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. Based on a series of interviews with residents of “pacified” favelas, as well as with police, community organizers, policy makers and researchers over a three-year period, I argue that the Police Pacification Unit 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.