

HOW LARGE BRAZILIAN CITIES BECAME MORE INTERESTING AND ATTRACTIVE IN THE LAST 20 YEARS: THE CASES OF RIO DE JANEIRO, SÃO PAULO AND PORTO ALEGRE

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This paper focuses on how Brazilian Large Cities invested in becoming more interesting and attractive to corporations and corporate investors, culture and tourism in the last 20 Years. Through the case study of the cities of Rio de Janeiro, São Paulo, and Porto Alegre, we identify common and divergent patterns and choices of government and local society on building new economic, cultural and tourism references. This 20-year effort on building city attractiveness in Brazil developed mostly since the advent of the 1988 Constitution which allowed more power and financial resources to city government and influenced by deep transformations in the integration of Brazilian cities to global economic, social and cultural flows.

The choice of each one of the cities presents a peculiar view of global integration due their geographical, social and cultural context and heritage: Rio de Janeiro (6 million inhabitants) as still the most important international reference of Brazil for tourism and culture, São Paulo (11 million inhabitants) as the largest corporate metropolitan area of Latin America, concentrating headquarters as many migrated from Rio de Janeiro and Buenos Aires, and Porto Alegre (1.4 million inhabitants), yet with a better income inequality index and the lowest proportion of families below the poverty line among the six Brazilian largest metropolitan areas, still struggles to overcome a relative geographic isolation and a stagnant regional economy.



Christ The Redeemer, Rio de Janeiro



Paulista Avenue, São Paulo



Guaíba Lake Sunset, Porto Alegre

Although these improvements present stronger linkage to the gradual modernization and democratization of the Brazilian society and the efforts for bringing economic growth to the cities than a systemic process of city upgrading in order to offer a better experience to visitors, the business and cultural communities, there is a growing sense of the importance to “rethink” strategically the growth of large cities in the Brazilian development context.

As a role, large cities in Brazil suffer with chaotic growth, a perception of lack of safety, and the loss of cultural heritage and identity whilst they struggle to obtain more recognition and attention flows. Rio de Janeiro, São Paulo and Porto Alegre are compared to themselves 20 years ago and to sound international standards in order to evaluate the effectiveness of their strategies, coordinated or not.

Finally, possible scenarios are developed for the next 10 to 20 years following possible strategies for each one of the cities in order to improve their inhabitants and visitor experiences, and obtain stronger economic results from further international integration.

INTRODUCTION

The debate and the paradox when discussing the largest Brazilian Capital cities and their metropolitan areas juxtaposes many global and local shifts and influences: the growing integration of the Brazilian economy and the projection of Brazil and the BRIC countries in the international arena; the advent of a broader, integrated view of city and regional development, and the acknowledgement in the Brazilian establishment of the importance of regional and city development and planning in a different basis than the traditional economic planning, Latin American style, from the 1960's and 1970's; the growing challenges for regional and local leaders having to cope with local problems in an international shifting arena, combining macro and micro management; the unparalleled rate of growth of urban population and spread of urban areas in a strong urbanization and *metropolization* movement; the demand for a post-industrial, knowledge-based economy in the leading Brazilian cities; the regional economic shifts within Brazil; the rising concern and importance of sustainability.

Moreover, the Constitution of 1988 (which replaced the 1967 constitution formulated by the military regime) which guaranteed a larger participation of city government in the division of tributary resources, and a broader set of obligations. The participation of the municipalities in the total government revenues increased from less than 1%¹ before 1988 to 1.36% of the GDP in 1995, and to 2.09% of the GDP in 2009². Broader city functions in education, health and traffic management were from then regulated by Federal legislation³. Cities benefited from a larger parcel of the generated ICMS (Brazilian State taxation on industry, sales and services) from 20 to 25% and benefited from the FPM (Brazilian Fund for Municipalities), composed by 22.5% of the national revenue with Income and Industry taxes.

Since 1985 the Brazilian State Capitals regained directly-elected mayors, after an interregnum of 18 years. The five democratically-elected administrations from then on struggled with the growing expectations and need of administrative modernization, but benefited from larger awareness and possibilities for city administrators, especially in the larger and capital cities. Furthermore, the 1988 Constitution allowed cities to set agreements with other cities, state governments, international agencies and international cities in order to address their strategic concerns and aspirations. Finally, the growing complexity of city management and the importance of cities for national development motivated the creation of the Ministry of Cities, in 2003.

¹ Authors estimate

² According to the National Confederation of Municipalities (CNM)

³ The Fiscal Responsibility Law - LRF (2000) - fixed minimum limits for investment in education, health and parameters for hiring services for municipalities. The National Traffic Code (1997) permitted to municipalities the responsibility over urban traffic law enforcement - a measure adopted in most of the Brazilian State capitals and larger cities.

However, mayors from Brazilian major cities complain that the legislation is still limited, and mayors don't have enough autonomy to articulate broader actions and cope with their increasing duties. The reason for that are the excess of controls and limitation by a Federally-ruled municipal legislation. The autonomy will only improve with growing transparency and public awareness and involvement in city actions, as much of the legislation was developed in order to limit the possibilities of corruption and mismanagement. Other limitations are the relative low level of representation of Brazilian largest metropolitan areas in Congress, if compared to smaller cities, and the complexity of regulation which surpasses the local, State and Federal levels⁴.

A common solution for those “out-of-the-box” city strategies is the growing role of civil society and new forms of governance, especially Triple Helix actions (universities + businesses + government), or projects which are led by the society or the private sector and politically sponsored by the local government. But, so far, the largest city strategy and development efforts with public-private governance have passed apart from the most important public financial resources for cities.

The new role of civil society

This kind of solution is possible because, with democratization and renovation of leadership, the roles and expectations of society and business leaders left the traditional patron support and incorporated a broader participation and organization through NGOs, institutes and think tanks. Especially in the cultural arena, modern incentive legislation helped to consolidate projects which positively affected the cities⁵. Business leaderships mostly increasingly pushed local and regional governments to pursue a better international projection and recognition of Brazilian cities and regions. Nevertheless, the construction of a knowledge economy of scale and regional influence based on Brazilian largest urban center demands a higher level of commitment, governance, sense of urgency and access to financial resources. One serious weakness to be found in many Brazilian projects designed to foster knowledge-based economic activities in their cities is the poor participation of the private sector, especially anchor companies. The evidence of strong knowledge economy links are due to the combined presence of universities, skilled labor, but overall the most important factor is the presence of companies, national or transnational, which make these aspirations become true, even though in a reduced scale.

⁴ Luiz Cesar Ribeiro, coordinator of the Observatório das Metrôpoles credits to those reasons the inexistence of an efficient management model for Brazilian large cities and metropolitan areas (as quoted in the Valor newspaper).

⁵ The Rouanet Law of 1991 (nationally) and the State and Municipal Laws of Incentive to Cultural Activities and Projects.

Reasons for the choice of cities

Rio de Janeiro: from Brazilian window to the world to the loss of vocation; the reconstruction path

Rio de Janeiro is currently considered a Layer 3 city (Beta World City) in the Friedman classification of World Cities⁶ and ranks 47th in the Foreign Policy/AT Kearney ranking of Global Cities⁷. To consider a local consensus, in the 1950-1960s, as still capital of Brazil and a tourism and route reference to South America, Rio could be considered one of the 10 or 15 largest attention hubs in the World. From at least 1960, when Rio lost the status of national capital to Brasilia until the decade of 1990, the city suffered a serious process of relative economic and social decay. Although not anymore the main hub for business and politics in Brazil (lost to São Paulo and Brasilia, respectively), Rio is still the most important tourist destination in the Southern Hemisphere and perhaps the most important cultural center of Brazil (nationally rubbing shoulders with São Paulo, internationally the city remains as the main reference⁸). It still keeps important cultural and historical references to Brazil, as the National Library, the largest museums, cultural heritage management, and the Brazilian arts, literature and audiovisual (cinema, TV) clusters.

The main issues for Rio⁹ in terms of international competitiveness and projection are the generalized sensation of low safety and high crime rates; the urban mobility, partly because of the topography; the serious social deficit, built through decades of economic decay which created many dependants on sub employment and the informal economy; and the relative low quality of public services, aggravated by the declining resources and populist State administrations.

However, Rio has been effective on building common understanding and a certain “relaunch” of the City and its regions in the last decade: important initiatives from the civil society and business leaders as the Strategic Map of Rio de Janeiro State led by the Federation of Industries of Rio de Janeiro (FIRJAN), the Porto Maravilha initiative, the Rio como Vamos observatory, the Rio-Barcelona City Strategies Seminar in 1993. Benefiting from an economic recovery mostly from the gas & energy sector boom in the State of Rio, the city received as a gift for its efforts with the choice as host of the 2016 Olympic Games. Christ,

⁶ World city analysis led by American urban theorist John Friedman in the 1980s, which classified World cities.

⁷ Global cities ranking classifying the cities in criteria such as Business, Culture, Politics, Integration. This positions refers to the 2008 research.

⁸ As the international citations reveal, especially for its tourism and cultural appeal.

⁹ Rio Como Vamos observatory, created in 2007, assembles and shares city indicators and city management information, inspired by the Bogota Como Vamos initiative.

The Redeemer, monument and main symbol of Rio, had already been chosen one of the new 7 World Wonders in 2007¹⁰.

São Paulo: Brazilian World city and corporate capital of Latin America; a challenge for sustainable development

São Paulo, the 6th most populated city in the World, is considered a Layer 8 World City (Alpha World City (-)) in the Friedman classification and ranks 31st among Global Cities in the Foreign Policy/AT Kearney ranking, being 16th in Business Activity and 36th in Human Capital.

The city of São Paulo itself concentrates 12.3% of the Brazilian GDP and approximately 63% of corporate headquarters of transnational companies in Brazil or Latin America, and 28% of the Brazilian scientific production and research¹¹.

São Paulo as a city lived through the 20th century a reality rather different than Rio. Already during the 1950 decade São Paulo had outplayed Rio as the main Brazilian business powerhouse, and as the industrialization and economic internationalization process accelerated, the gap widened. From then on, especially after the 1990 decade, São Paulo gained a growing transnational status, concentrating corporate headquarters, business expatriates and an increase in international cultural exchange and integration. The concentration of financial resources allowed important improvements in infrastructure, cultural and tourism attractions but did not solve chronic problems in terms of mobility, floods and sewage and an aggressive pattern of growth which periodically abandons one dynamic business area for one other from times to times with a migration of the world-class headquarters and services: the downtown-Anhangabaú area from the 1950-1960s, the Paulista quarters from the 1970-1980s, and the Berrini-Itaim-JK-Faria Lima and Nações Unidas neighborhood from the 1990s and still developing.

São Paulo is for many a microcosm of the Brazilian development model: dynamic, superlative in scale but non-ordinate, and sometimes not sustainable.

¹⁰ In July 2007 Christ, the Redeemer has been chosen along with Chichen Itza (Mexico), the Colosseum (Italy), the Taj Mahal (India), the Great Wall of China, Petra (Jordan) and Macchu Picchu (Peru) in an election promoted by the New Open World Corporation and which counted more than 100 million votes in a worldwide poll. The Christ, the Colosseum and the Giza Pyramids are the only wonders close or inside a major city.

¹¹ According to the International Relations Secretariat of São Paulo and UNICAMP (2005).

Porto Alegre: under a favorable social condition, the economic and isolation paradoxes

Porto Alegre, the southernmost State Capital in Brazil and center of Brazil's 4th largest metropolitan area, has been regarded as a benchmark for quality of life and better social condition in comparison to other metropolitan areas in Brazil for decades. Although with inferior indicators if compared to Montevideo, Buenos Aires or Santiago de Chile, Porto Alegre and the State of Rio Grande do Sul traditional investment in health and education translated into a better social condition - highest HDI among Brazilian cities with more than one million inhabitants, lowest percentage of families living below the poverty line¹², which should, in thesis, build some local competitiveness for business and culture attraction and expansion.

But, controversially, it did not happen. At least in the last 30 years the State of Rio Grande do Sul and its capital, Porto Alegre, have been struggling to accomplish a modernization of its production structure, the relative geographic and cultural isolation, the mixed results of Mercosur¹³ for Brazilian southern States and the economic decay¹⁴, although it is the large Brazilian State economy most open to foreign trade¹⁵. In the last 20 years, especially, Porto Alegre has been launching several actions in order to gain national and international attention flows: the city became worldwide known for the World Social Forum, but several other initiatives consolidated its space in the national cultural scene, especially. However, during this period of time Curitiba, capital of the State of Paraná, started to match and even to surpass in many aspects Porto Alegre as Brazil's most important city South of São Paulo, especially for business.

Nevertheless, Porto Alegre still counts on its relatively high social capital and reputation in order to build innovation in public management and to expand its references for business, tourism and international exchange.

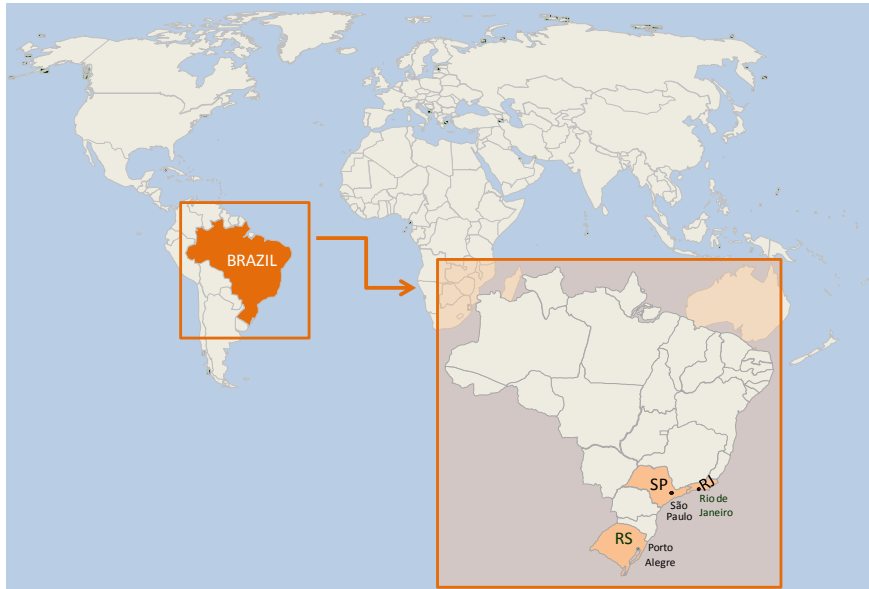
¹² HDI of 0.865 (2000) - Source: IBGE (Brazilian Institute of Geography and Statistic) and Porto Alegre Observatory.

¹³ The initial expectation that Mercosur bloc creation would benefit the Southern States of Brazil did not pay off.

¹⁴ The State of Rio Grande do Sul share in the Brazilian GDP fell from 10% in 1970 to less than 7% in 2010. Rio Grande do Sul can be comparable to Argentina and France, in spite of proportions, for the conservatism in public service and State structure (France) and for the conservatism in the economic strategy (Argentina).

¹⁵ Rio Grande do Sul State (Exports + Imports/GDP PPP) ratio in 2007 was up to 21%, against 16% of São Paulo, 15% of Minas Gerais and 12% of Rio de Janeiro.

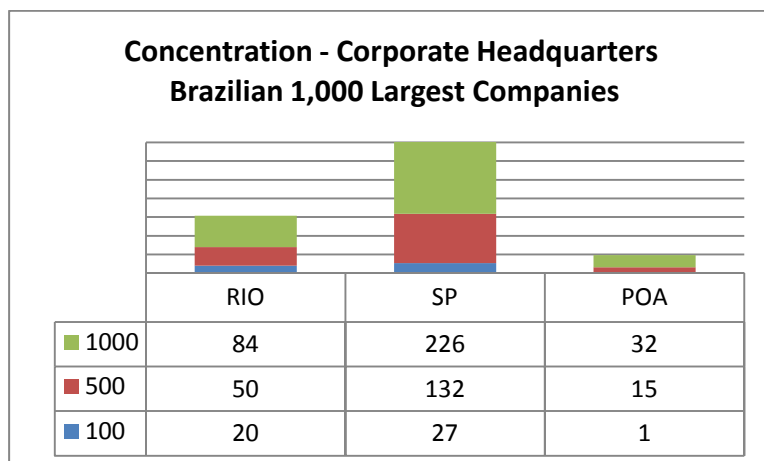
GEOGRAPHIC LOCATION AND BASIC STATISTICS



Data	Rio de Janeiro	São Paulo	Porto Alegre
Population (thousand) - City/Metropolitan Area (2009)	6,187 / 11,571	11,037 / 19,224	1,436 / 3,960
Per Capita GDP (2007)* - US\$	12,831	16,467	13,184
% of People with Less than 3 years of Education (2001)	12.8	13.1	10.5
% of People with more than 15 years of Education (2001)	9.8	8.0	12.1
% of People without income(2001)	30.1	31.9	25.9
% of People with less than 3 SM of income*(2001)	25.7	21.9	16.2
% of People with more than 20 SM of income** (2001)	3.72	3.71	4.78

*less than US\$ 10,286 a year **more than US\$ 68,571 a year

Source: IBGE (Brazilian official data institute)



Source: Exame Melhores & Maiores, July 2009

CONTEXT ANALYSIS AND DYNAMICS 1989-2009

“Unfortunately, the inherited and structural problems such as lack of planning, disobedience to city order laws, inordinate growth and poverty absorb great part of administration and society leaders’ energy and resources.”

Under the Experience Economy, the large Brazilian cities in general improved the level of services, education and cultural offers in the last 20 years. The analysis table below takes into account the relative position of that city in its country (Brazil), and internationally, and the dynamics of improvement, compared again to national and international standards. As a role, we can see a much more intense movement seeking strategic actions for the cities and their citizens in the more recent years, as a result of the growing awareness of the city strategy issue.

As a role, Brazilian cities have been timid in their approach to sustainable development and economic development and repositioning. The efforts so far are much away of what would be needed in order to give to these cities the new direction they would need in order to attain their strategic objectives. Unfortunately, the inherited and structural problems such as lack of planning, disobedience to city order laws, inordinate growth and poverty absorb great part of administration and society leaders’ energy and resources.

However, there are no excuses for this less-than-desired international projection and urban quality in the Brazilian capital cities: civil society, business leaders and government could and should seek bolder solutions with new forms of governance and national and international exchange for their city problems, as Brazilian corporations and NGOs have evolved far beyond on their capacity to address their greatest challenges and build an attractive, high quality environment in order to foster sustainable and knowledge-based development.

Criteria	Rio de Janeiro		São Paulo		Porto Alegre	
Tourism Attractiveness	★★★★★	→	★★★	↑	★★	→
Business Attractiveness and Activity	★★★	↑	★★★★★	↑	★★	↓
Geography & National Integration	★★★★★	→	★★★	↑	★	↑
Cultural Experience	★★★★★	→	★★★	↑	★★	→
Cultural Identity	★★★	↑	★★	→	★★★★★	→
National Political Influence	★★	↓	★★★★★	↑	★★	↓
Social Deficit & Housing	★	↓	★★	↓	★★★★	↓
Urban Quality	★★	→	★★	↓	★★★★★	↑
Human Capital & Labor	★★	→	★★★	↑	★★★★★	↓
Public Services	★	↑	★★	→	★★★★	→
Safety Awareness	★	→	★★	↓	★★★★	↓
Addition of Infrastructure	★	↑	★★	↑	★	→

Classification – from ★ to ★★★★★ - level of perception of assets and condition of the city engagement and preparedness in each one of the issues in 2009 (authors’ analysis based on statistics and perception under an “experience economy” eye).

Dynamics - in the last 20 years, the perception in each issue is that the situation:

→ Is about similar

↑ Improved

↓ Weakened

ASSETS & CHALLENGES ANALYSIS – Experience Economy

Rio de Janeiro	
Greatest Asset	Rio has strong potential of amplifying its international projection by continuing to attract global events and by arranging a competent World Cup Finals and Olympic Games hosting. Investments in improvements of safety and organization – better signals, free information and more Foreign-language-speaking staff, especially English- would result in volume and quality of spending growth, as the tourist experience is instantly shared through informal networks and per web intelligence, and foster repentant tourism and international exchange.
Tourism Attractiveness & Cultural Experience	

Greatest Challenge	<p>Rio has 968 low-income communities¹⁶ living in less than appropriate sewage, health, safety and damage risk conditions and without property titles or regularization. According to research 65% of people living in those communities would not like to leave them for a distant suburb or housing projects¹⁷.</p> <p>The North Zone of Rio, with mostly middle-class and lower-middle class suburbs¹⁸, has been deteriorating for at least 30 years, without any thorough repositioning effort. For that reason, it has lost many corporations, and its street commerce suffers from a continuous downgrade.</p>
Social Deficit & Housing	

São Paulo	
Greatest Asset	<p>São Paulo catalyzed the international corporate attention for Latin America since the mid-1990s, consolidating even further the notion of the State of São Paulo as the economic center of Brazil. This attention and investment level brought to São Paulo and enabled many local services, retail and professionals to world-class status. The city hosts 10 billionaires and has 7 Central Business Districts. In the last years became one of the cities with largest helicopter fleets in the world.</p>
Business Activity & Attractiveness	
Greatest Challenge	<p>The city experience is deeply affected by problems with urban quality & mobility, with pollution in central areas and traffic jams. A study by Fundação Dom Cabral says Brazilian cities lose approximately 2.5 billion a year with traffic jams, much of it in Sao Paulo. In 1 minute, a line of 150 cars could take form. The CET (Transit Company of São Paulo) monitors 868 km, and a jam can reach as far as 256 km in a bad day, with an average around 50 and 80 km in peak hours. Less than 5% of the 15,000 tons of garbage collected daily are recycled. As well as Rio, the city is very much vulnerable to flooding. With a better regulation in cars emissions, the air quality improved in 30% from 1996 to 2005.</p>
Urban Quality & Mobility	

¹⁶ According to the Pereira Passos Institute, there were 968 low-income communities in the city in 2009, growing from 750 in 2004. The estimates vary from 20 to 40% of Rio de Janeiro living in communities known as “favelas”.

¹⁷ According to research by professor Alba Zaluar, financed by CNPq and the Municipality of Rio de Janeiro (2007).

¹⁸ The economist André Urani defends the thesis that Rio should seek a strategy for its suburbs following the 2016 Olympic Games, as Barcelona did with its decaying suburbs.

Porto Alegre	
Greatest Asset	<p>Porto Alegre traditionally presents a high level of engagement and society involvement in city decisions (for Brazilian standards); in some situations the discussions and a certain radicalism from different segments of society can even paralyze or delay important improvements, as happened in the recent Cais Mauá approval.</p> <p>This phenomena is related to the tradition of rough disputes in gaucho politics, but also with a tradition of opinionating in city decisions. Participatory budgeting in large scale started in Porto Alegre from 1989. Since then, governance and discussion forums happened in an above-average frequency and attendance for Brazilian standards. Porto Alegre hosted the World Cities Conference in 2008, and is home of the World Social Forum. Nevertheless, also hosts the unique Forum da Liberdade since 1988, and Fronteiras do Pensamento, which brings the most important world thinkers to Brazil.</p> <p>The citizens experiment the highest life expectation among the 27 Brazilian State Capitals (71.4 years in the year 2000); considered by many the Brazilian capital with highest life quality¹⁹. Porto Alegre is one of the Brazilian large cities with highest concentration of urban green areas and green-covered streets.</p>
Urban Quality & Social Capital	
Greatest Challenge	<p>Porto Alegre is losing economic participation, even in the Rio Grande do Sul State, which has been losing share in Brazil. The city hosts only one between the Brazilian 100 largest corporations and has had difficulties on launching a post-industrial economic structure. Although many policymakers and business leaders recognize the high technology industries and services as one important vocation to be developed in Porto Alegre, the society and government efforts have been timid so far. It is common to listen from visiting businesspeople that “Porto Alegre seems reasonably organized, but lacks charm and attractions. Besides that, it is too far from the center of action in Brazil”. A significant part of skilled labor formed in Porto Alegre migrates to São Paulo, Brasília and Rio de Janeiro, as the entrepreneurship and the large corporations and their supply chains need to be further attracted and fostered.</p>
Overcome isolation & Enhancement of business activity	

¹⁹ As the HDI index confirms

DOWNTOWN MANAGEMENT AND STRATEGY

Most of the Brazilian cities above 1 million inhabitants struggle in order to contain or detain their downtown areas deterioration, contributing for a poorer experience to visitors and inhabitants as the area of reference becomes poorer in attractions and urban quality and give an unpleasant impression of the city. Furthermore, underuse an infrastructure that is already consolidated.

Rio de Janeiro still holds business activities in its downtown region, where most of the public offices and services are still concentrated and great part of Brazilian reference cultural facilities are located, with highlight for the unique Cinelândia neighborhood, recently restored. Although some of the largest Brazilian companies such as Petrobras, Vale, Embratel and important government institutions such as BNDES are still in the Central area, many corporate headquarters moved to the Barra da Tijuca neighborhood since the decade of 1990. However, the local retail and restaurant scene still hold reasonable diversity and quality, although the general urban quality condition and ordination in some quarters is not the best, partly because of subemployment and poverty. One interesting movement in the last decade is the growth of university campuses and classrooms in the downtown area²⁰. There is a group led by the Commercial Association working with corporations based in downtown Rio in a pilot-project called ARE - *Área de Revitalização Econômica*, which is a local adaptation for the Business Improvement Districts model.

São Paulo tried many different strategies, but the downtown level of deterioration is still perhaps the highest among Brazilian large cities, with several abandoned buildings in the Anhangabaú and Sé areas. The downtown area has been losing relative importance and suffering with migration of business activity since the decade of 1950, with severe degradation of some areas.

Many actions have been taken, and some micro-areas in downtown have been either refurbished or received new investments, public and private in these last 20 years. The Viva o Centro Association is active since of 1991. Certain areas such as São Luís Avenue, with large apartments, became trendy again for young professionals and artists.

Particularly emblematic was the recent closing of the traditional Hotel Ca'd'Oro in 2009²¹, following the trace of most of the once first-class and luxury hotels and restaurants in the

²⁰ The IBMEC Business School, set in a refurbished building, upgraded part of the Presidente Wilson and Castelo quarters with cafés, bookstores and a younger group of qualified buyers.

²¹ The Grand Hotel Ca'D'Oro was the first 5-star hotel in São Paulo and was situated in Rua Augusta, not exactly in the downtown area, but in its adjacency.

area. Hotel habitués, owners and employees were unanimous in crediting the hotel decay to the central area deterioration and the lack of interest of patrons for that area.

Porto Alegre downtown area has been suffering with 30 years of decay, as it has lost the upscale and great part of the mid-scale retail market to shopping centers and the Moinhos de Vento neighborhood. Public offices are still leaving the area, which is a very important cultural reference for Porto Alegre and Rio Grande do Sul as the movement is quite recent. However, if the downtown area is still a cultural reference for many with about 80% of historic buildings²² and facilities, it lacks diversity and was out of the major private investment route in the last 30 years.

In spite of periodic actions towards the conservation of monuments and historical buildings, the downtown revitalization cause in Porto Alegre started to gain momentum only on the decade of 2000, with the clear evidence of its decadence as premier service and retail quarter of the city. Government and businesses are presently investing in civil works and refurbishment of central areas such as Alfândega Square and Largo Glênio Peres. However, the revitalization of the Historic Center is a complex matter which evolves mechanisms to foster new housing and businesses activities in the area. With the World Cup 2014, the Cais Mauá – a port facility to be repositioned such as Puerto Madero in Buenos Aires - and a project which diminishes bus traffic in once fashionable boulevards, presently working almost as an open-air informal bus terminals, all the conditions are set for a broad sustainable revitalization project for downtown Porto Alegre.

²²According to the Amigos do Centro Histórico (AMICH) organization.

PREPAREDNESS FOR THE KNOWLEDGE ECONOMY

In order to be competitive to their aspiration to build local and regional knowledge-based economies on top of traditional service economies, the large Brazilian cities demand improvements in their quality of place factor. By quality of place we understand the region's ability to attract and retain a young and highly educated workforce, with high degree of entrepreneurship²³. Brazil has a reasonably high contingent of potential young people who fit this description, but often migrate to largest world centers, or don't fully develop or apply their skills for lack of business culture in the country. The Brazilian cities do present positive aspects and potential which do not fully develop because of permanent challenges, many of them surviving and increasing from decade to decade. Once these challenges are met, these cities have full conditions to rapidly develop world-class conditions, improving their quality of place assets and creating conditions for a knowledge and experience-based entrepreneurship boom.

In this final session, two plausible scenarios will be analyzed for each one of the cities: one, with a positive context and development of key topic for city improvement and attractiveness; the other one, with a more conservative approach, following the same pace of developments of the last 20 years. The results of the Scenario II are obvious: large Brazilian cities evolve below their potential and the world average. However, the positive perspectives for the Brazilian economy and landmark global events scheduled for the country reinforce the chance for its large cities to gain recognition and projection with growing economic, cultural and information flows.

A SCENARIO EXERCISE 2010-2020

Combination of Factors	
Scenario I	Scenario II
- Brazil Keeps a Reasonable Economic Growth Pattern	- Brazilian Economy Stagnated
- Improvement of City Governance and Cooperation	- Lack of Improvements in City Legislation and Brazilian Regulation on Cities
- Improvements in City Legislation and Brazilian Regulation on Cities	- Paralysis in City Strategic Formulation and Action
- Considerable Gains from International Exposure with World Cup 2014 + Olympic Games 2016	- Limited Benefits with World Cup + Olympic Games
- Sound Investments in Infrastructure	- Limited Investments in Infrastructure

²³ The "quality of place" terminology is used with growing frequency in the U.S., as seen in Richard Florida's report about Pittsburgh, 'Quality of Place & The New Economy: Positioning Pittsburgh to Compete'.

Rio de Janeiro

Scenario I (Positive)	Scenario II (Stagnated)
<ul style="list-style-type: none"> - Conclusion of Porto Maravilha Project- repositioning of the Port area - Olympic Games left important improvements to the city quality and attractiveness. - Improvement of infrastructure with addition of subway lines - Development Plan and Repositioning Plan for the Suburbs in Zona Norte - Baía de Guanabara benefits from sewage projects - Repositioning of traditional Gloria neighborhood - Regularization and UPP (Peace Police Unit) in Significant Part of Communities - Sound Emergency Plan for Flooding - Continuous Flow of International Investments and Headquarters - Education and Health Services improved - Safety sensation improved 	<ul style="list-style-type: none"> - Porto Maravilha project suffers delay - Olympic Games provides limited improvements to urban quality, in the same level of contribution as the 2007 Pan American Games. - Baía de Guanabara condition remains critical. - Regularization and Pacification of Communities is limited; low-income communities continue to expand. - Zona Norte Suburbs remain neglected and without a strategy. - Rio keeps its reputation as an unsafe city for business and tourism. - Education and health public services remain as critical for human resources and human capital. - Flooding continues to periodically spread chaos.

São Paulo

Scenario I (Positive)	Scenario II (Stagnated)
<ul style="list-style-type: none"> - Continuous improvement as a World City, with maintenance and addition of high quality services and improving its image as Brazilian cosmopolitan window to the world. - Sustainable development incorporated in city planning and expansion. - Downtown area experiments revitalization, with new investment and activity in the area. - Continuous vitality of central and Paulista areas. - Improvements in urban mobility and infrastructure. - Sound emergency plan for floods. - Growing ordination and organization. - Stimuli to cultural tourism. 	<ul style="list-style-type: none"> - Lack of urban quality turns São Paulo less attractive, fostering decentralization of headquarters in Brazil. - São Paulo keeps developing new areas, and abandoning traditional areas, in a predatory model of expansion. - Lack of investments in infrastructure and ordination aggravate the mobility challenge.

Porto Alegre

Scenario I (Positive)	Scenario II (Stagnated)
<ul style="list-style-type: none"> - Conclusion of Cais Mauá project - Sustainable Revitalization of the Centro Histórico (downtown area) accomplished with gain in variety and quality of commerce and service activities - Zona Sul Seashore sustainably developed & integrated to the city - Maintenance of high urban quality of residential quarters. - Economic growth above State and National average - High technology industry and services flourishing - World Cup 2014 gives opportunity to city projection and positive impression and experience to visitors. 	<ul style="list-style-type: none"> - Cais Mauá project delayed - Improvements in Centro Histórico are limited to civil works and limited real estate business projects. - Zona Sul Seashore remains neglected and underdeveloped. - Upscale residential quarters slowly deteriorate in their urban quality. - Porto Alegre continues to lose space for other large cities in Brazil. - High tech industry and services with limited growth and influence. - Continuous deterioration of human capital with decaying levels in education. - World Cup 2014 with limited range and attention.

ANNEX I

City Government and Society Initiatives - 1989 to 2009

(With the next tables, we exemplify the pattern of actions taken for each one of the cities, related to their context).

RIO DE JANEIRO 1989-2009 – SOME RELEVANT ATTRACTIVENESS INITIATIVES

<p>ECONOMIC DEVELOPMENT STRATEGIES</p> <p>Fashion Rio Call Centers Law – Incentive for Zona Norte (2009) Shopping Centers in Barra da Tijuca and Zona Norte Nova América Shopping Centers Rio Design Barra Shopping Center Cidade Nova Convention Center (2007) Cultural, Fashion & Literary Cluster in Jardim Botânico and Gávea (from 2000) Santa Teresa Neighborhood- Arts & Tourism Cluster Arts Circuit of Jardim Botânico Revitalization of Lapa Neighborhood (from the end of 1990s) Oil & Gas Companies and Services (since mid 1990s) boom</p>	<p>GLOBAL EVENTS</p> <p>Pan-American Games (2007) ECO 92- Rio UN Conference on the Environment and Development(1992) Rock in Rio II and III (1991, 2001)</p>
<p>DOWNTOWN AREA MANAGEMENT</p> <p>Porto Maravilha Project (2008) ARE (Business Improvement Districts) Project (2007) Cinelândia and Santa Luzia Underground Parking Lots (2007)</p>	<p>CULTURE & TOURISM</p> <p>Street Carnival Revival (since 2000) Refurbishment of Teatro Municipal (2009) Jardim Botânico (Botanic Gardens)revitalization 2007 International Book Bi-Annual Vista Chinesa Access refurbishment (2008) Reforms at Christ, The Redeemer (1990,2003, 2007) Election of the Christ as one of the New World 7 Wonders (2007) Cultural Center of Federal Justice (2001) Refurbishment of Cine Odeon- Cinelândia Casa de Arte Julieta de Serpa Refurbishment of Flamengo Castle (1992) Reopening of Circo Voador (2004) Opening of Casa Grande Theater (2008) Refurbishment of National Museum of Arts -“Belas Artes” (since 2003) Instituto Moreira Salles (1990) Parque das Ruínas (1993 to 1997) Lagoa Christmas Tree (1999) Leblon consolidated as upscale neighborhood (from 2000)</p>

<p>GOVERNANCE, MANAGEMENT & SUSTAINABILITY</p> <p>Rio- Barcelona seminar (1993) Rio Como Vamos observatory (2007) Bosque da Freguesia (1992) Regional Administrative Areas – Submunicipalities (1993) Goals and Objectives in Municipal Schools Management (2009)</p>	<p>INFRASTRUCTURE & MOBILITY</p> <p>Rio Cidade (1993) - Urban Quality Favela Bairro (1994) Dedicated bike lanes on the Shore (1992) New Terminal- Santos Dumont Airport (2007) Ramos “Piscinão”- Public Swimming Pool (2001) Linha Vermelha Expressway (1992) Linha Amarela Expressway (1997) Privatization of Metro Rio – Subway (1997) New subway stations in Zona Sul and Zona Norte Subways (from 1998) Submarine Emissary of Barra da Tijuca (2006-2007)</p>
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SÃO PAULO 1989-2009 – SOME RELEVANT ATTRACTIVENESS INITIATIVES

<p>ECONOMIC DEVELOPMENT STRATEGIES</p> <p>São Paulo Fashion Week (since 1996) Municipal Market Restoration (2006)</p>	<p>GLOBAL EVENTS</p> <p>Formula 1 Grand Prix of Brazil (since 1988) International Bi-Annual of Architecture (1995)</p>
<p>DOWNTOWN AREA MANAGEMENT</p> <p>Viva o Centro Association (1991) Alliance for the Historic Center of São Paulo Refurbishment of</p>	<p>CULTURE & TOURISM</p> <p>Latin America Memorial (1989) Football Museum (2008) Moreira Salles Institute (1990) Banco do Brasil Cultural Center (2001) Virada Cultural Museum of the Portuguese Language (2006) Luz Station Restoration (2006) Mega Bookstores phenomena (last 10 years) Spring of the Books (2008) Anima Mundi Festival (since 1993) Oscar Freire fashionable neighborhood (from 1990s) Museum of Sound and Image (1990) São Paulo Gay Pride Parade (1997) São Paulo Sambódromo (1993)</p>
<p>GOVERNANCE, MANAGEMENT & SUSTAINABILITY</p> <p>Anti-smoking Law (2009) IRBEM (Well-being indicators in the city of São Paulo) Landscape Ordination (Law against visual pollution and disorder) (2006) Nossa São Paulo Citizen Observatory/ Nossa São Paulo Movement (2007) World Day Without a Car (2008) São Paulo Cidade Incrível City Gincana (2009)</p>	<p>INFRASTRUCTURE & MOBILITY</p> <p>Victor Civita Square - Open Sustainability Space (2008) Rodoanel (2009) Ayrton Senna Tunnel Complex (1995/1996) Paulo Autran Tunnel (2008) Subway Expansion (since the 1990s) Vehicular restriction in central areas (1997)</p>

PORTO ALEGRE 1989-2009 – SOME RELEVANT ATTRACTIVENESS INITIATIVES

<p>ECONOMIC DEVELOPMENT STRATEGIES</p> <p>Tecnopuc Liquida Porto Alegre (since 1996-1997) Call Center Incentives Law (2009) Polo RS Agency (1998) Guion Center – Cultural Shopping Center (1995) CEITEC - semiconductor company Shopping Total- Architecture Heritage (1999)</p>	<p>GLOBAL EVENTS</p> <p>World Social Forum (2001 to 2003, and 2005) World Church Congress – 2005</p>
<p>DOWNTOWN AREA MANAGEMENT</p> <p>Approval of Cais Mauá Project (2009) Viva o Centro Project (2005) Denomination of Centro Histórico (Historic Center) to the Downtown Area (2008) Restoration of the Public Market (1990-1997) Amigos do Centro Histórico organization (2009) Popular Shopping Center (2009)</p>	<p>CULTURE & TOURISM</p> <p>Mário Quintana House of Culture (1990) Iberê Camargo Museum (2008) Science & Technology Museum PUC (1998) Feira do Livro- (Largest Public, Open-Space Book Fair in Latin America since 1955) Caminho dos Antiquários (2006) Bienal do Mercosul (1997) Santander Cultural Rio Grande do Sul Memorial (1996) São Pedro Theater expansion (Multipalco)-(2009) Bourbon Country Theater (2007) Porto Alegre em Cena Theater Festival (since 1994) Gasômetro Usine as Cultural Center (1991) Moinhos de Vento neighborhood consolidation (since 2000) Fórum da Liberdade (Liberty Forum) – since 1988 Fronteiras do Pensamento (Frontiers of Thought) - 2007</p>
<p>GOVERNANCE, MANAGEMENT & SUSTAINABILITY</p> <p>Cities Conference (2008) Participatory budgeting (since 1989) Human Development Atlas of Porto Alegre Metropolitan Area(2008)</p>	<p>INFRASTRUCTURE & MOBILITY</p> <p>New Terminal - Salgado Filho Airport Beira-Rio Avenue (1989) 3rd Perimetral Avenue (2002 to 2006) Teatro do Sesi & FIERGS Convention Center (1996)</p>

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