

NEOLIBERAL ACCUMULATION STRATEGIES AND THE VISIBLE HAND OF POLICE PACIFICATION IN RIO DE JANEIRO

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Recebido: 13 abr. 2012

Aprovado: 30 abr. 2012

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The author would like to thank Anne-Marie Broudehoux, Nelma Gusmão de Oliveira and Tatiana De Almeida Accioly for their invaluable collaboration in the research leading to this article.

Abstract: The state government of Rio de Janeiro has embarked on an ambitious policy of favela pacification in an attempt to gain control of territories long controlled by drug gangs. While I recognize the potential as well as the flaws of the Police Pacification Unit (UPP) program in terms of providing security for a city with a history of crime and violence, I argue that the UPP policy is an integral part of Rio's entrepreneurial city strategy centered around the 2014 World Cup and the 2016 Olympics. I see this as a case of what David Harvey calls accumulation by dispossession, where the state engineers the military conquest and control of territories, and the capture of assets by force, to create outlets for the expansion of private capital. Through a series of interviews with residents of "pacified" or soon to be pacified favelas, with police, community organizations, policy makers and researchers, and an analysis of the published sources, I identify four levels of capital accumulation that are facilitated by the UPP program.

Key words: Police pacification units. Accumulation by dispossession. Mega-events.

ESTRATÉGIAS DE ACUMULAÇÃO NEOLIBERAL E A MÃO VISÍVEL DA POLÍCIA PACIFICADORA NO RIO DE JANEIRO

Resumo: O governo do estado do Rio de Janeiro iniciou uma ambiciosa política de pacificação das favelas na tentativa de ganhar o controle de territórios controladas há muito tempo por traficantes. Embora reconheço o potencial, bem como as falhas do programa de Unidades da Polícia Pacificadora (UPPs) em termos de proporcionar segurança para uma cidade com uma história de crime e violência, defendo que a política de UPP é parte integrante da estratégia do Rio de Janeiro como cidade empreendedora em torno da Copa de 2014 e as Olimpíadas de 2016. Eu vejo isso como um caso do que David Harvey chama de acumulação por espoliação, onde o estado desenvolve a conquista militar e o controle de territórios, e a captura de ativos pela força, para criar saídas para a expansão do capital privado. Através de uma série de entrevistas com moradores de favelas "pacificado", ou prestes a ser pacificada, com a polícia, organizações comunitárias, decisores políticos e investigadores, e uma análise das fontes publicadas, identifiquei quatro níveis de acumulação de capital que são facilitadas pelo programa de UPP.

Palavras-chave: Unidades da polícia pacificadora. Acumulação por espoliação. Mega-eventos.

INTRODUCTION

Early one Sunday morning on November 2011, Rio's men in black, the Special Police Operations Battalion (BOPE), rolled into Rio's largest favela, Rocinha, in black-washed armored vehicles emblazoned with the special battalion's iconic skull and dagger logo to establish yet another Police Pacification Unit (UPP). Tight on the heels of the made-for-television spectacle¹ came another invasion. By Monday access to the ubiquitous pirated cable television system was disconnected, and the community soon filled with representatives of various cable companies, seated at tables every few meters on commercial streets and wandering the narrow alleys passing out pamphlets and signing up residents for new services (MENDES, MAGALHÃES, DAMASCENO, 2011). As in other "pacified" favelas, television providers have been followed by the electric company, the water company, bank branches, chain stores and tourism. Housing prices in and around occupied favelas have risen anywhere from 50 to 400%, sometimes even before the police arrive. One commentator for MoneyWeek, in advising UK readers on investment in Brazil, wrote recently: "[I]f you were to ask me where I think the most money is going to be made in the coming years, I would say it's from the emergence and development of the favelas" (FRISBY, 2012).

Rio's 763 favelas house 22% of the city's population (2010 census), but they have long been ignored by the state. They have always been a de facto housing solution for the poor where the formal market and governments have failed. Leftover land, often hills that were once of little value, were occupied first by returning soldiers from the Canudos military campaign in late 19th century, then by the urban poor displaced by turn of the century slum clearance programs, then by waves of rural migrants who came to Rio to build the high-rises, roads and bridges of Rio's 20th century modernization. The state has never taken full responsibility for these territories, except through sporadic interventions often motivated by populist electoral politics. Since the early 1980s, with the phasing out of the military dictatorship, armed drug gangs have filled the vacuum left by the state, exercising a mafia-like authority based on hierarchy, a strict code of

¹ Carta Capital reported that the police held off raising the Brazilian flag in Rocinha until after the Globo television network finished broadcasting the Formula One auto race. *A gente se vê por aqui*, 14 nov. 2011 (TARDÁGUILA, 2010).

behavior and violence². This “parallel power” has in turn largely excluded the presence of the state, so that the police only enter in violent invasions or in connivance with drug gangs, and infrastructure projects and social interventions must be negotiated with and approved by traffickers.

Gang control has long been central to the problems of everyday life in Rio’s favelas. But only when it came into conflict with elite accumulation strategies has the problem been seriously addressed. Following the example of the Barcelona Olympics of 1992, Rio embarked on an image construction and mega-event approach to urban development (VAINER, 2009). Like in the post-industrial cities of the North, Rio’s leaders, led by Mayor Cesar Maia (1993-1997, 2001-2009), ran Rio as an entrepreneurial city (HARVEY, 1989a), competing with other cities around the world for increasingly mobile capital. Under Cesar Maia, Rio went through a series of urban beautification programs, such as Rio Cidade, which branded particular neighborhoods, and Favela Bairro, which redesigned the interface between favelas and the formal city. But the cornerstone of Rio’s strategy, and the Holy Grail in the entrepreneurial city competition, has been to host the summer Olympics. Rio bid unsuccessfully to host the 2004 and 2012 games before winning the right to host the 2016 Summer Olympics. Rio is also one of 12 Brazilian cities that will host the 2014 World Cup. International mega-events, such as the Olympics, are seen as a way to showcase a city, a kind of coming-out party, which will consolidate that city’s brand and leave a lasting impression on the world that will attract capital for years to come. The subtext is that such events also provide an opportunity for massive infrastructure investment and real estate speculation that by-passes normal political processes and produces what Carlos Vainer (2011), following Agamben (2005) calls a “city of exception”, where exceptions made for powerful interests become the rule. Typical of neoliberal governance, coalitions of business groups and politicians, along with representatives of international capital like the International Olympic Committee and FIFA, make local public policy decisions without public accountability (SWYNGEDOUW, 2010).

² Both Penglase (2008) and Dowdney (2003) stress that while drug gangs within particular favelas are hierarchically organized, each local gang is only loosely affiliated with a larger umbrella gang like the Comando Vermelho.

The contradiction between this mega-event accumulation strategy and the prevalence of outlaw territories became especially clear on October 17, 2009 when traffickers in the Morro dos Macacos favela shot down a police helicopter with a surface to air missile just two weeks after the announcement that Rio would host the summer Olympics of 2016. Morro dos Macacos is not far from Rio's iconic Maracanã soccer stadium where both the final match of the 2014 World Cup and the opening and closing ceremonies of the 2016 Olympic are scheduled to be held. A US Embassy official commented in a cable released by Wikileaks, "The great question mark concerning Rio's selection has been the security situation, a question brought to the fore on October 17 as a gunfight between drug gangs resulted in the shooting down of a police helicopter" (KUBISKE, 2009). The media around the world highlighted the story and asked if it had not been a mistake to choose Rio. And Rio's imagineers must have pondered the consequences of drawing the world's attention to the city for two weeks in 2016 only to have violence break out in the middle of the games or to have the world's journalists wandering a few short blocks from their hotels or game venues to favelas patrolled by heavily armed gang members.

By the time of the Macacos incident, however, the UPP solution was already in the works. Three favelas had been occupied by the new community policing units and an expansion of the program had already been negotiated with the International Olympic Committee (SEGURANÇA NO RIO, 2010). A year later 12 UPPs had been established and the program was seen as so successful at solving the intractable problem of gang violence in favelas that Governor Sergio Cabral was easily re-elected in October 2010 due to the popularity of the initiative. As of this writing 19 UPPs have been inaugurated and two of Rio's largest favela territories, Complexo do Alemão and Rocinha, have been occupied for the installation of future UPPs.

While the UPP program has its merits and its flaws as a solution to the problems of chronic violence and the precarious condition of the urban poor in Rio, in this paper I argue that pacification of selected favelas in Rio is a necessary part of capital accumulation strategies at various scales. I see Rio's favelas as territories with limited penetration of capital that represent potential outlets for surplus absorption through what David Harvey calls "accumulation by dispossession" (HARVEY, 2003; HARVEY, 2005b). Contrary to neoliberal free market ideology, the violence of state military power has always been essential in paving the way for

outwardly peaceful market based economic activity. While the idea of accumulation by dispossession has become popular among geographers in recent years, I argue that Harvey's spatial and territorial insights have been overlooked.

This research is based on interviews between August 2010 and July 2011 with residents, community leaders, NGO's, police, public officials and researchers in and around nine communities with established or planned UPPs, in addition to an analysis of published accounts. I begin with a discussion of the literature on accumulation by dispossession, followed by a brief evaluation of the UPP strategy and then a discussion of four levels of capital accumulation that are enabled by favela pacification.

ACCUMULATION BY DISPOSSESSION

Accumulation by dispossession is a reworking of Marx's concept of primitive accumulation. For Marx, capitalism was historically novel because it allowed for the capturing of economic surplus and the accumulation of wealth without direct violence. Under capitalism the capitalist starts with some initial capital, hires workers, buys machines and raw materials, puts those workers to work making commodities, and then sells the commodities and has more capital than he started with. The surplus value comes from the exploitation of those workers, but they are hired on the free market rather than coerced into working. The initial capital has grown during the production process and it can now be reinvested in the production of more commodities. Once you have workers who need to work for a wage in order to survive and capital to pay for labor and means of production this process can be repeated and capital can continue to accumulate. But Marx argued that some "primitive" or original accumulation needed to take place before this system of "expanded reproduction" could be set up. And that original accumulation was very violent. For Marx it was the "original sin" of capitalism that "is written in the annals of mankind in letters of blood and fire" (MARX, 1976, p. 875).

Part of primitive accumulation was forcing peasants off their land and so separating them from the means of production so that they had no choice but to sell their labor to industrial capitalists in the city. The other part was the violent appropriation of the land and other values that could act as the initial capital to begin non-coercive capital accumulation. Much of this initial capital was plundered during the colonial enterprise. Marx famously wrote:

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterize the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation (MARX, 1976, p. 915).

In Marx's formulation this original accumulation belongs to the pre-history of capitalism. But Harvey argues that capitalism continues to require something akin to primitive accumulation, which he renames accumulation by dispossession (HARVEY, 2003; HARVEY, 2005b). Harvey has long argued that capitalism tends toward overaccumulation (HARVEY, 1982; HARVEY, 1989b). The imperative of capitalism is to produce surplus value, and that surplus value must be continually reinvested. But there are limits to the ability of a particular productive system with a particular geography to absorb the surplus. Harvey sees neoliberalism as a class project to attack the structures of post-WWII Fordism, which enabled high rates of accumulation for 25 years, but had become constraints on further surplus absorption by the early 1970s (HARVEY, 2005a; HARVEY, 2010). Despite neoliberal ideals of reducing the role of the state, actually existing neoliberalism means using the coercive power of the state to appropriate values by forcing privatization, deregulation and the opening of markets, which constitute new rounds of enclosure of the commons reminiscent of 16th century England.

Harvey also makes a spatial argument, that capitalism needs an "other", a territory outside of itself that it can expand into through accumulation by dispossession. The history of European colonialism and imperialism can be seen in this light. Privatization and enclosure of the commons has been particularly productive in the periphery where it can be combined with a "spatial fix"--the colonization of under-saturated territories for the investment of surplus capital or as markets for surplus commodities (HARVEY, 1989b). The neoliberal agenda championed by the IMF and the Washington consensus in the 1980s and 1990s in Latin America meant dispossessing urban workers of their industrial and government jobs, dispossessing peasants of their land, dispossessing citizens of public services and dispossessing societies of public goods like pension funds, utilities, telecoms and state run industries--all of which provided outlets for globally overaccumulated capital.

While much of the Third World remains territory that is undersaturated with capital, capitalism can also externalize territories for later colonization, much the way the system creates its own labor reserve by externalizing workers (MARX, 1976, p. 781-802; HARVEY, 2005b, p. 140-143). I see this approach as complimentary to the rent gap theory of gentrification developed by Smith (1996, Ch 3), and useful as part of an explanation for uneven geographic development in general. Rio can be seen as a city that absorbed a lot of capital and was important for non-coercive accumulation processes during the post WWII period and the economic miracle of the 1960s and 1970s³, but then was devalued and subject to disinvestment and dispossession during the debt crisis and inflationary period of the 1980s and early 1990s. Favelas were important for social reproduction during growth periods, even as they remained largely outside circuits of accumulation, relying on unpaid family labor and communal “mutirão” labor. But they were further externalized during the period of devaluation as they absorbed externalized workers and became territories relatively autonomous from circuits of capital accumulation⁴. By the early 1990s Rio was devalued and ready for urban scale neoliberal accumulation strategies.

THE UPP SOLUTION

In many ways the problem of violence in Rio’s favelas can be seen as a legacy of Brazil’s 1964 to 1985 military dictatorship. Rio’s first organized drug gang emerged out of the dictatorship’s practice of mixing political prisoners, who robbed banks to finance their organizations, with other prisoners convicted of bank robbery. The Comando Vermelho was formed in the 1970s at the Cândido Mendes prison on Ilha Grande by regular prisoners who learned from imprisoned leftist guerrillas to organize themselves to confront adverse prison conditions. By the late 1970s and early 1980s the Comando Vermelho had extended its activities from bank robbery to controlling favela territories for the purpose of selling marijuana and cocaine (AMORIM, 1993; AZIZ; ALVES FILHO, 2003; DOWDNEY, 2003; PENGLASE, 2008). The Comando Vermelho split into rival groups in the mid 1980s and their battles for control of favela territory have have brutalized favela life.

³ Perlman (1976), for example, famously argues that favelas were not economically “marginal” during this period.

⁴ The lucrative drug trade can be seen as straddling the sphere of peaceful expanded reproduction and violent accumulation by dispossession.

The military dictatorship also consolidated a model of systematic police violence. Of course Rio's police force was violent from its inception at the beginning of the 19th century (HOLLOWAY, 1993). In the 1960s autonomous units within the police were given a mandate to assassinate "bandits" in Rio's favelas. When the police were placed under military control during the dictatorship such groups were incorporated into a violent strategy to oppress leftist opponents of the regime — the "internal enemy" — and were then redeployed against drug gangs and the urban poor with a return to civilian rule (VAN REENEN, 2004; RIBEIRO; DIAS; CARVALHO, 2008). As one commentator put it, "[...] there has never been a real and comprehensive rupture with the police strategies of the dictatorship (VIVES, 2012)."

Poorly paid, poorly trained police, and traditions of corruption and impunity mean that police also extort money from traffickers and other residents. The latest evolution of these traditions is the rise of militias — gangs of retired and off duty police, firemen and prison guards who violently control favelas much the way drug gangs do, but for the purpose of extorting money by taxing informal transport, sales of cooking gas and real estate transactions, and charging local residents and businesses for protection (ZALUAR; CONCEIÇÃO, 2007).

The government's approach to solving these problems has often been a violent military one. In November 1994 the governor of Rio requested that the army occupy several of Rio's favelas in response to a wave of drug related violence and middle class panic (RESENDE, 1995). And military invasion has been part of the current strategy adopted by the administration of Governor Sergio Cabral (2007 to present) and his secretary of public security José Mariano Beltrame to symbolically secure the city for a mega-event led neoliberal project. In early 2007 the pair visited Colombia to understand the dramatic drop in homicides in Medellín and Bogotá. They came away with a recipe of massive military occupation of favelas combined with public works. In June 2007 they ordered 1300 state and federal police to surround the Alemão favela complex as part of a security strategy for the Pan-American Games (PAN), scheduled for mid July, and to lay the ground for the building of R\$210 million cable car project modeled after a similar system in Medellín. In what came to be known as the "PAN massacre" the police and army invaded the favela on June 27, 2007 and killed at least 19 people, some of whom showed signs of having been summarily executed, according to an official investigation. Numerous people were injured, physically abused and had their civil rights violated as police shot 180,000

bullets and conducted door to door searches for drugs, weapons and traffickers in which property was stolen or intentionally destroyed (RIBEIRO et al., 2008; ALVARENGA FILHO, 2010).

By the end of 2008 Sergio Cabral's government hit on the formula it has pursued ever since. Instead of immediately occupying the largest favelas such as Alemão, seen then as the main stronghold of the Comando Vermelho, they would start gradually with some of the smaller favelas. The procedure was an initial invasion by BOPE to push out, kill or capture traffickers, capture arms and drugs, and then once the community was considered secure, turn it over to a new community policing unit which would indefinitely occupy the favela and prevent armed drug gangs from reclaiming the territory. The immediate predecessor for the UPP project was the Grupamento de Policiamento em Áreas Especiais (GPAE), which was a pilot project in community policing begun in 2000 in the favela complex of Cantagalo, Pavão-Pavãozinho. It was the brainchild of a progressive military police colonel Carlos Magno Nazareth Cerqueira with the support of the NGO Viva Rio. The program was expanded to a handful of other favelas in 2002 but was discontinued in 2004 (ALBERNAZ; CARUSO; PATRÍCIO, 2007).

Cabral's government modeled the UPP program after GPAE, but this time it would be fully implemented and it would have the political support it needed to survive. The three levels of government were aligned behind the project as they were united in the Olympic bid. The federal government under Lula would invest in large infrastructure projects through the Program for Accelerated Growth (PAC), such as the cable car in Alemão. The municipal government under Mayor Eduardo Paes, who took office in January 2009, would contribute a R\$500 monthly pay bonus to UPP police officers and provide urbanization projects through the Morar Carioca program. There was a sophisticated media strategy built into the effort from the beginning to secure public support⁵.

One or more UPP bases are established in the favela, typically at the top of the hill in a strategic location for observing movement and often symbolically taking the place of drug gangs who used the same strategic locations. A typical unit has 100-250 soldiers, at a ratio of one per

⁵ The UPP program manages its image using a press office, a web site in Portuguese and English, a blog, a twitter feed, and charismatic young officers specially trained in media relations to command the various UPP units, such as Major Priscilla de Oliveira Azevedo, the first commander of the first UPP in Santa Marta, who became a symbol of the program. The media, researchers, foreign delegations and other "opinion makers" have been given broad access to the units in various favelas and to the officials of the program, and glowing media stories have proliferated in Brazil and abroad (TARDÁGUILA, 2010).

50-80 inhabitants. While the efforts of the police to mentor favela children has been well publicized by the UPP media machine, the main task of the police is to patrol the community and guard the entrances to prevent armed traffickers from reclaiming the territory. New recruits are trained for UPP units to bypass a culture of violence and corruption among the regular police. Officials make clear that they cannot completely eliminate the sale and use of illegal drugs, but that their job is to prevent the control of territory by armed gangs. Once a favela is pacified it can be administered by the state the way the rest of the city is so that residents can become full citizens. They also stress that policing paves the way for investment in infrastructure and the establishment of social programs to solve some of the other problems of the community.

While opinions vary according to the profile of the community and the positions of different residents, in my interviews in seven favelas with established UPPs, residents were generally wary and critical of the program but admitted that on balance it has brought improvements. Residents cite the end of armed conflict between rival gangs and between gangs and police, the end of armed traffickers patrolling the community that set a bad example for children, a renewed freedom of movement and the end to the rule by arbitrary violence. On the other hand interviews with residents make clear that while the UPP police have been much less corrupt and violent than the ordinary police, it is far from true community policing. Residents mistrust the police and many avoid interacting with them because of past experience with police and because of fear that they will be marked as collaborators the day drug gangs return.

Many residents are cynical about the motivations behind the program, seeing it as a reelection project for Sergio Cabral and an effort to make a showing for the benefit of foreigners leading up to the World Cup and the Olympics. They wonder if the program will survive the next elections or past the 2016 Olympics. Many see the UPPs as simply a new gang that has taken the place of the old gang, replacing heavily armed traffickers with heavily armed police. Some complain of a rise in crime within the communities and argue that the “law of the traffic”⁶ was more efficient than the bureaucratic workings of the police and the state. They complain about the lack of participation, communication and democracy in the new order. And they agree with the official UPP line, that just police is not enough and that the real success of the program will depend on the social programs it makes way for, which most residents do not see much evidence of so far.

On a different scale critics argue that the UPP program is designed as a security strategy for the World Cup and the Olympics, but does not address Rio’s broader security needs. The government established 19 UPPs by 2011, promises 40 by the 2014 World Cup and 100 by the 2016 Olympics. UPPs are expensive. According to an interview with Beltrame in June 2011, each UPP soldier costs R\$60,000 per year (the average UPP has 200 police). Currently the UPPs employ 3,771 police at an annual cost of about R\$230 million. With 40 UPPs there would be 8,000 UPP soldiers and an annual cost of R\$480 million by the World Cup in 2014. With 100 UPPs there would be 20,000 soldiers (HEARNE, 2009) and R\$1.8 billion in annual expenditures (PAINO, 2011). Rio’s Military Police force was 38,872 before the UPP program. By 2016 the UPP would account for over a third of all police and more than a third of the state security budget, which was R\$5 billion for 2010 (BASTOS, 2011). According to A. Oliveira (2011), Rio’s Olympic bid, which called for R\$2.5 billion in security expenditures, apparently did not include UPP expenses. A bigger constraint than money is training new recruits fast enough to keep up with the time-table. The Complexo do Alemão was occupied by federal troops in November 2010 and is still waiting for the training of the projected 2,000 police who will be stationed at the eight new UPP units. Rocinha was occupied in November 2011 and will also need 2000 new UPP soldiers.

⁶ Penglase (2009) for a discussion of the “Law of the hillside”.

Even if the state is able to expand to 100 UPPs by 2016, the program will only provide security for a fraction of Metropolitan Rio's more than 1,000 favelas and will not solve the problem of corrupt and ineffective policing in the rest of the city. Although officials sometimes deny the connection, UPPs seem to be located to provide security for the games. UPPs occupy favelas in the wealthy South Zone neighborhoods most likely to be frequented by tourists, around the central business district, near Olympic venues and along paths strategic for the games. Typical of neoliberal governance, public security policy has been crafted by and for particular private interests.

CAPITAL ACCUMULATION IN THE OLYMPIC CITY

Regardless of its prospects for solving the problem of crime and violence for Rio's inhabitants, the pacification of Rio's favelas is essential to a set of neoliberal accumulation strategies. I will explore this at four levels: (1) the marketing of the games; (2) the business of building and preparing the mega-event city; (3) real estate valorization and (4) the favelas themselves as commodities and markets for commodities.

1 Marketing the games

The World Cup and the Olympics are big business, particularly for FIFA and the International Olympic Committee who profit from "marketing" the games, which the IOC divides into four areas: broadcasting rights, corporate sponsorship, product licensing and tickets to events. The biggest piece of this is broadcasting rights, which represents about half of the IOC's marketing revenue, and has risen steadily over the years. The IOC received \$17.8 million in broadcasting fees for the 1972 Munich Olympics, \$286.9 million for the 1984 Los Angeles Olympics, \$636 million for the 1992 Barcelona Olympics, \$1.5 billion for the 2004 Athens Olympics and \$1.74 Billion for the 2008 Beijing Olympics (COMMITTEE, 2012). Now with multi-event contracts comparisons are becoming more difficult, but US television network NBC recently agreed to pay \$4.38 billion for US rights alone to the two winter and two summer games between 2014 and 2020. For the 2014-2016 period the IOC has already announced deals totaling \$3.2 billion, compared to \$3.9 billion for 2010-2012, and \$2.6 billion for 2006-2008

(GROHMANN, 2011; SANDOMIR, 2011). FIFA Secretary General Jerome Valcke told Christopher Gaffney recently that FIFA expected R\$3 to R\$3.5 billion in revenue from the 2014 World Cup (GAFFNEY, 2012).

What the IOC is selling is spectacle and image (Broudehoux 2012). Cities use these events to brand themselves and construct an international image that will supposedly lead to years of returns on the investment⁷. FIFA and the IOC are selling this image of an exotic place as a backdrop for the drama of sport that seems to provide a compelling package to billions of viewers. Corporate sponsors like Coca Cola, Visa, McDonalds and General Electric associate their brands with the brand of the Olympics and the exotic brand of Rio de Janeiro, taking advantage of “adjacent attraction” like the juxtaposing of commodities and images in a shopping mall (CRAWFORD, 1992, p. 14-15). This sort of commodity fetishism goes back to the beginnings of industrial capitalism, where, for example, a shop in 19th century Paris displayed a mass produced pot against the background of a “Moorish harem” (SENNETT, 1977, p. 145). The way the Olympic brand and the brand of the city reinforce each other can be seen most clearly in Olympic licensing agreements, which produce endless items of clothing and souvenirs bearing the Olympic logo, the logo of those particular games and some other iconic representation of the host city. The local organizing committee for the 2016 games expects to sell R\$2 billion worth of official merchandise in Brazil (ROGERO, 2012).

But as with all commodity fetishism there is a danger that reality will spoil the carefully crafted illusion. In exchange for the value of an exotic location, organizers risk disruption by the dangerous classes. The case of Green Point stadium in the 2010 World Cup in South Africa is illustrative. Local organizers planned to renovate an existing stadium in a poor neighborhood of Cape Town to host the quarter-finals, thinking it could be used by residents after the games. FIFA insisted that the venue be transferred to the scenic Green Point location. One FIFA delegate told local organizers, “A billion television viewers don’t want to see shacks and poverty on this scale” (JOUBERT, 2007). If the main business of the games is broadcasting rights, the visual image of stadiums and their surrounding landscapes is of utmost importance.

That is why much attention has been paid to Maracanã stadium in Rio, which will host the final match of the 2014 World Cup and the opening and closing ceremonies of the 2016

⁷ A growing body of scholarship disputes that this sort of branding is worth the costs (PREUSS, 2004; OWEN, 2005; GOLD; GOLD, 2008; COTTIE, 2011; OLIVEIRA, 2011).

Olympics. In Olympic promotional material Maracanã is always photographed from an angle that avoids showing the Mangueira favela in the background. A smaller favela adjacent to Maracanã, Favela do Metrô, is already being removed. The much larger and iconic Mangueira favela will not be removed, but it is being symbolically tamed by the mix of policies discussed above. Mangueira was occupied by the police in June 2011 and its UPP was inaugurated in November of the same year. Mangueira was the last major favela in the Tijuca area to be pacified, and so the UPP “closes the security perimeter” around Maracanã, as multiple news reports have noted (PINHEIRO, 2011). Fussey et. al. (2011, p. 2), in their book about the security of Olympic Games, write: “... defense of the spectacle has become the central feature of Olympic planning...”. Like a handful of other key favelas, Mangueira will receive PAC and Morar Carioca projects, including a cable car. Captain Leonardo Nogueira, one of the more skillful and successful UPP commanders, has been transferred to Mangueira from his command of another strategic favela, Cantagalo, Pavão-Pavãozinho. As a central site in the symbolic geography of samba music Mangueira will gain a new samba school designed by Brazil’s most famous architect, 104-year old Oscar Niemeyer. And so while Mangueira will no doubt appear in the background of many World Cup and Olympic images, it will do so as a model favela complete with cable car, tastefully redesigned public spaces, multiple social programs and a certain thinning out of the population that will inevitably come with these various interventions. Most importantly the UPP symbolically transforms Mangueira from a dangerous threatening place into an exotic background that will facilitate capital accumulation.

Marketing of the games is a good example of neoliberal governance, where decisions of public policy are made by business coalitions and international organizations like IOC and FIFA. These organizations have also mandated a de-democratization of Maracanã. Brazil’s most famous temple of soccer is closed to the public for several years of renovations. Stadium scholar Christopher Gaffney writes: “This will change forever the kind of place the Maracanã is as well as the kind of football played there” (GAFFNEY, 2011). A former 200,000 seat stadium with modest ticket prices, where every seat was a good seat, is becoming a 76,000 seat stadium with a hierarchy of VIP boxes and ticket prices that only the wealthy can afford. Brazilian laws that prohibit the sale of alcohol in stadiums are being overturned for the benefit of FIFA sponsor Budweiser. Citizens of Rio have been dispossessed of democratic decision making processes and

of their stadium. Mangueira has been dispossessed of a certain autonomy and many of its residents will be literally dispossessed of their homes.

2 Building and preparing the mega-event city

A second level of investment opportunities comes with preparing the city for the games. Olympic boosters argue that the games are a chance to improve infrastructure and revitalize neighborhoods. According to A. Oliveira (2011), Rio's Olympic bid planned for R\$29 billion in expenses, R\$16.5 billion of which were to be public investment in infrastructure, but clearly much more will be spent. In preparation for the World Cup the government recently privatized the São Paulo, Campinas and Brasília airports, selling the rights to run and profit from them for 20 years to three different consortia made up of a collection of Brazilian and foreign companies for a total of R\$24.5 billion. Rio's airport will likely follow suit in the near future so that it can be upgraded to international standards in time for the games.

But Rio is already in the midst of an orgy of construction. Besides the building of the Olympic facilities themselves, three new Bus Rapid Transit lines are being carved through the fabric of the city, requiring tunnels, bridges and the displacement of residents. A R\$5 billion Metro extension is being built to connect the Barra region, where the main Olympic facilities will be located, to downtown by way of elite neighborhoods in the South Zone. As reported by N. Oliveira (2011), the major beneficiaries of all this work are the large Brazilian engineering and construction firms, like Odebrecht, which is carrying out the R\$1 billion renovation of Maracanã for the World Cup. But there also seems to be a trickle down effect. O Globo newspaper reports a 22% growth in the number of construction firms operating in Rio in 2011. One industry representative explained that "the revitalization of Rio's downtown and the urban transport projects in the North and West Zones of the city multiplies the number of new developments and renovations of buildings, which only increases the market for large and small construction companies (HAIDAR, 2012)."

The project that best illustrates the connection between neoliberal construction ventures and favela pacification is the Porto Maravilha port revitalization scheme. Since the beginning of the entrepreneurial turn in Rio's management, the ruling class wanted to reclaim Rio's derelict old port area, following the model of Barcelona, Buenos Aires and other cities which have turned

obsolete pre-container ports into leisure and consumption spaces. While Cesar Maia's efforts to build a Guggenheim museum as an anchor for port revitalization never got off the ground, the Olympics has provided an opportunity to recolonize this territory externalized from circuits of capital accumulation in an earlier period. While the port was not part of the original Olympic bid, once Rio was selected the city negotiated with the IOC to transfer a few minor Olympic functions to the port area, providing a pretext for pushing the long-standing port revitalization plan. One Porto Maravilha publicity text makes the classic entrepreneurial city argument: "The project aims to redevelop the port area increasing the city center attractiveness as a whole and enhances Rio's competitiveness position in the global economy" (MARAVILHA, 2011).

The plan is to raze 5 million square meters of devalued housing and industrial buildings and build 10 to 50 story office and elite residential towers anchored by world class science and art museums and new facilities for cruise ships. A technical operations center will be built for the Olympic Games, which will be transformed into a hotel and convention center afterwards. The media center and media housing for the games will be located here as well, and be transformed into mixed residential and commercial space. A new light rail system will be built to operate only within the Porto Maravilha area. The Perimetral, an elevated freeway at the water's edge, will be dismantled in order to integrate the waterfront with newly redesigned public spaces, like in San Francisco and Boston.

The management of the project is a textbook case of neoliberal governance. The five million square meters of mostly public land has been turned over to the consortium Porto Novo in a 15 year public private partnership. The law that authorized the PPP was passed without public scrutiny within weeks of Rio winning the Olympics. The text of the law detailing the requirements for companies bidding on the concession was almost identical to the text of the winning bid, as N. Oliveira (2011) wrote. Porto Novo, which is made up of three of Brazil's largest engineering and construction firms — Odebrecht, Carioca Engenharia and OAS — will do the demolition and build the new infrastructure. They are also responsible for administering this privatized city within the city, providing urban services such as garbage collection and electricity.

Funding for the project is provided through a novel financial instrument called Certificates of Additional Construction Potential (CEPACs), which seek to capture in advance the

increased property value created by the revitalization, so as to pay for the work. CEPACs represent the right to build above the legal height limit of four stories. On 13 June 2011 the city auctioned off 6.4 million CEPACs at R\$545 each in a single lot for a total of R\$3.5 billion. The winner and only bidder in the auction was the FGTS, the government run pension fund, which is controlled by the Caixa Econômica Federal, an enormous public bank. The FGTS will then be able to sell the CEPACs at a profit to individual developers who will build office and residential towers of 10-50 stories. In addition to the R\$3.5 billion already paid, the FGTS has committed to completely fund the \$8 billion in infrastructure planned for Porto Maravilha. Ironically FGTS funds, which represent the contributions of workers, are meant to be invested in social housing. According one analysis a square meter of residential or office space in the Porto will eventually have to sell for at least R\$10,000 for a developer to make a profit, making it some of the most expensive real estate in Rio (JORGENSEN, 2011; See also <http://www.portomaravilha.com.br>).

Porto Maravilha is thus a very speculative venture. Some large bets have been placed on this devalued part of town becoming prime real estate. But in order for that to happen the social character of the area will have to change as well. The Port area has 30,000 mostly poor residents. Many live in squats in abandoned buildings and are being systematically evicted. Looming over this real estate fantasy is Providência hill, with 5,500 residents. Providência dates back to the late 19th century and was the first informal settlement to bear the name “favela”. The community was settled in part by freed slaves and has housed generations of port workers. But like other favelas it has always been vilified by the authorities and the upper classes — motivated by a combination of racism and fear — even more so when it came under the domination of drug traffickers.

In March 2010 the police occupied Providência for the purpose of establishing a UPP. The occupation took place during the UN World Urban Forum, which was being held nearby, where Rio’s planners were showcasing their urban renewal agenda to urban scholars and policy makers from around the world. The UPP was formally established a month later and drug dealers have been forced out of the community or underground. Providência is now being subjected to the full force of the current favela policy mix. Eight hundred houses have been marked in blue paint with the initials SMH — the Municipal Housing Agency’s sign of pending demolition. Residents say they came home from work to find the marks on their houses and now face an impenetrable bureaucracy in order to find out if and when they will actually be removed, and

where they will be relocated to if at all. This marking procedure has generated fear and often panic in favelas all over Rio. PAC and Morar Carioca projects for Providência include both a cable car system and a funicular, which seem to be designed to displace as many residents as possible. The main cable car station's footprint will entirely cover Providência's main plaza, a soccer court surrounded by shops and benches where community members gather to socialize and enjoy the spectacular view of the port. The new public spaces created around the new station, if carried out according to an "Olympic City" promotional video available on the internet, will displace hundreds of residents beyond the 800 already marked⁸. As a resident of Chapéu Mangueira told me in July 2011, "People here are afraid of Morar Carioca. You never know when your house will be marked."

Community activists have fought bitterly to block the projects. They say they were never consulted about the cable car and funicular plans, that they do not want or need them, and that the multi-million dollar investments do not address the most important issues facing the community, like jobs, education and healthcare. UPP soldiers have stepped in to protect workers and officials surveying the plaza. The protestors' slogan, "cable car for whom?", gets to the heart of the issue. The cable car has one line that connects to the main train station and another that connects to Samba City, an elite entertainment venue where floats for the city's annual samba parade are built. Further connections may be made to the docks where cruise ships land and where the new Museum of Tomorrow will be built. The funicular would facilitate movement to Cruzeiro, the highest part of the community with a spectacular 360 view of Rio. In Cruzeiro all houses are marked for demolition and there are reports that the city plans to replace them with colonial style structures.

Like Mangueira, Providência's presence is disturbing but the community cannot be removed wholesale. Instead it is being symbolically tamed, beautified, thinned out and turned into a tourist attraction. The importance of the UPP in this package can be illustrated by a personal anecdote. In 2009 during a visit to Conceição Hill, a neighboring formal residential hill, a member of our group pointed out Providência Hill several hundred meters away. Another member of our group started to take a picture of Providência and a passing resident urged her stop. Lookouts from the drug gangs controlling Providência were known to shoot back with high-

⁸ <http://www.youtube.com/watch?v=5XuurqexaSA>

powered rifles if they saw someone taking pictures, fearing police surveillance. Now imagine the Olympic City and Porto Maravilha without favela pacification.

3 Real estate valorization

While the Providência UPP is central to the speculative land values that underpin the port project, UPPs throughout the city can be seen as a reconquest of devalued urban space for the accumulation of real estate capital. With each new pacification euphoric articles appear in the real estate sections of various publications.

When the military occupied Rocinha, Rio's largest favela, along with the neighboring favela of Vidigal on 13 November 2011, *Veja Rio* celebrated the effects on real estate in São Conrado, the surrounding elite beach neighborhood: "Among all the areas that have had favelas pacified, São Conrado is the one that is most likely to benefit from this type of intervention, because it is a case of a bridging area between the South Zone and Barra da Tijuca, with very high real estate valorization potential" (BRISO; CERQUEIRA, 2011). São Conrado is on a picturesque strip of shoreline, with beautiful beaches, residences of some of Brazil's rich and famous, Rio's most prestigious golf course and top international hotels like the Sheraton. But guests at the Sheraton tend to avoid the beach just below the hotel because it is used by residents of the favela of Vidigal and considered dirty and dangerous. The hotel symbolically pulls up the beach access stairway at 5 pm every night.

In August 2010 a group of heavily armed traffickers, surprised by the police on their way back to Rocinha from a party in Vidigal, invaded the Intercontinental Hotel and held 35 guests and staff members hostage for several hours, delaying the Rio marathon that was scheduled to start from the hotel. With the pacification of Rocinha, the Intercontinental has begun a R\$25 million renovation and is changing its name, no doubt to lose the association with the events of August 2010. By the time of the occupation of Rocinha, real estate in São Conrado was going for R\$10,000 per square meter, compared to R\$15,000 in Ipanema and Leblon. And prices had already risen 50% in the previous year, in anticipation of the occupation. Real estate agents are now expecting São Conrado to at least catch up with Ipanema and Leblon, and several major luxury condo buildings are being constructed. The prestigious São Conrado Fashion Mall

shopping center has announced a R\$50 million renovation and plans to open the first Ferrari dealership in Latin American in 2012 (BRISO; CERQUEIRA, 2011).

Tijuca is another area that has particularly benefited from the UPP project. Tijuca is a traditional middle class neighborhood in an inland valley surrounded by mountains, which are largely occupied by favelas. As one real estate agent explained, “Tijuca is a middle step in the real estate ladder. People moving up socially move to Tijuca, and people priced out of the South Zone move to Tijuca” (Author’s interview, July 2011). My interviews and media reports agree that real estate values had been depressed for many years in “Greater Tijuca” because of crime, violence and a general sense of insecurity. The first favela occupied in the Tijuca area was the Morro do Borel in April 2010. Other favelas followed in short succession. The implantation of an UPP in Macacos in November 2010, where the police helicopter had been shot down, was symbolic, as was the occupation of Mangueira in November 2011, which completed the pacification of the Tijuca favelas. Veja Rio reported, “The occupation of Mangueira, last Sunday, closes the security perimeter around the favelas of Greater Tijuca. In the wake of pacification, begun a little over a year ago, the neighborhood, surrounded by favelas, is the one that most benefits from the Police Pacification Unit policy” (RITTO, 2011).

My July 2011 canvassing of the Tijuca area certainly gave the impression of a real estate boom. Real estate agents roamed the streets inserting flyers in mail boxes. Senior citizens sitting on benches and playing checkers at the Saens Peña plaza reported aggressive agents trying to get them to sell their houses. Taxi drivers gushed about the decline of crime in the area. And real estate agents spoke of a 60 to 100% increase in prices in the past year. Ivan Simões of Solução Imobiliária explained, “The UPPs changed a lot of things. There are no more muggings. It’s complete tranquility right now. The Saens Peña plaza has changed completely. Now there is 24-hour policing. You don’t have those people who sleep in the plaza anymore (Author’s Interview, July 2011).” Veja Rio, in an article written around the time of my interviews, reported prices going from R\$2,800 to R\$5,500 per square meter in a year (RITTO, 2011).

Real estate immediately adjacent to pacified favelas has been affected even more strongly. One real estate agent told the newspaper O Dia, “Near the Morro dos Macacos, apartments that were worth R\$30,000 before are now selling for R\$200,000” (ARAÚJO; BOECHAT, 2011). But many people I spoke to stressed that good apartments did not have views of a favela. Ivan Simões

gave the example of an apartment in Grajaú, near the Andaraí favela complex. The 120 square meter newly-renovated apartment was being offered for R\$220,000 because it was facing the “community”, and the owners were going to have a hard time selling. Without a view of the pacified favela it would easily sell for R\$450,000 (Author’s interview, July 2011).

The case of Cantagalo, Pavão-Pavãozinho, a complex of favelas on the border between Ipanema and Copacabana illustrates the dynamic of favela adjacent property. In 1999 I conducted a series of interviews with elite neighbors of the Cantagalo favela in Ipanema. Many neighbors of the favela were bitter about the effect the favela had on their property values, particular those with views of the community. In the 1990s Cantagalo was going through a period of instability with different drug gangs fighting for control, regular police invasions, and shootouts that would last for hours. Neighbors complained about the risk of stray bullets. Some had bricked up terraces and windows or condemned certain rooms in their apartments. Others complained that friends would refuse to visit them. Some people said they would like to move, but would never be able to find a buyer and could never get a price that would allow them to buy an equivalent apartment away from the favela. One informant lived in a penthouse apartment on two floors with a swimming pool overlooking the entrance to Cantagalo. She bought the apartment with her husband in 1972 the year it was built with the expectation that the favela would be removed because removal was the policy at the time and nearby favelas had recently been eradicated (PERLMAN, 1976). She remembered passing a petition around the building asking for the removal of the favela. “The idea was to remove the favela... It was my bad luck. Imagine the value of my apartment if the favela had been removed and the hill was landscaped like Catacumba is today (FREEMAN, 2002, p. 207).

Cantagalo, in the middle of some of the most desirable real estate in Brazil, was one of the favelas occupied by the army in 1994 at the behest of elite public opinion which wanted a vigorous response to drug gangs and their impact on elite quality of life. Cantagalo was also the subject of the first experiment with community policing under GEPAE in 2000. On November 30, 2009 the community was occupied by BOPE and a month later it became the fifth favela to receive a UPP. It has also been subject to the same package of measures applied in Providência and Mangueira (CUNHA, 2011), which seem particularly focused on the key real estate variable of visibility. The entrance to Cantagalo at Texiera de Melo street was long a sore point for middle

class Ipanema as a place where the disorder of the favela seemed to spill out into the formal neighborhood. It was a staging ground for beach and street vendors, housed favela oriented bars and had a disorderly appearance. Middle class neighbors avoided the corner and warned of the dangers of stray bullets and muggings. At the top of the stairs that ascended from the street was a lucrative boca de fumo (drug selling spot) with an unsavory clientele.

By the time of the UPP inauguration the State Government together with Metrô Rio was already transforming the Teixeira street entrance. Throughout 2009 work was done on a new Ipanema Metro station and one of the entrances to the Metro would be at the foot of Cantagalo hill. On 30 June, 2010 the R\$48 million station with a 64 meter high elevator was inaugurated. Built by Odebrecht, the elevator was meant to help favela residents move between the metro and the top of the favela. The effect however is a facelift for an unsightly corner of Ipanema. The dramatic blue and white elevator shaft, which lights up in multiple colors at night, dominates where it does not completely hide the view of the favela from street level and from neighboring apartment buildings. The clean new station completely displaces the former disorder. Young middle class tourism students, in brightly colored favela motif t-shirts, representing Rio Top Tour, the State Governments favela tourism initiative, are posted at the entrance to the station. Their job is to encourage tourists to take the elevator ride to the “Lookout of Peace”, for spectacular views of Ipanema that were once the sole privilege of favela residents.

Meanwhile in neighboring Pavão-Pavãozinho the SMH has been busy marking housing for demolition. On 21 July 2011 Alzira Barros, President of Pavão-Pavãozinho Residents’ Association presented a map of the city’s survey on “areas of risk” to a room full of distressed residents. In the wake of flooding and landslides in April 2010 the city (GeoRio - Fundação Instituto de Geotécnica do Município do Rio) carried out a survey of favela areas which might be at risk for future landslides. In Pavão-Pavãozinho the risk map shows the entire upper part of the community in red and subject to removal. While the houses in the area are generally poorer and less substantial, and some probably are at risk, many of the houses are solidly constructed and have survived many years of rain. Conspiracy theories run rampant, but one thing is clear: the ambiguity of the government’s intentions for the area and a lack of clear communication has caused much anxiety (CUNHA, 2011). The real risk seems to come from the city’s designation of

the area, which happens to be the portion visible from the beach. Real estate prices in the formerly devalued part of Ipanema near the favela have soared.

4 Favelas as commodities and as markets for commodities

Pacified favelas also represent potential new markets for commodities, and formal businesses including large multi-national firms have been quick to colonize these newly won territories. According to a representative of FIRJAN, Rio's Chamber of Commerce, "This good moment for the state of Rio de Janeiro began with the pacification of the favelas in 2008. The reclaiming of these territories formerly hostile to formal businesses is opening ever more markets for large chains and small entrepreneurs" (HAIDAR, 2012). Already at the beginning of the UPP program the economic potential was clear. In September 2009, an official from the US Consulate in Rio wrote in a cable released by WikiLeaks, "there are also significant economic interests at stake, with some analysts estimating Rio de Janeiro's economy would grow by 38 billion Brazilian Reals (\$21 billion USD) should favelas be reincorporated into mainstream society and markets (HEARNE, 2009)." The official goes on to conclude, "bolstered by private enterprise lured by the prospects of reintegrating some one million favela residents into mainstream markets, this program could remake the social and economic fabric of Rio de Janeiro (HEARNE, 2009)."

One of the primary direct beneficiaries of favela pacification is Light, Rio's privatized electric company. Residents of Rio's favelas make illegal connections to the electrical grid, as they do to other services like cable televisions, water and sewage. In some favelas drug gangs or militias charge a small flat fee for illegal access. Light was privatized in 1996 and is controlled by a group of Brazilian, US and French electric companies. The US Consulate official writes, "According to Andre Urani, an economist with the Institute of Labor and Social Research (IETS), Light loses at least 200 million USD per year due to pirated electricity in the favelas. Emphasizing the potential market in favelas, Urani stated, "Imagine the revenue increase if Light could successfully turn the one million illegal users of its services into customers" (HEARNE, 2009).

While Light has made efforts to formalize electricity in favelas in the past, only with pacification have they shown significant success. Light reported in January that its receipts in the favela of Santa Marta, pacified since December 2008, are up 5,437% and that the vast majority of illegal connections have been formalized in the first seven UPP favelas (Lima, 2012). With the occupation of Rocinha, Light expects to increase its revenue in the community from R\$3.2 million to R\$24 million per year (LEITE, 2011).

Light reports that it invested R\$56 million in formalizing electrical connections in favelas from 1999 to 2010, R\$38 million of which was in 2010 (LIGHT, 2012). Light rewires the community and installs new meters. An army of representatives goes door to door signing residents up for accounts, and teaching them about their “rights and responsibilities” and about conserving energy. Part of Light’s program for favelas, Efficient Community, is to educate people who have never had to conserve electricity, so that their bills are actually payable. People are taught not to leave lights on and to take special care with air-conditioning units. The company has also widely publicized its program of offering free compact florescent light bulbs and free energy efficient refrigerators in favelas, and reports they have exchanged 487,976 light bulbs and 31,430 refrigerators between 1999 and 2010, 70% of which was in 2010 (LIGHT, 2012).

Speaking with residents of Santa Marta in July 2011 many accepted the argument that having an official Light connection meant better service and more rights as citizens and consumers. An electrical bill can be used as proof of residency which can be useful for acquiring other documents and even for obtaining consumer credit. Others complained of erroneous bills that consume their entire income, with little recourse but to pay or have their service immediately cut. The typical bill was R\$50 to R\$100 per month, or 10-20 percent of minimum wage. One man invited me into his sparse windowless basement apartment to show me his Light bill of R\$575 for a single month. With only three light bulbs to power, the bill is more than he makes as bricklayer. He said the company required him to pay the bill before they would investigate a possible error. Light does offer introductory rates in favelas, and special rates for those who fall below a certain poverty threshold, but residents say more accommodation needs to be made for poorer families.

Several companies compete to offer services in pacified favelas to replace illegal cable television connections. Embratel and Sky offer cable television under the special UPP brands Via Paz and Sky UPP respectively. TIM, a cellular provider, is offering a special high-speed Wi-Fi

service beginning in Rocinha (LEVIN, 2011). In Santa Marta residents told me they paid R\$20 per month for pirated cable before the UPP and that now there were a variety of packages available from different providers and that the price depended on how many televisions in the house and which channels. The basic package was R\$60/month, but that did not include premium channels for movies and sports. With the occupation of Rocinha Embratel announced a new package for UPP communities at the discounted introductory rate of R\$29.90/month plus R\$50 for installation, with a schedule for catching up to rates charged in the rest of the city over time (LEVIN, 2011).

Retail in pacified communities is being transformed as well. In July 2011 ATM machines had just been installed in Providência and Santa Marta, which residents commented would not have been possible prior to occupation. Shortly before the occupation, Rocinha, which has always had vibrant commerce, had two long standing bank branches (ITAU and Caixa), a brand new Bradesco branch and a Banco do Brasil branch under construction. Casas Bahia, an appliance and furniture store, and part of a retail group with R\$40 billion in annual sales, is planning on opening stores in Rocinha, Complexo do Alemão and Cidade de Deus, and intends to continue following the path of pacified favelas (CAMAROTTO, 2011).

Residents in Santa Marta spoke of the hot commercial real estate market around the Praça do Cantão, where all the buildings have been painted in vibrant pastel colors by a pair of Dutch artists. They expected a branch of Casa & Video, a large house-ware chain, soon. Cellular telephone companies Telemar and Oi were also said to be shopping for storefronts in the area. And all of the small local bars and restaurants around the plaza have recently entered into sponsorship agreements with Ambev, the largest beer company in Latin America and a subsidiary of Anheuser-Busch. Ambev has provided uniform blue signs displaying the names of the bars and the Ambev logo, help improving the facades of the various bars and free refrigerators in exchange for exclusively carrying Ambev products. In general residents were enthusiastic about the retail developments, but one small local clothing boutique owner just off the plaza commented that she would be out of business the day Lojas Americanas, another house-ware chain, opened a branch in Santa Marta.

The UPPs have also facilitated the commodification of the favelas themselves. One of the promises of the UPP program was that it would bring jobs and opportunities for residents, and

tourism is possibly the only concrete manifestation of that promise. While jeep tours of Rocinha date back to the 1992 Earth Summit, the UPPs have caused a mini-boom in favela tourism. Favelas have always been exotic and exciting to foreign visitors. Now that the most accessible ones near the South Zone beaches are also safe, tourists are eager to climb the hill. Jeep tours, that mostly contract through travel agencies and hotels, continue to visit Rocinha, but have branched out to Santa Marta, which is the most popular favela with tourists. Representatives of Rio Top Tour wait near the entrance of the favela offering maps and encouragement, in English, Spanish and Portuguese, to would-be visitors. Tourists entering the community first encounter the colorful and inviting Praça do Cantão. Signs in English and Portuguese direct them to the funicular, inaugurated in 2008, which can take them to the top of the community. Signs encourage visitors to take photographs. Santa Marta is possibly the only community with a tourist attraction other than the view: The Michael Jackson statue, erected on the spot where Michael Jackson filmed the music video *“They Don’t Care About Us”* in 1996.

Favela residents have mixed feelings about tourists. Many complain that they do not bring much money to the community and that most opportunities are created for outsiders. Everyone I spoke to disdained the jeep tours, and tourists wandering on foot through alleys taking pictures can be invasive in communities where the division of public and private space is not well defined. On the other hand, local merchants see the opportunity to sell drinks, snacks and the occasional meal, and a few restaurants oriented to outsiders are starting to appear. Rio Top Tour employs one local guide in Santa Marta. In Cantagalo most tourists simply take the elevator ride to the viewpoint, but a local initiative called Museum of the Favela gives a tour of a series of murals in the complex. Babilônia and Chapéu Mangueira have a tour guide cooperative, which takes visitors on a nature trail to the site of the 1959 film *Black Orpheus*, with its spectacular views.

A series of hostels have opened in the South Zone favelas of Vidigal, Cantagalo and Chapéu Mangueira to offer cheaper, exotic accommodations to young foreign backpack tourists (SERÓDIO, 2011). These are small-scale private initiatives mostly run by foreigners living in Rio, although the Chapéu Mangueira “Favela Inn” is run by local residents. Locals in these favelas also rent out roof top terraces with stunning views for parties. While there are signs that favela tourism is creating some opportunities for locals in a few key South Zone communities, tourism will never be very attractive in the majority of Rio’s favelas. And outsiders will most

likely profit from tourism as the UPP project consolidates. The most important tourism initiatives are Rio's larger entrepreneurial strategy, which depends more on a symbolic taming of the favelas, and the transformation of Providência, which can be seen as pacification through tourism.

Finally there has been a real estate boom within favelas with UPPs. A study by the Getúlio Vargas Foundation concluded that rents in pacified favelas rose 7% faster than rents for the city as a whole in the last three years (ALTA... 2011). Three days after the invasion of Rocinha newspapers reported that prices of favela houses had gone up 50%. In my survey of favelas with UPPs residents spoke of prices for a two-bedroom apartment doubling from R\$25,000 to R\$50,000. I heard many stories of foreigners buying or renting in favelas and of people from the formal neighborhood moving up the hill to save money.

The consequence of these changes, as various branches of capital colonize the favelas, is an increased cost of living and the beginnings of gentrification. With higher rents and new utility bills, some are finding the UPP favelas, particularly those in the South Zone, too expensive and are moving to cheaper, more remote communities (LEITE, 2011).

CONCLUSIONS

The state is finally asserting its monopoly of legitimate violence in territories that have been largely ignored by public power from their first inhabitation. This is a necessary step that should have been taken long ago. But the process is flawed because it follows the logic of neoliberal governance. Instead of being a security strategy for the whole city, the UPP initiative is a security strategy dictated by the needs of the games, construction companies, real estate interests and those who see favelas as potential markets. Decisions are made behind closed doors with a lack of transparency, participation or democracy at every level down to the daily functions of the UPPs in communities.

But the UPP project is fundamental for a set of neoliberal accumulation strategies centered around the entrepreneurial city. While much of the transformation of Rio is articulated in terms of public-private partnerships and the agency of private capital, the role of the state in facilitating private capital accumulation has never been clearer. The state is always the agent of

accumulation by dispossession. Capital accumulation by non-coercive means has its limits, and the role of the state has long been to conquer and control territories militarily and appropriate assets to create new fields of operation for private capital. As Harvey argues, capital requires an outside to expand into. The formerly colonized world has always served this function. Latin America, Brazil, Rio de Janeiro and Rio's favelas have also been territories that have been externalized from the main global circuits of capital accumulation and devalued at different times, making them available for later re-colonization and re-valuation.

Now the moment of some of Rio's favelas has come. The IOC, FIFA, and top global companies like McDonalds and Visa, require pacified favelas in the background of the exotic Rio image they need to pollinate their brands. Major real estate developers, pension funds and large engineering and construction firms require pacified favelas to valorize stadiums, CEPACs and office towers. Smaller developers, real estate speculators and a broad middle class of home owners require pacified favelas to grow their capital. And utilities, commodity producers and merchants require pacified favelas to expand the markets for their commodities.

But this sort of capital accumulation requires a certain dispossession. The citizens of Rio are being dispossessed of the political process of deciding security, transport and urban planning policy in general. And they are being dispossessed through the privatization of a large section of the city in the port area. Favela communities, although they are relieved of the insidious influence of drug gangs, are also dispossessed of a certain autonomy, self-determination and democracy in running community affairs. And too many of the urban poor are being dispossessed of their homes through gentrification and a policy of selective removal.

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