



Search FRED Blog

Recent Posts

- Recent developments in bank deposits
- Assets and liabilities of younger vs. older households
- Has US-China decoupling energized American manufacturing?
- Pie charts about pie on π day
- The largest sources of imported goods

The FRED® Blog

Chile's been hot, politically and economically

Comparing growth and equality in South America



Posted on November 7, 2019



CPI +3.2 % Chg. from Yr.
Ago on Feb 2024

Civ. Unemploy. Rate 3.9 % on Feb 2024

10-Yr. Treas. Rate 4.22 % on 2024-03-22

Real GDP +3.2 %, Comp.
Annual Rate of Chg.
on Q4 2023

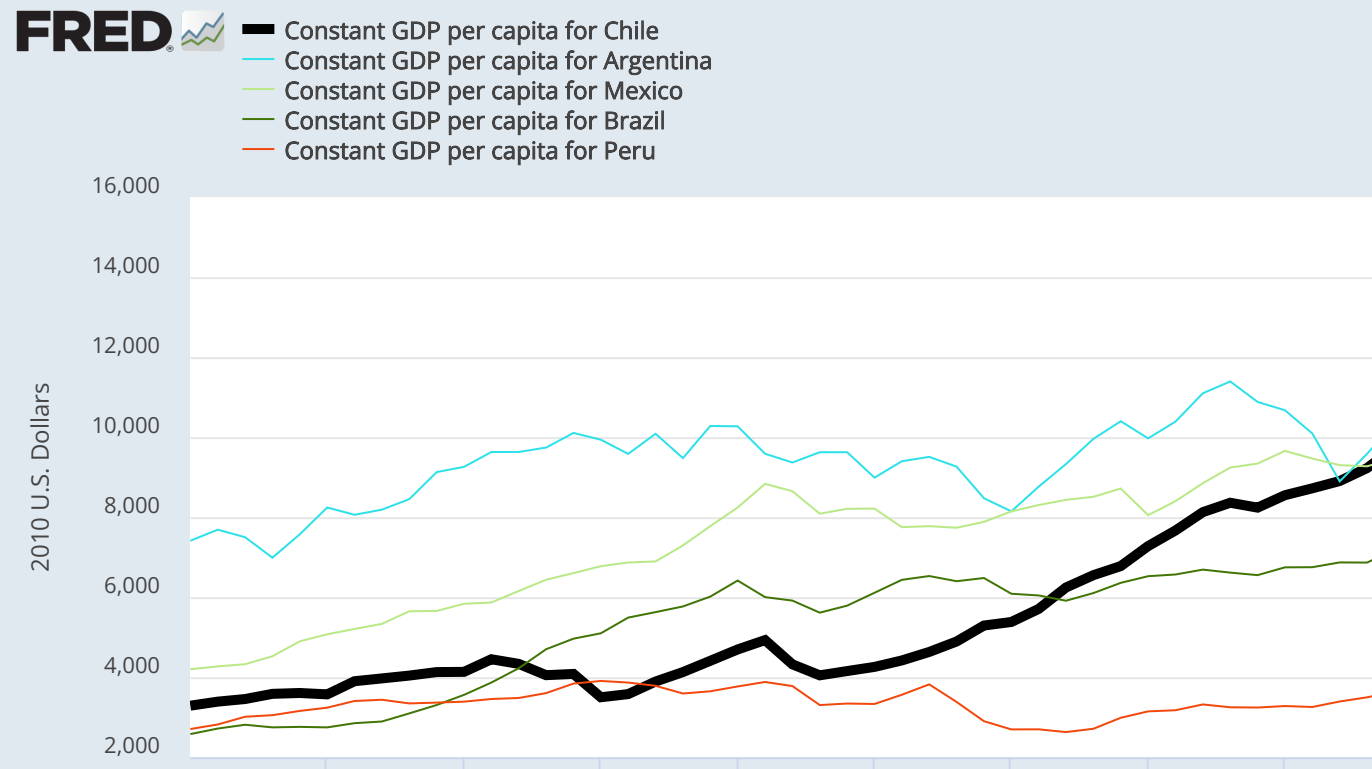
IP +0.1 % Chg.
on Feb 2024

Payroll Employment +275 Chg., Thous. of
Persons on Feb 2024

... and 823,000+ more series in FRED

Recent St. Louis Fed research

- What To Know About the Rise of Services
- The Adoption of Non-Rival Inputs and Firm Scope
- Why Have a Strategic Petroleum Reserve?



If you've followed the evolution of Latin America for the past 25 or 30 years, you might be shocked by the recent unrest in Chile: The country's economic growth has been stunning and widely seen as a harbinger of growth and development for all of Latin America, a region that has underperformed for many years. Chile's growth is also touted as a confirmation that the openness and liberalization advocated by the "Washington Consensus" was the right prescription for the country and, by extension, for all of Latin America. Of course, this view has had dissenters. But regardless of ideological alliances or inclinations, most were surprised by the depth, pervasiveness, and persistence of the recent violent protests and demonstrations in Chile.

We hope FRED can add something to this discussion, while knowing full well that the issues behind the violence in Chile exist at a much deeper level than the economic data can reach. But the data *can* provide some interesting context and a starting point.

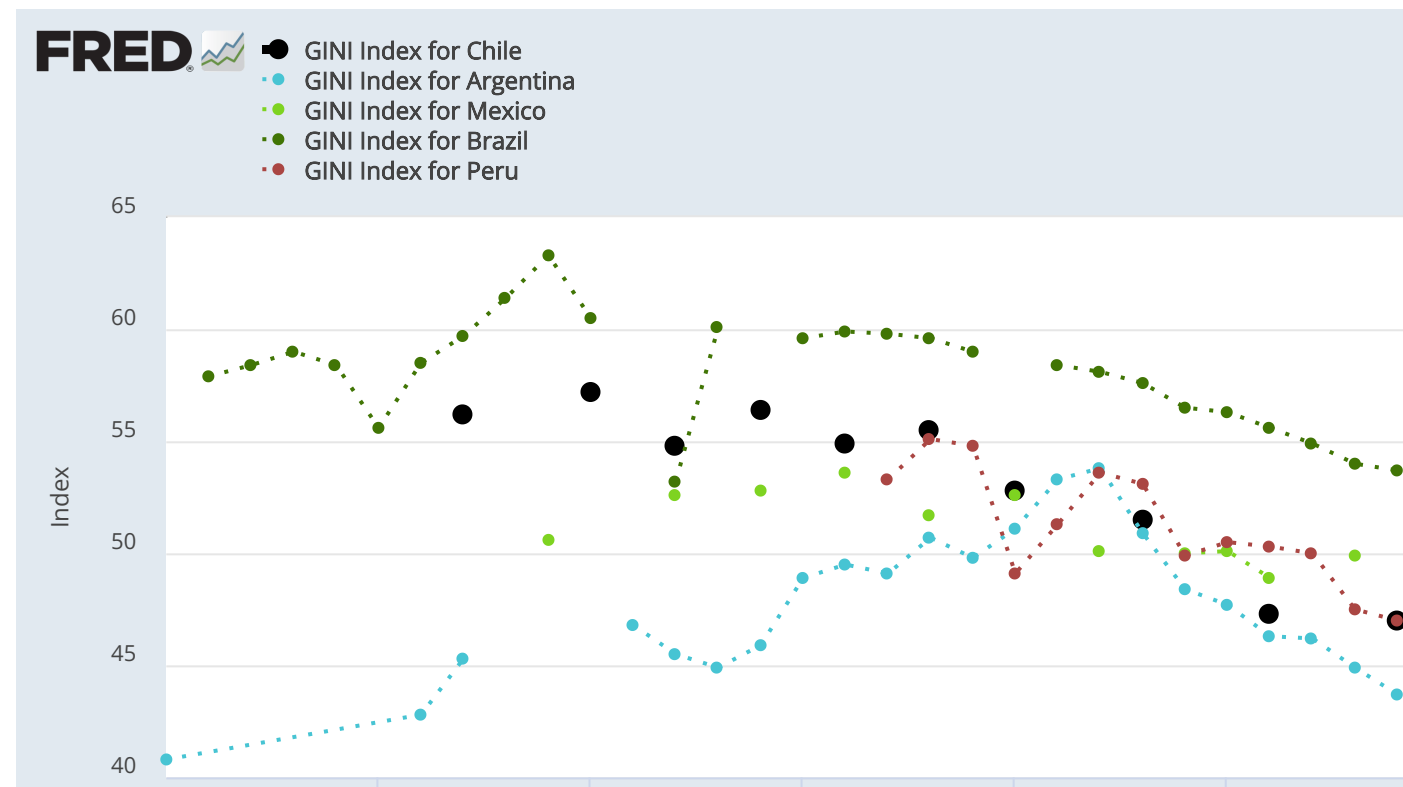
- [By the Generations: Location Patterns of Different Cohorts](#)
- [Accounting for the Effects of Fiscal Policy Shocks on Exchange Rates through Markup Dynamics](#)

Archives

- [March 2024](#)
- [February 2024](#)
- [January 2024](#)
- [December 2023](#)
- [November 2023](#)
- [October 2023](#)
- [September 2023](#)
- [August 2023](#)
- [July 2023](#)
- [June 2023](#)
- [May 2023](#)
- [April 2023](#)
- [March 2023](#)
- [February 2023](#)
- [January 2023](#)
- [December 2022](#)
- [November 2022](#)
- [October 2022](#)
- [September 2022](#)
- [August 2022](#)
- [July 2022](#)
- [June 2022](#)
- [May 2022](#)
- [April 2022](#)
- [March 2022](#)
- [February 2022](#)
- [January 2022](#)
- [December 2021](#)
- [November 2021](#)
- [October 2021](#)

The graph above shows per capita income in Chile from 1960 until 2018 (thick black line). It also includes the equivalent series for four other major Latin American countries: Argentina, Brazil, Mexico, and Peru (thinner, lighter lines).

It's easy to see why Chile has been widely considered a success story. Measured in constant 2010 U.S. dollars, Chile's growth in the 1960s was way below Argentina's, at par with Mexico's and Brazil's, and not far above Peru's. The 1970s were tough, both politically and economically. By 1975, Chile had fallen way below Mexico and Brazil, and Peru had caught up with it. Another major recession in the late 1970s and early 1980s sent Chile's income back to its level in 1970. But then Chile started to move away from the pack... By consistently outgrowing its neighbors, Chile caught up with Argentina, Brazil, and Mexico in the early 1990s, leaving Peru way behind. By 2018, Chile's growth had risen to 50% above Argentina's and Mexico's, 40% above Brazil's, and a whopping 150% above Peru's.



- September 2021
- August 2021
- July 2021
- June 2021
- May 2021
- April 2021
- March 2021
- February 2021
- January 2021
- December 2020
- November 2020
- October 2020
- September 2020
- August 2020
- July 2020
- June 2020
- May 2020
- April 2020
- March 2020
- February 2020
- January 2020
- December 2019
- November 2019
- October 2019
- September 2019
- August 2019
- July 2019
- June 2019
- May 2019
- April 2019
- March 2019
- February 2019
- January 2019
- December 2018
- November 2018
- October 2018
- September 2018
- August 2018
- July 2018

So, given this apparent economic success, why are Chileans protesting so aggressively? One possibility is that the economic growth has been very unequally distributed.* The second graph sheds some light on this perspective with data from the World Bank. The scale on the left vertical axis shows the Gini coefficient, a very common indicator of inequality, for Chile and its four neighbors. The higher the Gini, the more concentrated the income distribution: A value of 100% indicates perfect inequality, in the sense that all income would be concentrated with one person (or the tiniest fraction of the population). A value of 0% indicates perfect equality, a state in which everyone has the same income.

A number of interesting patterns emerge. First, the trend for all the countries is a declining Gini; i.e., movement toward a more equal distribution of income. This pattern contradicts the narrative that the Chilean model could deliver growth only by expanding inequality. However, only Brazil, a country widely singled out for its remarkable inequality, exhibits a Gini coefficient substantially higher than Chile's. Otherwise, this rough measure of inequality puts Chile on par with Mexico (another country singled out for its inequality). Interestingly, both Mexico and Brazil have had massive social unrest in the past two years. Finally, the Gini coefficients indicate that inequality in Chile is substantially higher than in Argentina and, surprisingly, Peru.

Obviously, these simple patterns cannot fully explain the recent protests. If they could, no one would have been surprised by them. However, the data can help add some context and a bit of discipline when considering and challenging popular narratives.

* "The typical narrative inside the country when I was living there in the early 90s, and the narrative in Latin America in general, is that income inequality is very high in Chile." —Alexander Monge-Naranjo

How to make these graphs: For the first graph, search for and select "GDP per capita for Chile in constant dollars" (series ID NYGDPPCAPKDCHL); click "Add to Graph." From the "Edit Graph" panel, use the "Add Line" tab and add similar series for Argentina, Brazil, Mexico, and Peru. From the "Format" tab, choose line thickness "5" and color "black" for the Chile series. For the second graph, search for and select the Gini series instead of the GDP per capita series. From the "Format" tab, select "Dot" under "Line style:" because data are not available for every year.

Suggested by [Alexander Monge-Naranjo](#).