such behaviors paved the way for the emergence of corruption complaints. This article, thus, comments on the impacts of corruption on Brazilian tourism, revealing its *stop-and-go* behavior; that is, a history of brief periods of growth and stagnation, consistent with the Brazilian economic historical evolution.

The survey of the data analyzed for this work was carried out through the search for content related to 'corruption', 'infrastructure', 'mega-events', 'World Cup/2014', 'Olympics/2016', 'tourism', and 'economy' across digital and printed news that provided an actual picture of the information. Reports from institutions such as the Brazilian Institute of Geography and Statistics (IBGE), Central Bank of Brazil (BCB), Federal Prosecution Service (MPF), Ministry of Sports (ME), Ministry of Justice and Public Security (MJS), as well as the CF (1988) and other information sources from entities within the Brazilian State were analyzed due to the institutional/legal character of the research. The data corroborated the exemplification of the conceptual findings respecting the article's conceptual character.

## **TOURISM**

The development of modern transport has shortened distances. People's mobility across the vast territorial extension of the globe has expanded the general knowledge about how other cultures have developed their history to the present day. It is in this current context that tourism is mistaken for its motivations and fragmentation, or adjectives that have become better known than the original concept itself.

The United Nations (UN) clarified that tourism is the movement out of the place of residence for a period of more than 24 hours and less than 60 days

motivated by non-economic reasons. In 1991, the World Tourism Organization (WTO) modified this concept to 'activities carried out by people during a trip and stay in a place other than their natural *habitat* for a consecutive period that does not exceed 24 months, for the purpose of leisure, business, and others' (Sancho, 2001). In Brazil, among other definitions, tourism is "an elaborate and complex decision-making process about what to visit, where, how, and at what price. In this process, there is the influence of a series of factors to establish the destination, the length of stay, the means of traveling, and the choice of accommodation" (Beni, 2006a, p. 37), a concept analyzed in Lohmann and Panosso Netto (2008), Paiva (1989), and Panosso Netto (2010).

The conceptual discussion of tourism encompasses both a sociological and administrative approach (Sampaio, 2013). The European-based sociological approach can be found in Dann and Parrinello's (2009) work, whose content presents a review of studies on tourism; while the administrative content, on North American bases, can be analyzed in Jamal and Robinson (2009).

Tourism as an economic activity stems from its specificity in terms of the offer of products and services produced to satisfy the needs of tourists (transportation, accommodation, travel agencies, leisure activities, among others) and thus, capable of giving way to both positive and negative impacts.

Impacts are constituted by a set of interventions and transformations resulting from the tourist development in the host centers (Körössy, 2008); that is, a result of the interaction process between the tourists, the communities, and the receiving means (Ruschmann, 1997). Results may be perceived as negative or positive (Partidário & Jesus, 2003). When analyzing the impacts of tourism, Almeida (2009), Boullón (1985), Hawkins (1980), the OMT (2003), and Pearce (1981, 2012) point out that positive results are associated with the sector's potential for employment creation, local development, infrastructure construction, and boost the local economy; while the negative are speculative pressures, disorderly occupation of space, incompatible practices concerning the land use, conflicts with consolidated traditional values, and valuation of consumption patterns.

There is a fragmentation of the impacts on the dimensions (Beni, 2006b); such as economic impacts in the generation of direct and indirect jobs enabled by the degree of the workforce qualified for this absorption; psychological impacts identified in the promotion of the culture and the cultural identity of the community, which may face difficulties to maintain their initial characteristics due to the overexposure; and finally, the social impacts regarding changes in behavior and relationships based on the interaction between the host community (or the host center) and the tourist.

The theoretical discussion about the impact of tourism activity extends to socio-anthropological and economic content. The first highlights the negative effects brought upon the indigenous population (Körössy, 2008); while in the second approach, as per Beni's (2006b) opinion, the economic potential of the sector is concentrated with contributions to social welfare that the remuneration of services rendered can provide.

Fossilized conflicts regarding the term 'development' are widely present across national and international literature, although research may clarify issues, optimize the use of resources, and minimize negative impacts.

There is potential for positive economic impacts on the generation of well-being for the Brazilian population through tourism, based on the legacy of the construction

of infrastructure equipment by the organization of the World Cup (2014) and the Olympics (2016). A starting point for understanding would be idealizing the multiplier effect of investments in gross fixed capital formation that could encourage tourism through capillarity with the intensification of international and national tourist flow, culminating with the economic benefits regarding the degree of financial and social development of the country as a long-term legacy.

In Brazil, these activities are coordinated by the respective spheres; however, political-administrative arrangements with the private sector have changed over time. Thus, activities that communicate with the public sector, such as education, are also provided by the private sector. It is worth mentioning that “tourism is an activity that demands a prominent intervention by the State for what it represents in its fundamental aspects” (Beni, 2006a, p. 100). Infrastructure has a general and specific character, as it cannot be attributed to a particular sector due to how its items may be classified as public goods.

The construction of an airport meets the needs of the Brazilian citizens, as well as the tourist demand. Within the Tourism System (Sistur), the general infrastructure is characterized by investments that will be exploited by all other sectors of the economy, including tourism. The means for the systematization of social environments are complex, and systems are created as an attempt to tone down this complexity. The social systems’ complexity addressed by Luhmann (2002) is discussed in Curvello and Scroferneker (2008); Neves and Neves (2006); and Gonnet (2015), who clarify the complex relationships within the system environment.

The ‘tourism multiplier’ phenomenon is the result of a chain of effects resulting from tourist spending. Ball, Ibañez, and Sastre (2003), as well as Fernández and Ruff (2017), explain that these effects can only be described by economic models that manage to contain the set of impacts they may have on the economy as a result of various direct, indirect, or induced transformations in terms of value creation, employment, or foreign currency generation, among others.

The literature on the multiplier effect of tourism in Carvalho and Vasconcellos (2006); Cooper, Fletcher, Fryall, Gilbert, and Wanhill (2007); and Stabler, Papatheodorou and Sinclair (2010) analyzes the impact of the spendings by the tourist (tourist expenditure), which generates a multiplier effect on tourism products, from a microeconomic perspective of demand and supply, as well as macroeconomic, in the analysis of consumption and investment.

According to Giambiagi and Amadeo (1990), from the Keynesian perspective, income is generated by the degree of consumption or by the degree of expenditure within the economy whose conceptual foundation lies within effective demand. This way, both spending and investment are relevant to economic growth.

This analytical perspective converges with one of the economic principles of the savings and investment relationship: the amount of saved resources converted into investment is considered a present decline on spending leading to future expenditure generation, according to Amado (2000), Araujo (1998) and Stabler et al.’s approach (2010). “Policies aimed at stimulating consumption would be recommended for shorter periods, but sustaining growth would imply limiting this consumption to increase the country’s savings ratio,” because “Keynes had in mind a world in which the main restriction on growth would be an insufficient demand” (Giambiagi & Amadeo, 1990, p. 2). This economic growth level somehow creates a *trade-off* between consumption and investment.

Tourism is a sector with the potential to inducing economic growth through the generation of demand across other sectors, while its multiplier effect allows for the quantifying of its performance (Fernández & Ruff, 2017; Stabler et al., 2010) and impact level on the country's economic activity.

Historically, investments in infrastructure in Brazil, influenced by the Keynesian thought, came from public resources. Similarly, there are periods of Brazilian economic growth preceded, or juxtaposed, by periods of public investment. Lafer (1975) and Kon (1999) have approached this relationship between growth and investment in the context of planning in Brazil, revealing their challenges and limitations. When investigating the initial period of industrialization in the country in comparison to other countries, Mello (1997) qualified it as 'late capitalism'. In his analysis of the trajectory of the Brazilian economy, Bresser-Pereira (2017) highlights the dimension of the State's participation in public investments corroborating the construction of the nation-state.

Public investments in the Brazilian World Cup and Olympic Games aimed at promoting development, in line with studies that confirmed the tourism impacts on the country's economic performance.

When considering the Keynesian perspective that expenditures generate income and that present investments tend to result on expenditures and future income; and if one considers that the tourism sector is itself driven by spending, the volume of public resources allocated to infrastructure for mega-events would stimulate the native population spendings, as well as domestic tourism and international demand spendings. Such results would boost the development of the sector and the economy as a whole, *coeteris paribus*. Corruption was a variable kept apart from this model. The corruption phenomenon entered the model and introduced impacts on the internal dynamics of the national economy, reverberating even on the international demand, and the Brazilian society has lived with this blemish ever since.

## **THE BRAZILIAN STATE AND CORRUPTION**

The State conditions the individual to living under the aegis of its thinking; this way, it transforms the collective thought of how to live in a real act of how people live, which gives it the characteristic of an 'objective spirit'. "If the State is the objective spirit, then only as its member can the individual find objectivity, truth, and morality" (Hegel, 1968, p. 17). Thus, the construction of a nation-state reflects a society's collective thinking.

The guarantee of rights by the State comes from the legitimate condition to exercise the force or monopoly of violence. Such power granted to the State forces its subjects into obedience, even if the use of force proves necessary. This is the characteristic of the State that has an exclusive monopoly on legal coercion. As contractualists (Quirino & Sadek, 2003; Weffort, 2006, 2008) would say, submission to the force of the State promotes the civilizing stage of society.

In the contemporary context, the State consists of the nation-state, as an institutional-legal and sovereign system with a monopoly on legitimate violence (Bresser-Pereira, 2011, 2017). This institutional framework provides guarantees for civil, political, and social rights, with the prerogative of promoting economic

growth through increased productivity, attributing to the market the coordination of economic activities, and constituting social protection.

According to Evans, Rueschemeyer, and Skocpol (1985), laws are applied to their objectives and seek to solve problems raised by social and political actors at the stage of conceiving the State action or public policy. The CF (1988) establishes the format of the Brazilian State and the public administration with characteristics of its formation ensuring the criteria regarding the possible deviations of conduct in the performance of functions.

Observing the 'objective spirit' in Hegel (1968) and studied by Weffort (2006), in which there's the idea that only as a member of the State may the individual find objectivity, truth, and morality; and also considering Kant's (1989) thoughts about the law examined by Weffort (2006), is a product of human reason, instituted by the State, created by its members, who provide the conditions for a man to be free. The CF (1988) is based on historical principles and the theoretical repertoire regarding the formation of the State.

Morality has gained space in Brazilian constitutions since 1930, being called 'administrative morality', with the conception that the person who embodies the presence of the State must act with a high degree of clarity and legality because they do not act by themselves, nor for themselves, but the community (Costa, 2005). Thus, to the same extent that rules are created, there is a need to create regulatory acts so that deviations from the rule concerning the law are investigated, criminalized, and punished. The absence of administrative morality is perceived as 'administrative misconduct', which consists of any form of compromise of the principles that inform the public administration.

Deviations or misrepresentations committed by agents internal or external to the public administration are named 'corruption' (Costa, 2005). The act of corrupting, or offering something to someone to obtain, in return, some kind of advantage or benefit, is characterized as corruption.

However, within the philosophical, political, or religious context, corruption is a historical manifestation of the human condition that leads men to act in a direction contrary to what was established as correct by the social group of which they participate with rights, duties, and obligations; as instituted by the UN (United Nations, 2003, 2004, 2015). Corruption is present in the most diverse dimensions of man's activities as a characteristic of human nature. The expression of corruption in the world has reached international debates on the subject and promoted the involvement of entities such as the UN and its sectoral departments.

Independent institutions such as Transparency International, a global movement that seeks for 'a world free of corruption', created the Corruption Perception Index, revealing that systemic corruption and social inequality are mutually reinforced, leading to the absence of popular trust in political institutions (Transparency International, 2017). Whenever public trust is associated with corruption there is strangeness, since there is the public's conviction that either no person in society who, under scrutiny, performs any trustworthy activity, the institutions created to monitor corruption in the public instance are not efficient, or a sense of impunity hangs over this society's heads.

As discussed in Costa (2005), Machado (2015), and TÁCITO (1999), corruption is one of the manifestations of administrative misconduct within the Brazilian public administration, and the difference between them is circumscribed in the

cross-compliance of the crime. While corruption constitutes itself within the criminal sphere; being, therefore, governed by the penal code, under the classification of a crime of corruption; the administrative misconduct is inserted within, non-criminal, civil sphere; being perceived by the CF as a deviation from administrative morality.

In the Brazilian Penal Code, instituted by Decree-Law No. 2,848 of 1940, there is a classification of passive and active corruption concerning crimes committed in the condition of administrative misconduct (Table 1).

**Table 1** – Active and passive corruption

Passive corruption	Art. 317 – To directly or indirectly request or receive, either for one’s own benefit or the benefit of others; even if outside the function or before assuming it, but because of it; undue advantage, or accept the promise of such advantage.
Active corruption	Art. 333 – To offer or promise undue advantage to a public official to persuade them to practice, omit, or delay an official act.

**Source** – ‘Decree-Law no. 2,848’ (1940).

In this article, the designations of corruption typified in the scope of public administration are entitled to the development of the *corpus* of the research, comprised by the volume of public resources invested in infrastructure that represented old demands of the Brazilian population and that also contributed to meeting the needs of visitors and tourists on the occasion of the World Cup and the Olympic Games. Complaints of active and passive corruption took over the news broadcast across national and international media during the operational activities. Pushed by strong popular appeal, these allegations and investigations shook the supporting structures of the State, which exposed all its historical weaknesses based on colonial roots and covered up by regulations that reached a common *status* of ‘laws that do not stick’.

The morality of texts and speeches has been transformed into an input to legal debates in various instances. The ‘old’ or ‘new’ policy that has been in place for so many years in the processes and limitations of social and economic classes was put under suspicion. And so, the aspirations for economic and social development in Brazil, with cultural exchange and the propagation of the Brazilian green heritage, which should be the memories that each individual would take from the World Cup (2014) and the Olympics (2016), disappeared within the ‘curtain of smoke’ lifted by scandals involving politicians that broke out in the public and private spheres.

The contributions of mega-events were perceived in many facets of life in society. In Brazil, due to allegations of corruption, the Brazilian population began a process of claiming the rights, duties, and obligations of public and private bodies through frequent and large demonstrations, which was not characteristic of its population.

Thus, as each society created its State through collective thought, they also built their idea of justice, moral, and ethical conduct, which makes every act deviating from this moral conception meets, contrary to the facts, its correction. The definition of corruption is centered on the misconduct of what was instituted as correct, accepted, worthy, and honorable by the society in force. Now, there are no adjectives to corruption; what there is are essences and forms that come together and fragment in the most diverse aspects of human life.



## TOURISM AND CORRUPTION IN BRAZIL

Tourism development in Brazil is intertwined with the promotion of social well-being as it reaches populations that live farther from large wealth-generating centers, including the capitals Rio de Janeiro, São Paulo, and Belo Horizonte. Given this premise, the 2014 World Cup and the 2016 Olympics emerged as signs of worldwide visibility for Brazil, due to its territorial extension packed with peculiarities to certainly win its visitors' hearts.

The Brazilian State has an estimated population of 207,660,929 inhabitants, spread over 27 federative units and a federal district. The Brazilian territorial extension spreads throughout 8,515,759,090 km<sup>2</sup> (3.288.000 mi<sup>2</sup>), split into 5,570 municipalities. There are about 13.4 million people (6.45% of the total population) living below the poverty line; that is, financing their livelihoods with less than US\$ 1.90 a day, a cut value defined by the World Bank for the classification of extreme poverty, according to data released by IBGE (2017).

Brazilian states and municipalities receive budgetary amounts from the Federal Government in the distribution of State Participation Funds (FPE) and Municipal Participation Funds (FPM). These funds consist of a constitutional transfer of financial resources from the Union to the states and municipalities, according to data from the Federal Court of Accounts ('Reports Consultation', 2017), which are independently managed by these entities.

The population is comprised by peculiar characteristics concerning the country's colonization, especially the Portuguese, which outlined the image of the Brazilian people (Ribeiro, 1995), the Brazilian roots (Freyre, 2003; Holanda, 2015; Marques, 2018), and the country's economic formation (Furtado, 2006; Prado Júnior, 2011). Years have passed, but history is fossilized in the foundation on which its building was based, which means that the human relations within a given society have their roots and these will always be visible, even if metamorphosed by current and future generations, as well as if it undergoes political, cultural, and economic transformations.

However, a country in love with football has its reasons for distributing the stadiums that hosted the World Cup matches around 12 host cities. The objective is not to justify, but to minimize the argument brought up when the topic is put in perspective. Although the expenses for each construction are questionable, the multiplier effect of the investment and the legacy that is expected as a result of hosting events of this magnitude are, at least, contents that enrich this reflection.

The Brazilian economy is currently among the ten largest in the world. Although internal and external factors contributed to Brazil entering a recession, with a decrease from a 7.5% growth of its Gross Domestic Product (GDP) in 2010 to 0.5% in 2014, and then for two years of retraction, -3.5% in 2015 and -3.3% in 2016, the country still remained among the ten largest economies in the world. In 2017, GDP signaled an economic growth of 1.1%, according to IBGE (2018).

While analyzing the GDP and GDP *per capita* data, in current prices, in dollars, it is possible to notice that the values presented underwent different variations concerning the one-year-variation in relation to the previous year. GDP-wise, it appears that the country's annual production effort remained within the billions of dollars in the period from 2000 to 2005, with the variation of the current year in relation to the previous one showing negative results at the beginning of

2000/2001, but spiraling up to 2005. In 2006, the economy presented current GDP values in trillions of dollars, but the result in terms of growth between the years 2005 and 2006 showed a decreasing variation of 33.3% and 24.1%, respectively (IBGE, 2018).

As a result, variations between the years are irregular, with growths and shrinkages indicating economic instability. Especially in 2014 and 2016, in terms of variation in relation to the previous years 2013 and 2015, respectively, the GDP presented a continuous decrease from 2013 to 2014 and had a modest growth from 2015 to 2016. This last period deserves attention because, even if 2016's results were insignificant, with a growth of 0.1%, the productive effort was actually significant, since the economy had presented a decline of -26.8% from 2014 to 2015, which points to economic recovery, even if it did not reach the absolute values of 2014, according to data from IBGE (2018).

The behavior of the Brazilian GDP *per capita*, which is the GDP value divided by the country's population in the same year, grew in absolute terms until 2009. At current prices, considering current year prices in relation to the previous year, the variations in the period start with negative results and, even while oscillating between growth and decline between years, there is an improvement in *per capita* terms until 2009. That year, variations showed a negative result of -2.2%, then resumed growth in 2010 and 2011, and were negative again between 2012 and 2016. In absolute terms, there is a prospect of socioeconomic improvement, since the results went from US\$ 2,849.89 to US\$ 8,720.12, but the growth rates, between the years, do not reflect a regular behavior. This economic behavior of alternation between short periods of growth and decline points to the *stop-and-go* characteristic of the Brazilian economy.

It is crucial to emphasize that the memory of a population whose economy, historically, has remained in the development stage, also refers to short periods. After all, what does a historical series mean for a collective thought whose history is constantly changing? Analyzing the growth of the present year in relation to the previous year is a way of bringing the current data closer to the dominant collective thought; that is, the perception that life has not been so simple for Brazilians in recent years, even with two events of the magnitude of the World Cup (2014) and the Olympics (2016).

Although the economic outcomes indicate a complex outlook for Brazil's economy, being chosen to host the two mega-events was an enormous achievement. This victory signaled a resumption of investments in infrastructure that has long been demanded by the population and the expectation as to the positive impacts that these investments would bring to the economy as a whole, which gave rise to a Brazilian 'euphoria'.

From the marketing perspective, such investments are justified by their potential to promote the image of the tourist destination, as explained by Kotler, Gertnet, Rein, and Haider (2006). The mega-events then promoted public and private investments, as well as strategic planning for their managed and the promotion of Brazil's image internationally. Regarding Brazil's image, there were considerable expenses in the years leading up to the mega-events to promote the country abroad, which intensified the impact of Brazil, as a brand.

The Brazilian euphoria towards the mega-events is justified, in addition to the expansion of investments in infrastructure, by the fact they are large-scale public attractors, with the ability to increase the number of visitors in the cities where they occur, which leads to an expectation of positive socio-economic impact on the country. (Gursoy, Milito, & Nunkoo, 2017). The increase in the flow of people, both Brazilians and foreigners, promoted by mega-events in the host cities (Wada, Amikura, & Vilkas, 2018) also contributed to leverage national tourism.

In this sense, considering tourism's potential to promote socioeconomic progress through job creation, new companies, revenue generation, and reinforcement in infrastructure development, according to data from the World Tourism Organization (UNWTO, 2016), positive expectations were based on hard arguments and strong convictions; that is, it was not blind euphoria with regard to entertainment and leisure, but a feeling that Brazil had conquered its moment in history.

The mega-events demanded public and private investments of great proportions across the 12 host cities chosen to welcome the 2014 World Cup matches (Belo Horizonte, Brasília, Cuiabá, Curitiba, Fortaleza, Manaus, Natal, Porto Alegre, Recife, Rio de Janeiro, Salvador and São Paulo), of which six (Rio de Janeiro, Belo Horizonte, Brasília, Manaus, Salvador and São Paulo) were also set to host sports activities during the Olympics (2016). However, in contrast with the amounts invested, the economic results did not meet expectations. The same happened with tourism, where the actual results did not match the positive impacts expected.

The events took place and shone bright, illuminating the world with a light that emanated from each Brazilian person. However, the historical aspects of this society, such as corruption and the bad deeds of the public administration, were revealed, and the whole party was based on a cloud of corruption allegations. These allegations were isolated, at first, but given their reach within public administration activities and questionable relations between the private and public sectors that included relations with the International Football Federation (FIFA), they reached a systemic *status* (Tácito, 1999). Corruption was a determiner of the course of these mega-events' history in Brazil.

The accusations were incorporated into the investigation performed by the 'Lava Jato' operation, triggered by a cooperation between the Federal Prosecution Service, the Federal Police, and the Brazilian Federal Supreme Court. The operation's numbers in 2018: 193 open corruption investigations, 100 people accused, and 7 criminal actions (Federal Prosecution Service, 2018). Presenting the issue of corruption that took on staggering proportions both in monetary values and the number of people involved in the corruption scheme triggered by Lava Jato operation in Brazil highlights one of those mega-events' legacies, at the same time they contradict the expectations previously raised during their embryonic stages. To illustrate this question, Table 2 presents the World Cup host cities in Brazil, the construction of stadiums (infrastructure), and the agents listed under corruption investigations.

**Table 2** – Corruption allegations published in national media

Host City/Arena	Cost BRL	Alleg Allegations ations
<b>São Paulo/ Arena Corinthians</b>	Initial cost: 820 million Final cost: 1.08 trillion  31.7% ↑	Federal deputy accused of receiving kickbacks.
<b>Rio de Janeiro/ Maracanã</b>	Initial cost: 600 million Final cost: 1.2 billion  100% ↑	Former governor and president of the State Court of Accounts accused of receiving kickbacks.
<b>Brasília/ Arena Mané Garrincha</b>	Initial cost: 745.3 million Final cost: 1.6 billion  88.2% ↑	Former governors accused of receiving kickbacks. Andrade Gutierrez construction company was assigned for the construction by cartel arrangement.
<b>Belo Horizonte/ Arena Mineirão</b>	Initial cost: 426.1 million Final cost: 695 million  63.1% ↑	Andrade Gutierrez was assigned for the construction because of an agreement between contractors, but the plan was not carried out.
<b>Salvador/ Arena Fonte Nova</b>	Initial cost: 591.7 million Final cost: 689.4 million  16.5% ↑	Odebretch construction company was assigned for the construction by cartel arrangement.
<b>Recife/ Arena Pernambuco</b>	Initial cost: 529.5 million Final cost: 532.6 million  0.6% ↑	Odebretch construction company was assigned for the construction by cartel arrangement.
<b>Fortaleza/ Arena Castelão</b>	Initial cost: 623 million Final cost: 518 million  15.2 % ↓	Queiroz Galvão construction company was assigned for the construction by cartel arrangement.
<b>Manaus/ Arena Amazônia</b>	Initial cost: 515 million Final cost: 660.5 million  28.2% ↑	Former governors of Amazonas received kickbacks.
<b>Natal/ Arena das Dunas</b>	Initial cost: 350 million Final cost: 417 million  14.2% ↑	Senator accused of receiving kickbacks to facilitating the loan approval.
<b>Cuiabá/ Arena Pantanal</b>	Initial cost: 454.2 million Final cost: 646 million  25.5% ↑	Former governor of Mato Grosso accused of receiving kickbacks.
<b>Porto Alegre/ Arena Beira-Rio</b>	Initial cost: 130 million Final cost: 366 million  181.5% ↑	Andrade Gutierrez construction company was assigned for the construction by cartel arrangement while implicated in investigations concerning other arenas.
<b>Curitiba/ Arena da Baixada</b>	Initial cost: 184 million Final cost: 354 million  92.4% ↑	Conviction for the payment of kickbacks.

Source – Recovered from the ME (2013) and the national media (2018).

Taking the 12 stadiums/arenas as samples, it is clear that they were all involved in passive and/or active corruption schemes throughout the construction of the necessary infrastructure for the mega-events. Public investment exceeded the planned budgets (ME, 2013) in nearly all stadiums built. Only the Arena Castelão, in Fortaleza, managed to stay within the initially budgeted amount, but accusations indicated that a cartel was formed by the responsible construction companies that built the stadiums.

The *gap* between the planned values and the amounts disbursed in civil construction is understandable; in this case, however, the investigations were focused on corruption schemes, resulting in some convicted parties. Thus, all stadiums were built or renovated under corruption schemes alternating between active and passive corruption. This was the doing of internal public administration agents who set the format of the public biddings for the construction of the mega-events infrastructure, with the accusations leading to the identification of schemes between external institutions and public administration agents.

The corruption unleashed on the occasion of the construction of the infrastructure to host the World Cup in Brazil harmed Brazil's image, benefited private interests with the use of public power, and maximized the inefficiency in the results obtained from the investments in infrastructure (Kaufmann & Vicente, 2005; Locatelli, Mariani, Sainati, & Greco, 2016; Morris, 1991; Senior, 2006). In summary, the delays in the construction of the structure necessary to hosting the games, as well as the popular movements and demonstrations claiming transparency and mobilizing against the mega-events were perceived as phenomena that negatively impacted the expected results of the events on the performance of the Brazilian tourism, both nationally and internationally. These results impacted economic expectations and minimized the investment's multiplier effect.

The figures released by the Ministry of Tourism's (2018) UNWTO (2017) make it clear that the participation of Brazilian tourism in the world has not undergone significant changes in percentage terms in 2014 and 2016. The number of tourists who landed in Brazil between those years went from the historic 5% to 6%. This volume, although reduced by the magnitude of the events, did not have a significant impact on the participation of Brazilian tourism in the world, which maintained the historical participation of 0.5%.

What was expected to be 'Brazil's opportunity to conquer the world' manifested as the certainty that the inheritance left by the colonization was "the current shaping of our culture; everything else was plastic material; which well or poorly, was subjected to this shaping" (Holanda, 2015, p. 15). This article points out that those mega-events have had effects on the Brazilian economy, but these effects have not been converted into positive impacts that could establish a new characterization of events and tourism in the country's economic activity. Nor has it changed the historical trajectory of the perception of Brazil in the world.

In the literature regarding the mega-events, they are conceived as generators of positive impacts as well as negative externalities and social costs; among these, corruption and lack of transparency are probably some of the most documented practices (Gursoy et al., 2017). It was no different in the Brazilian case; corruption was unleashed and there are countless lawsuits on trial as a result of the Lava Jato operation. However, the 2014 World Cup and the 2016 Olympic Games were

able to leverage Brazilian receptive tourism. Regardless of the content of the news and the figures disclosed, the fact is: Brazil has gained expressiveness in the national and international media and has been the subject of debates, studies, discussions, and academic motivation around the world.

## **CONCLUSION**

The conclusion of this article brings back three characteristics regarding the subject 'the impact of corruption on the Brazilian tourism', inserted across three analytical dimensions: the economic dimension, with a conceptual analysis of the multiplier effect of the investment; the institutional/legal dimension presenting a theoretical context for the construction of the Brazilian nation-state, in conjunction with the criminal classification of corruption; and, finally, the socio-economic dimension of tourism and the discussion of the impacts of corruption on the perspective of tourism growth during the World Cup (2014) and the Olympics (2016) mega-events.

Within the economic dimension, the data analyzed did not introduce significant values pointing out to an economic leverage during the mega-events. Analyzed in the light of the present day and from a historical perspective, the numbers did not reveal any growth consistent with the conceptual indication, nor did they change the participation of Brazilian tourism within a global context. This result prevents the verification of the multiplier effect of the economic investment in tourism due to its macroeconomic character. In this sense, specific studies with an empirical approach regarding microeconomic data would be able to ascertain the changes and the results of the relations established between the economic agents involved; e.g.: within the hospitality sector, as well as the bars and restaurants sector, activities that fostered the national economy.

This article's highlight was the institutional/legal dimension presented for the purpose of understanding the establishment of the rights, duties, and obligations of Brazilian society, as determined by the CF (1988). That is because, when presenting the criminal classification of corruption, it elucidated the meaning of the misconduct committed among members of the public administration — passive corruption; and in the relations established with private sector institutions — active corruption. Investigative, control and criminalization agencies have reflected a certain degree of effectiveness in investigating allegations, advancing the analysis of the facts found, and, whenever appropriate, convicting those involved.

Regarding the socioeconomic dimension of tourism, the acts of corruption intensely disseminated through digital and print media that imputed an image of systemic corruption in Brazil served to deconstruct Brazil's international image as a brand, which was being promoted before the mega sporting events. The expectation of welcoming an expressive volume of public with the potential to return to Brazil in the future and leverage Brazilian tourism has not been accomplished. The numbers point to an increase in the tourist flow, but one that remains below the most pessimistic forecasts; this is because, in relation to the global tourism, they did not detach from the historical mark of 0.5%. The most optimistic outlook regarding this legacy is the perception that, at least, Brazilians

were able to know and experience the multicultural effervescence of foreign visitors to the 12 host cities; cultural memories that were engraved through the memories of the World Cup and the Olympics.

However, it is possible to conclude that there will always be a positive aspect to be addressed and discussed in relation to the literature on the impacts of tourism. In the present study, the Brazilian economy showed a definite *stop-and-go* pattern during the analyzed period, with moments of growth and shrinkage. This pattern did not reflect in tourism, whose numbers remained constant. The *stop-and-go* movement of tourism figures was linked to the expectation built by researchers and professionals of this economic activity, which once again was on the margins of the conceptually signaled benefits.

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## CONTRIBUTIONS

**Roseane Barcellos Marques:** Definition of the research problem and objectives; development of the theoretical proposition; carrying out the bibliographic review and theoretical foundation; choice of methodological procedures; data collection and analysis; elaboration of tables, graphs, and images; calculation and projections; manuscript critical review; manuscript redaction; manuscript adequacy to the RTA rules.

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