Inclusive Sustainable Development?

BRAZIL and the Middle Path

Marcelo Neri
“Brazil is everywhere in terms of the world income distribution, from the poorest to the richest”

Source: Milotovic (2011) Year 2005 see Neri (2011)
Brazil as a **Small World**

**Brazil GDP Per Capita PPP in 2012 is 93.7% of the World Mean**

**Growth 2001-12:**
- 3.49% Brazil
- X3.58% World

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**Inequality Across Nations**

**Gini Coefficient**

- 1950: 0.75
- 1960: 0.65
- 1970: 0.55
- 1980: 0.45

**Brazil GDP Per Capita PPP in 2012**

- 93.7% of the World Mean

**Inequality Within Brazil**

- Year 2001: 0.539
- Year 2009: 0.526

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*Source: Milovic (2011) Year 2005  see  Neri (2011)*
Cummulative Real Per Capita Growth by Income Deciles - Brazil

Cummulative Growth 2001-2012(%)

Cumulative Growth (%) by Per capita Income Deciles:
- Decile 1: 120.2%
- Decile 2: 102.5%
- Decile 3: 92.1%
- Decile 4: 84.4%
- Decile 5: 77.3%
- Decile 6: 69.8%
- Decile 7: 58.9%
- Decile 8: 49.3%
- Decile 9: 36.7%
- Decile 10: 26.4%

Source: IPEA, from microdata of PNAD/IBGE
**Horizontal Inequality**

**2002 to 2012 – Annual Income Change**

Annual real growth of household income per capita for selected groups, between 2002 and 2012

- Small municipality: 4.7%
- Incomplete Primary Education: 5.0%
- Northeast: 5.0%
- Blacks: 5.2%
- Rural area: 6.0%
- No education: 6.6%

Mean: [Graph]

*Source: IPEA, from microdata of PNAD/IBGE*
% Population with Incomes Below U$ 1,25 a day PPP

Fonte: IPEA / SAE a partir do Censo/IBGE
% Population with Incomes Below U$ 1,25 a day PPP

Fonte: IPEA / SAE a partir do Censo/IBGE
Poverty Accumulated Variation since 2002

Source: IPEA, from microdata by PNAD/IBGE
What best explains inclusion? Growth or Equality?

**Dynamic breaking down of poverty Changes in Brazil, 2002-2012**

**Middle Path**

<table>
<thead>
<tr>
<th>Component that Explains</th>
<th>Proportion of extreme poor % of total fall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income growth</td>
<td>50,5%</td>
</tr>
<tr>
<td>Inequality fall</td>
<td>49,5%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Fonte: IPEA a partir dos microdados da PNAD/IBGE
In terms of inequality, what is the most effective combination of social transfers?

Every additional R$ spent with Bolsa Familia impacts inequality 369% more than in social security and BPC, respectively.