On April 21, 1960, Brazil moved its capital from Rio de Janeiro to Brasília. While one of the wealthiest cities in Brazil today, there were significant costs to building Brasília. This article aims to survey the development of the new capital and the negative externalities which emerged following its development.

ABSTRACT: In 1891, Brazil’s constitution decreed that at some point in the future the capital would be moved from Rio de Janeiro to a new location towards the interior of the country. In the 1960s, the capital was moved to Brasília. While one of the wealthiest cities in Brazil today, there were significant costs to building Brasília. This article aims to survey the development of the new capital and the negative externalities which emerged following its development.

Background

On April 21, 1960, Brazil moved its capital from Rio de Janeiro to Brasília. Rio de Janeiro had been the capital of Brazil since 1572 and served as the capital of Portugal from 1808 to 1821. In 1891, Brazil's first republican constitution was drafted and contained a clause stating that the capital should be moved away from southeastern Brazil to the center of the country, reducing the regional dominance of the old capital Rio de Janeiro and other southeastern cities such as São Paulo, Niterói, Porto Alegre, and Curitiba. President Juscelino Kubitschek de Oliveira took on the task to build Brasília, which was completed in 41 months under his “fifty years of prosperity in five” plan to modernize the country (Hochman 2009). Brasília was to be a symbol of change representing Brazil's movement into a new era having transcended problems including classism, racism, poverty, inequitable housing, and corruption. From the surface, the story of Brasília looks to be a success: during its short lifespan it has grown to become Brazil's third largest city, it has the highest Human Development Index (HDI) in Brazil ([0.911] Pelinski et al. 2014), and it has become the wealthiest city in Brazil based on GDP per capita ([$35,689 USD] IGBE 2014). However, the building of Brasília did not achieve President Kubitschek’s goals of egalitarianism and instead worsened issues plaguing other Brazilian cities. The construction of the city relied on an extreme urban bias where a disproportionate amount of federal revenues went to the building and provision of services to the new city at the expense of the other Brazilian cities, most notably the old capital, Rio de Janeiro. Though Brasília was supposed to be a capital of hope, its costly construction amplified many of Brazil's existing problems and led to the collapse of democracy. It took Brazil decades to recover from a military dictatorship and reestablish democratic government.

In the post-World War II era from 1945-1964, the Brazilian government underwent a growth strategy known as import substitution industrialization (ISI). Initially, the results were astonishing: Brazil’s GDP averaged 7% annual growth rate, industry grew at 9%, and agriculture grew at 4.5% (Peet, Hartwick 2015, p.78). With these astounding rates of growth, President Kubitschek believed it was
feasible to build Brasília in the Brazilian Highlands of Luíz Crull's 1892 survey. This approach was shortsighted, as Brazilian growth relied on large amounts of foreign capital, resulting in foreign debt and rampant inflation. Between 1962 and 1967, the annual rate of GDP growth dropped to 4%, and industry dropped to 3.9% (Shei Ue 1997). Brazil's ISI policies caused manufacturing labor shortages which resulted in a major rural exodus of an estimated 7 million people -- 21% of the rural population -- who eventually moved into cities and towns in the early 1950s (Martine & McGranahan 2013). This rural exodus continued into the 1960s, and those unable to find traditional housing settled on the outskirts of the city in informal settlements known as favelas. Brasília's proponents believed they could solve the housing crisis by developing a new city that was designed with egalitarian principles in mind. This was to be achieved with a zoning plan, that prompted residents of all classes to live together in integrated neighborhoods (Kroll 2008).

The new city was to be geographically neutral and its construction was intended to stimulate the economies of Brazil's interior states. At the time, it made sense for Brazil's politicians to fulfill the constitutional promise of 1891; however, major inefficiencies began to emerge with Brazil's ISI development strategy, including the lack of diverse exports and skyrocketing interest and amortization payments. Shortly after the founding of Brasília, the country felt the effects from the government's use of deficit spending to finance construction of the new capital. Brazil lost its economic dynamism and, in 1963, inflation increased to 80% per annum (Shei Ue 1997). Brasília was completed, but at significant cost to the democratization process; playing a contributing role in Brazil's 1960s military overthrow.

The Rural Divide and the Construction of Brasília

The building of Brasília was expensive and relied on deficit spending to finance the construction of the city. According to Eugênio Gudin, the Minister of Finance under President Café Filho, a conservative estimate for the cost to build Brasília was $1.5 billion USD in 1954 dollars (Coutinho 2012). President Kubitschek constantly defended the high expense of construction, stating that the cost to build the city was only a couple dollars to the average Brazilian: “the sacrifice of only two Cruzeiros in five years, for every Brazilian.” (Vaitsman 1968). The cost to build Brasília was not frugal by any measure; it significantly exceeded both Gudin and Kubitschek's estimates. Today, nearly 60 years after the construction of Brasília's public archive, officials are unsure about the total cost of building the city, claiming they are unknown and impossible to calculate (da Costa 2010). It is estimated that the real dollars spent on Brasília's construction have never been equaled by another major development, including the Songdo International Business District in Incheon, South Korea, which is often considered one of the world's most expensive development projects ever, exceeding $40 billion USD (Garfield 2018). One avenue of finance pursued by the federal government was diverting tax revenue from rural areas to finance the growth of Brazil's cities, including Brasília (Green 2012).

In rural areas, a large portion of tax revenues was not reinvested, but instead was directed to finance the development of urban centres. This is a trend abundant in Latin America and other LDCs. The trend is very extreme in Brasília and the Brazilian northeast, which is pervaded by inequitable extraction from and under allocation to rural activity (Lipton 1984, p.142-143). This strategy was successful in helping develop Brasília, as the Federal District progressed decades ahead of its surrounding neighbors in terms of services and quality of life. This inequity was intentional on behalf of the Brazilian government, which maintained a dual policy of central city development and rural resettlement (HUD 1977). Lack of tax reinvestment in rural areas served as an incentive for rural migrants to seek out employment in larger cities to improve their livelihoods (Bradshaw 1987). However, this has not been without its consequences. Rural areas in Brazil, and especially those surrounding Brasília, lacked basic services such as running water, sewage, and electricity. These areas had consistently lower human development outcomes including lower rates of literacy, education, food security, access to healthcare, and sustained poorer health outcomes than those residing in the urban core (Armitage et al. 2013).

Brazil adopted a development strategy called ISI, a policy aimed at decreasing the reliance on foreign imports by increasing domestic production and the development of native industrialized products. Brazil maintained this strategy from the 1930s to the end of the 1980s. During this time, Brazil devalued its currency in order to boost exports and discourage imports, as well as to promote the consumption of locally manufactured goods. Brazil supported and financed industries that produced goods such as refrigerators, consumer appliances, cars, air conditioning, materials for ship building, and a variety of non-durable goods for domestic consumption. These industries were centered in the urban areas of Brazil, and government support of these industries did little to improve the economic situation of rural inhabitants. In many ways, the rural-urban divide was exacerbated by this
policy. There was an exodus from the rural periphery to the urban core due to the lack of prospects in the region (Lipton 2008, p.161). The inflation that plagued Brazil as a result of deficit spending under Kubitschek severely impacted those who remained in rural areas as simple consumer goods became unaffordable. In the 1970s, the country was plagued by double-digit annual inflation, which turned into triple-digit annual inflation by the 1980s and would reach 50% at a monthly rate by 1994 (Ito 1994).

To illustrate the depth of the urban-rural divide, consider that the average cost for a twin mattress in Rio de Janeiro was than the per capita income in the primarily rural province of Piauí in 1968 (Shoumatoff 1980 p.14). ISI played a fundamental role in the long-term economic development of Brazil’s urban centers, making it one of the world’s largest economies. However, in the process of developing the urban core, a course of rural development was not pursued. Plans to finance Brasilia were unsustainable because they extracted from revenues devoted to rural areas, and the monetary policy was socially unsustainable as it resulted in extreme inflation which disproportionally hurt the urban poor and rural peasants of Brazil. As a result, many of these regions did not see social or economic development, and lagged far behind their urban counterparts.

Individuals living in rural Brazil had little to no ability to engage in collective action movements to address the problems facing them. According to Robert Bates in his research on former West Africa ISI countries, countries have little incentive to negotiate with rural groups unless they either produce or procure a scarce or valuable resource. This was seen as the primary deterrent for West African farmers who saw others in similar positions fail when demanding redress for their grievances. As a result, the farmers did not collectively contest the policies of the urban marketing boards and the urban bias policies that disproportionally hurt them (Bates 1981). After the completion of the capital’s construction, the situation in rural areas declined. Then, from 1964 to 1988, the Brazilian government was unresponsive to forms of rural protest against land tenure law, local land conflicts, social banditry, and messianic movements that emerged. The country became responsive when the movements nationlized and formed groups such as the Movement of the Landless (Movimento dos Trabalhadores Rurais Sem Terra [MST]) (Houtzager 2001). However, this story was different in Brazil’s neglected urban peripheries, as local groups could mobilize to prompt national change. This is seen in the case of São Paulo in the 1980s and 1990s where members of the urban periphery collectively retaliated and received infrastructure updates and services the city had previously failed to provide (Caldeira 1996).

Prior to the 1990s, the Brazilian government pursued large scale agroindustry and monocultures in rural areas. This continued the trend from the Portuguese empire which focused on the production of sugarcane, coffee, and the exploitation of resources, including gold and Brazilwood. Much of Brazil’s productive farmland was controlled by wealthy oligarchs in large estates known as latifundias. In 1964, when the military seized power, they attempted to break the oligarchic control of the region. They used subsidies and policies such as agricultural marketing boards to set price floors and ceilings on commodities (Helfand & Castro de Rezende, 2001). In this period, the government encouraged the transition of many latifundias to develop monocultures in corn, soy, chicken, and other meats for export and domestic consumption (Bateman & Brochardt 2013). Additionally, the new government attempted to modernize rural areas and address the inequities in rural areas. This was seen in establishing the Land statute of 1964, a system of rural health provision, and social security (Houtzager 2001). However, the impacts to the region were minimal as the government was limited by the debt that had been incurred and the rampant inflation. The majority of rural inhabitants remained landless peasants. The government outreach did allow for rural networks such as the MST to develop into national networks to collectively demand change in the 1990s (Houtzager 2001).

Rural development began to be a priority much later in Brazil. This occurred initially from reforms in the late 1980s and continued into the 1990s, corresponding with the introduction of a new currency – the Real – and the rise of civil societies to combat inequality (Ito 1994). The introduction of the Real currency corresponded to major economic restructuring. Nominal tariff rates for the sixteen principal industrial sectors fell from an average of 105% in the late 1980s to 13% from 1994-97. This included the agricultural sector, and the state’s agricultural policy transitioned from interventionist to a free-market approach (Helfand & Castro de Rezende, 2001).

Constitutional reforms in 1988 the Brazilian statutorily guaranteed that women could receive land, an action that before was difficult or even impossible. The reforms allowed for women to receive full pensions and land from the National Integration Program (Programa de Integração Nacional - PIN). Following economic liberalization reforms in the 1990s, peasants had easier access to obtain title to land and begin small farming practices. Additionally, international groups such as the World Bank contributed to rural development with the Brazil
Rural Poverty Alleviation Program. This encouraged and eventually prompted a decentralization of fiscal policy and investment from a federal level down to a state level and eventually to a local level. This has allowed for greater stakeholder participation and local self-governance in the development of Brazil’s rural areas (Kuehnast 2001).

An additional factoring of rural development and addressing the urban-rural divide was the rise of civil society groups. Groups such as the movement Citizen Action against Hunger, Poverty, and for Life (Ação da Cidadania contra a Fome, a Miséria e pela Vida) began drives to collect food, clothing, and shelter materials to serve low-income populations in the state (Houtzager 2001). This group and others similar to the movement Citizen Action forced the government to take issues of food insecurity and underdevelopment in rural areas more seriously.

The Brazilian government took a very active role in addressing rural development when President Luiz Inácio Lula da Silva was elected in 2003. President Lula was a member of a civil society group the Citizenship Institute (Instituto Cidadania). He began a plan to eliminate hunger in the country and provide social services to rural areas where it was lacking. In his presidency, he established the National Council of Food and Nutritional Security (Conselho Nacional de Segurança Alimentar e Nutricional, Consea), a group tasked with making local agricultural policy recommendations. Additionally, the Safra Plan of Family Agriculture (Plano Safra da Agricultura Familiar) was established as a policy which provided financing, credit, investment, and farm insurance for small producers and family farms in order to increase the biodiversity of crops, strengthen small-scale farmers, and increase local demand for produce (Dagnino, 2004).

This commitment to rural development and empowering small-scale farmers is seen in a comparison of Brazil’s two major farm ministries. In 2013, the Ministry of Agriculture (Ministério da Agricultura, Pecuária e Abastecimento, [MAPA]) had a budget of approximately $4.42 billion USD, where approximately $100 million went to small scale producers. Additionally, in 2013, the Ministry of Agrarian Development (Ministério do Desenvolvimento Agrário, [MDA]), which was developed in 2000, received about $2.28 billion USD to support family farming/small-scale agricultural producers. Although the MDA is about half the size of MAPA, it demonstrates a significant commitment toward small-scale producers. Additionally, the budget for the ministry has increased over 300% from 2004 to 2013, while MAPA’s budget has only increased 25% in the same time period (Bateman & Brochart, 2013). Health and education outreach has remained a part of the federal government’s rural development plans. The government has engaged in vaccination campaigns and recognized educational institutions built upon unproductive agricultural land and has provided support to these institutions through the Ministry of Education.

The development of Brasília occurred with a significant economic and social costs to rural areas. These areas faced disparities in revenue extraction and reinvestment with their urban counterparts and did not receive the same levels of development and attention until the 1990s and 2000s. Despite the significant strides in addressing the urban-rural divide, there are still major shortcomings that can be addressed to create more robust and socially sustainable communities. Government loans for small-holder producers are very strict, often resulting in the loss of land if smallholders fail to pay back the remaining balance, while these individuals and families often return to landless wage labor. Brazil still lacks in social development, with over 32 million people still in poverty and 16 million from indigence living on less than $35 a month. Much of these results from prior inequities: a lack of land, education, and healthcare due to decades of neglect by the Brazilian government. The majority of these residents reside either in rural areas or in the informal settlements on the peripheries of Brazil’s major cities. Additionally, land rights remain an issue. According to the Pastoral Land Commission (CPT), a church-based rural organization, land raids have remained an issue in Brazil, which have been accompanied by violence and intense political conflicts. There has been a trend of land raids where over 3 million individuals – over 660,000 families – have engaged in land invasions in Brazil to secure land from 1988-2004. Roughly 440,000 of the families received land from the government in this period ending their status as wageless laborers, but access to land remains a significant issue in Brazil in rural areas (Hildago and Richardson 2017).

The Development of Brasília and the Corresponding Decline of Rio de Janeiro

The high cost to build Brasília and the economic opportunities offered by the new city played a role in both the political and economic decline of Rio de Janeiro. Rio was hampered by factors that prevented sustainable development. The area was geographically constrained by the Atlantic Ocean to the east and the Serra da Mantiqueira mountains to the west. This led to the highest real estate prices in Brazil, which made it difficult for small business owners to obtain real estate, leading them to operate in informal markets or to forgo business entirely. Additionally, Rio de Janerio faced extreme political competition where the local economy was manipulated to serve political goals

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(to increase support for a candidate or party) by matter of hiring, firing, or lowering/raising wages and/or the production of goods (Montero 2001). Brasília did not have the same constraints: real estate was inexpensive, it did not have parties with established clientelist political networks, and geographically there was space to expand and accommodate new migrants. As a result of these attractive factors, the development of Brasília led to both a capital drain and brain drain from the former capital. Rio's economy, once dynamic, started to lose many of the private and state-owned enterprises that once held headquarters in the city. Brasília took all the federal political power and associated federal industries from Rio de Janeiro. This occurred because the establishment of a national capital is a zero-sum game: when a new capital is built, the old capital loses the federal power and industry it once retained. This was seen in the development of Washington D.C. in the United States, when the political industry, influence, and power was taken away from the former capitals of New York and Philadelphia. Additionally, Brasília attracted industries such as banks, public agencies, finance, information technology, pharmaceuticals, telecommunications, television, consulting, and legal service firms, many of whom migrated from Rio de Janeiro. This was catastrophic for Rio de Janeiro, which was losing economic influence not only to Brasília but also its southern neighbor and rival São Paulo.

São Paulo, unconstrained by geography, had the space to accommodate more industry and more immigrants. In Brazil, from 1968 to 1973, the “economic miracle” occurred as a result of a greater shift towards exports and major government industrial investment. During the miracle, Brazil’s GDP was growing at a rate of 10% per annum (Pattanayak 1996, P. 95) and São Paulo’s economy was growing at a rate of 5% per annum (The Economist 1998). Industry exploded in São Paulo and it became the largest industrial power in Latin America. The growth from the miracle was short-lived, as it was financed by borrowing. The country had accumulated more debt in 1974 than it had in the previous 150 years combined. The miracle effectively ended in 1979, as Brazil had the largest debt in the world at about $92 billion USD. Hyperinflation began and a recession ensued (Kilborn 1983). Despite the economic crash, São Paulo had supplanted Rio de Janeiro as Brazil’s commercial, financial, cultural and industrial center in the 1970s, establishing a new power dynamic in Brazil’s southern frontier.

Rio de Janeiro, once the political, economic, and cultural capital of Brazil, had lost most of its economic clout to the rise of São Paulo and its political influence to Brasilia. This resulted in a shift in foreign investment in Brazil. In 1995, after processes of economic liberalization, Brazil’s FDI was $115.5 billion, and quintupled in a period of five years (Aguayo-Tellez et al. 2010, P. 2). Much of the FDI that went to Brasília and São Paulo would have formerly gone to Rio de Janeiro. São Paulo attracts more foreign investment than any other Latin American city, with $1.4 billion USD in 2013 and $847.2 million USD in

### Table 1: The decline of Rio de Janeiro as the economic center of Brazil can be seen in developmental disparities in relation to São Paulo. This is seen in health outcomes, housing laws, distribution of city services, and the revenues collected by the government. All monetary values in USD

<table>
<thead>
<tr>
<th>City</th>
<th>São Paulo</th>
<th>Rio de Janeiro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 2010</td>
<td>20,262,000</td>
<td>11,342,000</td>
</tr>
<tr>
<td>Mortality under age 5 (%)</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Households below poverty line (%)</td>
<td>6.5</td>
<td>17</td>
</tr>
<tr>
<td>Governments revenues per capita (USD)</td>
<td>446.1</td>
<td>50.5</td>
</tr>
<tr>
<td>Government expenditures per capita (USD)</td>
<td>120.7</td>
<td>142.6</td>
</tr>
<tr>
<td>Involvement of residents in formal zoning changes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Conflict of interest in disclosure laws</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Housing units connected to piped water (%)</td>
<td>98</td>
<td>87.7</td>
</tr>
<tr>
<td>Housing units connected to sewage (%)</td>
<td>95</td>
<td>79.8</td>
</tr>
<tr>
<td>Water consumed per day person (liters)</td>
<td>159.6</td>
<td>209</td>
</tr>
<tr>
<td>Solid waste disposed in sanitary landfills (%)</td>
<td>99</td>
<td>73.2</td>
</tr>
</tbody>
</table>

*Source:*

2014 (Ammachchi 2015). São Paulo’s economy is fundamental to Brazil as it was home to 63% of Brazil’s multinational corporations in 2016 (Winetrout 2016). If the city were its own country, its GDP would rank 42nd among all countries, between Chile and Finland (FecomercioSP 2017). A symbol of Rio’s decline can be seen in the fall of the Rio de Janeiro Stock Exchange, which was surpassed by São Paulo Stock Exchange in the 1970s. Eventually, in 2002, the São Paulo stock exchange BOVESPA purchased the Rio de Janeiro Stock Exchange. Additionally, Brasília was considered a more attractive locale to invest, and in 2015, it was ranked the second highest city in terms of foreign direct investment (FDI) in Latin America behind São Paulo and ahead of Mexico City (Ammachchi 2015).

In Brazil, Rio de Janeiro no longer served as a premier destination for human capital. Migrants followed the wealth and chose to settle in Brasília and São Paulo more often than Rio de Janeiro. Additionally, the new capital was seen as a place of hope while Rio de Janeiro was seen as a place of decline. Unskilled migrants known as “candangos” migrated to Brasília in search of a better life, as they believed they would not be confined to informal housing and they would have the opportunity to be instrumental in shaping and developing a positive future for Brazil. The migration rate from the rural periphery increased as the mechanization of farming became standard and the transition to intensive commercial cash crop cultivation for export led to more pressure on small scale farmers, pushing rural laborers into cities (Saint & Goldsmith 1980). This allowed Brasília’s federal district to develop a vast employment sector for low skill laborers including a large food processing industry and a construction industry responsible for connecting Brasília with other major metropolitan centers through immense public works projects. Brasília’s initial migrants were notable, as they often had higher education levels than migrants settling in other Brazilian cities. Of the migrants coming into Brasília, 11% had university degrees and 28% had completed high school, and many came from the more developed regions of southeastern Brazil including Rio de Janeiro (Shoumatoff 1980). This was contrary to migration patterns in most Brazilian cities where immigrants primarily came from the poor regions of the north or the interior of the country with little education and settled in the southeast in search of opportunity (Yap 1976, p. 233). Internal migration increased from 20% in 1980 to 40% in 1999, with Brasília boasting the highest rates of educated migrants (Aguayo-Tellez et al. 2010, p. 840). Moreover, Brasília attracted many skilled female workers, boasting the highest rates of formal employment for women and providing opportunities in the formal sector which were often difficult to find in other Brazilian cities. (Shoumatoff 1980).

Rio de Janeiro has attempted to remedy this by creating special industrial zones on the outskirts of the city to lease the land and allow new manufacturing firms to remain competitive in Brazil. However, these practices did not stop the exodus of industry from the city; between 1989 and 1997, 22% of the industrial companies moved to other areas of the country (Cesar de Queiroz Ribeiro 2011). The exodus of corporations to Brasília and the disproportionate investment into São Paulo during the Brazilian Miracle came at the expense of Rio’s development. Additionally, Rio de Janeiro has never fully recovered from this exodus and its hopes for an economic revival have continued to decline. The city was once the tourism capital of Brazil, and despite hosting the 2014 World Cup and 2016 Olympics, the city has seen a steady decline in tourists since the 1990s (Kiernan & Jelmayer 2016). In 2007, newly discovered underwater oil reserves signaled a potential revival for Rio, but this is no longer the case as oil prices have fallen to near-decade lows and Brazil’s state-owned oil company Petrobras has been embroiled in corruption allegations and hampered by fiscal mismanagement (Connors & Kiernan 2017).

The most insidious aspect of the building of Brasília was the neglect showed to the former capital of Rio de Janeiro. Brazil was investing large amounts of money into the building of Brasília when there was a social crisis occurring in Rio de Janeiro. In this period, there was a significant rise in the number of favelas being constructed on the periphery of the city. Rather than address the problem of informal settlements the government chose to invest public funds in the building of an ostentatious capital. The legacy of this choice still lives in the city today. The government neglect of the 1950s and 1960s led to the establishment of organized criminal networks that Rio de Janeiro is still struggling to contest. In the 1970s, under the Carlos Lacerda military regime, a favela removal policy was implemented that displaced hundreds of thousands of residents. Many were relocated to housing projects such as City of God (Cidade de Deus). However, these new developments were plagued by the same issues faced in the old favelas, including substandard living conditions, which led to the development of new favelas (Simpson 2013, P. 8-9). Rio de Janeiro, also known as “the marvelous city,” has become a place of fear and uncertainty for its residents. The neglect of Rio’s social crisis of the 1950s and 1960s led to a political vacuum in the favelas. These favelas often lacked services including healthcare, electricity, sanitation, education, banking, and social services. Criminal syndicates often moved in and filled the void...
by providing these services and acting as an informal subnational authority, sometimes winning the hearts and minds of the residents of the favelas in the process. In the 1980s, these criminal syndicates, known as milícias, had their power severely expanded as Brazil became a transit country for narcotics trafficking. The biggest drug was cocaine, primarily from Colombia’s Cali cartel, which left Rio de Janeiro’s port en route to wealthy countries such as Australia, New Zealand, Canada, Europe, and the United States. The milícias that trafficked narcotics were rewarded financially, allowing them to exert greater control in their favelas. Politically, they were able to provision more goods and services, and militarily, they secured arms, allowing them to contest both civil and military police forces. There are three primary factions made of smaller gangs in Rio’s favelas today that compete for dominance: Terceiro Comando, Amigos dos Amigos, and Comando Vermelho, all of whom have constantly shifting alliances reminiscent to the nations of Orwell’s 1984 (Glenny 2015). The rise of milícias with paramilitary capabilities is a major problem for Rio, as it harms the legitimacy of the Brazilian government. First, the milícias who traffic guns and drugs are able to secure the hearts and minds of residents more effectively than the government, guaranteeing the longevity of the milícias. Second, these groups have the ability to effectively contest police forces, furthering the perception of the milícias’ power and the belief that the police are ineffective among the general public. Third, these milícias have embedded networks into both the operations of the civil and military police leading to the corruption of police forces and making them ineffective in dealing with the milícias. Fourth, the milícias influence elections through violence, intimidation, and the buying of votes through political favors, casting doubt on election results (Penglase 2014, P. 54). Lastly, the government’s most effective police units, Batalhão de Operações Policiais Especiais (BOPE), which target milícias, have been accused of extreme violence and numerous human rights abuses which are often ignored or sanctioned by the government, harming the perception of the government to the populace (Huguet, Szabó de Carvalho 2008. P. 104). The increase in violence in the city is one of the motivating factors for the exodus of capital in Brazil. In 1970, Brazil’s nine largest banks were all headquartered in Rio de Janeiro, but by the 1980s, the corporate exodus had accelerated as many professionals moved out in fear of the rising extortions, kidnappings, and killings (Zaluur 2007 P. 3-5). By 1991, only five of the largest banks had remained (Cesar de Queiroz Ribeiro 2011).

The favelas have become an increasingly difficult prospect to deal with, as they now house 22% of the population despite only consisting of 3.7% of the city land area (The Economist 2016). As corporate divestment continued in Rio de Janeiro, the jobs began to dry up, but rural migrants continued to settle in the city. The new residents with dim economic prospects were settling in informal housing settlements known as favelas. From 1980 to 1990, when Brazil was experiencing hyperinflation, the populations of the favelas grew 41% despite Rio’s overall growth rate holding at 8% (Paddison & Hutton 2014, P. 144). In the time leading up to the 2014 World Cup and 2016 Olympics, the government began a process of pacification, or policing, of the favelas leading to a reduction in violence. So far, 38 police pacification units have been created, which put over 9,500 officers into the favelas. However, this solution is likely not viable in the long term, as the murder rate has returned to pre-pacification numbers while police murders against civilians have increased. In 2020, there are still police pacification units in the favelas, although their presence decreased significantly in 2016 following austerity measures that forced Rio’s State Security department to cut its budget by 30% (Associated Press 2016). Additionally, in many of the “pacified” favelas where security forces have vacated, there has been a return to criminal syndicate control (Richmond 2019).

The legacy of neglect in Rio de Janeiro has been exacerbated by fiscal mismanagement in the city and state government. The structures built for the 2014 World Cup and 2016 Summer Olympiad were expensive and are no longer in use. Many are starting to experience decay. According to a report by Oxford University’s Said Business School, the Olympic Games were 51% over budget, costing $1.6 billion USD more than what was expected (Flyvbjerg et al. 2016, p.19). The most notable example of a consequence of the fiscal mismanagement is the 2017 shutdown of Rio’s flagship university — Universidade do Estado do Rio de Janeiro (UERJ). UERJ was one of Brazil’s largest and most prestigious universities, having the highest ranked law and medical schools in Brazil (UERJ 2017), but the university was shut down for the 2017-2018 academic year due to insufficient funding (Sims 2017). Additionally, in 2018, the National Museum of Brazil burned down, which housed fossils, Graeco-Roman and Egyptian artifacts, and “Luzia,” the oldest human skeleton found in the Americas. The museum had fire prevention mandates cut due to austerity measures and had a diminished response to the fire due to the government’s austerity measures ((Watts, Phillips, and Jones 2018). Despite the lack of funds, Rio de Janeiro Governor Luiz Fernando Pezão established a contract for a new multimillion-dollar private jet for the governorship (Jornal Nacional 2017).
The city is experiencing significant problems, including a Zika pandemic plaguing the favelas (Callaway 2016, P.18) and major issues associated with water pollution. The state of Rio de Janeiro has significant debt resulting from large infrastructure projects such as the Olympics and World Cup; it owes approximately $29.5 billion USD to the Brazilian government, an amount that exceeds the 200% percent threshold over net revenue allowed under Brazil’s Fiscal Responsibility Law (LRF) (Fonseca 2019). There have been significant concerns that Rio de Janeiro will default on its debt; according to State Secretary for the Treasury Luiz Claudio Rodrigues de Carvalho, it is unlikely that Rio de Janeiro will be able to pay off its debt unless there is a structural change in the economy of the state (Mann 2019). The severe debt faced by Rio de Janeiro makes it difficult for the government to address the problems it faces. As a result of the violence, health hazards, lack of funds, and declining opportunities, a large number of Rio’s residents want to leave. According to a poll conducted by the agency Rio Como Vamos, 56% of Rio’s inhabitants wanted to leave the city in 2016, up from a figure of 27% in 2011 (The Economist 2016).

The governments of both Brazil and the state of Rio de Janeiro need to make a concerted effort to promote social development in the favelas. The high rate of violence in the favelas is a primary factor in both businesses and residents wanting to leave the city. The process of pacification has not seen much success, because as soon as the police leave, criminal syndicates return. Rio de Janeiro needs to develop a program that targets young men between the ages 10 and 29 to prevent them from going into organized crime. Additionally, the program will need to target systematic causes that allow the criminal networks to have such a wide influence in the favelas. In the 1990s, Rio de Janeiro had extreme homicide rates (over 100 per 100,000 citizens), so a comprehensive security program called Pronasci was put in place to build local institutions, increase citizen trust in the police, and develop a civil culture to reduce violence. This was able to drastically reduce the homicide rate seen in Brazil. The program had mixed results but did make an impact in reducing the violence and influence of criminal syndicates in the favelas. However, the program failed primarily due to bureaucratic concerns (Ruediger 2013). Still, successful elements of the program have informed the design of the United Nations Public Security Programme. Financial solvency will allow the governments of Rio de Janeiro to maneuver in developing programs to address the situation.

1964: The End of the Democratization Experiment

The construction of Brasília in a period of 41 months was an unprecedented feat that came at an extreme cost. Brazil returned to democracy in 1945 after a period of rule by dictator Getúlio Vargas, but the return to democracy would be short lived. Brazil, despite facing unprecedented growth in the 1950s, showed markers of economic decay such as the decline of coffee exports (Brazil’s primary commodity) and swift social changes occurring in Brazilian cities including the rapid development of slums and rapid inflation. However, President Kubitschek decided to continue with the capital’s construction. Kubitschek’s “Fifty years’ progress in five” slogan was reworded by his critics as “Fifty years’ inflation in five” (Green 2012). The government’s financing plan relied on borrowing and manipulating the monetary policy by inflating the money supply. The shortcomings of the financing plan were widely apparent, as noted by New Yorker columnist Tad Szulc in 1957 who stated, “the Government is spending more money in its headlong rush to build the capital in four years than Brazil’s inflation and deficit-ridden economy can afford.” In 1959, Brazil was in significant trouble. Inflation was rapidly increasing and the overall cost of living in Brazil was rising. Brazil asked for assistance from the United States to balance a deficit of over $300 million. The United States would only oblige if Brazil engaged in economic restructuring and would participate in the development of a stabilization program with the IMF. However, Kubitschek disagreed with the requirement to reduce subsidies on imports of wheat and petroleum. The IMF reforms were rejected and inflation continued to rise leading to political turmoil in the country. During this period of national uncertainty, there were significant fears of a left-wing uprising, leading to a military coup in 1964 by Humberto de Alencar Castelo Branco. Castelo’s government renegotiated loan agreements with the US and the IMF, and took aid from the Alliance for Progress program. Austerity measures to curb inflation and repay debt hurt Brazilians in the short term as reforms limited industrial expansion and allowed real wages amongst workers to drop (Wood 1982). These reforms began to pay off during the ‘Brazilian Miracle,’ but the new wealth gained was unevenly distributed. About 22 million Brazilians were enjoying a high per capita income, while the other 85 million Brazilians lived at or below subsistence level (Green 2012). This legacy of uneven development has stuck with Brazil, as the country remains in the bottom quartile according to the World Bank’s GINI coefficient in 2017 (World Bank 2017). Kubitschek’s desire
to construct a capital city without adequate financing contributed to economic turmoil in Brazil.

The astronomical cost to build Brasília was a product of Brazilian financial maladministration. The decision to build Brasília amplified Brazil’s economic crisis resulting in an even greater increase in inflation, the prompting of more mass migrations from the rural periphery, an amplification of ISI inefficiencies, and the acceleration of Rio de Janeiro’s decline. Kubitschek’s actions are not an isolated example in Brazil’s history. The military dictatorship that seized power in 1964 invested heavily in public works but relied heavily on deficit spending to finance the ambitious public works projects. This ultimately led to a major recession and hyperinflation in the 1980s at levels higher than 1964 levels. Major monetary mismanagement is still widespread in Brazilian politics; this occurred in Branco’s regime which developed large dams on the Amazon river and began the Trans-Amazonian Highway. Recurring bouts of extreme inflation led to modifications and sometimes the cessation of major projects (Cesar de Queiroz Ribeiro 2011).

The cycle still continues; the latest example of this can be seen in the large public works projects of the 2014 World Cup and the 2016 Olympics. In the development of these projects, there was extensive mismanagement and corruption, including fraud and embezzlement. 49 days before the opening ceremony of the Olympics, Rio de Janeiro’s Governor Francisco Dornelles declared a state of financial emergency and asked the federal government for support to prevent a “total collapse in public security, health, education, transport and environmental management” (Barbara 2016). The former Governor of the State of Rio de Janeiro Sérgio Cabral is serving a 200-year sentence for laundering tens of millions of dollars from public construction contracts, the former mayor Eduardo Paes of the City of Rio de Janeiro has been accused of taking money in exchange for contracts to build Olympic games facilities, and six of the twelve stadiums built for the World Cup are now under investigation for fraud (Chade 2017). This mismanagement has always resulted in significant changes, most notably the military dictatorship coming to power in 1964 and more recently extreme austerity measures for the State and city of Rio de Janeiro. In December 2016, the amendment PEC 55 was passed to freeze government social spending for a period of 20 years, allowing it to only rise and fall only in line with the country’s current inflation trends (Assis 2017).

The current austerity measures that have taken place have eroded the Brazilian people’s faith in democratic government, effectively harming long term democratization. This is seen in a poll by Latinobarométrico where Brazilians’ support for democracy fell by 22% in 2016, while 55% of Brazilians said they would not mind a return to rule under a military regime as long as it was effective and solved problems. (Corporación Latinobarómetro 2016, P.25)

Brazil engages in significant public infrastructure projects and often sees consequences in the form of extreme debt. In 1952, Brazil developed what has become the second largest development bank in the world: The Banco Nacional de Desenvolvimento Econômico e Social (BNDES). This allows the country to pursue development projects without abiding by the conditions set forth by other countries or agencies. However, this allows the government freer rein in spending toward projects which have little to no long-term economic development prospects for the region. This was seen in the development of sporting complexes for the Olympics and World Cup, which are in a state of disrepair and only provided economic benefit for a short period of time during its construction and short-lived ability to attract tourists. The government needs to maintain a more selective criterion on what projects it pursues and be stricter with delinquency. Additionally, there has been alleged corruption in BNDES contracts, with funds going primarily to a few major contracting firms and cases of contracts being awarded before public bids are accepted (Goodman and Cuadros 2013). The lack of diverse contracts was summarized in a statement by Brazilian writer Eliane Brum: “the companies built Brasília and have never left it.” There needs to be more oversight of the Brazilian development apparatus to allow for greater discretion in what projects are approved, stricter methods in the event of delinquency, and to guarantee that equitable and proper bidding procedures are followed when awarding contracts. This way, there will be less nepotism in the awarding of contracts and massive public works projects will have a higher degree of scrutiny and a more stringent approval process. When national or subnational authorities’ trend toward insolvency, they can do little in addressing prospective problems which may arise in their jurisdiction.

Brasília Failed in its Goals to Build a Capital of Hope

Brasília did not succeed in its aims to build a classless egalitarian society. Rather, the demographics of Brasília are more reflective of the country, showcasing the extreme income inequality. The plan in building Brasília was to establish an egalitarian city devoid of class division with no informal employment, no informal settlements, and to redistribute the ballooning wealth of the southeast to the interior of the country. At this time in Brazil’s history,
informal housing such as favelas and cortiços were becoming common and individuals were limited with little room for social mobility. Classicism defined the landscape of Brazilian cities, notably São Paulo where individuals of diverse classes lived in close proximity, but self-segregation occurred with the emergence of private schools, private police, and gated communities, preventing social integration (Calderia 1996). Brasília’s chief architect Oscar Niemeyer attempted to combat this by designing the city so that all classes would live side by side in an attempt to overcome classist principles. Brasília came nowhere close to achieving its goal of an egalitarian society; the central housing that was planned to provide classless accommodation is today almost exclusively occupied by the upper-middle class. Most poor workers commute from one of the 27 satellite cities that emerged on Brasília’s periphery. According to the United Nations, it became one of the most unequal cities in the world today. In the UN report *Bridging the Urban Divide*, Brasília is one of the world’s top 10 most unequal cities with a Gini coefficient of 0.60 (Un-habitat 2011, P.193). This rampant inequality emerged as the city was built and zoned for 500,000 residents (Bertaud 2010, P.1), but the federal district currently houses about 3 million individuals (IBGE 2016). Brasília was flooded by *candangos* who built settlements on the outskirts of the city because they could not afford to live in the centre. The satellite towns established by *candangos* suffer from significant underdevelopment; Arapoanga, for example, lacks many basic utilities such as paved roads and a sewage system just as a favela would in Rio de Janeiro. The satellite towns continue to expand at a rate that is difficult for Brasília’s government to maintain; from 2010 to 2016, their populations grew at an estimated rate of 20.56% (IBGE 2016). Brasília was not immune to the social crises that plagued other Brazilian cities; the situation of 1990s Brasília paralleled the situation of 1950s-1960s Rio de Janeiro. In August 1997, clashes between police and illegal occupants of public land left 20 injured and 49 arrested (Lea et al. 2003). The city was designed to avoid the problems other Brazilian cities faced such as violence, corruption, overpopulation, and inequality, but ended up succumbing to these same problems. This is seen in the issue of income inequality, as Brazil’s wealthiest 1% of the population control the same amount of wealth as the bottom 50% of the population (about 80 million Brazilians) (Beghin 2008, p. 21). According to the United Nations Human Development Report, Brazil is the 3rd most unequal country in Latin America by Gini index, behind only Colombia and Honduras. It also ranks 10th in the world for global inequality (Un-habitat 2011). Brasília is reflective of this: it was ranked one of the 10 most unequal cities in the world with a Gini coefficient of 0.60 (the only other Brazilian city making the list was Belo Horizonte with a Gini coefficient of 0.61) (Un-habitat 2011). Despite the intention of eliminating class and transcending Brazil’s chronic problems, Brasília now stands as the symbol of Brazil’s class inequality.

### Conclusion

The building of planned cities is not a new theme. Peter the Great built St. Petersburg as a window to the West towards Europe on the Baltic Sea. In 1800, Washington D.C. was developed under Major Pierre Charles L’Enfant’s plan, and in Australia, Canberra was developed in 1913 following a long dispute over whether Sydney or Melbourne should be the national capital (Davison, Hirst, & Macintyre 1998). In an equally ambitious plan to St. Petersburg, Washington D.C., and Canberra, President Kubitschek attempted to fulfill the constitutional promise of 1891 and build Brasília in the Brazilian highlands. The city is similar in nature to Houston of the United States, where it is one of the fastest growing cities by wealth but lacking a true identity like New York or Chicago. The city showcases both the extreme wealth and poverty that is representative of Brazil. From this showcase, the city has earned the nickname by critics “ilha da fantasia,” or “fantasy island,” because of the dramatic contrast between the wealth in Brasília and the overwhelming poverty in the province of Goiás which surrounds the Federal District. The building of Brasília was too ambitious and shows the difficulties with large-scale central planning strategies attempting to achieve goals. The building of Brasília had notable consequences, such as leading to a more rapid decline of Rio de Janeiro and bringing forth a military dictatorship to Brazil. The cycles of heavy investment in large public infrastructure projects and the resulting economic booms and busts remain a theme throughout Brazil. The fallout from the development of Brasília may serve as a warning for other democratic governments to forgo the heavy and rapid development of a new capital. There have been new capital development projects since Brasília; however, they have all been from non-democratic countries whose actions are sheltered from domestic public backlash. These autocratic planned capitals include: Islamabad - Pakistan in 1966, Nur-Sultan - Kazakhstan in 1997, and Naypyidaw - Myanmar in 2006.

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