Income, Poverty, and Inequality in Chile

A Comparison of CASEN 2017 and 2024

Data Source: CASEN Survey

Ministerio de Desarrollo Social y Familia, Chile

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Contents

1 Executive Summary

This report analyzes changes in income, poverty, and inequality in Chile between 2017 and 2024, using data from the CASEN (Caracterización Socioeconómica Nacional) surveys. The analysis covers three major dimensions: poverty reduction and state transfer effectiveness, income growth across the distribution, and labor market returns to education.

Key Findings:

- **Poverty reduction**: Total income poverty fell from **9.8% to 4.6%**, while autonomous income poverty fell from 25.0% to 19.3%. State transfer efficiency improved substantially (from 60.8% to 76.2% of autonomous poverty eliminated). Poverty among elderly-only households is virtually eliminated (0.12%).
- **Massive transfer impact on elderly**: Autonomous poverty among elderly-only households increased from 31.7% to 41.7%, yet total income poverty fell to near zero (0.12%). State transfers now eliminate 99.7% of autonomous poverty among elderly-only households.
- **Pro-poor income growth**: Income growth was strongly progressive—the bottom decile grew 51% in total income while the top decile grew only 19% (inflation-adjusted). Autonomous income also showed pro-poor patterns.
- **Declining education premium**: The university wage premium fell substantially, from 126% to 99% at the median. Hourly wages for non-university workers grew 21% while university graduates saw only 7% growth.

Together, these findings suggest Chile experienced broad-based income compression between 2017 and 2024, driven by both expanding state transfers and market income improvements concentrated among lower-income households.

2 Methodology

2.1 Income Definitions

- **Total income**: `ytotcorh / numper` (corrected household income per capita, including all sources)
- **Autonomous income**: `yautcorh / numper` (includes only labor income, self-employment, and contributory pensions—excludes all state transfers)
- **State transfers**: Non-contributory pensions (PGU, PBS) + subsidies + other government transfers
- **Contributory pensions (AFP)**: Included in autonomous income (self-financed)

2.2 Poverty Lines

- **2017**: $107,347 per capita per month (2017 prices)
- **2024**: $152,160 per capita per month (2024 prices)

Both poverty lines are equivalent to the World Bank's $8.3 PPP per day standard, adjusted for Chilean prices in each year.

2.3 Household Categories

Table 1: Household age composition categories

Category	Definition
No65	Households with NO members aged 65+
AtLeast1_65	Households with at least one member aged 65+
Only65	Households where ALL members are aged 65+
WorkAge	Households with only members aged 24–64

3 Main Findings

3.1 Dramatic Reduction in Poverty (2017–2024)

Table 2: National poverty rates comparison

Metric	2017	2024	Change
Total income poverty	9.80%	4.59%	**–5.21 pp**
Autonomous income poverty	25.01%	19.32%	**–5.69 pp**
Transfer impact	15.21 pp	14.73 pp	–0.48 pp

State transfers have a massive impact on poverty reduction, eliminating approximately 15 percentage points of poverty in both years. Both total and autonomous poverty decreased by similar magnitudes ($\sim$5 pp), indicating that market income improvements and transfer effectiveness both contributed to poverty reduction.

3.2 State Transfer Efficiency Improved

Table 3: Transfer efficiency comparison

Metric	2017	2024
Transfer impact (pp)	15.21	14.73
% of autonomous poverty eliminated	**60.8%**	**76.2%**

State transfers eliminate a substantial share of autonomous poverty. The efficiency improved from 60.8% to 76.2%, meaning transfers now eliminate over three-quarters of pre-transfer poverty. This improvement occurred even as the absolute impact remained roughly constant ($\sim$15 pp).

3.3 Near-Elimination of Poverty Among the Elderly

The most striking finding concerns **elderly-only households** (Only65):

Table 4: Elderly-only households poverty indicators

Metric	2017	2024	Change
Total income poverty	0.85%	**0.12%**	–0.73 pp
Autonomous income poverty	31.71%	41.72%	+10.01 pp
Transfer impact	30.86 pp	41.60 pp	+10.74 pp
Transfer efficiency	97.3%	**99.7%**	+2.4 pp

Interpretation:

- Without state transfers, autonomous poverty among elderly-only households **increased** from 31.7% to 41.7%
- However, state transfers now eliminate **99.7%** of autonomous poverty among elderly-only households
- Total income poverty has been virtually eliminated (0.12%)
- This represents one of the most effective targeted transfer programs in Latin America, compensating for deteriorating autonomous income positions

3.4 Poverty Reduction Across All Household Types

Table 5: Total income poverty by household type

Household Type	2017	2024	Change
No elderly (No65)	11.49%	5.71%	–5.78 pp
At least 1 elderly	5.66%	1.73%	–3.93 pp
Elderly-only	0.85%	0.12%	–0.73 pp
Working-age only	2.78%	1.59%	–1.19 pp

All household types experienced poverty reduction, with households without elderly members showing the largest absolute decrease (–5.78 pp).

3.5 Transfer Efficiency by Household Type

Table 6: Transfer efficiency (% of autonomous poverty eliminated) by household type

Household Type	2017	2024	Change
Overall	60.8%	76.2%	+15.4 pp
No elderly	52.4%	64.2%	+11.8 pp
At least 1 elderly	79.2%	93.8%	+14.6 pp
Elderly-only	97.3%	**99.7%**	+2.4 pp
Working-age only	70.6%	79.7%	+9.1 pp

Key insight: Transfer efficiency improved across all household types. For households with at least one elderly member, transfers now eliminate 93.8% of autonomous poverty, up from 79.2% in 2017. For elderly-only households, efficiency reaches 99.7%.

4 Regional Analysis

4.1 Regions with Largest Poverty Reduction

Table 7: Regions with largest poverty reduction

Region	2017	2024	Change
La Araucanía	19.08%	9.30%	**–9.78 pp**
Los Lagos	12.58%	3.60%	**–8.98 pp**
Ñuble	15.84%	7.10%	**–8.74 pp**
Coquimbo	14.89%	6.47%	–8.42 pp
Biobío	13.31%	4.99%	–8.32 pp

Historically poor regions in southern Chile (La Araucanía, Los Lagos) and central-south Chile (Ñuble, Maule) showed the largest improvements.

4.2 Only Region with Poverty Increase

Table 8: Region with poverty increase

Region	2017	2024	Change
Magallanes	2.25%	2.43%	+0.18 pp

Magallanes was the only region where poverty increased slightly, though it remains among the lowest poverty regions.

4.3 Regions with Largest Increase in Transfer Effectiveness

Table 9: Regions with largest increase in transfer effectiveness

Region	Impact 2017	Impact 2024	Change
Atacama	1.81 pp	3.09 pp	+1.28 pp
Biobío	5.03 pp	5.66 pp	+0.63 pp
Valparaíso	3.57 pp	3.95 pp	+0.38 pp

5 Demographic Shifts

5.1 Household Composition Changes (2017–2024)

Table 10: Population share by household composition

Category	2017	2024	Change
No elderly	71.09%	71.84%	+0.75 pp
At least 1 elderly	28.91%	28.16%	–0.75 pp
Elderly-only	5.59%	5.77%	+0.18 pp
Working-age only	13.64%	**17.92%**	**+4.28 pp**

The share of working-age only households (24–64, no children or elderly) increased by 4.28 percentage points, reflecting demographic changes and possibly delayed childbearing.

6 Income Growth by Decile

This section analyzes how average per capita income changed across the income distribution between 2017 and 2024. All 2017 values are adjusted for inflation (factor 1.42) to express in 2024 Chilean pesos.

6.1 Total Income Growth by Decile

Note: Deciles are defined based on **autonomous income** distribution.

Table 11: Average total per capita income by decile (CLP, 2024 prices)

Decile	2017 (adj.)	2024	Change
1 (poorest)	157,222	237,807	**+51.3%**
2	187,385	247,117	**+31.9%**
3	230,425	293,611	**+27.4%**
4	274,886	344,358	+25.3%
5	315,314	401,367	+27.3%
6	374,961	471,540	+25.8%
7	446,590	571,221	+27.9%
8	555,216	715,263	+28.8%
9	768,212	1,006,468	+31.0%
10 (richest)	1,899,884	2,256,871	+18.8%

Key finding: Income growth was **strongly pro-poor**. The bottom decile experienced gains of 51%, driven largely by state transfers, while the top decile grew only 19%. This represents a significant compression of the income distribution.

6.2 Autonomous Income Growth by Decile

Table 12: Average autonomous per capita income by decile (CLP, 2024 prices)

Decile	2017 (adj.)	2024	Change
1 (poorest)	50,063	50,259	**+0.4%**
2	113,552	131,421	+15.7%
3	153,330	182,307	+18.9%
4	193,783	234,684	+21.1%
5	237,185	290,200	+22.4%
6	289,602	360,751	+24.6%
7	359,415	454,437	+26.4%
8	461,249	590,804	+28.1%
9	657,777	861,967	+31.0%
10 (richest)	1,713,050	2,037,644	+18.9%

Key finding: Autonomous income growth was relatively flat at the bottom (decile 1 grew only 0.4%) but stronger in the middle and upper-middle deciles. The combination of flat au-

tonomous income growth at the bottom with strong total income growth (51%) reveals the crucial role of state transfers in lifting the poorest households.

6.3 Transfer Contribution by Decile

The difference between total and autonomous income growth reveals the critical role of state transfers:

Table 13: Comparison of total vs autonomous income growth (selected deciles)

Decile	Total Growth	Auton. Growth	Transfer Growth
1	+51.3%	+0.4%	+75.0%
2	+31.9%	+15.7%	+56.7%
3	+27.4%	+18.9%	+44.4%
10	+18.8%	+18.9%	+19.1%

The large gap between total and autonomous growth in the bottom deciles reveals that state transfers are the primary driver of income growth for the poorest households. In decile 1, autonomous income barely grew (+0.4%) while total income grew 51%, with transfer income growing 75%.

7 Income Distribution Analysis

7.1 Elderly-Only Households by Income Decile

Using autonomous income decile boundaries, elderly-only households show a striking divergence between total and autonomous income positions:

Table 14: Elderly-only household distribution by income decile

Decile	Total 2017	Total 2024	Auton. 2017	Auton. 2024
1 (poorest)	0.28%	0.01%	18.23%	31.71%
2	0.22%	0.11%	8.05%	10.66%
3	1.05%	0.14%	9.48%	9.21%
Bottom 3 total	**1.55%**	**0.26%**	**35.76%**	**51.58%**

Critical observation:

- When measured by **total income**, elderly-only households moved UP the distribution (fewer in bottom deciles)
- When measured by **autonomous income**, elderly-only households moved DOWN—over half (51.6%) are now in the bottom three deciles

This divergence reveals the massive role of state transfers. Without transfers, the autonomous income position of elderly households **deteriorated significantly** between 2017 and 2024. Transfers completely compensate for this deterioration and more.

8 Labor Income and Education Premium

This section analyzes hourly labor income for employed workers (dependent on employer, ages 26–65) by age cohort and education level. All 2017 values are inflation-adjusted to 2024 Chilean pesos.

8.1 Hourly Labor Income by Age Cohort and Education

Table 15: Median hourly labor income by age cohort and education (CLP/hour, 2024 prices)

	2017			2024		
Cohort	Total	No Univ	Univ	Total	No Univ	Univ
26-30	3,156	2,536	4,339	3,750	3,125	4,545
31-35	3,550	2,689	5,325	4,375	3,125	5,556
36-40	3,495	2,662	5,809	4,545	3,125	6,250
41-46	3,156	2,662	5,917	4,545	3,125	6,818
46-50	3,156	2,589	5,917	4,091	3,125	6,818
51-55	3,018	2,524	6,311	3,750	3,125	6,250
56-60	2,966	2,485	6,311	3,571	3,125	6,667
61-65	2,998	2,524	6,616	3,409	3,125	6,818
Average	3,187	2,584	5,818	4,004	3,125	6,215

Key observations:

- Median hourly income for workers **without university education** increased from 2,584 to 3,125 CLP/hour (+21%)
- Median hourly income for workers **with university education** increased from 5,818 to 6,215 CLP/hour (+7%)
- Non-university workers saw larger proportional gains, narrowing the education gap

8.2 University Education Premium

The education premium measures how much more university-educated workers earn compared to those without university education.

Table 16: University education premium on median hourly income

Cohort	**2017**	**2024**	**Change**
26-30	71.1%	45.4%	–25.7 pp
31-35	98.0%	77.8%	–20.2 pp
36-40	118.2%	100.0%	–18.2 pp
41-46	122.3%	118.2%	–4.1 pp
46-50	128.5%	118.2%	–10.3 pp
51-55	150.0%	100.0%	–50.0 pp
56-60	154.0%	113.3%	–40.7 pp
61-65	162.1%	118.2%	–43.9 pp
Average	125.5%	98.9%	**–26.6 pp**

Striking finding: The university education premium **declined substantially** across all age cohorts. On average, the median premium fell from 125.5% to 98.9% (a drop of 26.6 percentage

points). This means:

- In 2017, university graduates earned 2.26× the hourly wage of non-graduates
- In 2024, university graduates earn 1.99× the hourly wage of non-graduates

8.3 Education Premium Across the Income Distribution

The following figures show how the education premium changed across different points of the hourly income distribution.

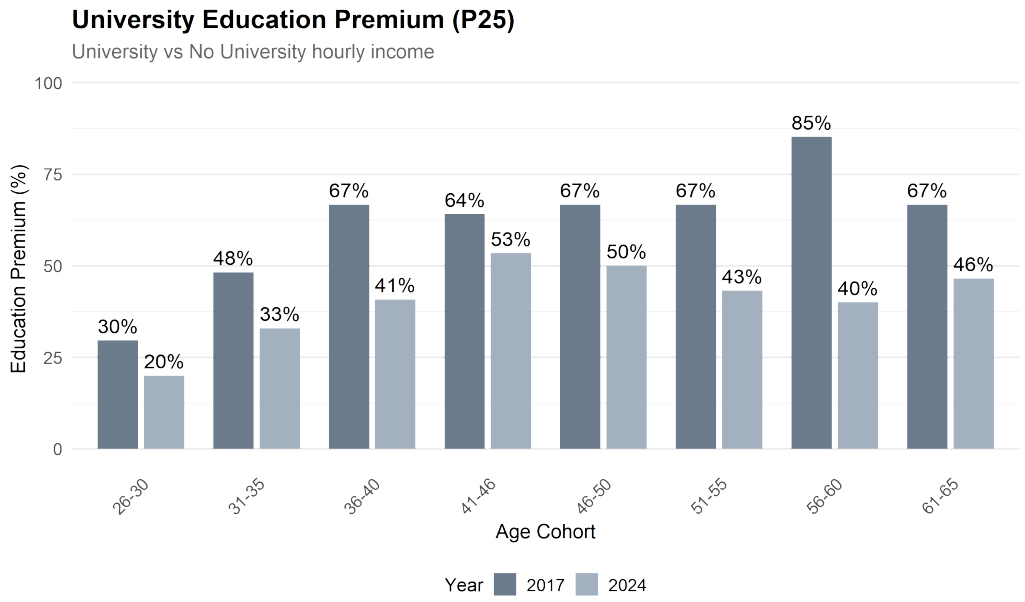

Figure 1: University education premium at P25 (lower-earning workers)

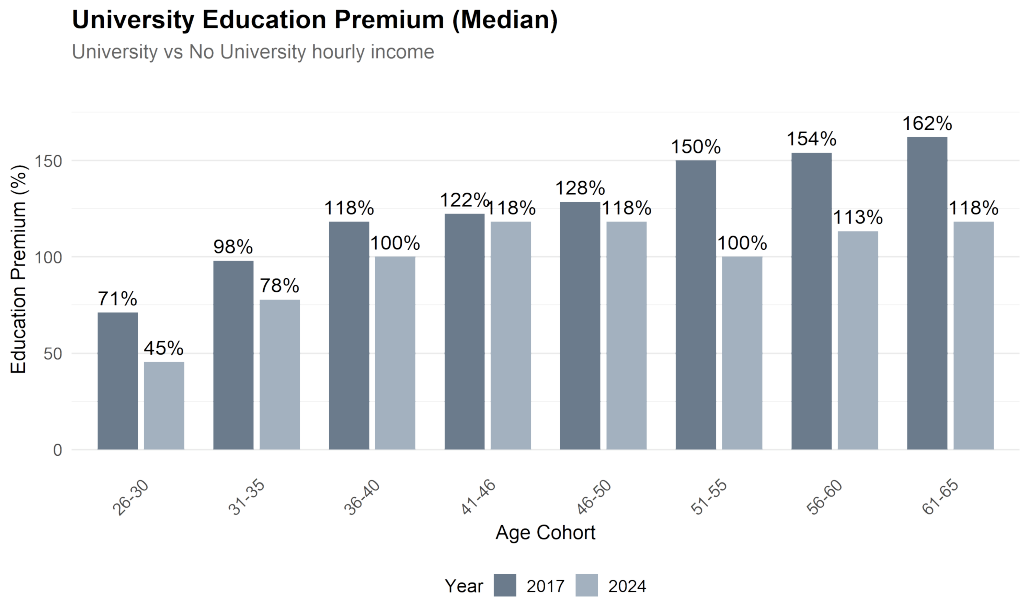

Figure 2: University education premium at median

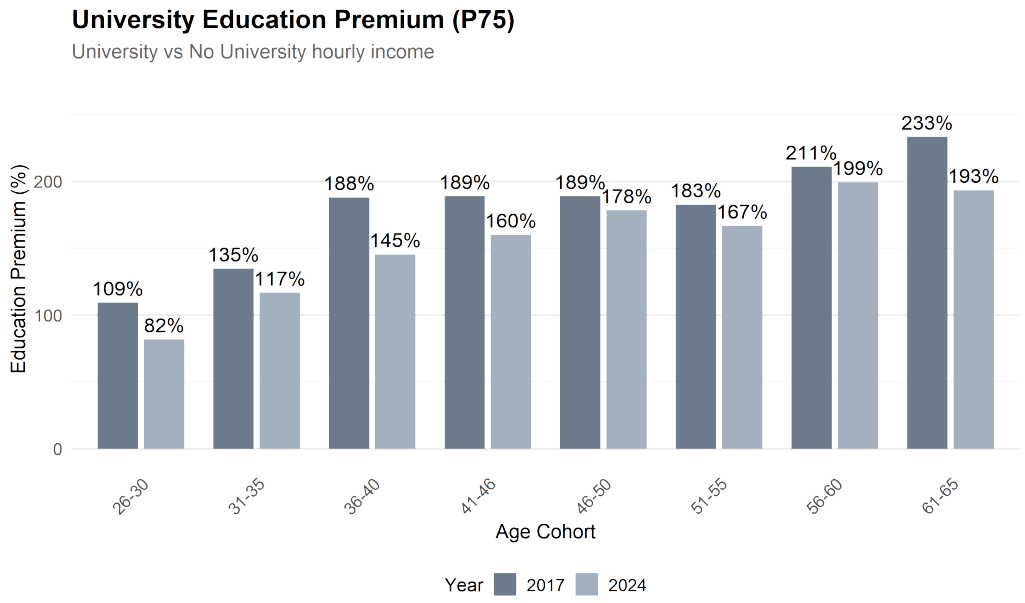

Figure 3: University education premium at P75 (higher-earning workers)

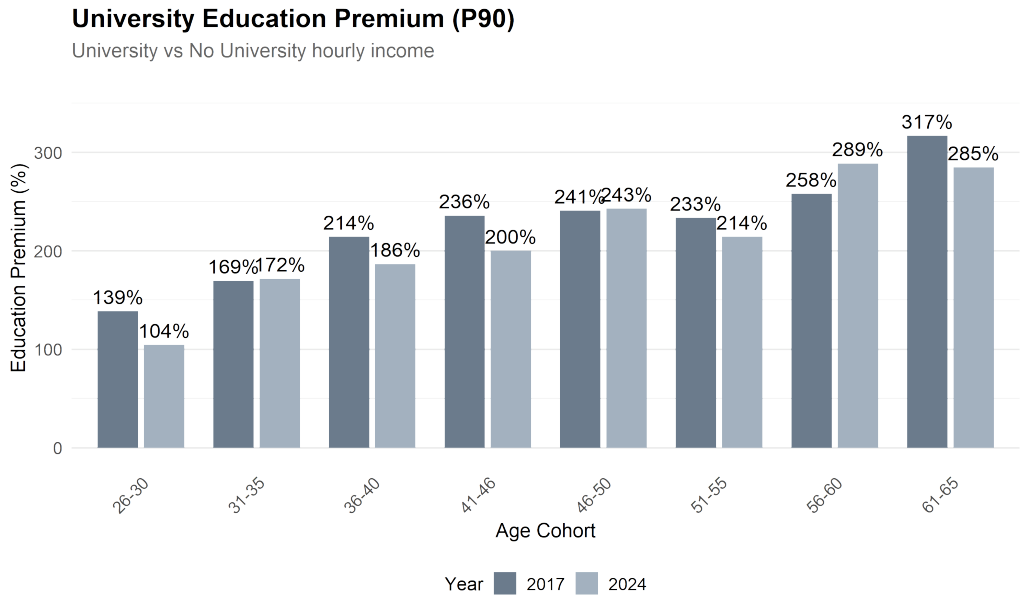

Figure 4: University education premium at P90 (top earners)

8.4 Summary: Declining Returns to University Education

Table 17: Hourly income and education premium by percentile (CLP/hour, 2024 prices)

	2017 (adj.)			2024			
Percentile	No Univ	Univ	Premium	No Univ	Univ	Premium	**Change**
P25	2,130	3,445	61.7%	2,784	3,921	40.8%	–20.9 pp
Median	2,584	5,818	125.2%	3,125	6,215	98.9%	–26.3 pp
P75	3,577	10,009	179.8%	4,028	10,306	155.9%	–23.9 pp
P90	5,219	17,054	226.8%	5,461	17,096	213.1%	–13.7 pp

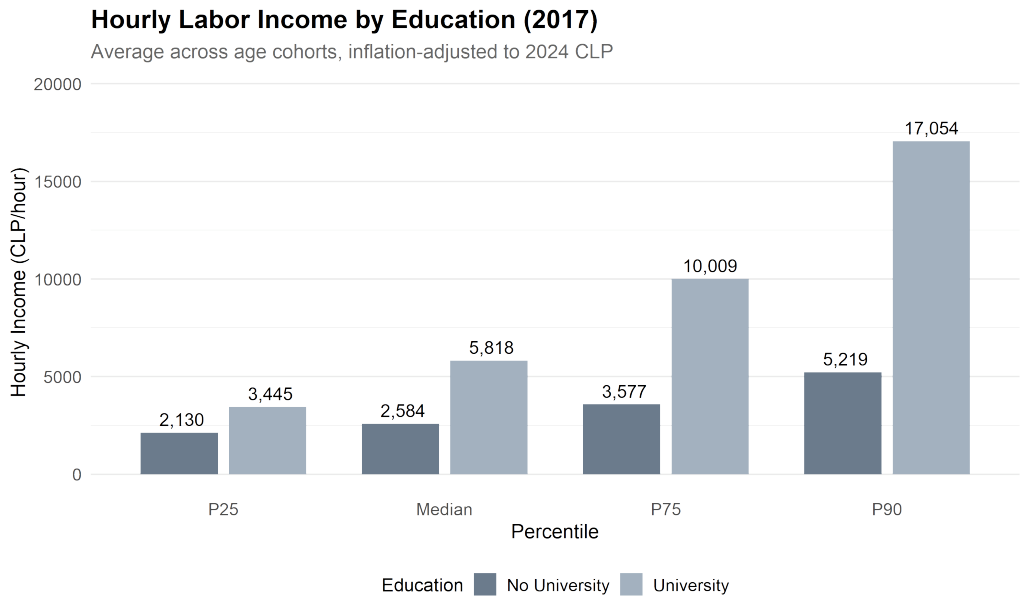

Figure 5: Hourly labor income by education level (2017, inflation-adjusted)

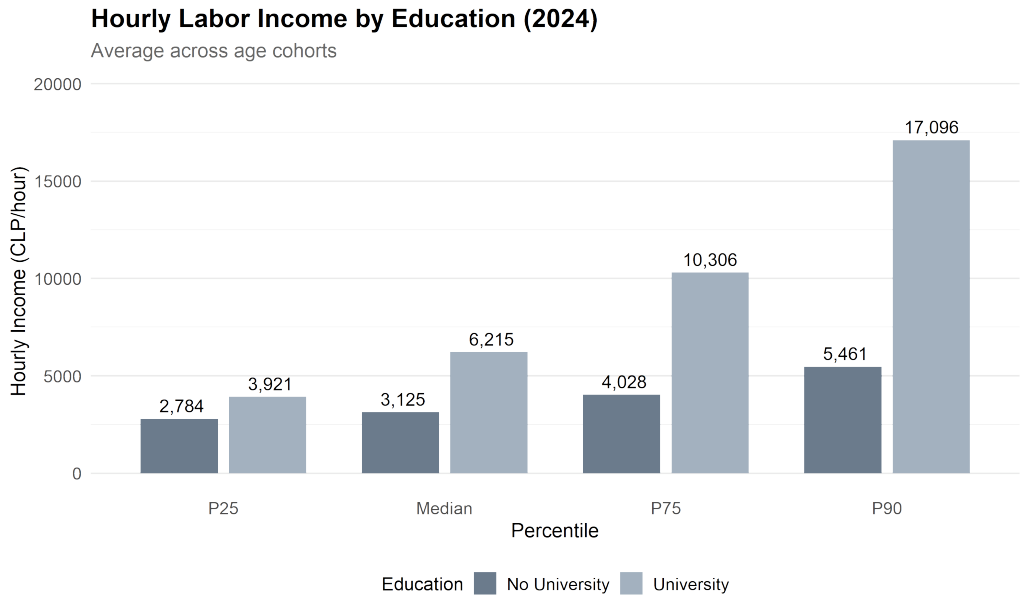

Figure 6: Hourly labor income by education level (2024)

The education premium declined at all points of the distribution, with the largest decreases at the median and P75. This suggests:

- Wages for non-university workers grew faster than for university graduates
- The labor market may be experiencing compression at the middle and upper-middle of the distribution
- Minimum wage increases and labor market tightening may have disproportionately benefited lower-skilled workers

9 Key Takeaways

9.1 Chile's Transfer System for the Elderly is Highly Effective

State transfers eliminate **99.7%** of autonomous poverty among elderly-only households, bringing total income poverty down to just 0.12%. This is a remarkably successful targeted policy.

9.2 Transfers are Central to Poverty Reduction

State transfers eliminate approximately 15 percentage points of poverty—bringing the poverty rate from 25% (autonomous) to 4.6% (total income). Transfer efficiency improved from 60.8% to 76.2% of autonomous poverty eliminated.

9.3 Autonomous Poverty Among Elderly Increased, But Transfers Compensate

Autonomous poverty among elderly-only households **increased** from 31.7% to 41.7%. However, the transfer system completely compensates, reducing total income poverty to near zero. Over half of elderly-only households would be in the bottom three income deciles without transfers.

9.4 Regional Convergence

Historically poor regions (La Araucanía, Ñuble, Los Lagos) showed the largest poverty reductions, suggesting some regional convergence in living standards.

9.5 Pro-Poor Income Growth, Especially Through Transfers

The bottom decile saw 51% growth in total income, but only 0.4% in autonomous income. This reveals that state transfers—not market income improvements—drove income growth for the poorest households.

9.6 Declining Returns to University Education

The university wage premium fell from 126% to 99% at the median, driven by faster wage growth for non-university workers (+21%) compared to university graduates (+7%). This compression of the education premium occurred across all age cohorts and at all points of the wage distribution.

10 Data Sources and Files

- **Raw Data**: `raw_data/CASEN_2017.dta`, `raw_data/casen_2024.dta`
- **Harmonized Data**: `harmonized_data/casen_subset_2017.dta`, `harmonized_data/casen_su`
- **Poverty Analysis**: `output/poverty_comparison_extended_2017.xlsx`, `output/poverty_com`
- **Labor Income Analysis**: `output/labor_income_by_cohort.xlsx`, `output/labor_income_tab`
- **Analysis Code**: `codes/poverty_analysis.R`, `codes/compare_2017_2024.R`, `codes/labor_in`

11 Technical Notes

1. All poverty rates are weighted using survey expansion factors (`expr`)
2. Poverty lines are based on World Bank's $8.3 PPP per day (moderate poverty)

3. Consistent methodology across both years: `ytotcorh/numper` for total income, `yautcorh/numper` for autonomous income
4. Autonomous income (`yautcorh`) includes only labor income, self-employment, and contributory pensions—excludes all state transfers
5. Income deciles are defined based on autonomous income distribution
6. Regional analysis covers all 16 Chilean regions
7. Comunal analysis limited to Región Metropolitana

Report generated: January 2026
Data: CASEN 2017 and CASEN 2024, Ministerio de Desarrollo Social y Familia, Chile

Code and data: github.com/ceggersp/AnalisisCASEN