Are we ready for the great sporting events?

"THE GREAT SPORTING infrastructure works have become the focus of attention," our cover story says. Meanwhile, the World Economic Forum ranks the quality of Brazil's infrastructure at 104th out of 142 countries, the worst of all the BRICS. How can we invite tens of thousands of people to the World Cup and the Olympics when only 14% of our roads are paved?

And the federal government seems to be unable to finish anything—the Ministry of Transport only spent 0.17% of GDP in the first half of 2012, and the second half may be even worse because changes in personnel necessitated by corruption problems have not yet been completed. Yet a 2010 report from Morgan Stanley found that Brazil would need to spend 6–8% of GDP annually on infrastructure if it wants to catch up with Korea in 20 years, and it would have to spend 4% annually just to catch up with Chile. Yet even if the Ministry of Transport could spend every penny allocated to infrastructure, the total budgeted is no more than 1% of GDP.

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Our cover story reports that the Rousseff administration is recognizing that infrastructure investment needs to be speeded up, and is preparing to call in the private sector. But why should the private sector answer the call? Private investors want a decent return on investment, and that includes their investment of time as well as money. One investor in a port terminal had to get sign-offs from 21 separate government entities. Just getting the environmental licenses for large projects can take as long as five years. It's no wonder U.S. Treasury bonds look more attractive.

That's not even taking into account the fact that in Brazil corruption affects many more agencies than the Ministry of Transport—as we've seen from the turnover among ministers in the Rousseff administration—and the more agencies an investor has to deal with, the more people are likely to have their hands out. Add on top of that the arcane and expensive tax structure, just one part of the Brazil cost that Arminio Fraga Neto reminds us in the interview in this issue is a serious structural, not cyclical problem, and the high cost of long-term financing in reais, and savvy investors can only look at their calculators, shake their heads, and walk away. The government is willing to allow projects funded by private investors to issue tax-free infrastructure bonds, but so far there's been no interest. Why should there be? There are so many other ways to invest that carry less risk and promise higher returns.

So what should the administration do? The foundation for change is to stop acting as if the Brazil cost is like the weather, as if nothing can be done about it. Stop putting Band-Aids on the economy when it needs major surgery. Simplify the business tax structure and licensing to open new businesses. Stop political interference in regulatory agencies. Instead of giving more money to public servants, put more into infrastructure. Get moving, and we can welcome guests from around the world without embarrassment—and they can get to where they want to go.