

BERGGRUEN GOVERNANCE INDEX



Brazil / SUPPLEMENTAL COUNTRY CASE STUDY 2019

BERGGRUEN INSTITUTE

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This profile on Brazil is a supplement to the 2019 Berggruen Governance Index which analyzes the quality of Democracy, Government and Life for 38 countries. In 2019, six countries from the 38 were selected to have special profiles created about them to supplement and enhance the findings in the Index. These countries were selected because they performed better (Overachiever) or worse (Underachiever) than expected on the Quality of Life given their scores on one of the other indices (Quality of Democracy or Quality of Government). To create the supplement, new data was sourced from outside the Governance Index to further explain these results. This profile is not intended as a stand alone document and is best understood after reviewing the full report which can be found at www.berggruen.org.

Brazil is an Underachiever as its Quality of Life (31st) ranking lags significantly below its Quality of Democracy (20th) and Quality of Government (23rd). This makes Brazil an outlier. Whereas there is fairly strong co-movement between indices – rankings in Q of D and Q of G are co-related with ranking for Q of L – Brazil’s divergence indicates inordinately low scores in one or more Q of L sub-indices. In this case, Brazil significantly underperforms on education and crime, which pulls down its Q of L ranking.

FINDINGS

IMPLICATIONS

1

Brazil’s GDP has not recovered from the Great Recession and inequality is rising.

Brazil needs to find ways to boost economic growth.

2

Brazil has a tendency to innovate its democratic systems have not translated into better outcomes.

Brazil needs to harness this culture of reform to deepen democratic engagement and develop stronger feedback mechanisms. Strong feedback mechanisms are correlated with lower levels of corruption.

3

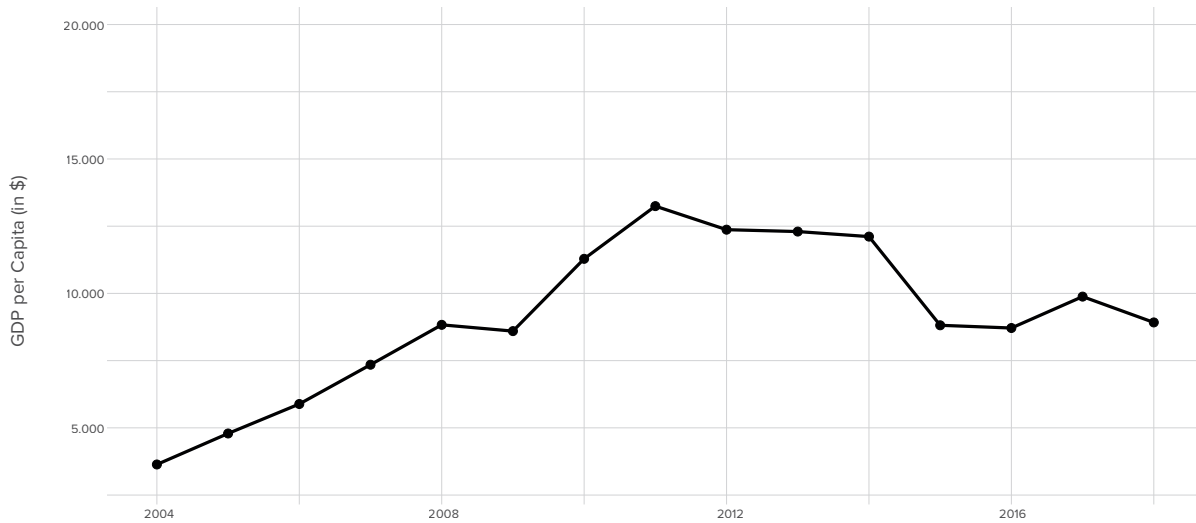
Brazil’s protection of the environment is rapidly deteriorating, particularly the rainforest.

Environment is correlated with corruption and civil society. A country that protects its environment tends to have a strong civil society ranking and low corruption. Strengthening civil society may hamper corruption and lead to better environmental protections.

BACKGROUND

GDP per capita (current US\$) 2004-2018

GDP per capita is gross domestic product divided by midyear population.

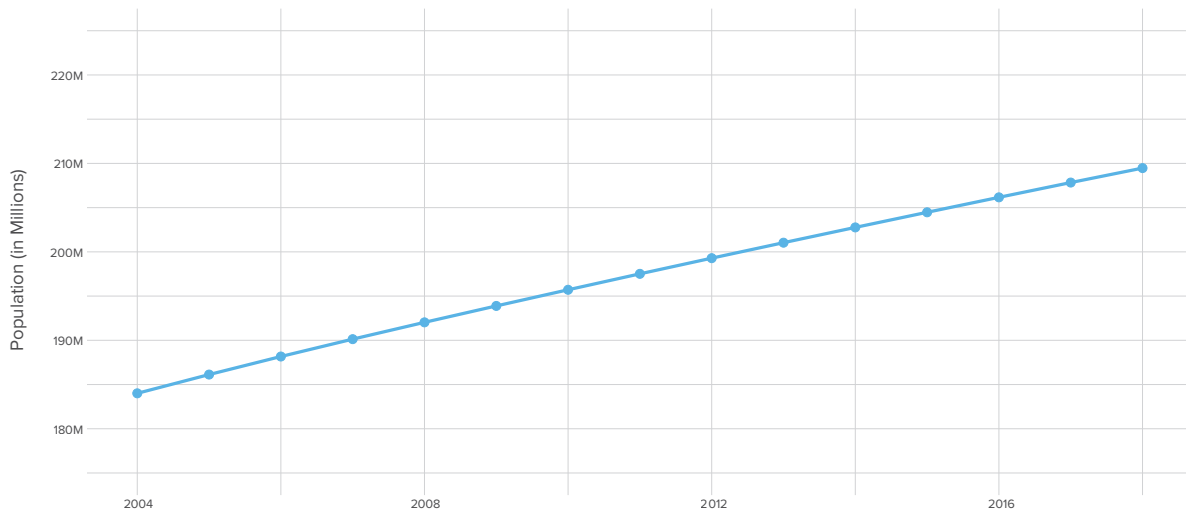


Source: World Bank 2019

- Brazil is a middle-income country. Its 209 million inhabitants have a GDP per capita of \$8,921, placing it 94th worldwide and 23rd among all countries in the Berggruen Index, according to the World Bank (2018).
- GDP per capita growth has averaged .61% over the past four years (2015-2018), below regional averages.

Total Population, 2004-2018

Total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship.



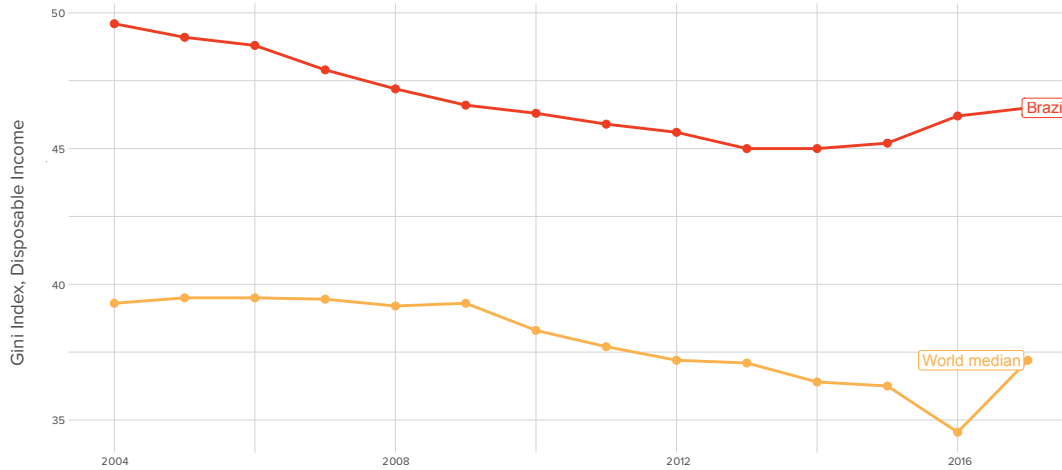
Source: World Bank 2019

- Brazil had a population of 209,469,333 in 2018. This figure places it 6th worldwide, ahead of Nigeria and below Pakistan.
- Its population growth rate of .78% was slightly lower than other the average for Latin American countries.

- Brazil is a highly unequal country. Its Gini 2017 coefficient of 46.5 is substantially larger than the world's average Gini of 37.2. The coefficient has increased in recent years: Brazil is becoming more unequal.
- It also has higher inequality than other large Latin American countries, surpassing Colombia, Mexico, Argentina, Peru and Chile. In comparison to the other 'BRICS' (Brazil, Russia, India, China, South Africa), it has the second-highest Gini, trailing only South Africa.

Income Inequality (Gini Index), 2004-2017

The Gini Index ranges from 0 (or 0%) to 1 (or 100%), with 0 representing perfect equality and 1 representing perfect inequality.

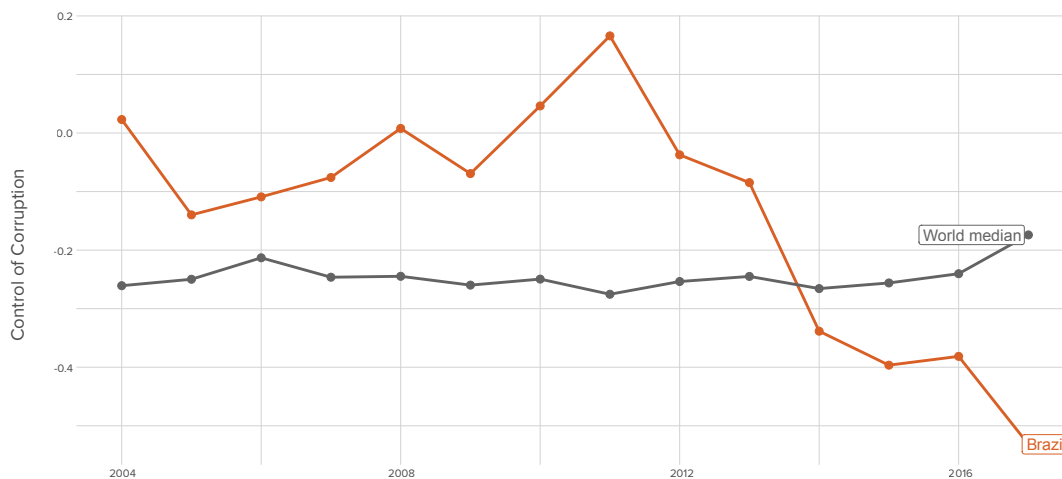


Source: Standardized World Income Inequality Database (Solt 2019)

- In spite of many assumptions, Brazil has *not* traditionally been perceived as a very corrupt country, existing above the world median for most of the last fifteen years.
- However, this **perception has dropped precipitously in recent years**, to the point that Brazil is now well below the worldwide median. This dramatic decline is likely the result of the 2014 Petrobras scandal, which resulted in massive demonstrations and the jailing of two former presidents.

Control of Corruption, 2004-2017

Perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests.



Source: Worldwide Governance Indicators 2018

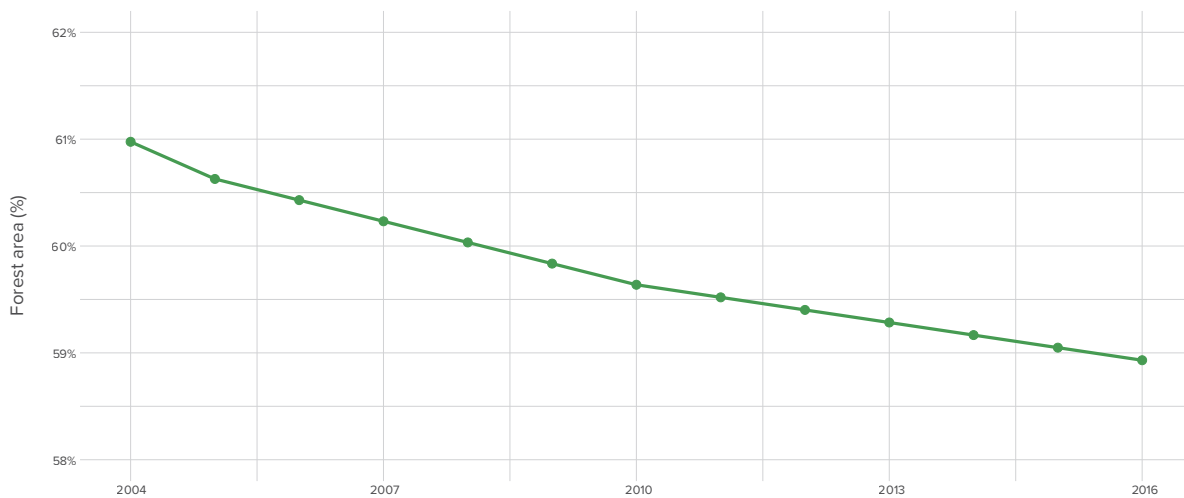
- Deforestation, particularly of the Amazon rainforest, remains a major concern in Brazil.
- The total forest area of Brazil has declined steadily since 2004. In 2004, **roughly 61% of the country was covered by forest; in 2018, 59% of Brazil's land was forested.**
- Another key measure of deforestation is the amount of tree cover loss per year. That figure has **traditionally hovered between 2 million and 4 million hectare meters per year,** before spiking to over 5 million in 2016. The most recently

available data shows that tree cover loss has been reverting back to the average in recent years.

- However, reports indicate deforestation has surged again under new President Jair Bolsonaro. It is estimated that roughly **4000 square kilometers of rainforest were razed in July 2019,** nearly double the rate from a year earlier. This rapid rate of forest area loss has prompted international criticism, but Bolsonaro has called the figures into question and fired the head of the agency responsible for estimating forest area.

Forest area (% of land area), 2004-2018

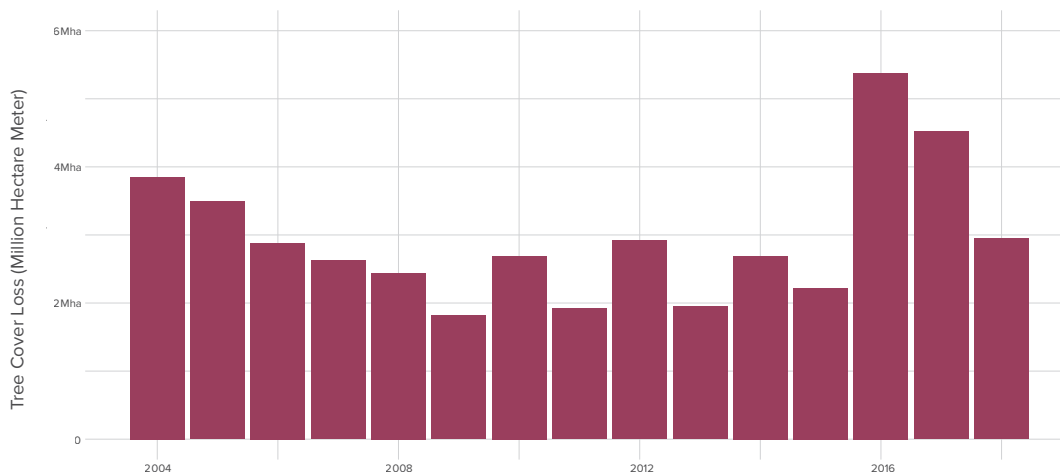
Forest area is land under natural or planted stands of trees of at least 5 meters in situ, whether productive or not, and excludes tree stands in agricultural production systems (for example, in fruit plantations and agroforestry systems) and trees in urban parks and gardens.



Source: FAO 2019

Tree Cover Loss, 2004-2018

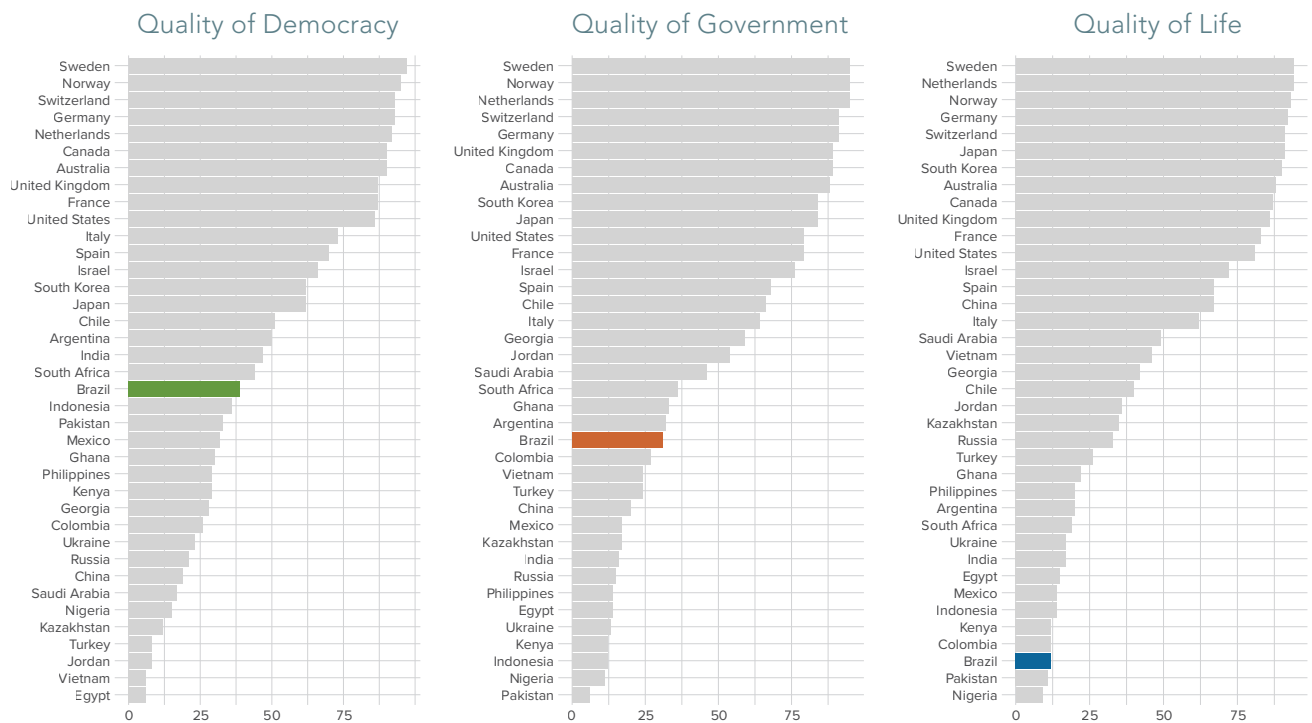
Shows year-by-year tree cover loss, defined as stand level replacement of vegetation greater than 5 meters, within the selected area.



Source: Global Forest Watch 2019

BRAZIL'S BERGGRUEN INDICATOR OF GOVERNANCE SCORES

- Brazil's score in the **Berggruen Quality of Democracy Index (QoD)** is slightly below average of all countries studied (data collected 2004-2018). It ranks 20th, just below South Africa and ahead of Indonesia.
- Brazil's score in the **Berggruen Quality of Government Index (QoG)** places it 23rd, slightly worse than its QoD ranking. It's ranking is similar to other large South American countries, slightly trailing Argentina but surpassing Colombia.
- Brazil's ranking in the **Berggruen Quality of Life Index (QoL)** is dramatically lower than its QoD and QoG rankings. It falls to 31st, only out-performing Pakistan and Nigeria.
- Brazil's case is a **dramatic example of one indicator ranking far below the other two**. For most countries, there is a strong co-movement of the indices, but Brazil's QoL trails the next-closest indicator (QoG) by a full 8 places.
- With a GDP per capita ranking 23rd of countries in the Index, the QoD (20th) and QoG (23rd) scores are roughly in line with economic performance. However, the disproportionately low ranking for QoL (31st) suggests that **Brazil fails to convert its middling level of wealth, democratic quality, and governmental quality into a comparable quality of life**.

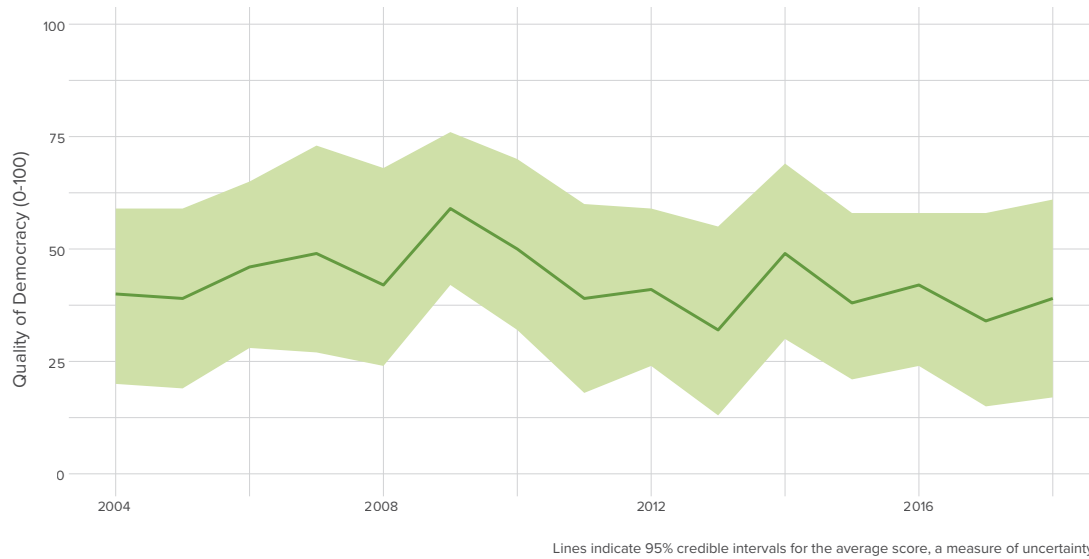


2018

QUALITY OF DEMOCRACY (QoD)

- Although Brazil's quality of democracy had fluctuated to a significant degree in the years between 2004 and 2018, its current level is similar to the 2004 figure.
- The relatively large year-on-year changes in Brazil's QoD **may be a result of the many democratic innovations for which the country is known**. Participatory budgeting and policy councils are two particularly notable systems. The former was first implemented in Porto Alegre in 1989 (and has expanded to over 2700 jurisdictions worldwide), while the latter became especially popular after 2003, under the leadership of Lula da Silva.
- Although these innovations have drawn the attention of many scholars, they have not resulted in a clear improvement to QoD. Brazilian politics may reflect this reality, as Bolsonaro has begun eliminating many policy councils and Porto Alegre recently suspended participatory budgeting.

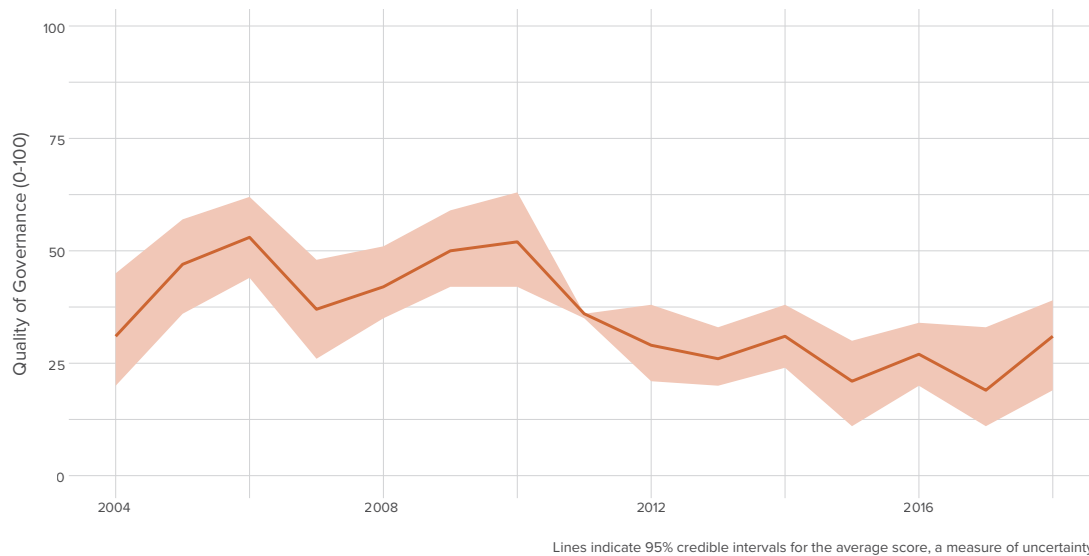
Berggruen Quality of Democracy Index, 2004-2018



QUALITY OF GOVERNMENT (QoG)

- Quality of Government in Brazil has changed little overall since 2004. However, two broad periods can be observed: a general increase from 2004 to 2010, and a decrease from 2010 to 2018.
- There has been a fear that pre-existing clientelism, mixed with participatory democracy, may worsen governmental performance. This may be the case in Brazil, as democratic innovations have not spurred an increase in QoG.
- Although it is difficult to match QoG changes to any specific political events, the change does coincide with the 2010 general election, after which Lula was replaced by Dilma Rousseff. Her presidency was later tainted by corruption allegations resulting from “Operation Car Wash”.

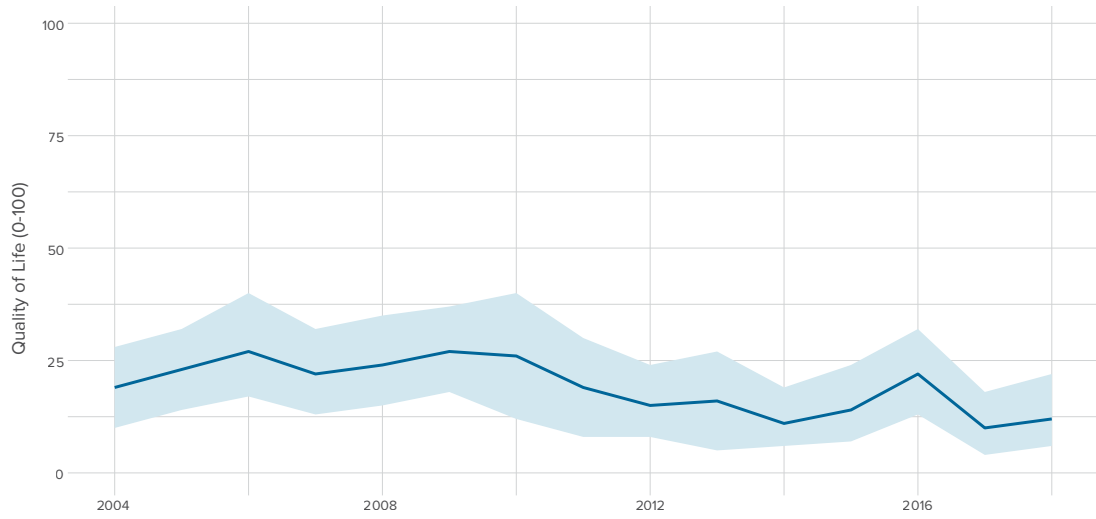
Berggruen Quality of Government Index, 2004-2018



QUALITY OF LIFE (QoL)

- **Quality of life in Brazil has declined slightly since 2004,** with much of the change coming after 2010.
- Poor GDP growth and rising inequality, mixed with crime and corruption, are some of the reasons for Brazil's disproportionately low QoL.

Berggruen Quality of Life Index, 2004-2018

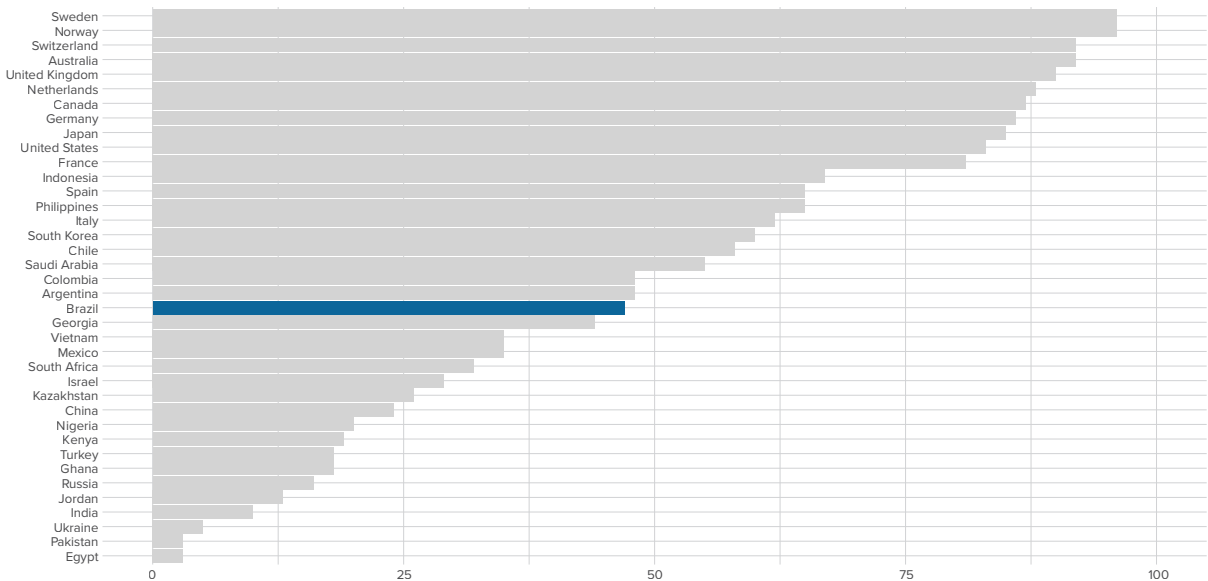


Lines indicate 95% credible intervals for the average score, a measure of uncertainty.

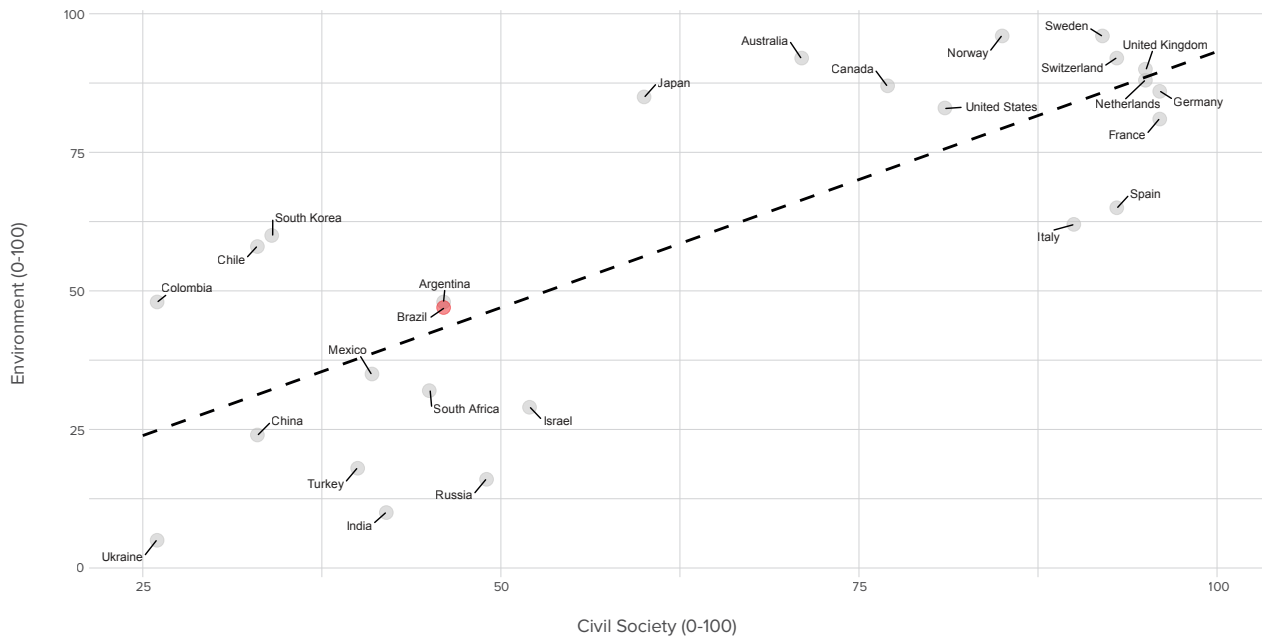
WHAT RELATIONSHIPS BETWEEN QoD, QoG, AND QoL CAN BE OBSERVED?

EXAMPLE 1: ENVIRONMENT

Environment
Sub-Index of Quality of Life



Environmental Conditions and Civil Society



Source: Berggruen Quality of Democracy Index; Berggruen Quality of Life Index

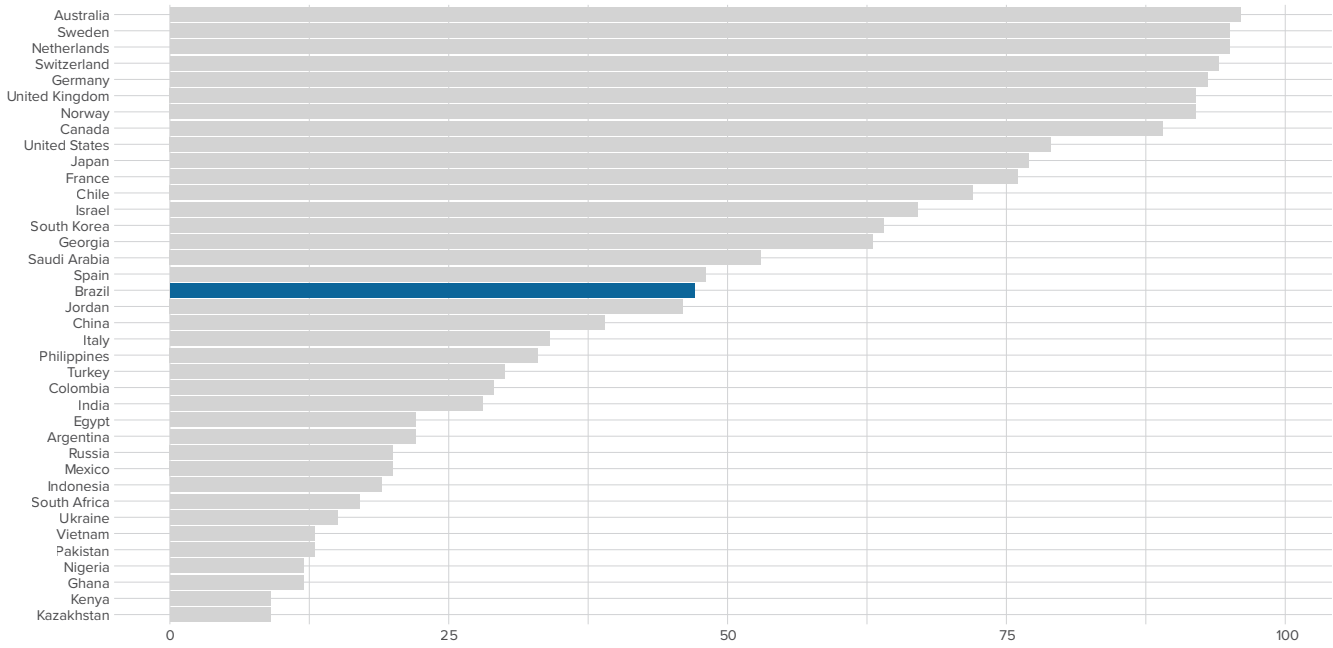
- Brazil's *environmental quality (QoL)*, places 21st of all countries in the Berggruen Index. Although this is not disproportionately low (compared to GDP/capita and overall QoL), the **importance of Brazil's environment to the global climate makes it below-average rating of concern.**
- *Quality of civil society (QoD)* and environmental quality display a strong, positive correlation across the data set. Within this set, there are two broad clusters: a group (mostly of North Atlantic developed economies) with both high quality of civil society and environmental quality; and another **cluster of countries from less-developed regions with worse civil society and environmental quality. Brazil is squarely in the latter group.**
- *Corruption (QoG)* is also positively correlated with environmental quality. Again, **Brazil falls behind the more advanced economies, ranking poorly in both.**

EXAMPLE 2: CORRUPTION

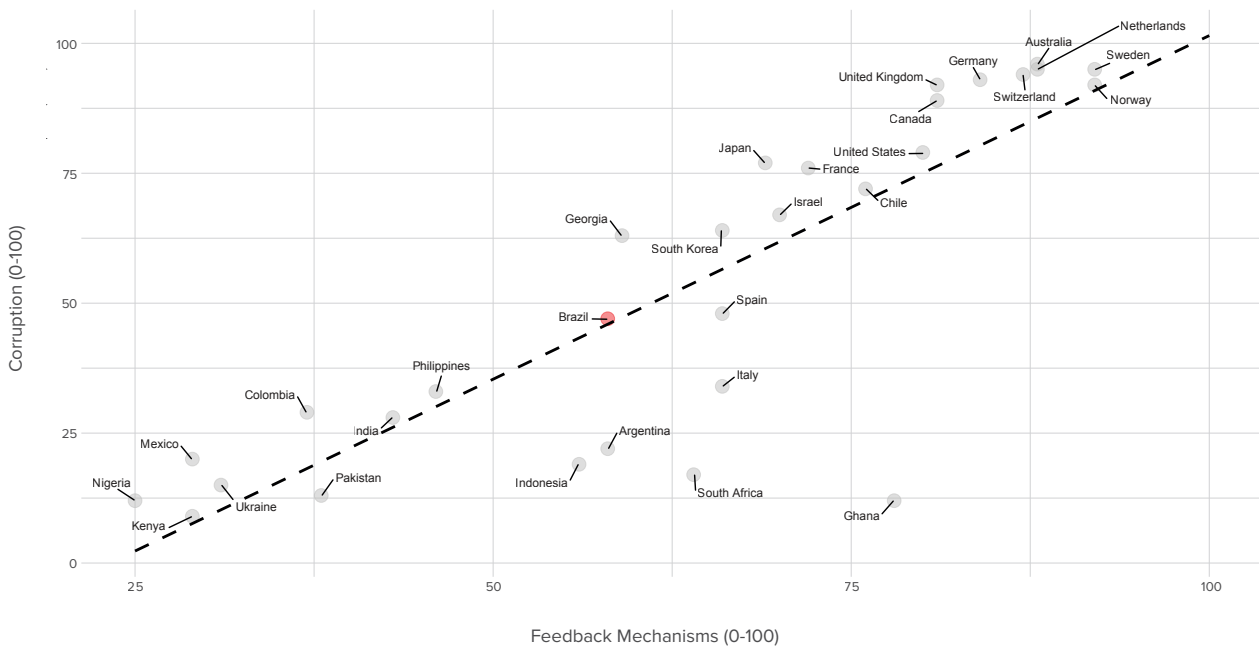
- Brazil's level of corruption (18th), places it roughly in the middle of the group of countries examined in the Berggruen Index.
- Despite the fact that its overall corruption ranking is not disproportionately low, **the headline-grabbing corruption scandals of recent years, and political upheaval that resulted, demonstrate that corruption is a major issue.** Furthermore, Brazilian perception of corruption has dramatically worsened in recent years.
- Countries with a better availability of *feedback mechanisms (QoD)* tend to have less corruption. **Brazil follows this trend, placing in the middle of the pack in both feedback and corruption.**
- *Democratic engagement (QoD)* and corruption are also closely related. In contrast to the previous relationships examined, **Brazil is somewhat of an outlier in this trend, actually controlling corruption better than its level of democratic engagement would predict.** However, the very low engagement ranking (tied for last in the index) is surprising given the fact that Brazil is well-known for democratic innovations and local participation in politics.

Corruption

Sub-Index of Quality of Government

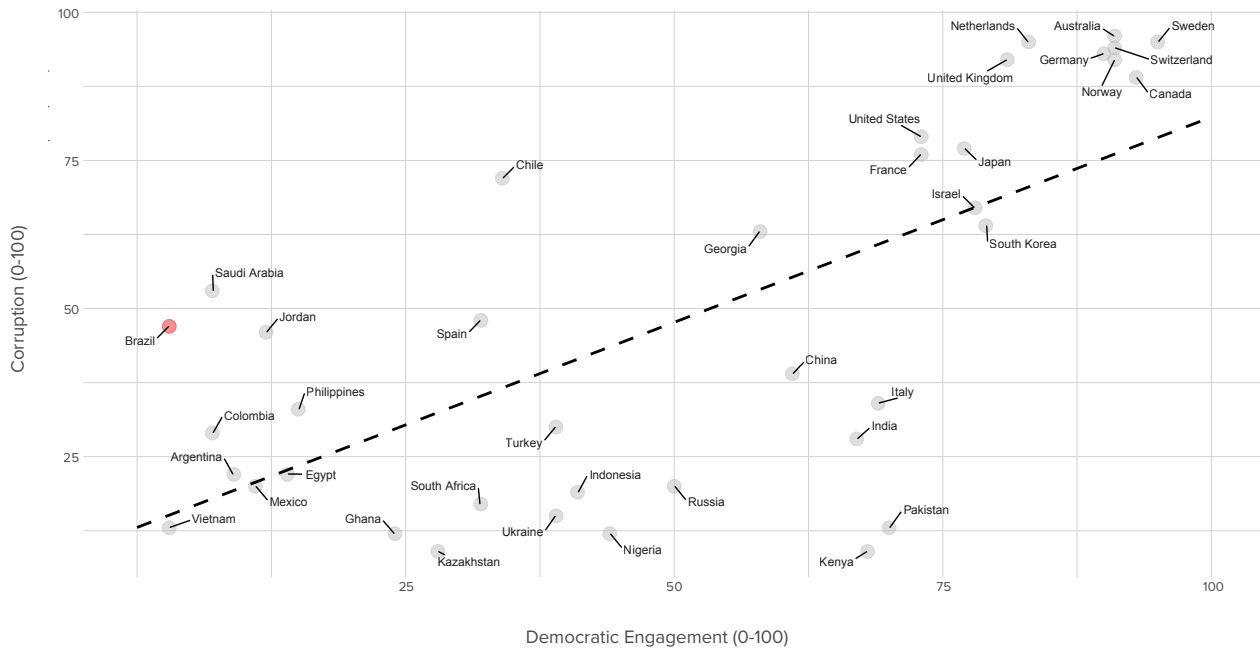


Corruption and Feedback



Source: Berggruen Quality of Government Index; Berggruen Quality of Democracy Index

Corruption and Engagement



Source: Berggruen Quality of Government Index; Berggruen Quality of Democracy Index

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