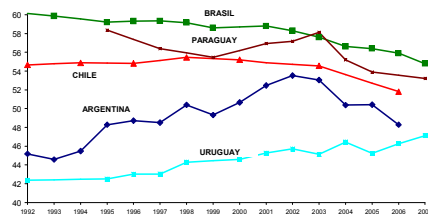


Brief 2 – May, 2009 *

Falling inequality in Southern South America

Evidence from recent household surveys suggests a significant reduction of income disparities in Southern South America. In Argentina and Paraguay the reduction in income inequality has been associated to the recovery from the highly unequalizing crises at the beginning of the decade. In contrast to its neighbors, Brazil and Chile did not suffer strong macroeconomic crises. In these countries the evidence suggests a significant and progressive reduction in income gaps. Finally, in Uruguay, the most egalitarian country in the region, inequality grew during the crisis in the early 2000s, but has not fallen in the ensuing recovery.

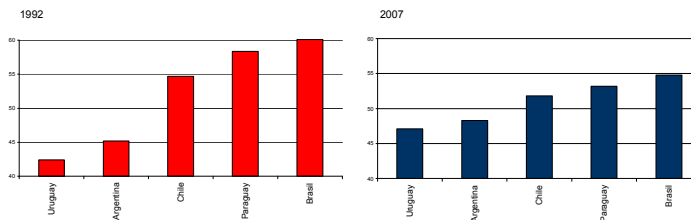
Inequality in Southern South America Gini coefficient, distribution of household per capita income



Source: SEDLAC (CEDLAS and the World Bank).

Although the inequality ranking remains the same (Uruguay, Argentina, Chile, Paraguay, and Brazil), the differences among countries have shrunk in the last 15 years.

Inequality in Southern South America, 1992 and 2007 Gini coefficient, distribution of household per capita income



Source: SEDLAC (CEDLAS and the World Bank).

* Please cite as SEDLAC (2009). Socioeconomic Database for Latin America and the Caribbean, CEDLAS and the World Bank, Brief 2, May 2009.

Despite the recent equalizing changes, income inequality remains a pervasive characteristic of the region. Per capita income of a typical Uruguayan from the richest 10% of the population is 19 times higher than the income of a typical person from the poorest 10%. This income gap is even higher in more unequal countries: 30 in Argentina and Chile, and more than 40 in Brazil and Paraguay.