Cutting down trees does not build prosperity: On the continued decoupling of Amazon deforestation and economic development in 21st century Brazil

Darren Norris[1,2,3*], Terciane Sabadini Carvalho[4], Angela M. Guerrero [5], Maria Isabel Sobral Escada[6], Ane Alencar[7] , Liz Kimbrough[8], Rhett A. Butler[8]

[1] Coordenação de Ciências Ambientais, Federal University of Amapá, Macapá, Amapá, Brazil.

[2] Postgraduate Programme in Tropical Biodiversity, Federal University of Amapá, Macapá, Amapá, Brazil

[3] Ecology and Conservation of Amazonian Vertebrates Research Group, Federal University of Amapá, Macapá, Amapá, Brazil.

[4] Federal University of Paraná

[5] Queensland University of Technology, Brisbane, QLD, 4000, Australia

[6] Instituto Nacional de Pesquisas Espaciais (INPE)

[7] Instituto de Pesquisa Ambiental da Amazônia (IPAM)

[8] Mongabay

Corresponding author Email:

*DN: dnorris75@gmail.com

Abstract

Background and aims:

We present evidence examining spatial and temporal patterns in forest cover changes and economic progress in Brazilian Amazonia. Specifically we tested two predictions embedded in arguments used by influential interest groups: i) where there is less forest cover economic progress should increase and ii) areas with most recent deforestation should have increased economic progress.

Methods:

Complementary methods assessed variation in economic progress across 794 administrative districts (municipalities) covering 4.9 Mkm^2 of the Brazilian Amazon from 2002 to 2019. A representative subset of municipalities was used to compare economic and basic socioeconomic indicators across municipalities with contrasting forest coverage.

Results:

Contrasting results between the full and a representative subset of municipalities suggests that municipality-level economic progress cannot be directly attributed to loss of natural forests. There was no association between forest loss and economic (average salary) or basic socioeconomic indicators (existence of sanitation plans and internet connectivity). The economic progress of municipalities with less than 40% forest cover in 1986 was no different to that of similar municipalities with more than 60% forest cover from 1986 to 2019.

Conclusion:

The evidence contradicted both of the predictions tested. Reducing forest cover does not appear to directly promote socioeconomic progress. Any localized associations between forest cover and poverty most likely result from other more plausible alternatives including lack of opportunity and a widespread failure to effectively implement and enforce existing policies within the local socioeconomic context.

Implications for Conservation:

Our findings support evidence from across the tropics that show deforestation does not necessarily generate transformative and equitable food production systems or lead to poverty alleviation.

Keywords: Amazon, agriculture, deforestation, economics, forest loss, Gross Domestic Product, Gross Value Added, income, MapBiomas, land cover, poverty, prosperity, sustainable development

Highlights

- No evidence of direct associations between forest loss and socioeconomic progress.
- Approximately 292,000 km^2 of natural forest cover was lost between 2002 and 2019.
- By 2019 only 9% of municipalities had both approved sanitation plans and full internet connectivity in government administrative units.

Agriculture and poverty in Brazilian Amazonia

In 2021, deforestation in the Brazilian Amazon increased to highest level since 2006 (Butler, 2021), while the contribution of agribusiness to the Brazilian Gross Domestic Product (GDP) declined to its lowest level since 2012 (Amorim et al., 2021; Crelier, 2021). Yet at the same time the Brazilian Environment Minister Joaquim Leite claimed that where there is a lot of forest there is a lot of poverty ("Onde existe muita floresta, existe muita pobreza" (ClimaInfo, 2021)) – implying a direct cause-effect relationship between forest cover and poverty in 21st century Brazil. Such statements do not align with a growing evidence base demonstrating relationships between 21st century deforestation and human development are complex and dynamic (Borda-Niño et al., 2020; Busch & Ferretti-Gallon, 2017; Fischer et al., 2020; Lambin et al., 2018; Meyfroidt et al., 2022). These complex dynamics have been demonstrated at regional (Caviglia-Harris et al., 2016; Kauano et al., 2020; Silva et al., 2017) and local scales (Mullan et al., 2018), however the pathways to increase prosperity and reduce poverty remain uncertain across Brazilian Amazonia (Alves-Pinto et al., 2015; Garrett et al., 2021; Silva et al., 2017).

Poverty, as defined by the United Nations is a denial of choices and opportunities resulting in lack of basic capacity to participate effectively in society. Poverty in capitalist societies can therefore be directly linked with economic "capacity" through measures such as GDP and income (World Bank, 2022). Economic mechanisms to reduce poverty represent key aspects of Brazilian post-colonial society (Naritomi et al., 2012), both historically (a national minimum salary was implemented in 1938 by president Getúlio Vargas) and more recently via economic transfer programs established after the 1985 constitution e.g. "Bolsa Escola" implemented in 2001 by the government under Fernando Henrique Cardoso and most recently "Auxílio Brasil" under the current president Jair Bolsonaro (Ministério da Cidadania, 2022). Despite these actions it is estimated that in 2018 approximately 23 million people lived below the poverty threshold in Brazil (FGV social, available at https://cps.fgv.br/Pobreza-Desigualdade).

People experiencing poverty may go without necessities such as proper housing, clean water, medical attention and healthy food. Meeting present and future needs to simultaneously increase food output and reduce biodiversity loss is therefore a critical component of Sustainable Development Goals and the Post 2020 Global Biodiversity Framework (CBD, 2021) to which Brazil is party. Increased agricultural efficiency has (Colman de Azevedo Junior et al., 2022) and will (Stabile et al., 2020) enable agricultural production to increase without new deforestation. Indeed, loss of rainfall and climate changes associated with continued Amazon deforestation (Lovejoy & Nobre, 2018) are likely to generate not only reduced revenue but also irreversible losses on agricultural capacity to meet needs of future generations (Leite-Filho et al., 2021; Tanure et al., 2020). At the same time, the continued concentration of relatively poor rural populations on degraded and poorly productive agricultural land has implications not only for the living standards of millions of rural households but also for poverty alleviation (Barbier & Di Falco, 2021).

Although an economic focus for examining poverty alleviation remains debatable, such a focus is justified, being timely with Brazilian presidential elections in October 2022 and relevant considering that Brazil is one of the world's largest global democracies and economic powers (EIU, 2021). Despite decades of studies, it remains intensely debated whether erosion of environmental protection as measured via forest loss (most obvious measure of protection) is justifiable economically and socially (Abessa et al., 2019; Bastos Lima et al., 2021; Silva Junior et al., 2020). Here we compile evidence to test two predictions that follow from comments from the Brazilian Environment Minister who implied a direct cause-effect relationship between forest cover and poverty. First, economic progress should increase where there is less forest cover relative to areas with more forest cover. Secondly, the population within areas with the most recent deforestation should have higher average salaries and improved poverty indicators compared to places with less recent deforestation.

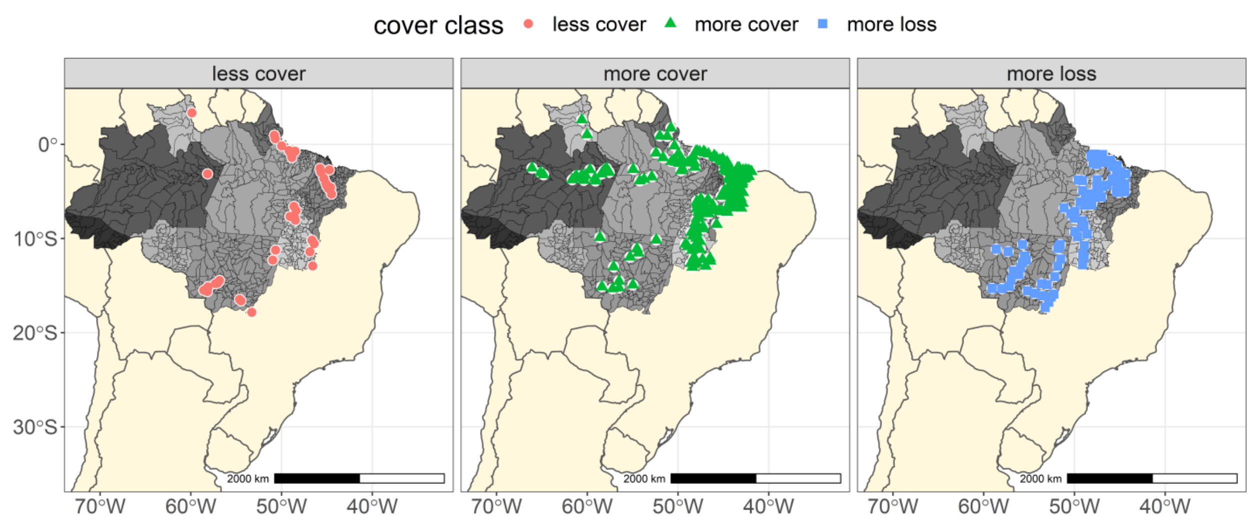

Figure 1: Study area. Brazilian Amazonia in South America. Showing nine Brazilian states including the Brazilian Legal Amazon. Different states are shown in grey shading with grey lines showing municipality borders. Colored symbols show locations of the subset of 357 municipalities used to isolate effects of forest cover change on economic progress. This cover subset was grouped into three forest cover classes using percent of natural forest cover in 1986 as a reference level ("less": less than 40%, "more": more than 60% and "more loss": more than 60% in 1986 but less than 50% in 2019 [full subset details in Methods]). Symbol sizes have been enlarged to aid visualization and locations can overlap.

We evaluated changes in forest cover together with economic and socioeconomic indicators to test the two predictions across administrative districts (municipalities). The analysis included municipalities from nine states to reflect Brazilian political and administrative hierarchy (Figure 1). Diverse forest types are found within and among the municipalities, including those from Amazon and Cerrado (savanna) biomes. Hereafter the region covered by the nine states is referred to as Brazilian Amazonia. The most up to date economic data from 2002 to 2019 was used to test predictions both across 794 municipalities covering 4.9 M km^2 and a subset of 357 municipalities (877 K km^2). This subset was identified to isolate effects of forest cover and loss since 1985 (see Methods for subset selection details). The 357 municipality cover class subset included a resident population of 7,988,731 in 2019 (37.8% of the overall resident population across 794 municipalities in 2019). Only 6 of the 357 municipalities included an urban concentration (see Methods for full details of municipality characteristics). The data and code used to produce the analysis and figures is available from Norris (2022).

Variation in forest loss and economic progress

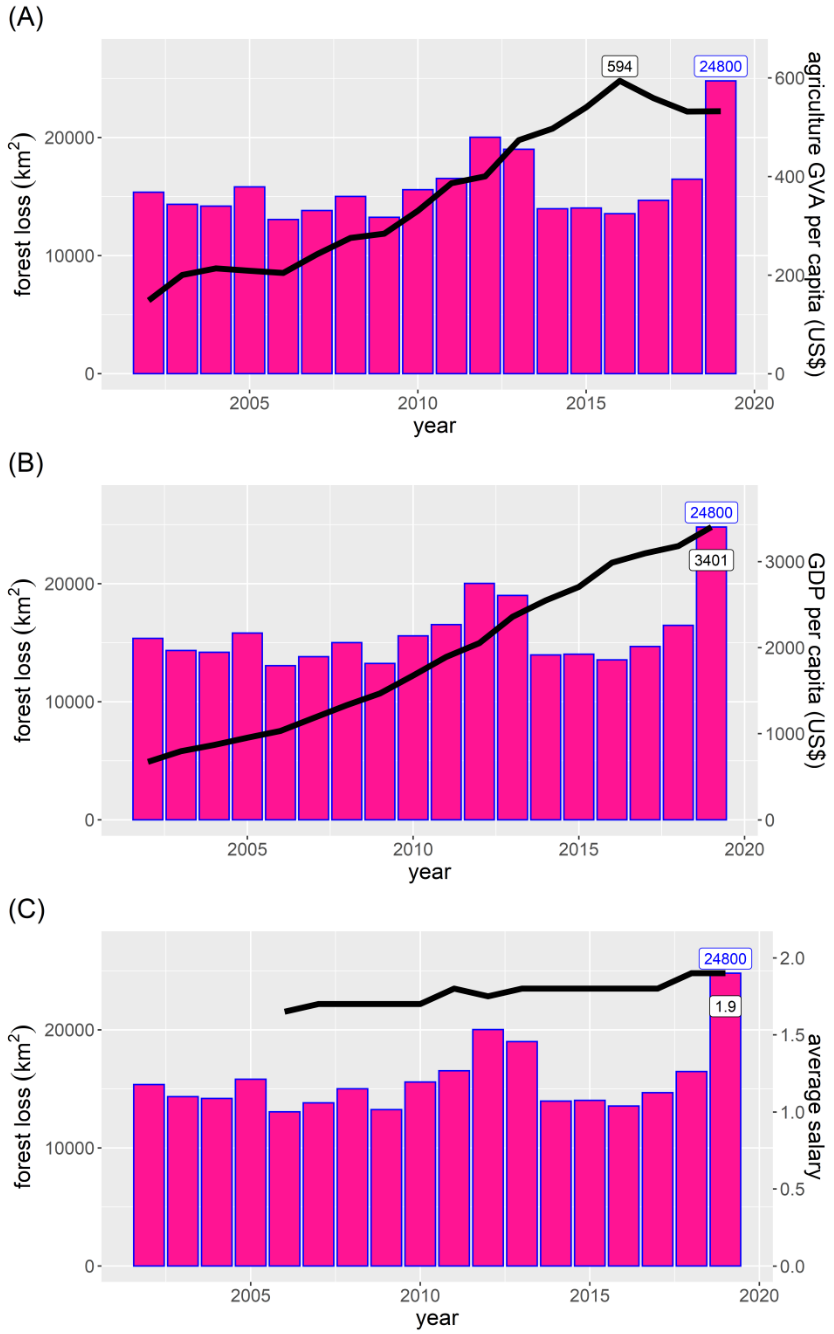

Figure 2. Economic progress and forest loss in Brazilian Amazonia. Annual values of forest loss and (A) agriculture Gross Value Added per capita, (B) Gross Domestic Product per capita and (C) salaries from 2002 – 2019 across the Brazilian Amazon. The pink bars represent annual values of forest loss showing totals of transition from natural forest (including savanna and forest formations) to anthropic cover (MapBiomas 2021). Salaries expressed as a proportion of the annual minimum salary value. Solid black lines are the median values from 794 municipalities. Labels show maximum values for each series (blue for forest cover and black for economic variables).

Continued deforestation in Brazilian Amazonia is largely driven by economic and political interests (Garrett et al., 2021; Schneider et al., 2021). The pace and scale of forest loss across Brazilian Amazonia is not constant due in large part to the high cultural, social and environmental heterogeneity. Between 2002 and 2019 median Gross Domestic Product (GDP) per capita increased more than fivefold (from 679 to 3401 US$) and agriculture Gross Value Added (GVA) per capita increased nearly fourfold over the same period (from 149 to 536 US$, Figure 2). In contrast, median salary remained relatively stagnant, increasing from 1.7 to 1.9 times the national minimum salary value from 2006 to 2019 (1.9 corresponded to an average salary of R$ 1862 or US$ 472 per month in 2019). This stark contrast among rates of increase is a clear indication of the profound inequalities that continue to surround economic development across Brazilian Amazonia (Garrett et al., 2021).

Deforestation has been accompanied by an economic recession in Brasil, which according to Nobre and Nobre (2018) shows the decoupling of deforestation with economic growth. A total of approximately 292,194 km^2 of natural forest cover was converted to human land use from 2002 to 2019 (Figure 2). Correlations among summarized annual economic progress and forest loss values were weak and not significant (Spearman rho = 0.26, 0.15, 0.52 for GDP per capita, agriculture GVA per capita and average salary respectively, $P > 0.05$). Economic progress at the level of municipalities was also very weakly correlated with forest loss over the same period (Supplemental Material S1). Analysis controlling for spatial and temporal autocorrelations showed weak and insignificant associations of forest loss expressed as both km^2 and proportion of forest cover in 1986 and economic progress (Supplemental Material S2 for full model results). Further studies are required to examine these patterns in more depth to understand the contribution of other factors including industrial activities (e.g. construction, hydropower dams and mining) that are likely to contribute to the variation in economic progress across the 794 municipalities (Abessa et al., 2019; Busch & Ferretti-Gallon, 2017; Caviglia-Harris et al., 2016; Garrett et al., 2021; Stabile et al., 2020).

Analysis across the representative subset of 357 municipalities indicated no significant difference in economic progress from 2006 to 2019 among forest cover classes (Figure 3). Controlling for spatial and temporal autocorrelations confirmed that there were no statistical differences in agriculture GVA per capita, GDP per capita or salary among the three cover classes (GAMs, $P > 0.12$ for cover classes explaining agriculture GVA per capita, GDP per capita and salary, Supplemental Material S3 for model results). The same comparison made using the longer time series (2002 – 2019) for GDP and agricultural GVA per capita also showed no statistical difference in economic progress among the three cover classes. There was no evidence of differences in sample sizes generating any systematic bias (Supplemental Material S5). This analysis is the first we are aware of that provides empirical evidence for the decoupling of economic progress and forest loss across Brazilian Amazonia.

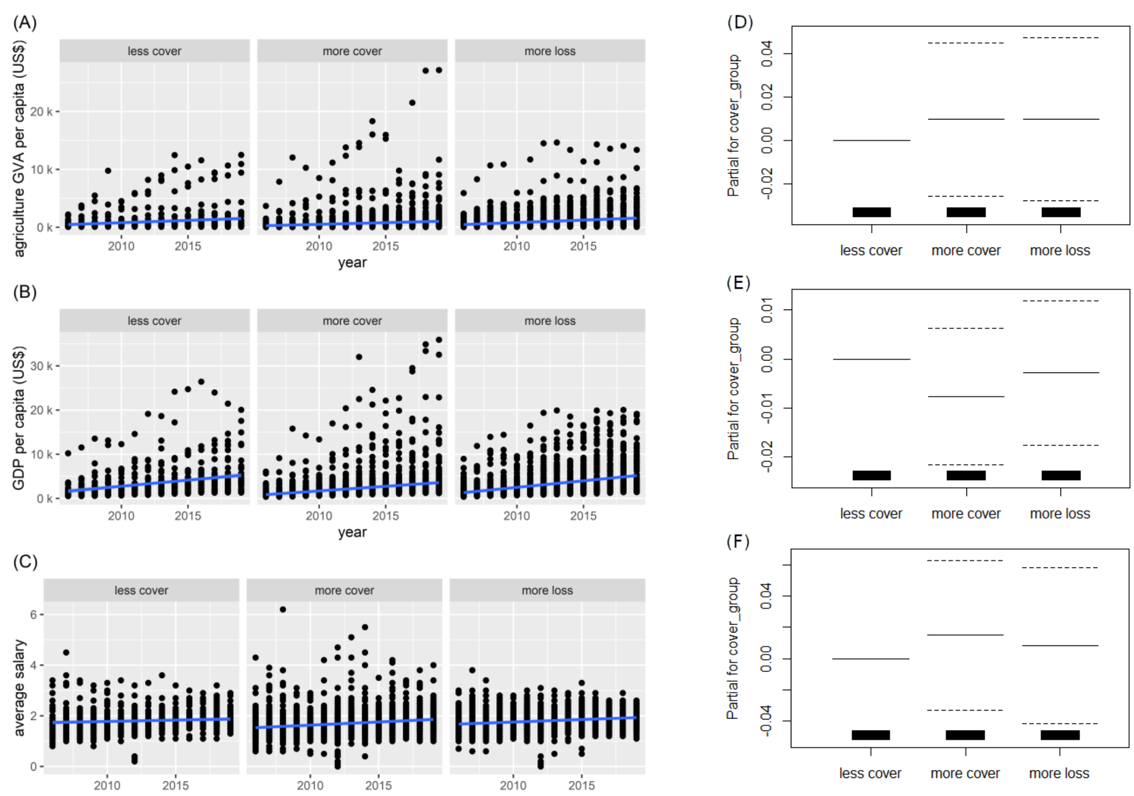

Figure 3. Economic progress and forest cover change. Annual trends from 2006 to 2019 (A to C) and GAM partial plots (D to F) of three economic indicators across a subset of 357 municipalities. This subset was selected to control variation caused by confounding socio-economic characteristics. (A to C) Solid blue line is linear trend over time added to aid visual interpretation. (D to F) Partial plots show marginal effects compared with the less cover class (solid horizontal lines are mean values, dashed horizontal lines are 2X Standard Error of the mean). This cover subset was grouped into three forest cover classes using percent of natural forest cover in 1986 as a reference level ("less": less than 40%, "more": more than 60% and "more loss": more than 60% in 1986 but less than 50% in 2019 [full subset details in Methods]).

Forest loss and poverty

Current economic development paths are leading not only to forest loss but may also lead to poverty and increased conflicts across Brazilian Amazonia (Bastos Lima et al., 2021; Rodrigues Ana et al., 2009; Silva Junior et al., 2020). Continued agribusiness development arises (at least in part) from decades without viable economic alternatives across Brazilian Amazonia (Garrett et al., 2021; Schneider et al., 2021). Agribusiness development is widespread, with regions experiencing agribusiness development including states not only with rapidly expanding deforestation such as Tocantins, but also the most protected Brazilian state Amapá (Schneider et al., 2021). In addition to environmental degradation, current agribusiness production chains have limited inclusiveness for the rural poor (Ferrante & Fearnside, 2019; Garrett et al., 2021; Russo Lopes et al., 2021). It is therefore unsurprising that only 8.7% of 794 municipalities (with a median fivefold increase in GDP over 18 years) had both an approved sanitation plan and complete internet connectivity among administrative centers by 2019 (see Methods for definitions of sanitation plan and complete internet connectivity).

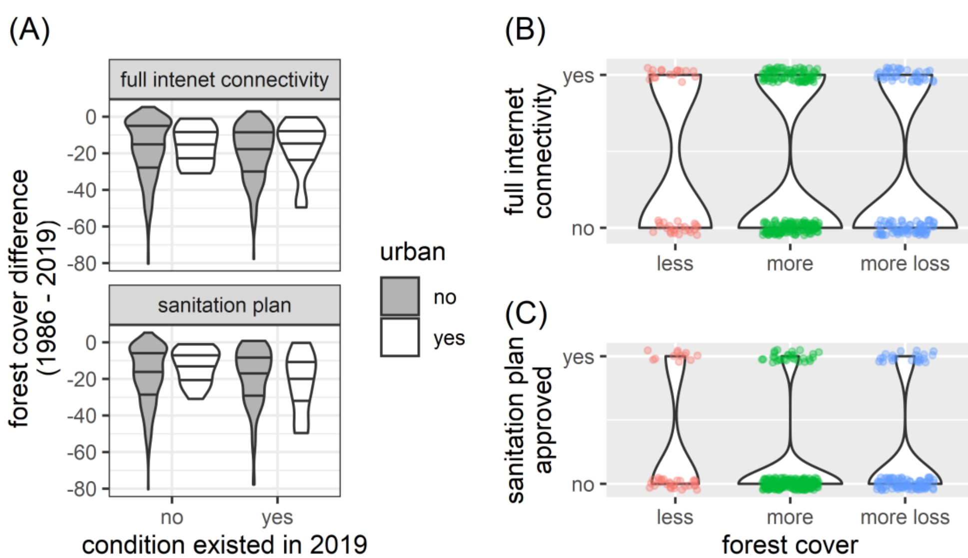

Figure 4. Forest loss and socioeconomic indicators. Comparison of the existence of two socioeconomic conditions and forest cover change among (A) all 794 municipalities and (B, C) representative subset of 357 municipalities. The subset was selected to control variation caused by confounding socioeconomic characteristics. This cover subset was grouped into three forest cover classes using percent of natural forest cover in 1986 as a reference level (“less”: less than 40%, “more”: more than 60% and “more loss”: more than 60% in 1986 but less than 50% in 2019 [full subset details in Methods]).

There was complete internet connectivity among the administrative centers in less than half (40.9%) of municipalities and less than one in five municipalities (19.9%) had a sanitation plan approved by 2019

(Figure 4). Forest lost (% of municipality area) between 1986 and 2019 was the same among municipalities with or without these indicators, with similar central tendency and distribution of forest cover change among municipalities with or without the condition (Figure 4, A). There was also no significant difference in the proportion of municipalities with both a sanitation plan and complete internet connectivity among the three different forest cover classes (χ^2 1.44, df = 2 P = 0.4876, Figure 4 C, D).

Although changes in land use for food production can in some cases improve living conditions, extensive change in forest cover does not seem to have a similar effect in the Brazilian Amazon. A widespread lack of basic conditions across Brazilian Amazonia is well documented. For example a recent government report showed that only 58.9% of the population in the North region (comprising Acre, Amapá, Amazonas, Pará, Roraima, Rondônia and Tocantins) had access to clean water by 2020 (MDR, 2021). Such failures were also reflected in a recent analysis that showed Brazil — a member of the G20 and sixth most populous nation— ranked only 71 in an assessment of human capital that takes into consideration mortality and education (Lim et al., 2018). As there are clear systematic weaknesses in the current development trajectory it is important to reinforce alternative sustainable development pathways that can accelerate poverty alleviation with zero deforestation (Garrett et al., 2021; Moutinho et al., 2016; Stark et al., 2022). Additionally as forest loss does not appear to benefit the municipalities where deforestation is happening our analysis provides empirical evidence not only of decoupling but also of marked inequalities across Brazilian Amazonia.

Due to the heterogeneity and inequality that persists in the Brazilian Amazonia, policies must consider the creation of diverse alternatives for sustainable development, exploring the potential of existing biodiversity. This could include the so-called “Third Way” that can maintain standing forests while being socially inclusive (Nobre & Nobre, 2018). In this case, strategies that reduce poverty could even represent an effective method for reducing deforestation, combining forest conservation with social well-being (da Silva Medina et al., 2022; Miyamoto, 2020). Although there is a solid theoretical background for the development of sustainable futures (Daw et al., 2011; Shyamsundar et al., 2020; Stark et al., 2022), examples of zero deforestation alternatives that meet present and future needs remain rare in tropical regions (Pinho et al., 2014). The Brazilian government has committed to zero illegal deforestation, however, considering the recent weakening of environmental legislation such compromises may fall far short of ensuring conservation of the vast natural capital for future generations together with commensurate improvements in local wellbeing before critical tipping points are rushed passed (Bastos Lima et al., 2021; Boucher & Chi, 2018; Boulton et al., 2022; Ferrante & Fearnside, 2019; Lovejoy & Nobre, 2018; Moutinho et al., 2016; Pereira et al., 2020; Silva Junior et al., 2020). Additionally, legal deforestation associated with agribusiness development can create inequalities; with zero illegal deforestation currently relying on market-based solutions. Research suggests however that market initiatives on their own, without additional measures including effectively enforced regulatory policies, will not achieve the environmental or social outcomes needed (Boulton et al., 2022; Moutinho et al., 2016; Pereira et al., 2020; Russo Lopes et al., 2021; Silva Junior et al., 2020).

The recent outbreak of war in Ukraine highlights the impacts of relying on market-based solutions and reinforces the need for alternative development pathways. Despite clearing forest areas larger than many of the world's nations, a dependence on global agricultural supply chains can pose a risk to food security in Brazil. For example, President Jair Bolsonaro recently emphasized issues surrounding food security and was quoted in March 2022 as saying that if the war in Ukraine continues drastic measures could be required and that there could be a lack of basic requirements (Paraguassu, 2022). This preoccupation comes from intensive fertilizer inputs required by major crops such as soy that depend on imported potassium from Russia.

Adopting practices that avoid both deforestation and degradation in the first place should be the strategy for poverty alleviation (Di Sacco et al., 2021). Forest conversion in Amazonian agricultural frontiers continues to be subsidized by (1) land tenure regularization that incentivizes land-grabbing, (2) land reform programs, (3) rural credit that is decoupled from formal land ownership, (4) downgrading of environmental legislation and (5) amnesty to violations of illegal deforestation and incitements to noncompliance and the substitution between markets and actors which diminishes the effectiveness of regulations. (Azevedo-Ramos & Moutinho, 2018; Boucher & Chi, 2018; Ferrante & Fearnside, 2019; Garrett et al., 2021; Guimarães de Araújo, 2020; le Polain de Waroux et al., 2019; Pereira et al., 2020; Rajão et al., 2020). In addition to forest loss, forest degradation is an increasing challenge (Bullock et al., 2020). Regeneration and restoration can simultaneously counteract degradation, improve local climates and reduce greenhouse gas emissions (Rajão et al., 2020). Yet, such active management adds additional time and costs, which can be disproportionally prohibitive for small scale farmers who may become even more indebted without appropriate investments such as interest free loans and capacity building (Gil et al., 2016).

A potential caveat to our findings is that our analysis specifically focuses on the direct associations between forest loss and socioeconomic progress. We did not assess effects through and/or across production chains that can directly and indirectly contribute to the variation in economic progress (e.g. GDP) across the municipalities. Such effects are however likely to be secondary/marginal considering the temporal and spatial scale of our analysis. The broad agreement between our findings and previous studies also suggests that the patterns are a fair reflection of the changes and their associations across 5 Mkm^2. Additionally the division of cover classes and subset identification was driven largely by the sample size of municipalities with different proportions of natural forest cover. Based on the temporal and spatial scale of our analysis we assume the trends found will be robust to potential uncertainty associated with the criteria used to select a representative subset of municipalities. There is potential for future studies to adopt techniques such as statistical matching and panel regressions (Schleicher et al., 2020) that may provide additional insight for comparisons among municipalities. Such studies could also include a broader range of socioeconomic variables that can help to provide a more detailed assessment of local scale patterns.

Implications for conservation

Our findings support evidence from across the tropics that show deforestation maybe a short-term boon for agricultural economies, but does not necessarily generate transformative and equitable production systems or poverty alleviation. Poverty alleviation could be achieved across Brazilian Amazonia without forest loss and through measures that directly improve sanitation, improve education and improve opportunities to take advantage of available technologies and policies.

Methods

Data

We compiled the most up to date data from publicly available sources (Table 1) to test two predictions embedded in an implied direct cause-effect relationship between forest cover and poverty among municipalities from nine Brazilian states (Amapá, Amazonas, Acre, Maranhão, Mato Grosso, Para, Tocantins, Rondônia, Roraima). The results presented come from 794 of the 808 municipalities with economic data available in 2019 (IBGE, 2021).

Table 1. Annual data for municipalities across the Brazilian Amazonia.

Variable	Source	Years	Expected relationship if predictions are true
Forest loss			
Forest cover and loss	(MapBiomas 2021)	1985 - 2019	
Economic progress			
GDP and GVA for municipalities (standardized currency values)	(IBGE, 2021)	2002 - 2019	Positive association with increasing forest loss.
Average salary	(IBGE, 2019a)	2006 - 2019	Positive association with increasing forest loss.
Socioeconomic indicator			
Sanitation plan	(IBGE, 2019b)	2019	Positive association with increasing forest loss.
Internet connectivity	(IBGE, 2019b)	2019	Positive association with increasing forest loss.

Spatial data including municipality location and size were obtained from the Brazilian Institute of Geography and Statistics (IBGE) available at https://www.ibge.gov.br/geociencias/downloads-geociencias.html.

We used recent forest loss (cumulative sum of loss from previous five years) to compare changes among municipalities. This five year timespan was chosen based on strong correlations that prevented inclusion of different forest loss timespans in the same model (Pearson correlations among 2 to 5 year timespans >0.87, Supplemental Material S1) and cross correlation analysis of the temporal association between economic measures and forest loss (Supplemental Material S4). A five year period also follows that adopted by a previous study linking deforestation and cattle pasture expansion (zu Ermgassen et al., 2020). Forest loss was quantified using data derived from freely available annual land use and land cover data from 1985 to 2020 (MapBiomas 2021). The Brazilian Annual Land Use and Land Cover Mapping Project (MapBiomas) is a collaboration between scientists that started in 2015. Remote sensing techniques are used to calculate a variety of land cover and land use data obtained from Landsat images (30 x 30 m resolution); with the raster data processed into different products that are freely available (Souza et al., 2020). Annual values of forest loss per municipality were obtained from pre-calculated summaries of the areas with transition from natural forest (including savanna and forest formations) to anthropic cover (MapBiomas Collection 6, available from https://mapbiomas.org/en/statistics, (MapBiomas 2021)). As the focus was on broad scale changes among municipalities, forest loss was expressed as the total summed forest area per municipality (including natural savanna and forest formations) that was converted to human land use each year.

To compare economic progress we used annual municipality level data compiled and maintained by the IBGE (IBGE, 2021). There is a two year delay between collection and publication of the official Brazilian national accounts and the most recent municipality level economic data available was from 2019 (released 17 December 2021) and does not therefore include any changes due to the Covid-19 pandemic. Three economic response variables were agriculture GVA per capita, GDP per capita and average salary per municipality. Resident population, agriculture GVA and GDP were obtained from 2002 to 2019 and used to calculate agriculture GVA per capita and GDP per capita. All final currency values were standardized (e.g. corrected for inflation) as part of the IBGE data compilation process and are directly comparable between years from 2002 to 2019. Average salary per municipality was obtained from 2006 to 2019 to more closely represent the economic situation of the population. The average salary was expressed as a proportion of the national minimum salary, thereby representing the purchasing power of workers within each municipality. The national minimum salary is updated annually by the Brazilian Federal Government using a calculation including previous year’s inflation and GDP.

Socioeconomic indicators

Care must be taken to represent poverty and the context of the use of this word. Poverty has complex definitions and forms of measurement that differ within context and usage. Here we consider poverty to be a state or condition in which a person or community lacks the resources and essentials for a minimum standard of living (well-being). The choice of two socioeconomic indicators followed principles laid out by frameworks such as the Sustainable Livelihood Approach (Scoones, 1998)and was based on available annual data and the scale and context of the study objectives.

In addition to economic progress we also compared forest cover/loss with two socioeconomic indicators: existence of a sanitation plan and internet connectivity. These two variables were selected as they are proxies for a broad range of basic indicators, are necessary to enable future socioeconomic development and were also likely to change over the 18 year study period (2002 to 2019). The existence of a municipality sanitation plan was used to broadly represent sanitation and health conditions. Internet connectivity was included as a proxy for infrastructure, access and opportunity. An approved sanitation plan is a fundamental step necessary for investment and improvements in sanitation and health care within municipalities. Internet is widely used across Brazil and many of the national level administration systems (e.g. taxes, loans, benefits, entrance to public universities and banks) are accessed solely or predominantly via online systems. Internet access was represented by the connectivity in 2019 among the government administrative offices/centers in each municipality. This was included as complete connection between administrative centers and should represent a best case scenario for internet availability and coverage in each municipality.

Subset identification and selection of comparable municipalities.

The results presented come from 794 of the 808 municipalities with economic data available in 2019 (IBGE, 2021). State capital municipalities were not included in any of the analysis as these represent distinct socio-economic development trajectories within and between States and are unlikely to be representative of changes due to forest loss. Although the capital municipalities include a major proportion of the state population (IBGE, 2021), they were not included as we were interested in the direct relationships between forest cover and economic progress not a quantification of consumption chain pathways. Municipalities whose geographic borders changed from 2002 to 2019 were also excluded.

A subset from the 794 municipalities was selected to help isolate effects of forest cover change and control variation caused by characteristics that could confoundingly influence the measures of economic progress. Municipalities were first grouped based on the proportion of natural forest cover in 1986. As there could be annual variation in satellite image quality a median of natural forest cover from 1985, 1986 and 1987 was used (forest cover 1986 hereafter). A threshold of less than 40% for a low forest cover class was chosen as there were very few municipalities with both less than 30% forest cover and less than 50% indigenous area in 1986 (n=16). Municipalities with high (at least 50%) indigenous area cover were not included, as due to profound cultural, social, administrative and legal differences these areas are likely to experience distinct development trajectories in comparison to those with no or little indigenous area cover.

To include the same gradient range (0 to 40%), a forest cover range of 60 – 100% was chosen to represent municipalities with more forest. Thereby excluding intermediate cover values and generating clearly distinguishable "less" and "more" cover class groups. The more forest group (municipalities with more than 60% natural forest cover and less than 50% indigenous area) was further separated into municipalities that still retained at least 60% natural forest cover in 2019 and those with less than 50% forest cover in 2019 i.e. below the "half-world" threshold (Dinerstein et al., 2017; Leite-Filho et al., 2021). Cover in 2019 was obtained from the median of values from 2018, 2019 and 2020 (2019 hereafter).

To provide a valid comparison of differences due to forest cover change the distribution of values for key socio-economic proxy variables from the less forest class were used to select a subset of the more than 60% forest municipalities. The less forest cover class was used as a reference class, with the variable values of this reference class used to select municipalities with more than 60% forest cover that were otherwise broadly comparable in terms of socio-economic characteristics through 2002 - 2019. The low forest cover class included municipalities from 7 states (Amapá, Amazonas, Maranhão, Mato Grosso, Pará, Roraima and Tocantins). Municipalities were therefore only included from these seven states as different states have contrasting historic and present day development and administration patterns.

Table 2. Socioeconomic characteristics from the selected subset of municipalities. This cover subset was grouped into three forest cover classes using percent of natural forest cover in 1986 as a reference level ("less": less than 40%, "more": more than 60% and "more loss": more than 60% in 1986 but less than 50% in 2019.

	Forest cover class (% of municipality area in 1986)		
	Less (less than 40%)	More (more than 60%)	More loss
Subset description			
Number of municipalities	41	205	111
Number of states	7	7	4
Total municipality area (km^2)	89 K	557 K	243 K

Urban concentration (total yes:no)	1:40		3:202		2:109	
Gold mining processes	0		0		0	
Characteristics	median	range	median	range	median	range
Forest cover 1986	32.9	(4.8 – 39.6)	85.8	(60.6 – 99.5)	70.5	(60.2 – 92.7)
Forest cover 2019	21.7	(4.7 – 39.1)	74.7	(60.2 – 99.4)	38.9	(8.9 – 49.9)
Municipality size (km^2)	1288	(200 – 12535)	1632	(159 –12274)	1392	(150 –11355)
Distance to state capital (km)	211	(44.1 – 753)	215	(19.4–741)	269	(40.9–735)
Population density	7.7	(0.2 – 150)	9.1	(0.4 – 88.7)	13.2	(0.8– 103)
Industry Gross Added Value	5.0	(1.6– 41.5)	4.7	(1.3– 41.5)	4.9	(2.0 – 36.0)
Indigenous lands	0	(0– 21.1)	0	(0– 17.8)	0	(0– 17.0)

The key socio-economic proxy variables used to select a representative sample of municipalities with similar central tendency (median) and range of values (Table 2).

- Municipality size. Size can directly and indirectly affect development through issues such as logistics, diversity of habitats and natural resources.
- Distance to state capital. Municipalities closer to state capitals are likely to have improved infrastructure, logistics and market access.
- Industry contributes strongly to economic development across Brazilian Amazonia. This sector includes mining, electricity generation (e.g. hydropower) and construction. The contribution of industry was expressed as the % of the total Gross Value Added per year per municipality.
- Population density is a proxy for the needs and consumption of the population.

less compared with more	less compared with more with loss

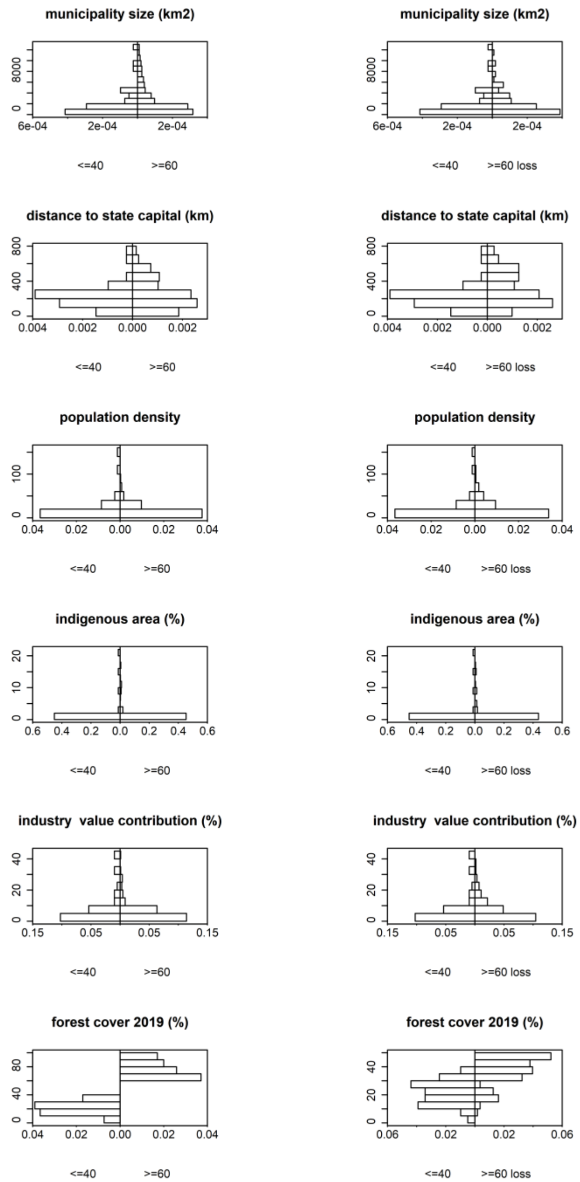

Figure 5. Distribution of socio-economic proxy variable values across municipalities grouped into three forest cover classes. Subset grouped into three forest cover classes using percent of natural forest cover in 1986 as a reference level (less: no more than 40%, more: at least 60% and more with loss [less than 50% in 2019]).

Pair-wise comparisons also showed that the distribution of socio-economic variable values was similar among forest cover classes (Kolmogorov-Smirnov $P > 0.05$ for all pair-wise comparisons with the exception of forest cover percentages, Figure 5).

Analysis

All analysis was run with original Brazilian currency values. Currency values were converted to US$ in text, figures and tables to facilitate comparison with previous studies (2019 rate of US$1 to R$3.946).

Generalized Additive Models (GAMs) were used to establish evidence of associations between forest loss and economic progress. GAMs were chosen to develop models for testing predictions with the available data as the responses representing economic progress could be modelled using a combination of parametric, non-parametric (smoothed) and random terms (Pedersen et al., 2019; Wood, 2006; Wood, 2020). An iterative model checking process was adopted to ensure that numerically stable model fits and robust inference were possible (Wood, 2006; Zuur et al., 2010), copies of the data and code used are available from https://doi.org/10.5281/zenodo.6536826.

All models were run with the Tweedie error family (Dunn, 2017; Tweedie, 1984) and estimated using restricted maximum likelihood (REML, (Pedersen et al., 2019; Wood, 2006)). The three economic progress indicator responses were modelled with annual forest loss expressed in km^2 and as % of the 1986 forest cover in each municipality (Supplemental Material S2). Spatial relationships were included using geographic coordinates of the Mayors' office (administrative center) of each municipality. The Euclidian distance (km) from each municipality to the state capital was calculated between coordinates of the respective Mayors' offices. Temporal relationships were modelled by including year as a smoothed explanatory variable and an AR1 process for residual correlation matrix (autoregressive correlation structure). All models were checked for spatial autocorrelation via semivariograms of model residuals and for temporal autocorrelation via autocorrelation plots of model residuals (Wood, 2006; Zuur et al., 2010).

Acknowledgements

We would like to thank for useful Willie Shubert discussions that helped to develop the text and the anonymous reviewers for their constructive comments.

Data availability

The data that supports the findings of this study are available in the supplementary information of this article. A copy of the data is also openly available at https://doi.org/10.5281/zenodo.6536826.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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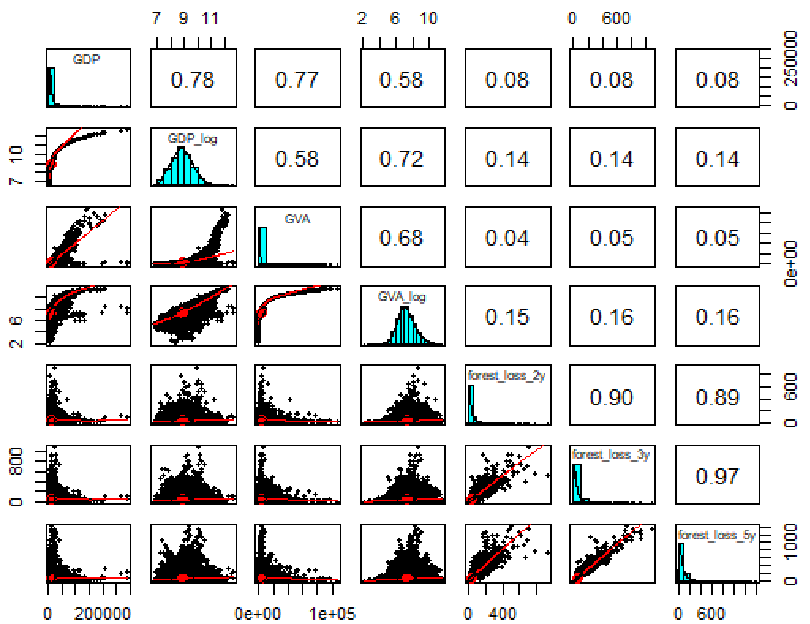
Supplemental Material

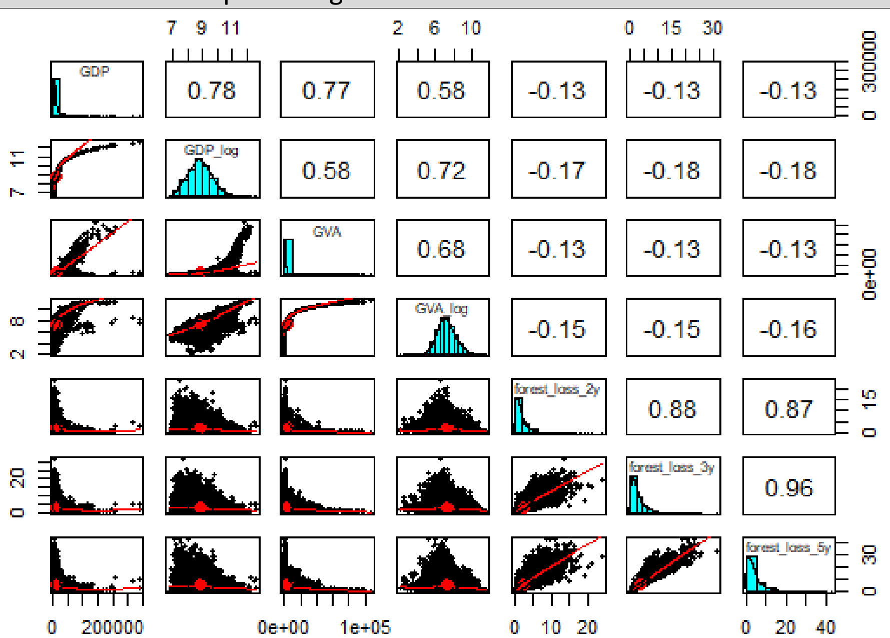
S1 Correlations

Correlations used to decide which years of forest loss to use. Loss are summed annual values (i.e. cumulative totals) during the time frame: “loss 2y” is summed total of losses from current and previous year, “loss 3y” and “loss 5y” are summed total of losses from the previous 3 and 5 years respectively, not including the current years data.

Total forest loss area (km^2)



Total forest loss as percentage of forest area in 1986



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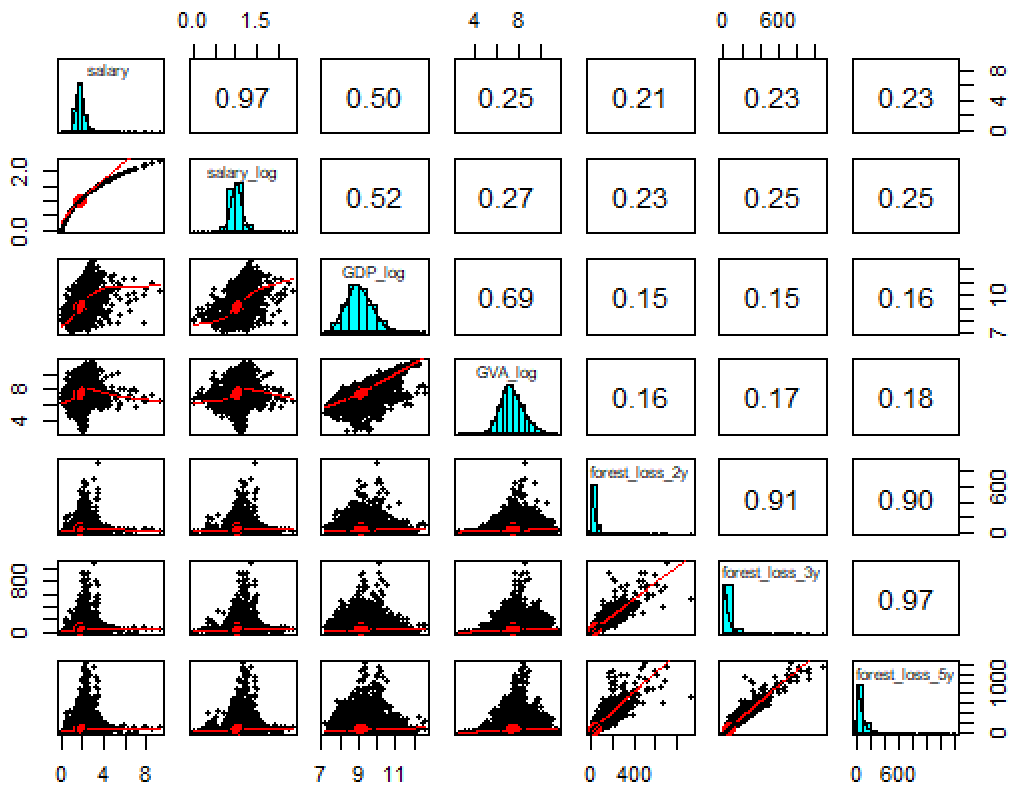
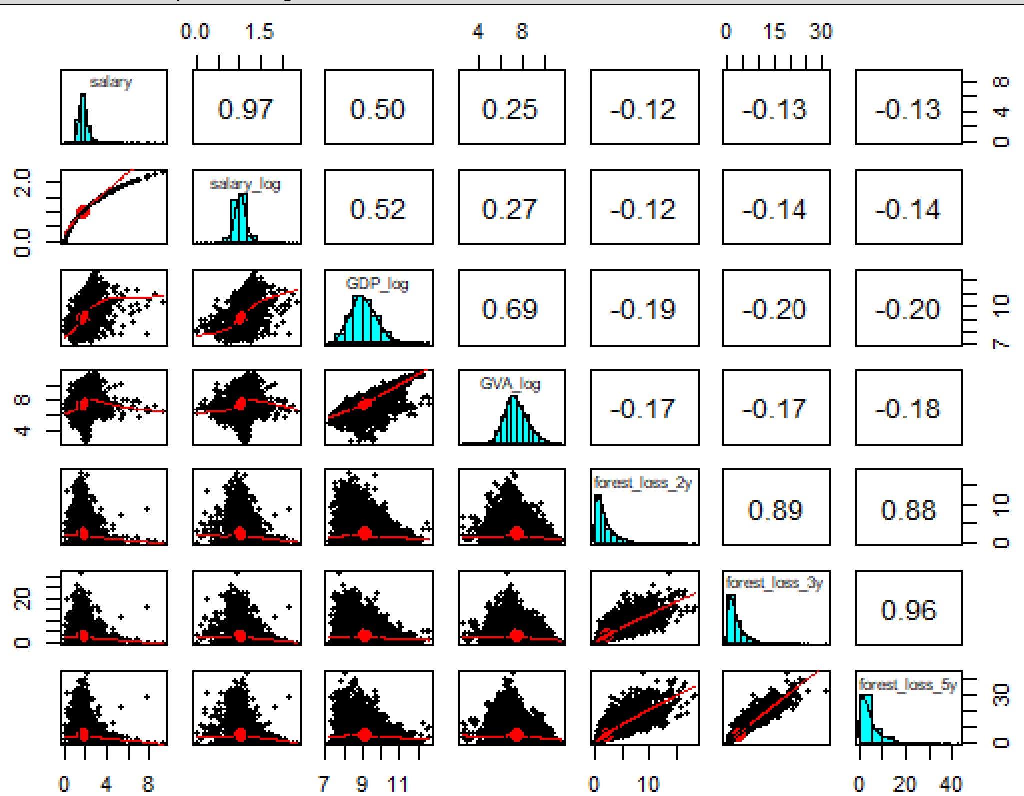
Salary correlations 2006 - 2019

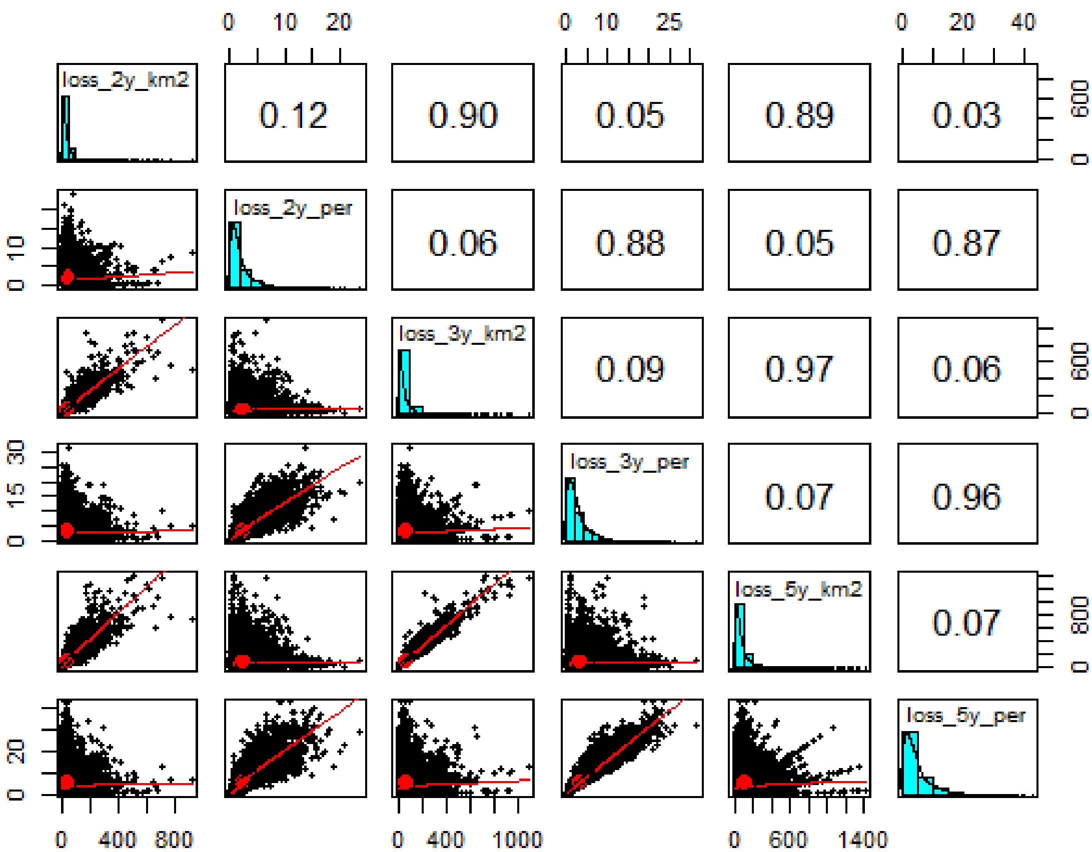
Total forest loss area (km^2)



Total forest loss as percentage of forest area in 1986



Correlations between annual forest loss from 2002 to 2019 expressed as km^2 ("km2") and as percentage ("per") of forest cover in 1986. Loss values are summed over different timeframes: "loss 2y" is summed total of losses from current and previous year, "loss 3y" and "loss 5y" are summed total of losses from the previous 3 and 5 years respectively, not including the current years data.



S2 GAMs

Generalized Additive Models (GAMs) were used to establish evidence of associations between forest loss and economic progress. GAMs were chosen to develop models for testing predictions with the available data as the responses representing economic progress could be modelled using a combination of parametric, non-parametric (smoothed) and random terms (Pedersen et al., 2019; Wood, 2006; Wood, 2020).

The approach taken follows guidance and recommendations presented by Pedersen et al. (2019), van Rij et al. (2019) and Wood (2006); adopting methods described in the following online tutorials:

https://jacolienvanrij.com/Tutorials/GAMM.html#model-terms-partial-effects

http://jacolienvanrij.com/PupilAnalysis/SupplementaryMaterials-2.html

https://petolau.github.io/Analyzing-double-seasonal-time-series-with-GAM-in-R/

https://fromthebottomoftheheap.net/2014/05/09/modelling-seasonal-data-with-gam/

https://fromthebottomoftheheap.net/2021/02/02/random-effects-in-gams/

All models were run with the Tweedie error family (Dunn, 2017; Tweedie, 1984) and estimated using restricted maximum likelihood (REML, (Pedersen et al., 2019; Wood, 2006)). A total of six variables were included to model spatial and temporal associations that were otherwise not explained by patterns in forest loss (Table S2). A combination of non-parametric smooths, random effects and residual correlation structures were employed to model the data and account for spatial and temporal autocorrelation. Temporal autocorrelation was modelled by including an AR1 process for the residual correlation matrix (autoregressive correlation structure).

Table S2. Variables included to model temporal and spatial patterns.

	Variable	Term type	Term specification
Spatial			
	Geographic location (coordinates of Mayors office).	Non-parametric smooth term	s(long, lat)
	Distance to state capital (km)	Interaction	s(dist_statecapital_km, state_namef, bs='fs', m=1)
Temporal			
	Annual smooth differs by state.	Interaction	s(year, state_namef, bs='fs', m=1)
	Intercept differs among years.	Random effect	s(yearf, bs = "re") +
Unmeasured random variation			
	Intercept differs by State.	Random effect	s(state_namef, bs="re")
	Intercept differs by municipality.	Random effect	s(muni_factor, bs="re")

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In addition to the six variables forest loss (cumulative sum of loss from previous five years) expressed in km^2 and as % of the 1986 forest cover in each municipality was included as a non-parametric smooth term to explain patterns in log transformed responses of economic progress.

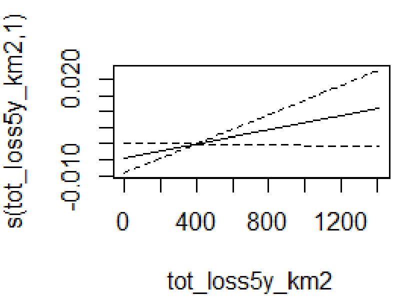
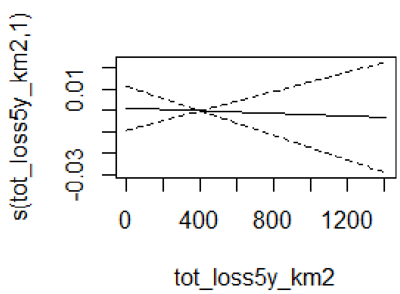
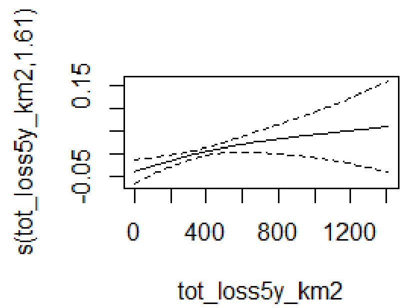
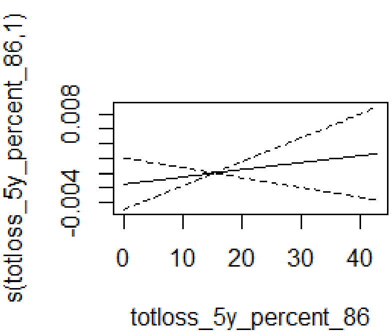
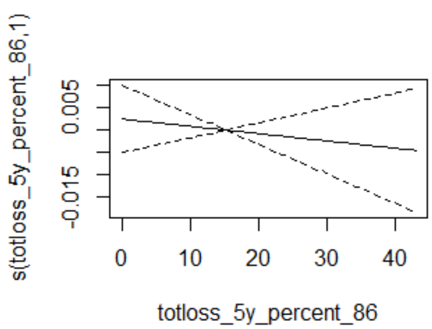
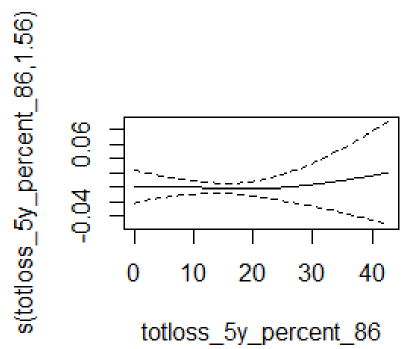
	GDP	GVA	Salary
Loss km^2	Model deviance explained = 92.7% Variable *P* = 0.0624 	Model deviance explained = 90% Variable *P* = 0.8147 	Model deviance explained = 30.5% Variable *P* = 0.0173 
Loss % of 1986 forest area	Model deviance explained = 92.7% Variable *P* = 0.3985 	Model deviance explained = 90% Variable *P* = 0.5100 	Model deviance explained = 29.9% Variable *P* = 0.9463 

Figure S2. Partial effects of forest loss. Showing results for three economic responses (column wise) as explained by forest loss expressed in km^2 and as percentage of natural forest cover in 1986 (row wise).Graphs show the regression lines for each of the six GAM s with pointwise 95% confidence intervals.

S3 GAMs cover class

As the prime interest was in inference about the terms in the fixed parametric effects (cover class), model formula including non-parametric smooths, random effects and correlation structures were employed primarily to model residual correlation in the data and account for spatial and temporal autocorrelation.

Table S3. Results from GAMs comparing economic indicators among representative subset of municipalities with contrasting forest cover. The three economic response variables were GDP per capita(“GDP”), agriculture GVA per capita (“GVA”) and average salary (“salary”) per municipality.

	GDP			GVA			Salary		
Parametric	Est	T	P	Est	T	P	Est	T	P
intercept	2.19	132.3	<0.001	1.96	80.0	<0.001	-0.01	-0.4	0.694
cover class									
more vs less	-0.01	-1.1	0.267	0.01	0.6	0.581	0.01	0.6	0.533
more loss vs less	-0.00	-0.4	0.699	0.01	0.5	0.601	0.01	0.3	0.747
Non-parametric	EDF	F	P	EDF	F	P	EDF	F	P
s(long,lat)	11.8	3.7	<0.001	13.7	3.1	<0.001	4.4	2.5	0.020
s(dist_statecapital_km,state_namef)	17.3	0.7	0.021	9.9	0.9	0.019	1.1	0.0	0.055
s(year,state_namef)	52.3	144.9	<0.001	49.1	109.0	<0.001	25.2	2.9	<0.001
† (yearf)	5.5	5.6	<0.001	6.5	9.9	<0.001	9.6	9.1	<0.001
† (state_namef)	1.3	0.0	0.999	0.7	0.1	0.016	1.1	0.2	0.002
† (muni_factor)	150.0	0.9	<0.001	236.5	2.4	<0.001	0.0	0.0	1.000
Model deviance explained	90.8%			90.3%			29.1%		
R^2 adj	89.7%			89.9%			31.0%		
Obs	4998			4998			4998		

EDF: Estimated degrees of freedom for the model terms. Values close to zero indicate no relationship with the response, close to 1 may suggest a linear relationship and values greater than 1 suggest a non-linear relationship.

s: Non-parametric smooth terms

† Random effects

R^2_{adj}: Adjusted R squared for the model

Model deviance explained. (%): Percent of total deviance explained

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S4 Cross correlations

Temporal correlations between variables compared using cross correlation (CCF). CCF values calculated for each municipality. Figures show values grouped by State to aid visual interpretation. Dashed horizontal line at 0.7 included as a visual reference indicating strong correlation values. Forest loss values (km2) were summed over different timeframes: “loss 2y” is summed total of losses from current and previous year and “loss 5y” are summed total of losses from the previous 5 years, not including the current years data.

S5 Sample size

Jacknife randomization was used to establish if differences in sample sizes generated any systematic bias in the comparison between cover classes. As there were 41 municipalities in the less cover reference class, a random selection of 41 municipalities was obtained from each of the more cover classes and GAMs run with the randomized selection with equal sample sizes through 999 iterations.

A significant ($P < 0.05$) difference between cover classes was found in less than 10% of randomized iterations (Figure S5). As such there was no support for sample sizes generating systematic bias, rather these results provide evidence that localized patterns may differ from the general trends.

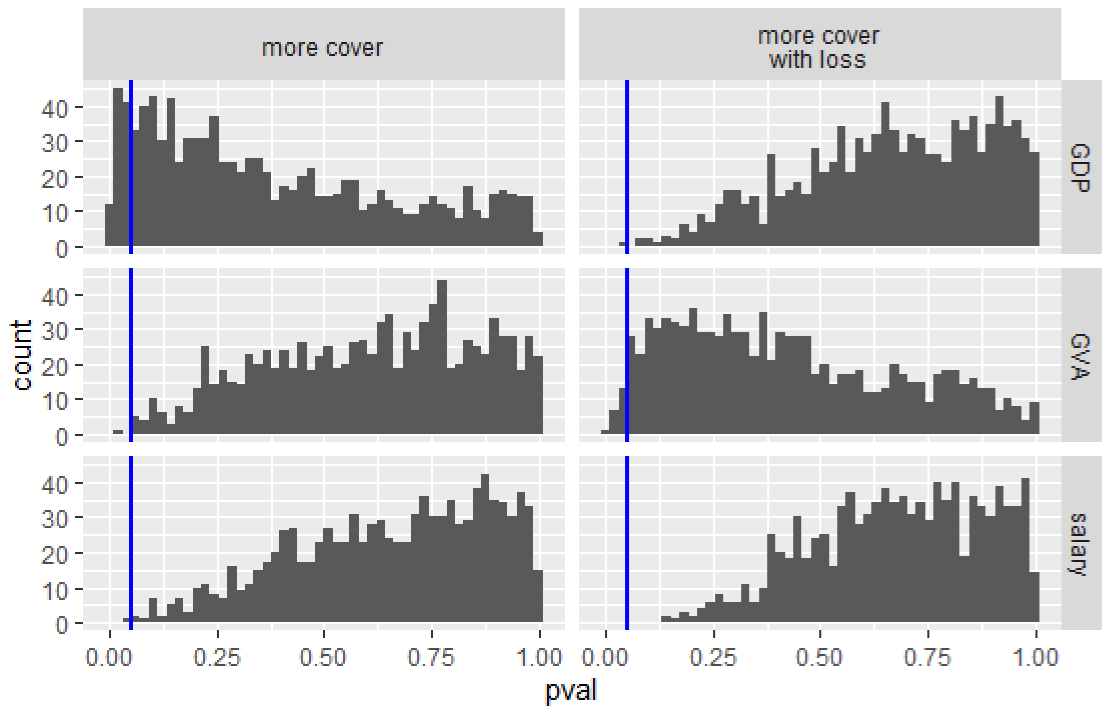

Figure S5. Results show P values ("pval") from GAMs with equal sample sizes of municipalities grouped into cover classes. The three economic response variables were GDP per capita("GDP"), agriculture GVA per capita ("GVA"), and average salary ("salary") per municipality.

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