



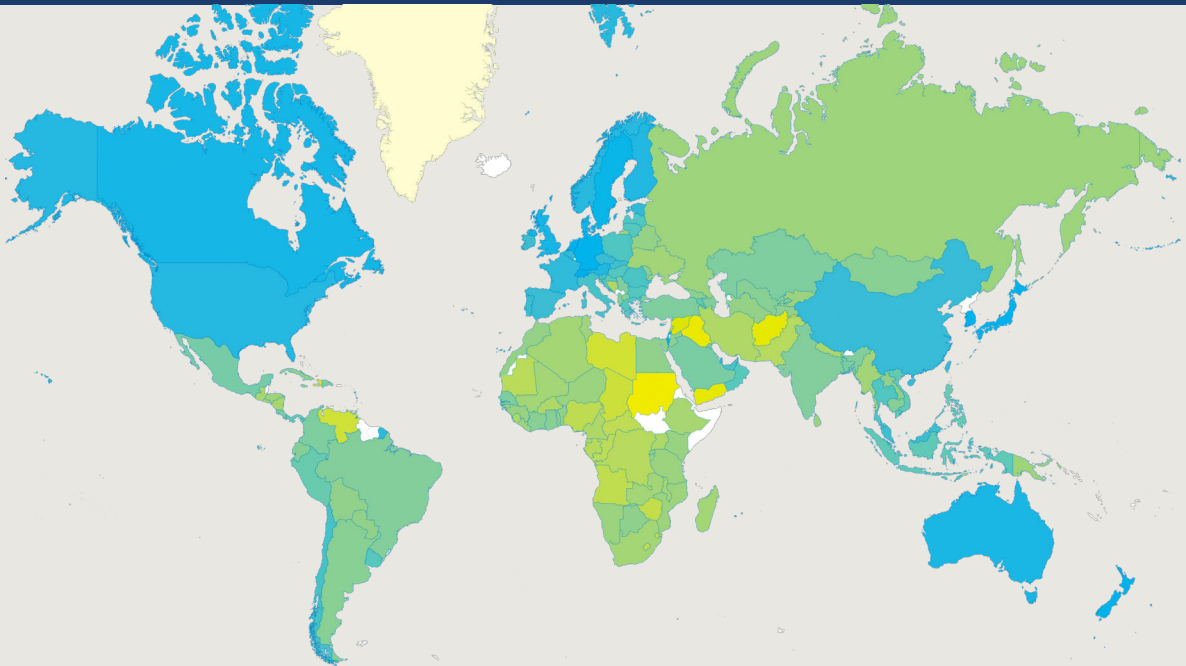
**ELITE QUALITY
INDEX**
EQx2024

This is a contribution from the following book:

ELITE QUALITY REPORT 2024

Portugal: Recovering Lost Ground in Power but not Value

Dr. Nuno Torres, Professor Dr. Cláudia Ribeiro, and Professor Dr. Óscar Afonso, Faculdade de Economia da Universidade do Porto (FEP.UP), Portugal



Cite as:

Torres, N., Ribeiro, C., & Afonso, Ó. (2024). Portugal: Recovering Lost Ground in Power but not Value. In T. Casas-Klett & G. Cozzi (Eds.), *Elite Quality Report 2024: The Sustainable Value Creation of Nations*. Zurich: Seismo.
<https://doi.org/10.33058/seismo.30892.7243>

Published by Seismo Press AG, Zurich and Geneva in partnership with the Foundation for Value Creation.

©2024 the Foundation for Value Creation, St.Gallen, Switzerland, distributed under the terms and conditions of the Creative Commons license CC BY-NC-ND (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Portugal

Recovering Lost Ground in Power but not Value

In the EQx2024, Portugal's overall Elite Quality showed a significant improvement (up 1.4 points from 2023, to 58.4 points), recovering the fall recorded in 2023 (down 1.1 points), and resulting in a jump of five places in the rankings, back to where it was in 2022 (rank #25 out of 151 countries).

Despite this resurgence, the country's Value Sub-index registered a slight fall (rank #34, falling from #33 in 2023) as a result of a drop in Economic Value (iv, rank #48, falling from #39 in 2023), the Index Area that carries the most weight (circa 44%) in the EQx. Especially concerning are the trends in the Producer Value (iv.10, rank #47, falling from #28 in 2023) and Labor Value (iv.12, rank #66, falling from #54 in 2023) Pillars, which are due to a deterioration in several associated indicators, including the *Financial burden of healthcare* (FBH, iv.10, rank #113), *Inward FDI as a % of GDP, stock* (FDS, iv.10, rank #101), and *Labor productivity growth* (LPG, iv.12, rank #90). The new Producer Value (iv.10) indicators that have been added to the EQx2024 also led to relatively worse EQx performance, as the country's rankings are below the Portuguese average (#25). For example, Portugal places #55 in the *Housing Affordability Index* (HAI, iv.10), #41 for *Rail track density* (RTD, iv.10) and #27 in the *Global AI Index* (GAI, iv.10).

The sharp rise in the Power Sub-index (#14, rising from #26 in 2023) explains the 1.4 point overall improvement (1.9 point contribution or 137%), but the gains made here only convey a (net) decrease in the potential for Value Extraction (since extraction cannot exist without power), not an effective reduction of Value Extraction *per se*, which is why it is assigned a lower weight (1/3) in the EQx index. The positive contribution of this sub-index can be traced to the Index Area of Economic Power (ii, rank #12, rising from #42 in 2023), and more specifically to the Creative Destruction Pillar (ii.6, #14, rising from #45 in 2023). Major improvements are evident in indicators within this Pillar such as *Venture capital finance* (VCK, ii.6, rank #29) and *Billionaire's creative destruction* (BCD, ii.6, rank #1), which had the highest EQx weights (2.3% and 2.8%, respectively) and together explain the bulk of Portugal's higher ranking in the EQx2024. We should note that these two indicators can vary widely in a relatively small economy such as Portugal (with only a few billionaires and a small venture capital market), and indeed they fluctuated significantly in previous years.

As this is the fifth year that Portugal has been ranked since the inception of the EQx, we now analyze the overall trends suggested by the main components of the index to smoothen the oscillating patterns described above, as well as mitigate the likely impacts of the COVID-19 pandemic and the war in

Ukraine. Despite yearly changes to specific indicators and their weights, the construction of the EQx is robust to those changes (namely due to the high correlation of indicators within Pillars) and allows for cross year comparability.

The first trend analysis compares the EQx2024 to the EQx2021 (the latter with indicators mostly using data from 2020), which should reflect the economic recovery path since 2020. The 1.2 point index rise in this period (from 57.2 to 58.4 points, leading to an improvement in the ranking from #30 to #25) is divided between the net contribution of 0.5 points in the Value Sub-index (1.3 points in Economic Value, and -0.8 points in Political Value, exhibiting a more extractive political elite) and 0.7 points in the Power Sub-index (0.6 points in Economic Power, and 0.1 points in Political Power), thus matching potential (power) and effective (net) Value Creation in the economic recovery phase.

The second trend analysis goes a little further back to incorporate pre-pandemic patterns, by comparing the EQx2024 to the EQx2020 (with indicators mostly using data from 2019). The EQx2020 used significantly less indicators, so the results should be treated with caution, but do appear to make sense. The increase is smaller in this case: 0.4 points, equating to a ranking improvement to 25th place from 26th or 27th place in EQx2020 (estimated using intervals of rank-to-index variation ratios with 151 countries), but most importantly, the Value Sub-index makes a negative contribution of -1.2 points to the EQx variation (-2.1 points in Economic Value and 0.9 points in Political Value). Therefore, the 1.6-point positive contribution in the Power Sub-index (1.4 points in Economic Power and 0.1 points in Political Power) represents positive potential not yet fully realized in terms of effective Value Creation, which still appears to be below pre-pandemic levels.

Dr. Nuno Torres,
Professor Dr. Cláudia Ribeiro,
Professor Dr. Óscar Afonso,
Faculdade de Economia da Universidade do Porto (FEP.UP),
Portugal

Portugal

EQx2024 Country Scorecard

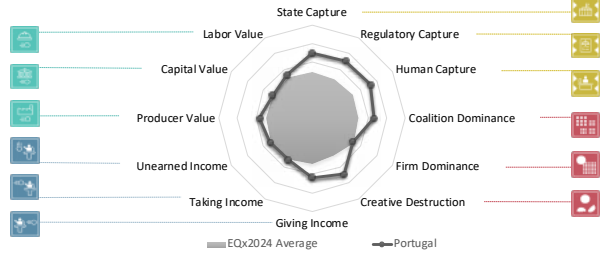
Population **10.4 million**
 GDP (nominal) **255 billion USD**
 GDP per capita **24'515 USD**



Level 1 – Index	EQx Rank / 151 25	EQx Score 58.4	NextGen VCB Rank Rank 26	High Quality Elites
------------------------	------------------------------------	---------------------------------	-------------------------------------------	----------------------------

Level 2 – Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	14	66.5	34	54.4	18	70.9	12	64.2	25	55.9	48	52.9

Level 3 – Pillars		Rank / 151	Score
Political Power (i)	State Capture	16	70.0
	Regulatory Capture	26	71.4
	Human Capture	12	72.6
	Coalition Dominance	18	66.6
Economic Power (ii)	Firm Dominance	85	50.4
	Creative Destruction	14	69.0
	Giving Income	18	63.8
Political Value (iii)	Taking Income	74	51.1
	Unearned Income	70	51.8
	Producer Value	47	56.5
Economic Value (iv)	Capital Value	74	48.8
	Labor Value	66	53.9



Level 4 – EQx Indicators		Rank / 151	Score
State Capture (i.1)	COR Political corruption	33	78.6
	COC Control of corruption	28	72.7
	OPG Open government	28	68.7
	RTC Government's responsiveness to change	51	56.8
	EPR E-Participation Index	29	73.6
	PFJ Press freedom	9	89.5
	NJK Nr. of journalists killed per 1 million people (2yrs avg.)		
	PDE Political decentralization	11	76.9
	ADE Administrative decentralization	32	72.1
	PGL Political globalization	11	83.9
Regulatory Capture (i.2)	WPI Women's Power Index	37	68.3
	MOB Social mobility (upward) (dev. fm optimum)	53	56.0
	INE Top 10% share of pre-tax national income	34	77.2
	GWL Gini coefficient on net national wealth dist. - level	87	56.2
	GWC Gini coefficient on net national wealth dist. - 3-year growth	16	55.5
	GIL Gini coefficient on income dist. - level	41	64.5
	GIC Gini coefficient on income dist. - 1-year growth rate	22	59.7
	ECR Ease of challenging regulations	72	41.3
	CGP Constraints on government power	18	82.2
	REQ Regulatory quality	34	71.1
Human Capture (i.3)	REN Regulatory enforcement	35	61.0
	PRI Property rights	18	86.9
	CRO Crony capitalism	12	62.3
	INO Informal output as a % of GDP	36	71.1
	GSI Global Slavery Index	47	63.4
	FDP Forcibly displaced people as % of population	31	57.3
	HRI Human Rights Index	13	90.4
	AFI Academic Freedom Index	1	79.9
	GRI Religion - Government Restriction Index	7	82.1
	LIN LGBT+ inclusiveness	6	89.9
Coalition Dominance (i.4)	WSB Women self made billionaires		
	WBL Women, business and the law	1	81.5
	WMA Proportion of women in senior and middle mgmt positions (39	62.7
	IEE Top 3 industries exports as % of exports	5	89.6
	IEO Top 1 industry exports as % of exports	51	65.3
	IVA Top 3 industries as % of value added	6	89.5
	HHI Domestic market diversification	49	62.5
	ECI Economic Complexity Index	41	65.0
	PUE Public employees as a % of total employment		
	MIL Military expenses as % of GDP (dev. fm optimum)	67	57.4
Firm Dominance (i.5)	UNI Unionization rate (dev. fm optimum)	49	62.2
	BSN Barriers in service & network sectors	39	29.1
	CRA Criminal actors	56	58.8
	SME SMEs per 1,000 people	38	46.4
	FAM Family business revenues as % of GDP	9	66.1
	BIW Billionaires' wealth as % of GDP	90	56.4
	FKG Top 10 firms market cap as % of GDP	37	57.8
	FRG Top 3 firms revenues as % of GDP	65	17.0
	FRR Top 30 firms revenues as % of GDP		
	ENT Entrepreneurship	27	67.2
Creative Destruction (i.6)	GSE Governmental support to entrepreneurship	66	37.0
	VCK Venture capital finance	29	40.0
	VCA Venture capital availability	45	57.7
	RND R&D as a % of GDP	23	76.0
	EXR Firm exit ratio	3	80.4
	BCD Billionaire's creative destruction	1	100.0
	IWE Index of Women Entrepreneurs	20	66.1
	LEW Life expectancy women	17	81.9
	LEM Life expectancy men	24	80.3
	COM COVID-19 mortality rate, age-adjusted	85	39.9
Giving Income (i.7)	COF COVID-19 fatality rate, age-adjusted	28	62.0
	SCI UHC Service Coverage Index	4	83.1
	PTR Pupil-teacher ratio	26	72.6
	EDU School life expectancy	18	69.9
	PIS PISA mean scores	26	66.6
	UNV Top universities	23	44.5
	GEE Government education expenditure	56	57.0
	GAR Government AI Readiness Index	22	81.3
	OSI Online Service Index	37	71.1
	NRI Network Readiness Index	25	75.2
Taking Income (i.8)	INT Internet access	51	66.3
	GHI Global Hunger Index		
	FSQ Global Food Security Index - availability, quality & safety	4	84.9
	GPS Expenditure on general public services as % of GDP (dev. fm opti	29	26.1
	GEX General government expenditure as % of GDP (dev. fm optim	76	41.7
	SNT Subsidies and transfers as % of expenses	80	43.9
	REG Regional redistribution as % of government budget	128	13.6
	CSG Construction supply gap	27	55.4
	SPO Social protection	25	82.5
	SFA Sanitation facilities	21	76.4
ELA Electricity access	1	65.1	
FOS Fossil fuel subsidies	15	77.3	
Unearned Income (i.9)	SUB Death rate from substance use disorders	37	63.6
	BRD Battle-related deaths per capita	1	53.6
	HOM Homicide rate	23	72.8
	SUI Suicide rate	112	42.8
	DTR Tax revenue as % of GDP (dev. fm optimum)	104	26.2
	DCT Corporate tax rate (dev. fm optimum)	114	36.3
	DPS Delta public vs private sector salaries	9	68.9
	FDE Fiscal decentralization	36	41.2
	GCI Global Cybersecurity Index	58	59.4
	GEG Gender education gap (dev. fm optimum)	32	36.5
Producer Value (i.10)	CRM Criminal markets	44	65.0
	DBT Government debt as % of GDP	137	14.1
	NRR Natural resources rents as % of GDP	23	73.4
	GPA Green patents per capita	34	67.8
	EPI Environmental Performance Index	38	66.1
	RES Renewable energy share	67	47.2
	OLI Ocean litter	45	57.3
	DER Deforestation rate	85	55.3
	FUS Fertilizer usage kg per hectar	112	49.6
	TLP Terrestrial land protected	44	61.7
Capital Value (i.11)	CDD CO2 emissions embodied in domestic final demand per capita	23	60.5
	CDO CO2 emissions (metric tons per capita)	96	50.8
	AIR Air Quality Index	13	71.9
	HAZ Hazardous waste per capita	27	54.2
	WPC Waste collected per capita	77	50.7
	MWR Municipal waste recycling rate	39	40.7
	FIS Fish consumption per capita	140	0.0
	MET Red meat consumption kilograms per capita	141	9.3
	PAT Nr. of patent applications per capita	26	48.3
	FBH Financial burden of healthcare	113	34.5
Labor Value (i.12)	HEI Health Efficiency Index	25	50.1
	DMS Density of medical staff	21	71.0
	FSA Global Food Security Index - affordability	15	76.8
	HAI Housing Affordability Index	55	36.6
	RTD Rail track density	41	43.6
	GAI Global AI Index	27	45.7
	FDS Inward FDI as a % of GDP (stock)	101	37.8
	FDI Inward FDI as a % of GDP (flow, 3yrs avg.)	34	55.3
	BTF Barriers to FDI	1	72.5
	OFB Open for business	22	64.0
Giving Income (i.7)	EGL Economic globalization	23	80.6
	TRF Trade freedom	21	69.6
	IPM Share of imports targeted by protectionist measures (flow)	74	39.4
	IPS Share of imports targeted by protectionist measures (stock)	94	44.1
	DGI Share of discrim. govt. intervent. as % of total intervent. (flo	86	56.2
	DGS Share of discrim. govt. intervent. as % of total intervent. (sto	118	32.6
	DOI Inflation (dev. fm optimum)	53	55.9
	DEF GDP deflator index growth rate (dev. fm optimum)		
	DNI Neutral interest rate (dev. fm optimum)		
	FMI Financial Markets Index	28	77.9
Taking Income (i.8)	GCF Gross capital formation	104	38.1
	GOL Gold demand as % of GDP		
	CRY Crypto ownership	23	60.5
	UNN Unicorns		
	UNC Unicorns as % of GDP		
	BSG Billionaires self-made per capita	59	34.7
	BSM Billionaires self-made as % of total billionaires	59	4.4
	LPG Labor productivity growth	90	37.9
	WLP Delta real wage vs labor productivity increases	8	67.8
	LFP Labor force participation rate	88	44.2
Unearned Income (i.9)	LFR Labor force participation ratio - male vs female	38	67.6
	UEM Unemployment rate	85	55.6
	YUN Youth unemployment rate	103	44.5
	BRN Human flight and brain drain	29	73.8

The Elite Quality Report 2024 (EQx2024) provides Country Scores and Global Rankings for 151 countries © Foundation for Value Creation 2024