



Partnership for Innovation in Education

Mary Welsh Schlueter
Chief Executive
P.O. Box 8722
Cincinnati, OH 45208
mary@piemedia.org
513.378.8370

This case is written by the Partnership for Innovation in Education with Pleasant Ridge Montessori students. This format is based upon the Case Method. © 2015

GREATER CINCINNATI WORLD AFFAIRS COUNCIL

Greater Cincinnati World Affairs Council has been asked to assess Brazil's readiness to host the 2016 Summer Olympics. The International Olympics Committee President has asked GCWAC to assess the situation, and offer a range of solutions that can be implemented immediately. Can you help fulfill this assignment?

Situation

Katie Krafska just returned from a very important trip to Paris. She had just met with the president of the International Olympic Committee (IOC). While Katie currently worked for the World Affairs Council, she had previously worked at the IOC analyzing bids for future Olympic host cities.

She and Thomas Bach had stayed in touch over the past 10 years. The IOC President was now coming to her with a big favor to ask. He was worried about rumors regarding Rio de Janeiro's lack of preparedness to host the 2016 Summer Olympics. Thomas knew hosting the Olympics was not an easy task. He was worried these rumors were true, and Brazil might fumble the opportunity to showcase Brazil and the Olympics' global corporate sponsors.

In his role, the IOC President knew he must ensure Brazil was ready to host the Olympics. He would need a full assessment of the situation, and quickly, so that he could determine next steps. He believed hiring a neutral and unbiased third party to analyze the situation was pivotal. Katie, and the Greater Cincinnati World Affairs Council (GCWAC), would be the group for the job. Katie and the GCWAC understood how to assess the situation and -- as an outsider -- could offer a third-party objective assessment.

Returning to Cincinnati, Katie processed her conversations with the IOC. She was flattered the IOC President thought of her to manage this project. But she knew a strong team of analysts would be needed to satisfy the IOC's request. While in flight, she combed through her contacts for the best analysts in the

business. As her plane taxied to the gate, she began organizing her team. She didn't have a moment to lose. Her team needed to quickly assess the situation, and offer a proposal to the IOC.

By the time Katie got her luggage, she had connected with her team of analysts. They were set to start as soon as possible, excited by the project and its global impact. As Katie's thoughts switched back to her work with GCWAC, she smiled for a moment, musing how her past connections now united the United States, France and Brazil in developing a plan to promote international good will to millions of citizens across the world.

Organization Background

Begun in 1923 as a national affiliate of the World Affairs Council of America (WACA), the Greater Cincinnati World Affairs Council (GCWAC) is a 501(c)(3) non-profit organization. It builds global understanding and promotes international awareness through education, information and exchange of people and ideas. The organization works in cooperation with the government, business, cultural and educational sectors. They help to build international goodwill, with inestimable benefits for security and prosperity both locally and worldwide. Since 1961, the council has been a national affiliate of Global Ties U.S., welcoming visitors to the region from over 150 countries. The GCWAC mission aims to prepare the region and its citizens, individually and collectively, to thrive in the 21st century global environment by promoting international understanding, engagement, and cooperation.

GCWAC takes advantage of their area's unique geographic location at the intersection of Ohio, Kentucky and Indiana, with other major cities within reasonable driving distance. Utilizing this location, they are able to work with institutional partners across three states and in multiple cities. This multi-regional approach and reach ensures the highest possible quality of program development and a deeper engagement with multiple cultural, economic, social, and political perspectives.

In 2013, the council welcomed over 160 foreign business, community and educational leaders, many of whom stayed with local families. Today, they run a vigorous education program which reached over 2,200 students in 2013. The council welcomes many distinguished foreign guests to their headquarters, allowing a nexus of multicultural policy development.

GCWAC is involved in the Ohio, Indiana and Kentucky region, and features international connections from its Fortune 500 neighbors within the education, consumer products, technology, health, freedom, communications, human rights, political leadership, economic development, and government sectors.

Background: The Olympics

According to historical records, the first ancient Olympic Games can be traced back to 776 BC. The games were dedicated to the Olympian gods, and they were staged on the ancient plains of Olympia, which is in the western part of the Peloponnese. According to Greek mythology, Peloponnese is the island of

"Pelops", the founder of the Olympic Games.

The ancient Olympic Games were held every 4 years, and they were closely linked to the religious festivals of the cult of Zeus. The Games aimed to show the physical qualities and evolution of the performances accomplished by young people, as well as encouraging good relations between the cities of Greece. The ancient Games included running, long jump, shot put, javelin, boxing, pankration and equestrian events. The Games continued for nearly 12 centuries, until Emperor Theodosius decreed in 393 A.D. that all such "pagan cults" be banned.

The first modern Olympics, under the auspices of the International Olympic Committee (IOC), took place in 1896 in Athens, and featured 280 participants from 13 nations, competing in 43 events. Evangelos Zappas a wealthy Greek-Romanian philanthropist, who had left the Greek government a trust to fund future Olympic Games, funded these first modern Olympic Games. Another philanthropist, George Averoff, and the Greek government also provided funding, which was expected to be recouped through the sale of tickets and from the sale of the first Olympic commemorative stamp set.

Since 1994, the Summer and Winter Olympic Games have been held separately, and they have alternated every two years.

Olympics Site Selection Process

A city wishing to be considered as a host for the Olympic Games must submit a proposal to the International Olympic Committee (IOC). The IOC reviews all proposals. A vote is held about six years before the Games will be held with the city receiving the majority of the votes selected. If there's not a majority vote for one city, a re-vote is held, eliminating the lowest-voted city until there is a majority. Committee members take into account the best ideas for facilities, existing infrastructure, and program management capabilities. Occasionally, cities that have never been chosen by the IOC may receive an advantage. If a city is chosen as the host city, the local organizing committee must fund the Olympic plan. The host city relies upon TV revenues, ticket sales, and licensing fees to pay for this expensive undertaking.

By 2016, the Olympic Games will have been hosted by 44 cities in 23 countries. However cities outside Europe and North America have only hosted eight Olympic Games. Since the 1988 Summer Olympics in Seoul, South Korea, the Olympics have been held in Asia or Oceania four times, a sharp increase compared to the previous 92 years of modern Olympic history. The 2016 Games in [Rio de Janeiro](#) will be the first Olympics for a South American country. No bids from countries in Africa have succeeded.

The Cost to Host the Olympics

While the host Organizing Committees of the Olympic Games (OCOGs) reports every city hosting the Olympics since 1984 has provided enough revenue to "break even", this statement only pertains to the operating costs, not the capital costs. The capital costs (the stadiums, the Olympic village, the media center, infrastructure, etc.) represent the greatest expense, and when included, they often throw the country into debt.

Cost of Hosting the Olympics (2000-2014): ¹

The chart to the right shows the operating budget costs of the Olympics to the various host countries since 2000. Note that this is a base cost. In some countries, the total cost is even higher but not reflected here because of varying accounting practices. Costs have generally trended upwards with the most recent Olympics, Winter Sochi, costing over \$50 billion. For the 2008 Beijing Olympics, the total budget exceeded \$40 billion. In London (2012), the cost of hosting was initially projected to be \$4 billion; it ended up at almost \$20 billion. In addition to these Olympic costs, the Soccer World Cup, which is on a similar economic scale, also has cost host cities considerably. For instance, South Africa spent almost \$12 billion to host the 2010 World Cup, while Merrill Lynch estimates that Qatar will spend over \$65 billion to prepare for the 2022 world soccer competition.

Host City	Year	Final Operating Budget
Sydney	2000	A\$6.6 billion
Salt Lake City	2002	US\$2 billion
Athens	2004	US\$15 billion
Torino	2006	US\$700 million
Beijing	2008	US\$44 billion
Vancouver	2010	CDN\$1.7 billion
London	2012	US\$19 billion
Sochi	2014	Est. US\$51 billion

The Potential Economic Benefits of Hosting the Olympics

Many economists are skeptical about the economic benefits of hosting the Olympic Games, emphasizing that such "mega-events" often have large costs while yielding relatively few tangible benefits in the

long run. Conversely hosting (or even bidding for) the Olympics appears to increase the host country's exports, as the host or candidate country sends a signal about trade openness when bidding to host the Games.

(http://en.wikipedia.org/wiki/Olympic_Games_-_cite_note-63)

Moreover, research suggests hosting the Summer Olympics has a strong positive effect on the [philanthropic contributions of corporations](#) headquartered in the host city, which seems to benefit the local nonprofit sector. This positive effect begins in the years leading up to the Games and might persist for several years afterwards, although not permanently. This finding suggests that hosting the Olympics might create opportunities for cities to influence local corporations in ways that benefit the local nonprofit sector and civil society. The Games have also had significant negative effects on host communities; for example, the Centre on Housing Rights and Evictions reports that the Olympics displaced more than two million people over two decades, often disproportionately affecting disadvantaged groups.

The Case for Brazil: A Socio-Economic Review

¹ http://en.wikipedia.org/wiki/Cost_of_the_Olympic_Games and <http://rt.com/business/sochi-cost-record-history-404/>

Brazil is the largest country in both South America and the [Latin American](#) region. It is the world's fifth largest country, both by geographical area and by population. It is the largest Portuguese-speaking country in the world, and the only one in the Americas. ²

Bounded by the Atlantic Ocean on the east, Brazil has a coastline of 7,491 km (4,655 mi). It borders all other South American countries except Ecuador and Chile and occupies 47.3 percent of the continent of South America. Its Amazon River basin includes a vast tropical forest and is the scene of debates over deforestation.

Brazil Basics

Capital: Brasilia

Population: 202,656,788 (July 2014 est.)

Main Language: Portuguese

Total land Area: 8,514,877 sq. km

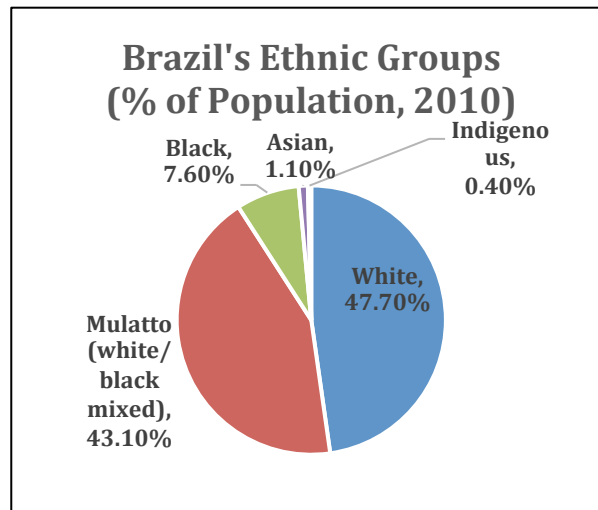
Main Religion: Roman Catholic (64.6%)

Climate: mostly tropical, but temperate in south

Natural resources: bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, rare earth elements, uranium, petroleum, hydropower, timber

Population growth rate: 0.8% (2014 est.)

Urban Population: 84.6% of total population (2011)



Following more than three centuries under Portuguese rule, Brazil gained its independence in 1822, maintaining a monarchical system of government until the abolition of slavery in 1888 and the subsequent proclamation of a republic by the military in 1889. Brazilian coffee exporters politically dominated the country until populist leader Getulio VARGAS rose to power in 1930. By far the largest and most populous

country in South America, Brazil underwent more than a half-century of populist and military government until 1985, when the military regime peacefully ceded power to civilian rulers. Brazil's current Constitution, formulated in 1988, defines it as a federal republic. [13] The Federation is composed of the union of the Federal District, the 26 states, and 5,564 municipalities.

² <http://globalcincinnati.org/programs-services/global-education/going-global/brazil/> and <http://en.wikipedia.org/wiki/Brazil>

Rank	Country/Region	2012 GDP (Millions of \$US)
1	 United States	14,991,300
2	 China	7,203,784
3	 Japan	5,870,357
4	 Germany	3,604,061
5	 France	2,775,518
6	 Brazil	2,476,651
7	 United Kingdom	2,429,184

The Brazilian economy is the world's seventh largest by nominal Growth Domestic Product (GDP), as of 2012 and until 2010 had one of the world's fastest growing major economies, with its economic reforms giving the country new international recognition and influence. Characterized by large and well-developed agricultural, mining, manufacturing, and service sectors, and a rapidly expanding middle class, Brazil is seen as a regional power whose economy outweighs that of all other South American countries. Additionally, Brazil is

Brazil's Economy

Labor force: 107.3 million (2013 est.)

Labor force – by occupation:

agriculture: 15.7%

industry: 13.3%

services: 71% (2011 est.)

Unemployment rate: 5.7% (2013 est.)

Population below poverty line: 21.4%

Budget:

Revenues: \$851.1 billion

Expenditures: \$815.6 billion (2013 est.)

Agriculture products: coffee, soybeans, wheat, rice, corn, and sugarcane, cocoa, citrus; beef

Industries: textiles, shoes, chemicals, cement, lumber, iron ore, tin, steel, aircraft, motor vehicles and parts, other machinery and equipment

Exports:

\$244.8 billion (2013 est.)

\$242.6 billion (2012 est.)

Exports – commodities: transport equipment, iron ore, soybeans, footwear, coffee, and autos

Imports:

\$241.4 billion (2013 est.)

\$223.2 billion (2012 est.)

expanding its presence in world markets with some analysts identifying it as an emerging global power. Since 2003, Brazil has steadily improved its macroeconomic stability, building up foreign reserves, and reducing its debt profile. In 2008, Brazil became a net external creditor and two ratings agencies awarded investment grade status to its debt. After strong growth in 2007 and 2008, the onset of the global financial crisis hit Brazil in 2008. Brazil experienced two quarters of recession, as global demand for Brazil's commodity-based exports dwindled and external credit dried up. However, Brazil was one of the first emerging markets to begin a recovery. In 2010, consumer and investor confidence revived and GDP growth reached 7.5%, the highest growth rate in the past 25 years. Rising inflation led the authorities to take measures to cool the economy; these actions and the deteriorating international economic situation slowed growth in 2011-13.

Today unemployment is at historic lows and Brazil's traditionally high level of income inequality has declined for each of the last 14 years. High-income inequality and crime remain pressing problems, as well as recent years' slowdown in economic growth. More than half of Brazil's population is considered middle class, but poverty and income inequality levels remain high; the Northeast, North, and Center-West, women, and black, mixed race, and indigenous populations are disproportionately affected. Disparities in opportunities foster social exclusion and contribute to Brazil's high crime rate, particularly violent crime in cities and favelas.

Brazil is one of 17 mega-diverse countries (harboring the majority of the Earth's species), home to a variety of wildlife, natural environments, and extensive natural resources in a variety of protected habitats. However deforestation in the Amazon Basin is destroying the habitat and endangers a multitude of plant and animal species indigenous to the area. The lucrative illegal wildlife trade is also having a negative impact on the environment.

Several large cities, including Rio de Janeiro and San Paulo face air and water pollution issues while other environmental threats are the result of land degradation and water pollution caused by improper mining activities, wetland degradation and severe oil spills. Exploiting the vast natural resources and a large labor pool, Brazil is South America's leading economic power and a regional leader, and it is one of the first to begin an economic recovery.

Assessing Whether Brazil will be Ready to Host the 2016 Summer Olympics

A comprehensive assessment of Brazil's readiness to host the Olympics must include a close analysis of key factors impacting Brazil's ability to deliver on this monumental task. Data will be gathered and scrutinized to understand the full picture of this initiative. The proposal must offer the IOC a clear picture of how they can help Brazil, if needed.

As you embark upon completing this very important and timely project, the following are the main factors for analysis. Within each section, a good analysis will cover the current status of the project, detailing both the positive and negative impacts to Brazil.

Economic

Close and thorough scrutiny of the economic costs and benefits are going to be critical to determining Brazil's success to complete this project. A comprehensive economic analysis will include a number of factors including a review of the hard costs of completion of the project. Additionally, the overall impact on Brazil's economy should be closely examined as this large of an influx of economic activity will inevitably have a ripple affect across many economic factors. Conversely, the economic benefits for this project should be analyzed and, as best as possible estimated, including revenue from tourism and marketing, as well as other less tangible benefits, such as cultural benefits of showcasing a nation's country and/or particular city.

Political

To help the IOC understand the likelihood of Brazil's readiness to host the 2016 Olympics, it will be crucial to understand Brazil's political landscape. This will include the basic governmental structures in place, governance practices and the particular political figures or structures that are in play that can either help complete the project on time or act as possible roadblocks.

Social

Bringing such a large event to one city will impact the citizens of Brazil and Rio de Janeiro. Reviewing the magnitude of this impact in infrastructure, housing and financial costs will be a key part of understanding the strains affecting Brazil's ability to complete the project on time, giving the IOC a better understanding of how they may help. Additionally a scan of the social-political climate, and how the government's actions impact society should be completed. As you work on this section, it will be helpful to review how much the political climate could help or hinder the construction progress, and how efficiently it is being completed.

Environmental

As you have read, Brazil relies heavily on their natural resources. Currently, they are already facing many environmental challenges. The influx of materials needed for construction, the increased demand for water and electricity, and the need for construction in heavily populated areas will be issues you should examine. In this case, a good analysis will assess the Olympics' environmental impact to Rio, in addition to minimizing the long-term environment impacts of the event as well.

As you perform this analysis, you will want to examine Brazil's efforts to prepare and host the Brazil 2014 World Cup. This will give insight into the existing pitfalls facing Brazil, and how changes should be made for its citizens and global spectators.

Once the analysis of all these areas is complete, your final assessment should include a close summarization of the roadblocks facing Brazil, including its assets to completing the project on time. In this final analysis, include any recommendations regarding the steps that you think should be taken to help Brazil become prepared to host the 2016 Olympics.

Throughout the assessment, you will need to be succinct. Where possible, your

data in charts, graphs and tables should convey your points and the information as clearly as possible to Katie and the IOC. The IOC will be counting on your assessment to guide their discussions with Brazil's business, government and community leaders.

The Problem

Katie Krafska was thrilled the IOC President requested her help in assessing Brazil's readiness in hosting the 2016 Summer Olympics. However with her current workload at the Greater Cincinnati World Affairs Council, she requires a team of analysts to further develop the project. Knowing this, she pulled together the best analysts in the business, including you.

You are now asked to assess Brazil's capability to host a major event in 2016. With Brazil's current political and financial situation, will they be fully prepared and ready to host the 2016 Olympic Summer games? The Games are counting on you!

QUESTIONS TO BE RESEARCHED:

- Why is Brazil the first South American country to host the Olympics? How does the International Olympic Committee choose a country to host the Olympics? What factors are taken into account? Why was Brazil selected?
- What are the biggest issues facing Brazil before the 2016 Olympics?
- Looking at Brazil's financial situation and stability, what steps does the country need to take to be able to pay for the 2016 Olympics?
- How does hosting the World Cup in 2014 affect the preparations for the 2016 Olympics?
- Why are Brazilians protesting in Brazil right now? How does this affect the planning?
- Do human rights affect the selection process?
- How do politics and the government in Brazil impact the Olympic Games?
- How does having the Games impact the people of Brazil in both the short term and the long term?
- What are the economic advantages and disadvantages of hosting the Games?
- What are the repercussions of hosting the games on the environment, both short term and long term?

Copyright © 2015 by the Partnership for Innovation in Education

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means without the permission of the Partnership for Innovation in Education. Distributed by PIE Media Publishing Division, Partnership for Innovation in Education, PO BOX 8722 Cincinnati OH 45208 (513) 378.8370. Printed in the U.S.A.