

Grand Visions Fizzle in Brazil

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Photographs by DANIEL BEREHULAK

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Brazil plowed billions of dollars into building a railroad across arid backlands, only for the long-delayed project to fall prey to metal scavengers. Curvaceous new public buildings designed by the famed architect Oscar Niemeyer were abandoned right after being constructed. There was even an ill-fated U.F.O. museum built with federal funds. Its skeletal remains now sit like a lost ship among the weeds.

As Brazil sprints to get ready for the World Cup in June, it has run up against a catalog of delays, some caused by deadly construction accidents at stadiums, and cost overruns. It is building bus and rail systems for spectators that will not be finished until long after the games are done.

But the World Cup projects are just a part of a bigger national problem casting a pall over Brazil's grand ambitions: an array of lavish projects conceived when economic growth was surging that now stand abandoned, stalled or wildly over budget.

The ventures were intended to help propel and symbolize Brazil's seemingly inexorable rise. But now that the country is wading through a post-boom hangover, they are exposing the nation's leaders to withering criticism, fueling claims of wasteful spending and incompetence while basic services for millions remain woeful. Some economists say the troubled projects reveal a crippling bureaucracy, irresponsible allocation of resources and bastions of corruption.

Huge street protests have been aimed at costly new stadiums being built in cities like Manaus and Brasília, whose paltry fan bases are almost sure to leave a sea of empty seats after the World Cup events are finished, adding to concerns that even more white elephants will emerge from the tournament.

"The fiascos are multiplying, revealing disarray that is regrettably systemic," said Gil Castello Branco, director of [Contas Abertas](#), a Brazilian watchdog group that scrutinizes public budgets. "We're waking up to the reality that immense resources have been wasted on extravagant projects when our public schools are still a mess and raw sewage is still in our streets."

The growing list of troubled development projects includes a \$3.4 billion network of concrete canals in the drought-plagued hinterland of northeast Brazil — which was supposed to be finished in 2010 — as well as dozens of new wind farms idled by a lack of transmission lines and unfinished luxury hotels blighting Rio de Janeiro's skyline.

Economists surveyed by the nation's central bank see Brazil's economy growing just 1.63 percent this year, down from 7.5 percent in 2010, making 2014 the fourth straight year of slow growth. While an economic crisis here still seems like a remote possibility, investors have grown

increasingly pessimistic. Standard & Poor's cut Brazil's credit rating last month, saying it expected slow growth to persist for several years.

Making matters tougher for the government, it is an election year, with a poll last month showing support for President Dilma Rousseff's administration falling to 36 percent from 43 percent in November as sluggish economic conditions persist.

Ms. Rousseff's supporters contend that the public spending has worked, helping to keep unemployment at historical lows and preventing what would have been a much worse economic slowdown had the government not pumped its considerable resources into infrastructure development.

Luiz Inácio Lula da Silva, Ms. Rousseff's political mentor and predecessor as president, put many of the costly infrastructure projects into motion during his administration, from 2003 to 2010. In a recent interview, he acknowledged that some of the ventures were facing long delays. But he contended that before he came into office, Brazil had gone for decades without investing in public works projects, so the country essentially had to start from scratch.

"We stayed for 20 years without making or developing any public infrastructure projects," Mr. da Silva said. "We had no projects in the drawer."

Still, a growing chorus of critics argues that the inability to finish [big infrastructure projects](#) reveals weaknesses in Brazil's model of state capitalism.

First, they say, Brazil gives extraordinary influence to a web of state-controlled companies, banks and pension funds to invest in ill-advised projects. Then other bastions of the vast public bureaucracy cripple projects with audits and lawsuits.

"Some ventures never deserved public money in the first place," said [Sérgio Lazzarini](#), an economist at Insper, a São Paulo business school, pointing to the millions in state financing for the overhaul of the Glória hotel in Rio, owned until recently by a mining tycoon, Eike Batista. The project was left unfinished, unable to open for the World Cup, when Mr. Batista's [business empire crumbled last year](#).

"For infrastructure projects which deserve state support and get it," Mr. Lazzarini continued, "there's the daunting task of dealing with the risks that the state itself creates."

The Transnordestina, a railroad begun in 2006 here in northeast Brazil, illustrates some of the pitfalls plaguing projects big and small. Scheduled to be finished in 2010 at a cost of about \$1.8 billion, the railroad, designed to stretch more than 1,000 miles, is now expected to cost at least \$3.2 billion, with most financing from state banks. Officials say it should be completed around 2016.

But with work sites abandoned because of audits and other setbacks months ago in and around Paulistana, a town in Piauí, one of Brazil's poorest states, even that timeline seems optimistic. Long stretches where freight trains were already supposed to be running stand deserted. Wiry

vaqueiros, or cowboys, herd cattle in the shadow of ghostly railroad bridges that tower 150 feet above parched valleys.

“Thieves are pillaging metal from the work sites,” said Adailton Vieira da Silva, 42, an electrician who labored with thousands of others before work halted last year. “Now there are just these bridges left in the middle of nowhere.”

Brazil’s transportation minister, César Borges, expressed exasperation with the delays in finishing the railroad, which is needed to transport soybean harvests to port. He listed the bureaucracies that delay projects like the Transnordestina: the Federal Court of Accounts; the Office of the Comptroller General; an environmental protection agency; an institute protecting archaeological patrimony; agencies protecting the rights of indigenous peoples and descendants of escaped slaves; and the Public Ministry, a body of independent prosecutors.

Still, Mr. Borges insisted, “Projects get delayed in countries around the world, not just Brazil.”

Mr. da Silva, who oversaw the start of work on the Transnordestina eight years ago, was frank about the role of his Workers Party, once the opposition in Brazil’s National Congress, in creating such delays. “We created a machinery, an oversight machinery, that is the biggest oversight machinery in the world,” he said, explaining how his party helped create a labyrinthine system of audits and environmental controls before he and Ms. Rouseff were elected.

“When you’re in the opposition, you want to create difficulties for those that are in the administration,” Mr. da Silva said. “But we forget that maybe one day we’ll take office.”

Some economists contend that the way Brazil is investing may be hampering growth instead of supporting it. The authorities encouraged energy companies to build wind farms, but [dozens](#) cannot operate because they lack transmission lines to connect to the electricity grid. Meanwhile, manufacturers worry over potential electricity rationing as reservoirs at hydroelectric dams run dry amid a drought.

Other public ventures sit vacant. Officials [in Natal](#), in northeast Brazil, spent millions on wavy buildings designed by Mr. Niemeyer, opening them in 2006 and 2008. But they abandoned them almost immediately, allowing squatters to occupy some areas; the authorities now say they have plans to refurbish the buildings. Another Niemeyer project, a \$30 million television [transmission tower](#) in Brasília designed like a futuristic flower, remains unused two years after it was inaugurated.

Then there is the extraterrestrial museum in Varginha, a city in southeast Brazil where residents claimed to have seen an alien in 1996. Officials secured federal money to build the museum, but now all that remains of the unfinished project is the rusting carcass of what looks like a flying saucer.

“That museum,” said Roberto Macedo, an economist at the University of São Paulo, “is an insult to both extraterrestrials and the terrestrial beings like ourselves who foot the bill for yet another project failing to deliver.”