

Global Grassroots

Inequality in Chile: Perceptions and Patterns

Ignacia Lecaros, Daniela Paz Cruzat, Ricardo Pommer Muñoz, Pablo Tillan and Michael Walton

Dec 1, 2022

Inequality in Chile: Perceptions and Patterns

Ignacia Lecaros, Daniela Paz Cruzat, Ricardo Pommer Muñoz, Pablo Tillan and Michael Walton¹

Abstract

Chile has pioneered many things: a market-oriented, "neoliberal" approach to development; an impressive transition from authoritarianism to democracy; innovations in social policy; and an extraordinary series of street protests between 2006 and 2019. While often lauded as a model of economic and social development, the protests reflect acute concerns over perceived failures in the Chilean political, economic and cultural system, concerns that were profoundly inflected with issues of inequality and lack of fairness. To inform this contrast, this paper undertakes a systematic assessment of the perceptions and perspectives of Chilean citizens, both in the context of the protests and in their broader expressed views in surveys. The core theme is that "the street was right", in the specific sense that the protests reflected much wider sentiments across social classes over perceived inequities in economic advancement, social provisioning, and the undignified "treatment" by state actors and elites. The paper then compares these perceptions with some of the "objective" measures of inequality. While alternative measures indicate modest declines in some measures of inequality, Chile remains a very high inequality society, in relation to income, wealth, and education. These perceptions and patterns are central to Chile's current development challenges, in ways that resonate with the position of many countries in today's polarized environment. This is the first of two papers, with the sequel exploring the underlying drivers of inequality and implications for policy direction.

JEL areas A13: Relating Economic to Social Values; D31: Personal Income, Wealth and their Distribution

Key words: inequality, perceptions, Chile, protest, fairness, education, dignity, treatment, health, pensions, state.

¹ Ignacia Lecaros is at the Inter-American Development Bank, Daniela Paz Cruzat at the University of California, Berkeley, Ricardo Pommer Muñoz at Columbia University, Pablo Tillan at Imago Global Grassroots, Michael Walton at the Harvard Kennedy School and IMAGO Global Grassroots. Their emails are marialec@iadb.org, daniela_paz@berkeley.edu, r.pommer@columbia.edu, ptillan@imagogg.org, michael_walton@hks.harvard.edu. This paper is the first of two parts analyzing inequality in Chile, developed with Espacio Público, with thanks to Eduardo Engel, Pia Mundaca, Eleni Kokkidou and Luis Hernán Vargas for their support over the course of the project. The paper benefited from financial support from the World Bank's Office of the Chief Economist Latin America Region. Thanks to comments and suggestions from Nicole Carpentier, Edgardo Cerda, Matías Cociña, Juan Cristóbal Romero, Ignacio Flores, Isabel Guerrero, Luis Felipe López Calva, William Maloney, Alejandro Plaza, Andrea Repetto, Elena Serrano, Joseph Stiglitz and other participants in a seminar in Espacio Público.

Table of Contents

Introduction.....	4
1. Do Chilean citizens view inequality as a problem? Why and how?	6
Views from the street.....	7
Views from organized citizen debate	11
Views from surveys	15
General views on inequality across core domains.....	16
Views on the state, social actors and protest	25
Views on anger, violence and order	32
2. Patterns and debates on measures of actual inequalities.....	34
Some long-term context on inequality trends.....	35
Trends in income inequality since 1990	37
The pattern of real growth across the distribution.....	42
Education and inequality	42
Conclusion.....	46
Data	47
References	47
Appendix 1 Perceptions related to inequality by social group	50

Introduction

This paper undertakes an analysis of citizen views on inequality and a synthesis of actual patterns of inequality in Chile. It is intended as an input into ongoing debates around the relationship between causes of inequality and options for policy design.

Chile is very unequal by international standards on many dimensions. Despite its longer-term reputation for effective economic and social policy, it is at the high end of inequalities even by Latin American standards. According to the World Inequality Report (Chancel et al., 2022) the top 1% of Chileans earn a quarter of total (pre-tax) income and own almost 50% of total wealth in the country.² Inequality has persisted since the 1990 transition to democracy alongside periods of rapid growth, a dramatic reduction in extreme poverty, an equally dramatic expansion in tertiary education and increased provisioning of other services. These impressive achievements have produced a new middle class, and large numbers of young adults who are the first generation to get higher education, with very different aspirations for work and participation.

In contrast to the apparent gains, since at least 2006 there has been a sequence of public protests, culminating in the extraordinary *estallido social* or social explosion of 2019, and the initiation of a process of revision of the constitution.³ These protests reflect acute concerns over perceived failures in the Chilean political, economic and cultural system that were profoundly inflected by issues over inequality and lack of fairness.

These concerns were manifest in the highly polarized election of 2021. This led, in the second round, to a compelling victory for Gabriel Boric, with a promise of change, including a rhetorical commitment to “bury” neoliberalism. However, a large minority voted for José Antonio Kast, who presented a conservative narrative around family and order. The polarization in the Chilean polity has continued to be evident both within Congress and in the debates and voting around the constitution. There have also been substantial shifts in concerns expressed by citizens since 2021. In April 2023 the most important concerns recorded in surveys by *Pulso Ciudadano* were over crime, immigration, inflation and drug trafficking. However, the purpose of this paper is not to review these short-term trends, but rather to provide broader context in terms of citizen's views over inequalities and related issues, that we believe to be of longer-term relevance.

With this context, this paper explores two broad questions.

First, what does the perception data say on what Chilean citizens care about in relation to inequalities, across various dimensions, and what does this imply for policy and institutional change? We analyzed a broad range of primary data, including from publicly available representative surveys, documented views expressed in protests, and carefully recorded information in the citizen debates in 2016. We explore this in relation to expressed concerns around overall inequalities and fairness, on views on specific areas of inequalities in social provisioning, and in broader attitudes toward the state, order and action.

² For a discussion on measures of income inequality and the many sources we draw upon see the section on Patterns and Debates and the second paper.

³ At the time of writing, this constitutional process is ongoing.

Second, what does the “traditional” data say, with respect to levels and trends of inequality in incomes and wealth, but also over inequalities in the other dimensions of citizen interest, including especially mobility and education? We analyzed primary data of the core government surveys of households, including CASEN and the labor force survey of Greater Santiago, as well the extensive work done in adjusting estimates of income and wealth in Chile made by various authors, notably under the auspices of the World Inequality Database. There is a strong tradition of work on inequality in Chile that this paper draws upon. References to previous work are given throughout the analysis.

Our main findings are as follows. The issue of unjustified inequalities is clearly central to the concerns of Chileans, with widespread dissatisfaction over the perceived unequal rules of the game in Chilean society and the functioning of the state. The protests, and in-depth surveys, reveal concerns over a wide range of specific issues, including over the quality and cost of education, pensions, health, dignity, police brutality, insecurities, collusion in product markets, corruption, the environment and more. Surveys also indicate dissatisfaction around unacceptable differences across groups, including gender (with respect to opportunities and violence), indigenous groups (recognition, land) and socio-economic class (discrimination and humiliation).

Most Chileans support a core ethical view that it is right for individuals to receive greater rewards for greater effort or more talent. But less than 20% believe there is equality of opportunity in Chile today. Some 90% consider income differences to be too large. Large majorities consider it unfair that people with more incomes have access to better education, health, and, to a somewhat lesser extent, pensions. Many citizens also consider they are not treated with respect, both in interactions with services (such as health) and with “high class” citizens. And this is all in the context of very low levels of trust, markedly for the government, Congress and political parties, also for the judicial system and other citizens. It is also noteworthy that in a survey of elites (mainly from business) virtually all considered inequality to be a major issue, even while they substantially underestimated the actual extent of income, wealth and service inequalities in Chile.

With respect to traditional measures of inequality, Chile clearly has highly unequal incomes by international standards, and even more unequal distribution of wealth. Long-term patterns have to rely on incomplete data sources, but support the view that there was a substantial increase in inequality during the dictatorship, including for high incomes. Since the return to democracy in 1990 the survey evidence is mixed. The core household survey, CASEN, indicates a significant reduction in income inequality, particularly benefiting poorer groups. However, this certainly has some important exclusions and careful work has been undertaken to reconcile differences with national accounts, administrative data and measures of undistributed profits.⁴ The underestimation of income levels is particularly important for top incomes, and our assessment suggests that Chile has remained highly unequal, and may not have experienced any significant improvement in the overall income distribution. The persistence of extreme inequality associated with the very rich is consistent with citizen attitudes that were particularly concerned with unjustified differences and unfair/privileged treatment of this group.

⁴ See the discussion in the text below.

This is the first step of a two-part exercise, with the next phase reviewing how these descriptive patterns of views and outcomes relate to categories of public action and the broader debate over policy designs, including whatever is meant by “neoliberalism”.

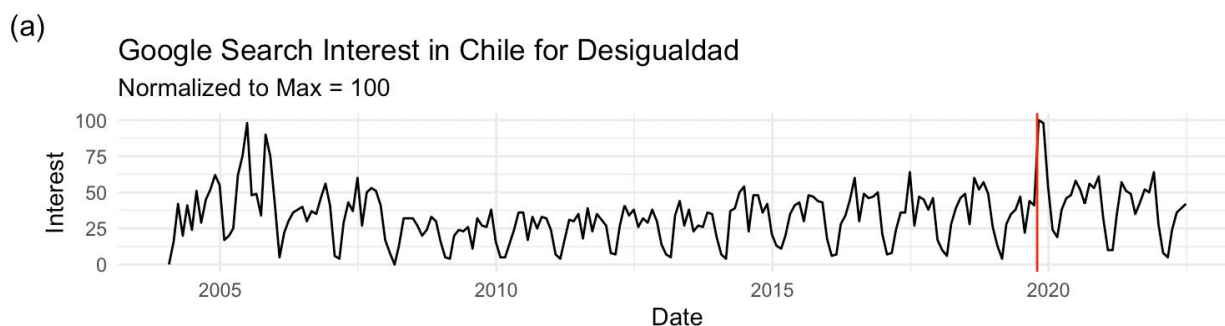
This paper is organized in two main sections: the first discusses perceptions from protests, debates and surveys; the second section reviews patterns and debates of the levels and changes of income inequality in the long term as well as the post-1990 period, with a specific discussion on education. An Appendix provides more detail on the views of different categories of citizens around issues covered in the main text.

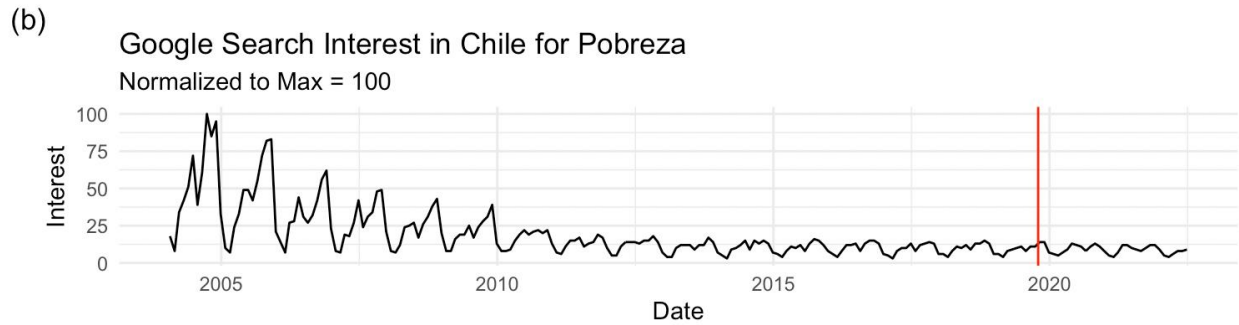
1. Do Chilean citizens view inequality as a problem? Why and how?

In this section we explore the views, concerns and interpretation of Chilean citizens on inequality and related concepts. We first review the pattern of issues that emerged in the protests, then relate these to textual analysis of issues that emerged in the systematic dialogues undertaken in 2016. While both sources are of keen relevance to this exploration, they may not be representative of broader public opinion. So we then turn to an assessment of views expressed in representative surveys of citizen perspectives, as well as specific surveys and other measures of elite opinion.

A simple look at Google searches shows a declining interest in poverty in Chile, while the interest in inequality continues throughout. As Figure 1 illustrates, there are strikingly different patterns. Searches on poverty show a very clear decline since the early 2000s, and with no increase in 2019. Indeed, as we discuss later, Chile's development has resulted in exceptional reductions of extreme income poverty. Searches for inequality display no secular trend over the whole 2004 to 2022 period, with two peaks around 2005 and again in 2019, the latter exactly during the *estallido social* in October of that year. There is also a clear seasonal pattern, with declines in searches on inequality in February of each year, the month in which most Chileans take their summer holiday, suggesting a correlation between interest in inequality and engagement in work and the regular management of life!

Figure 1. Google searches for inequality show no trend; for poverty large declines





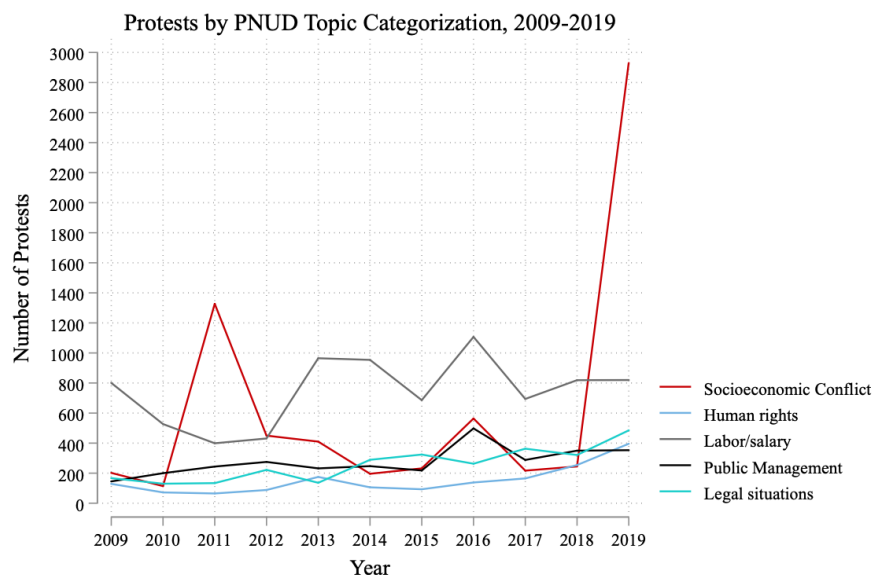
Source: authors' analysis from Google trends data

Let's now turn to the more substantive sources of information about what influences the degree of inequality perceived by Chilean society. This is a complex question that gets at the core of both the difficulties in summarizing and perceiving differences in the many dimensions of inequality, of which income and wealth are only one.

Views from the street

A powerful indicator of concerns is in the extraordinary sequence of public protests over the past 15 years that culminated in the *estallido social* of October-November 2019. These provide a vivid manifestation of discontent of at least parts of the population. Protests of all kinds are common in Chile—typically running at several hundred per year (Figure 2), with a very large peak in those related to socio-economic concerns in the 2019 *estallido social*.

Figure 2. Protests in Chile by Main Topic of Focus, 2009-2019



Source: COES, Observatorio de Conflictos

Between 2016 and 2018, the levels of participation in social movements was significant, around one fifth of the population, going up to 39% in the leaderless uprising of 2019. This followed a global trend of social unrest and movements without clear leaders (COES, 2020; Cox et al., 2021). Box 1 summarizes the sequence of major protests prior to the 2019 events.

Box 1 A brief history of Chilean protests

The *Revolución Pinguina* of April 2006 involved some 600,000 high school students from public schools advocating for a better public secondary education. This protest led to several educational reforms in the ensuing decade to improve quality and selective financial support for secondary schooling (Silva, 2009; Landaeta & Herrero, 2021). **2011** saw the second massive protest for **education** – the largest since Pinochet's dictatorship, led by university and secondary students. Teachers, workers, and other stakeholders joined and the protests grew into the hundreds of thousands. Some of the slogans popularized during the protest were "public, free and quality education for all" and "no more profit," which became mainstays in Chilean political life. On both occasions, the protests were characterized by demonstrations, strikes, police repression that exacerbated violence, and strong public support (Morales & Aranguiz, 2006). The largest manifestations occurred in Santiago, but the schools from other regions also participated (UNICEF, 2014; Landaeta & Herrero, 2021). Some years later, university leaders Giorgio Jackson, Gabriel Boric, and Camila Vallejo were elected as members of Congress.

Large cases of **collusion and corruption** in the private sector have also sparked broad protests. The first big case, in 2008, involved the three largest pharmacies in Chile (*Colusión de farmacias*) that raised prices on more than 200 medications, including some necessary to manage chronic disease. Some of these price increases were over 3000% more than the National Supply Center⁵ (Landaeta & Herrero, 2021). In 2011, retailer La Polar was accused of unilaterally renegotiating customers' debts (*Caso La Polar*). The most controversial aspect of this case is that the company's executives were sentenced to ethics lessons and received no jail time. In the same year, news broke that the three largest poultry companies had colluded and fixed prices for at least three years (*Colusión de los pollos*). Two of the largest tissue companies had followed a similar scheme and fixed toilet paper, tissues, and paper towel prices over ten years, a case which came to be known as the "toilet paper collusion" (*Colusión del papel confort*). Finally, there were two controversial cases in 2015 – *Caso Penta* and *Caso SQM* – in which companies illegally financed political campaigns (Landaeta & Herrero, 2021). A recurrent theme was that the rich got richer through corruption, at the cost of the common citizen (Cox et al, 2021). Moreover, justice seemed to rule with deference to their wealth and handed lighter sentences than it would to a lower or middle-class citizen. The private sector, however, was not alone. In *Milicogate* of 2015, members of the armed forces were accused of committing tax fraud and illicit enrichment. The same happened in 2016 with high-ranking *carabineros* (policemen) who embezzled public funds (*Pacogate*) (Landaeta & Herrero, 2021).

Four more protests stand out on the road to the *estallido* of 2019. In May 2011, 30,000 people protested in Santiago to demand the closure of a project planning to build five hydroelectric power stations in the Aysén region (*No a HidroAysén*) (Landaeta & Herrero, 2021). The protest was led mainly by environmental organizations such as *"Patagonia sin represas"* and was repeated in other cities. This movement placed environmental issues in the center of public debate. It also brought into focus the need to include citizens and stakeholders who would be affected by the projects, highlighting their helplessness before decisions of companies or the State. (Cuadra, 2013; Skoknic, 2011). In 2012 a notable regionalist, decentralization movement in the Aysén region protested for better services and greater support from the state given their remote location (*Protestas en Aysén*). The protests garnered support from workers, neighbors, fishermen, local government, and other actors, coining the slogan "your problem is my problem" (U Chile Radio, 2012; Fanta, s.f.). In June 2016 the *No + AFP* movement organized protest against the pension system originally implemented during the dictatorship⁶. It was the first protest about pensions, and it grew in only a month to more than 50 cities. Unlike other movements that appeared leaderless, this protest was organized by *Coordinadora No + AFP*⁷ (Landaeta & Herrero, 2021). The group's spokesperson was Luis Mesina, now the vice-president of the *Central Unitaria de Trabajadores de Chile* (Chilean United Workers Federation)⁸. Finally, in 2018 there was a large number of *feminist protests* over patriarchy, gender inequalities and sexual abuse.

⁵ Centro Nacional de Abastecimiento (Cenabast).

⁶ Although significantly amended since then.

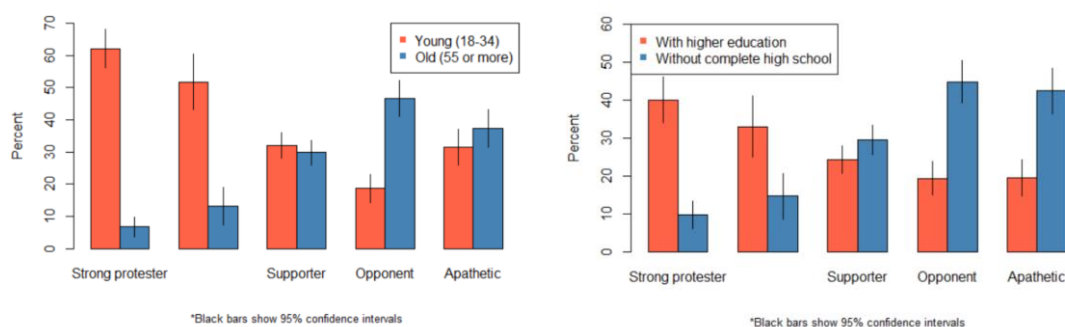
⁷ <https://coordinadoranomasafp.cl/>

⁸ Main organizer of labor unions in Chile.

The 2019 protest started with high school students triggered by the increase in the price of subway fares, then quickly escalated to the whole country. This was interpreted as expressing a malaise that had been growing over the previous decade, and a feeling of injustice and inequality that came from a system that created two different Chiles, one for the upper class and another for the middle and lower class. A quick rise in violence characterized the Chilean uprising in 2019, with several subway stations and buildings occupied, vandalized, and sometimes burned. This led the Government to declare a State of Emergency and send the army to the streets. Many massive demonstrations led to confrontations between manifestants and the police in which human rights were violated (Cox et al., 2021).

Cox et al. (2021) undertook surveys of protesters and non-protesters during this period that provide insights on the characteristics and attitudes of both groups. Protesters were not from one socio-economic class, but were typically younger and had a higher level of education than non-protesters (Figure 3, from Cox et al., 2021; COES, 2020). The group of protesters are separated into strong protesters - who participated more than once - and weak protesters - who participated only once. The group of non-protesters were separated into three: supporters, opponents, or apathetic, regarding their opinion about the protests.

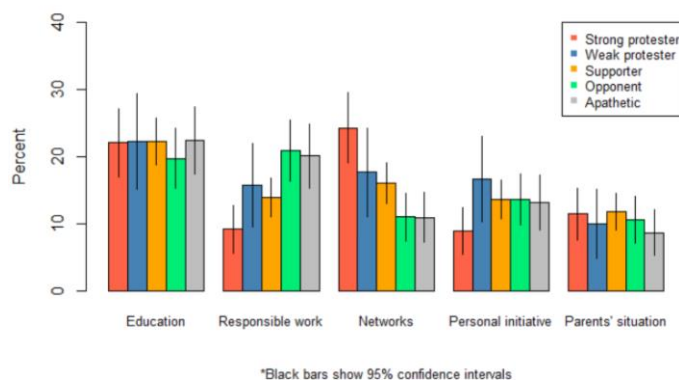
Figure 3. Protesters in the 2019 Estallido Social were typically younger and better educated than non-protesters



Source: Cox et al (2021)

Most of the strong protesters identified politically with the left, supported less the Government in 2019 led by Sebastián Piñera (center-right), and are more interested in politics than the other groups (Cox et al., 2021; COES, 2020). Inequality was an important topic in the uprising: 55% of the respondents of the survey done by Cox et al. (2021) answered that inequality was one of the major motives for protest. Other important topics were "low pensions, high cost of living, and the poor quality of public health and education." Both protesters and non-protesters agree that Chile is an unequal society. All groups viewed education as an important source of success, but strong protesters believe that networks are much more important than "responsible work", while opponents think the opposite (Figure 4, from Cox et al., 2021). All groups thought CEOs were paid more than they should, close to three times "too much" on average for protesters, around twice as much amongst non-protesters (ibid).

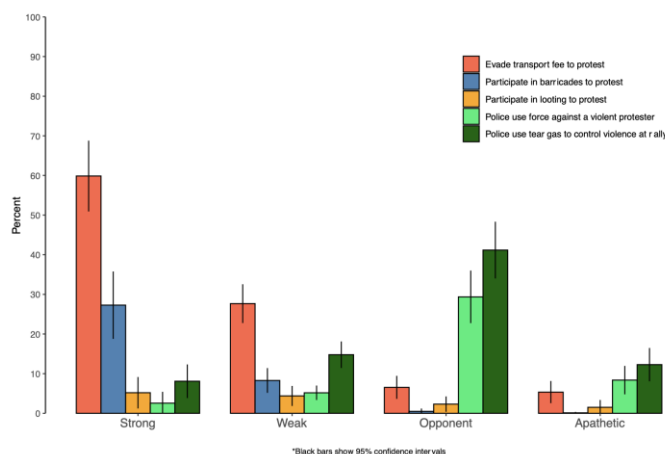
Figure 4. Strong protesters believed networks matter more than personal effort to success; non protesters believed the opposite



Source: Cox et al. (2021)

Both protesters and supporters valued democracy and were less likely to support an authoritarian regime, but they believed it is not working well in Chile. Protesters trusted institutions significantly less than opponents. Additionally, strong protesters have a weaker preference for public order than the other groups (Cox et al., 2021). Finally, Figure 5 shows how the different groups justify actions from both the protesters and the police. It is clear that the protesters, particularly the individuals characterized as "strong protesters" justify actions that can be illegal or violent to achieve social change while they do not justify the use of police force against violent actions that occur during the protests. Indeed, more than 90% of strong protesters believe that the police and military almost always violate human rights to maintain order. On the other hand, opponents do not justify illegal or violent actions done by the protesters, but they justify police force to maintain public order (Cox et al., 2021).

Figure 5. Protesters and non-protesters—especially opponents—have opposing attitudes to illegal action and use of force by police



Source: Cox et al. (2021)

The issues that protests coordinate around display a range of questions that directly or indirectly relate to lack of fairness, and associated inequalities. These include concerns over education quality and costs, collusion and preferential treatment of business and other elites or pensions, plus concerns over violence against women, exploitation of the environment, and lack of recognition of indigenous groups. The increasing number of public protests over time in Chile is indicative of failures in the political project after the return to democracy. While at one level there was impressive stability in formal political processes after the dictatorship, the political system has apparently failed to provide effective mechanisms for dialogue and conflict resolution.

Overall, at least some groups, especially the young with more education, express a feeling of betrayal in relation to the social and economic promises of the democratic period, as well as anger at the profound inequalities built into Chile's social and economic system.

Views from organized citizen debate

We turn now to views expressed in organized debates. The most structured of these occurred in 2016—a full three years before the social explosion—when the government of Michelle Bachelet organized a broad citizen participatory initiative that provided context for a constitutional revision. These local cabildos (councils) had a defined structure that asked citizens to engage in deliberation and debates on the values that should inform a constitution, the rights it ought to uphold, the duties it should impose and the institutions that should enforce these. The results provide an illuminating snapshot of how citizens thought about their relationship to the government and institutions, and, specifically for our purposes, about the importance of inequality in the foundational text.

These debates had three main formats. In the first, a citizen could simply go online and answer a questionnaire on constitutional topics. A total of 90,804 individuals participated between April and August of 2016 (General Secretariat, 2017). A second format allowed any citizen to organize a local debate, termed self-convened local meetings (*encuentro local auto-convocado*, ELA). The structure of the debate was open but guided by predefined questions on values, rights, duties and institutions. At the end of each stage, participants had to record if they reached full, partial, or no agreement. A total of 8,113^[a] ELA's were conducted between April and July of 2016, totaling 106,412 participants (General Secretariat, 2017). Finally, the government organized councils at the province and regional level which followed a similar structure and convened 21,473 participants (General Secretariat, 2017).

While individual participants and self-convened meetings had great heterogeneity, there was frequent agreement on concepts of equality, dignity, gender equity and the right of equality before the law (Table 1 (a)).

Table 1. Mentions and agreements, and ranking of equality and associated concepts in citizen debates

(a.) Equality concepts were frequently mentioned, especially in council debates (% Agreed)

	Individual Participation	Self-convened Local Meeting	Provincial Council	Regional Council
Equality (Value)	37.8%	46.5%	95.3%	97.1%
Dignity (Value)	19.1%	24.3%	30.9%	19.6%
Gender Equality (Value)	19.3%	16.6%	39.6%	44.8%
Equality before the law (Right)	39.5%	34.6%	80.8%	86.7%

(b.) Equality as a value, and equality before the law as a right, were highly ranked by citizens (Ranking)

	Individual Participation	Self-convened Local Meeting	Provincial Council	Regional Council
Equality (Value)	2	4	3	2
Dignity (Value)	13	8	11	18
Gender Equality (Value)	12	10	8	9
Equality before the law (Right)	3	3	4	5

Source: authors' analysis of texts of 2016 debates

Equality ranked third among all values, only behind democracy and justice, when we averaged across all participatory formats. Democracy and justice, of course, can also be considered as values that result in higher levels of equality, both in terms of pre-distributive equality (processes, access to opportunities) and post-distributive equality (income, health, and outcomes generally). In the same vein the other most agreed-upon rights can still be considered as "equalizing forces", such as the right to an education, to health and to social security. Interestingly, individual participants and ELAs also mentioned equality as a right 18.7% and 18.4% of the time.

These fora also recorded arguments as to why each concept should be included in the constitution. Although they are surely limited relative to full discussions, they offer a rich corpus of text which can be characterized both by topics and semantic relationships. In Figure 6 (A-D) we reproduce the results of textual analysis of the records of the debates (that included some 100,000 people). This includes related concepts, or top-words used in the arguments for each topic.

The text analysis provides rich insight into all the different ways Chileans understand equality. Some topics of income and power disparities are recurring, between individuals, groups and even regions, as are topics of opportunity and equality before the state. These also capture the experience of inequality by participants in all of its dimensions.

The sample is by its very nature self-selected, and there is some evidence of coordinated argumentative text—in more than one meeting there are identically worded justifications for every value and right. However, the overall argumentative corpus and selection of preferences remains a multifaceted glimpse into the views of the very large number of people who chose to engage with the process. It highlights how inequality is multifaceted and relates to outcomes and processes, to core ethical and cultural issues, as well as a whole set of specific domains for public action including education, health, work and living conditions.

Figure 6. Concepts related to equality in the texts of the citizen debates

(a) Concepts related to "Equality before the law"



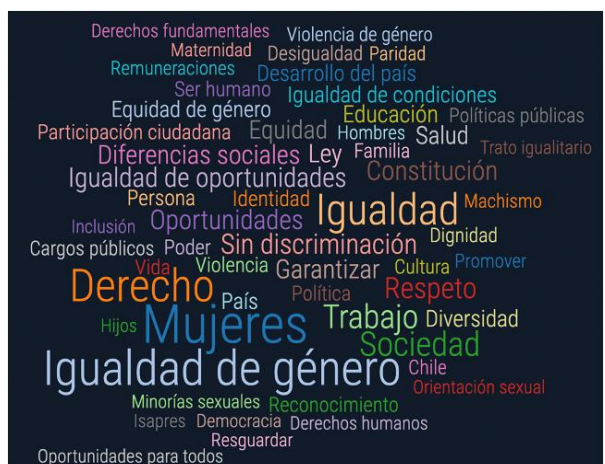
(b) Concepts related to "Equality" as a value.



(c) Concepts related to "Equality" as a right.



(d) Concepts related to "Gender Equality" as a right.



Source: authors' analysis of texts of 2016 debates, as generated by the Library of Congress' pre-processed tool.

In this vein, the Council of Observing Citizens (*Consejos de Ciudadanos Observadores*– CCO) (Baranda et al.) highlight six dimensions of equality mentioned in the citizen discussion of values. Italicized text is a literal translation of recorded minutes in either self-convened meetings or province/regional councils.

1. Equality and democracy:
 - a. *Equality is the basic principle and pillar of any democratic society, where every citizen has equal rights and duties regardless of gender, race or ethnic origin.*
2. Equality as the guarantee of other rights:
 - a. *Equality is the base for rights like integration, diversity, tolerance, access to opportunity, equality before the law and fundamental rights (health, education work, etc.).*
3. Equality and social rights:
 - a. *The state must guarantee a minimum level of social rights to allow for greater equality between people, with a focus on the more vulnerable while respecting individual differences.*
 - b. *There must be a minimum level of access to social and labor rights, understood from a sense of equity.*
4. Equality of opportunity:
 - a. *Equality of opportunity must be guaranteed in every social, cultural and economic aspect. Promoting and guaranteeing equity is giving to those that are more vulnerable.*
 - b. *Equality of opportunity and equality before the law for all Chileans and foreign residents.*
5. Equality as absence of discrimination:
 - a. *Equality means absence of physical, gender discrimination, of opportunity, work and rights.*
6. Equality and positive discrimination:
 - a. *There must be positive discrimination towards indigenous groups, genders [sic] etc.*
7. Equality and equity:
 - a. *Equity seeks equality in differences.*
 - b. *There must be relative equality, that respects diversity and equity.*

Views from surveys

In this section we turn to the evidence from surveys. Chile is fortunate in having well-designed surveys of citizen attitudes in relation to their personal characteristics. This allows a systematic assessment of perspectives. While participants in protests and in citizen debates come disproportionately from specific groups, these surveys are representative of the whole Chilean population. Box 2 describes the main sources. For the primary source of ELSOC Appendix 1 provides further details on patterns of opinion by various social groups.

Box 2. Description of main survey sources.

ELSOC (Estudio Longitudinal Social de Chile) from COES (Centro de Conflicto y Cohesión Social)

This is the main data source used for the inequality perceptions analysis. It has 5 waves in panel format for years 2016, 2017, 2018, 2019, and 2021. Each wave has approximately 3,000 individual-level (above 18 years old) observations. Around 1,500 individuals are maintained across all waves, and then an equivalent 4-stage sampling strategy was used for a "refresh" sample in 2018. It is representative at an urban national level.

ELSOC has been designed to evaluate how Chileans think, feel, and behave regarding a set of social issues related to conflict and social cohesion in the country. Some of the questions try to understand attitudes towards immigration, gender issues, and inequality. The survey asks about current position on the social scale and aspirations. It also asks about perceived income gaps and what would be a just gap.

Note that due to the Covid-19 pandemic, the 2020 year wave was canceled. In 2021, the survey was done via phone calls instead of in person. Also, instead of taking place during the months of September-December of the corresponding year, it occurred in January-February (summer months in the country) which could also have a potential effect on the results. This wave happened to have higher attrition rates due to the difficulties of finding individuals via phone. The sample lost was particularly larger for young males.

For all of the graphs presented in the following section, we use population/gender adjusted weights. Unless otherwise noted in the figure notes, we do not restrict the sample.

Citation: Reproducible Research, Centre for Social Conflict and Cohesion Studies COES, 2022, 'Estudio Longitudinal Social de Chile 2016-2021', <https://doi.org/10.7910/DVN/LQMURF>, Harvard Dataverse, V1, UNF:6z/vWFguq9fg03YaOLWFddA-- [fileUNF]

Chilenas y chilenos hoy, from IPSOS and Espacio Público:

We use the 2020 wave of this data that interviewed approximately 1,000 individuals. It is representative of the main cities of the country: Santiago, Valparaíso, Viña del Mar, Antofagasta and Concepción. Questions ask about things that generate discomfort in society such as perceptions of corruption, abuse, consumers rights, and others.

Citation: Ipsos and Espacio Público, 2022, "Chilenos y chilenas hoy", https://espaciopublico.cl/nuestro_trabajo/encuesta-espacio-publico-ipsos-chilenas-y-chilenos-hoy-2020/

WVS (World Values Survey) Longitudinal format

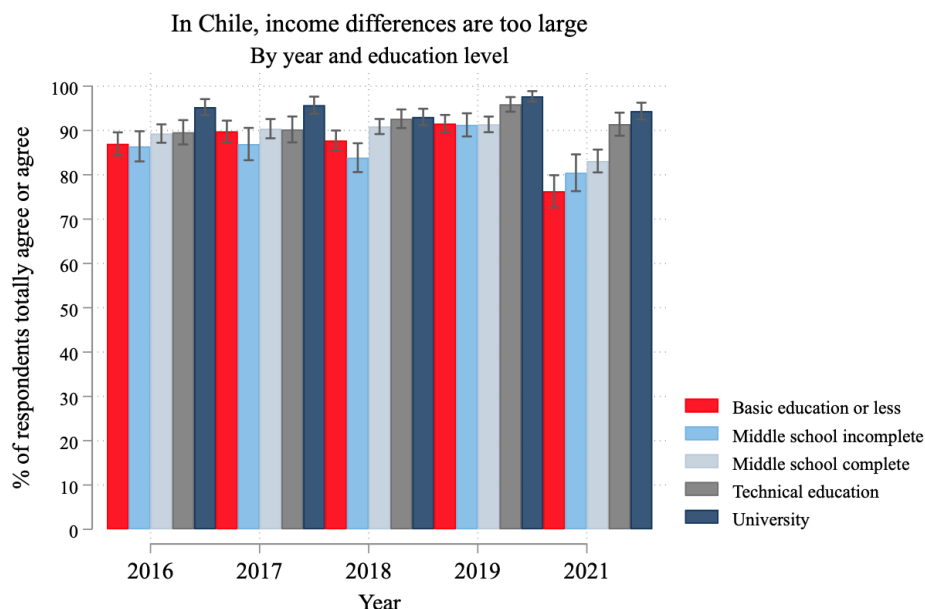
We used the country level World Value Survey's time series using 6 waves, from 1991 until 2018. Each wave contains a national representative sample of the adult population. Each wave contains approximately 1,000 individuals surveyed in Chile. Its format is time series, not panel. The data contains general questions on values and perceptions.

Citation: Inglehart, R., C. Haerpfer, A. Moreno, C. Welzel, K. Kizilova, J. Diez-Medrano, M. Lagos, P. Norris, E. Ponarin & B. Puranen (eds.). 2022. World Values Survey: All Rounds - Country-Pooled Datafile. Madrid, Spain & Vienna, Austria: JD Systems Institute & WVSA Secretariat. Dataset Version 3.0.0. doi:10.14281/1824117

General views on inequality across core domains

Across years 2016 to 2021, 90% of Chileans agree that income differences in the country are too large. This is strikingly consistent across all subgroups—Figure 7 illustrates by education level, but we find similar consistency by age, income, social class and gender (see Appendix 1).

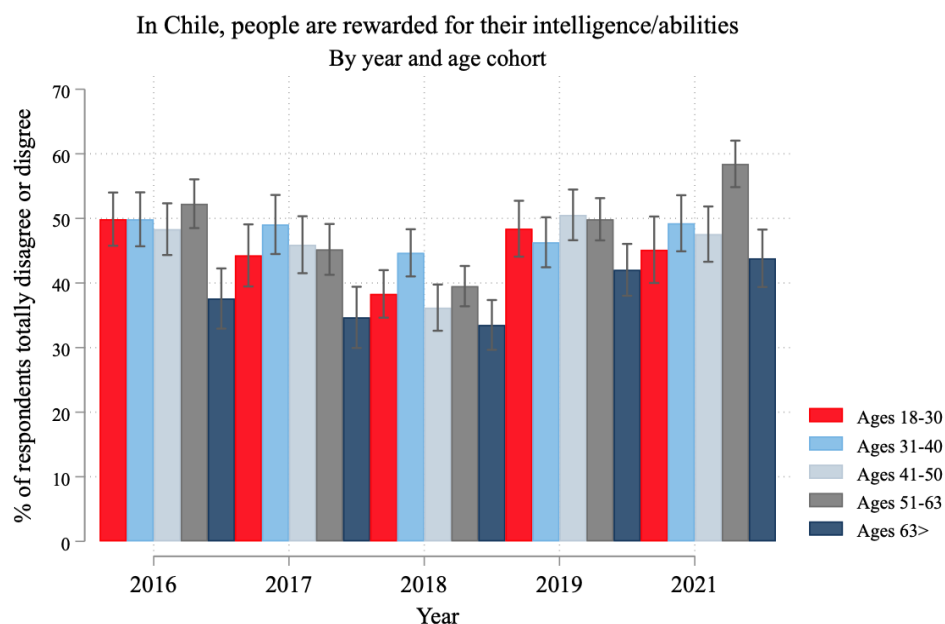
Figure 7. Almost all Chileans believe income differences are too large



Source: Authors calculations from ELSOC

Moreover, in 2019 and 2021 (the question is only available for those years) only 18.5% agreed that people had equality of opportunities. Lack of opportunities translates into lack of meritocracy, which was one of the key demands of the social movement—as mentioned above in the survey of Cox et al. (2021). Indeed, other surveys find that a large majority of Chileans do believe inequalities associated with differential effort are justified—consistent with this core ethical concept of equality of opportunity. However, when asked if people were rewarded for effort and intelligence, there are significant concerns across all age groups, with the only partial exception of those over 63 (Figure 8).

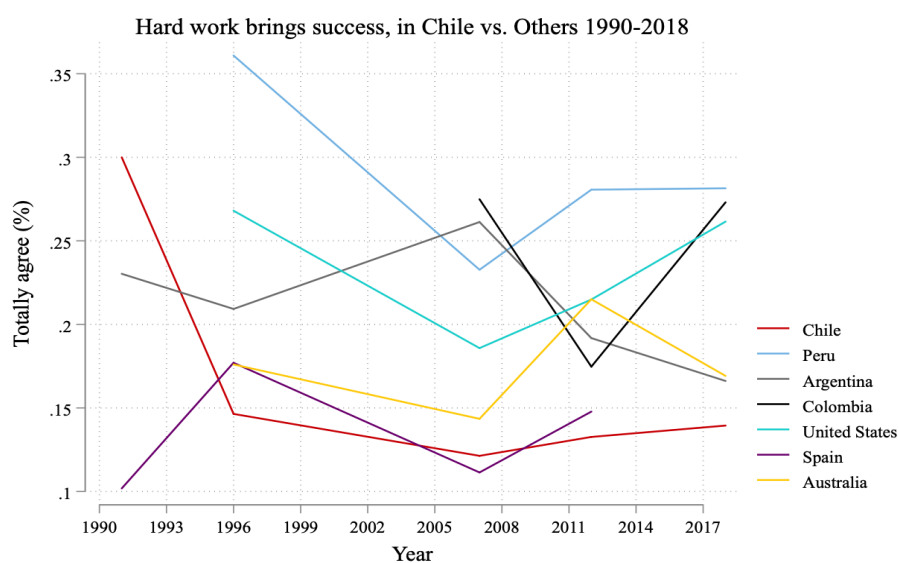
Figure 8. About half of Chileans *disagree* with the proposition that people are rewarded for their effort or their intelligence (by year and age cohort)



Source: Authors' calculations from ELSOC

Chile also seems to stand out by international standards. Using the longitudinal version of the World Value Survey 1990-2018, we can see how for 2018 less than 15% believed *hard work brings success*, significantly less than other comparable countries of the region such as Argentina or Peru.

Figure 9. Chileans are less likely to believe hard work brings success than comparator countries.

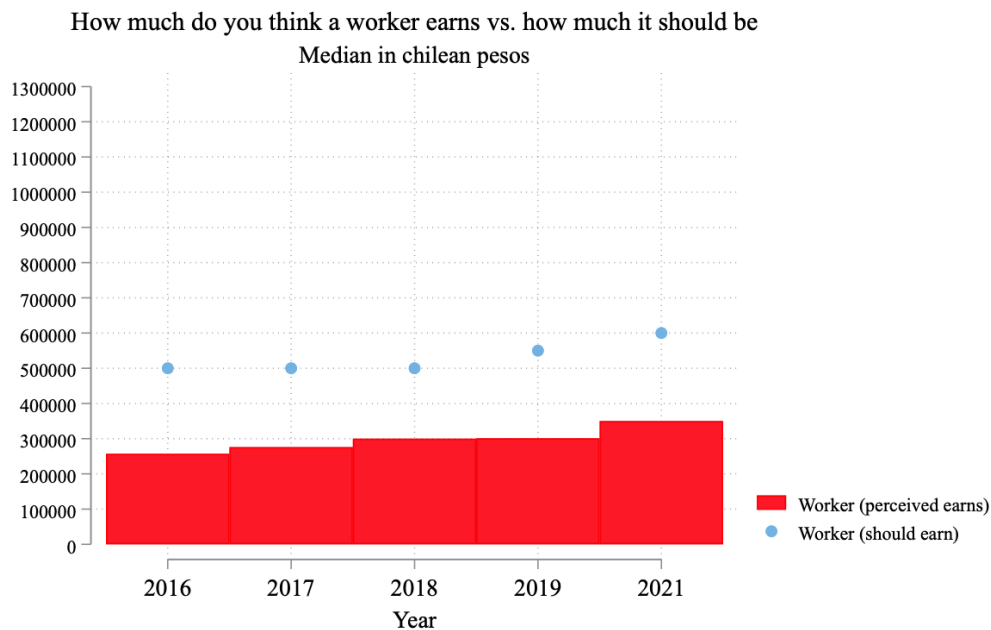


Source: World Values Survey

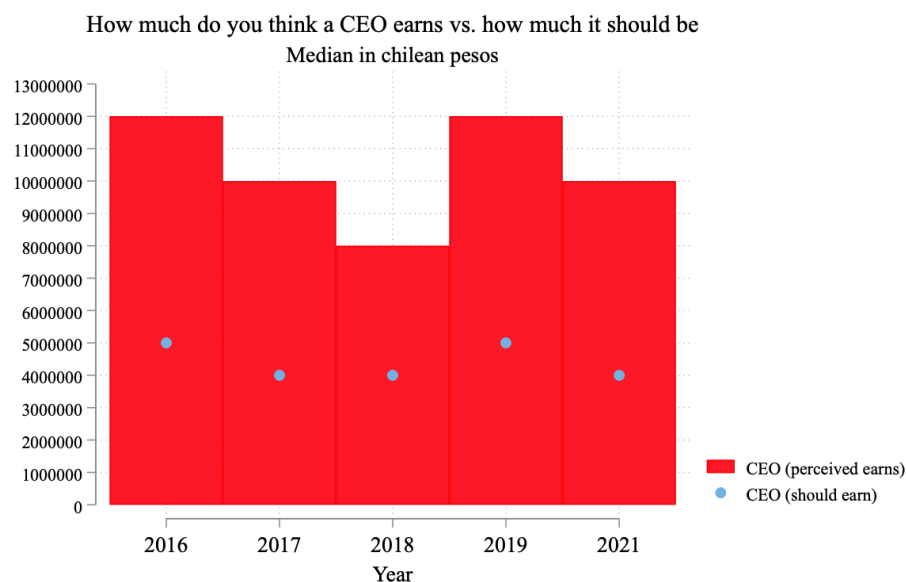
A specific area in which citizens believe rewards are unjustified concerns the top salaries of business leaders, consistent with the survey around the 2019 protest. Chileans believe that workers should be paid more, and CEOs substantially less than their *perceived earnings* (Figure 10). Citizens surveyed had a fairly accurate assessment of the bottom wages/salaries (around the minimum wage) but perceived top salaries as substantially *lower* than actual top salaries. Over 2016-2019 the average ratio of perceived salaries between CEOs and workers is 35 times, compared with a "just" ratio of 8 times (Table 2). According to one estimate using the CASEN household survey, the real ratio was 59 times in 2019 (Castillo et al 2021).

Figure 10 Citizens' believe workers should be paid more and CEO salaries less than their perceived salaries

(a) Beliefs on workers' earning



(b) Beliefs on CEO earnings



Source: Authors calculations from ELSOC

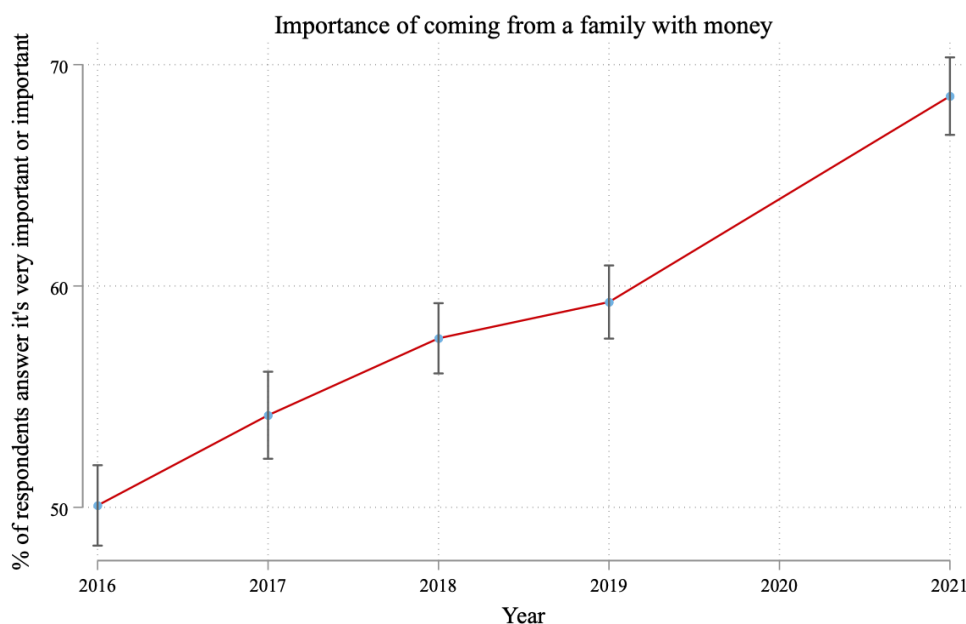
Table 2 Citizens' Perceived vs. Just Ratio of Wage differences

Year	Perceived ratio	Just ratio
2016	47	10
2017	36	8
2018	27	8
2019	40	9
2021	29	7

Source: Authors calculations from ELSOC

Complementing this perspective, a substantial proportion of Chileans believe it is important to come from a family with money for future success. This has been rising from about half the population in 2016 to almost 70% in 2021. People with more education tend to find it even more important.

Figure 11. A rising majority of Chileans think it is important to come from a family with money

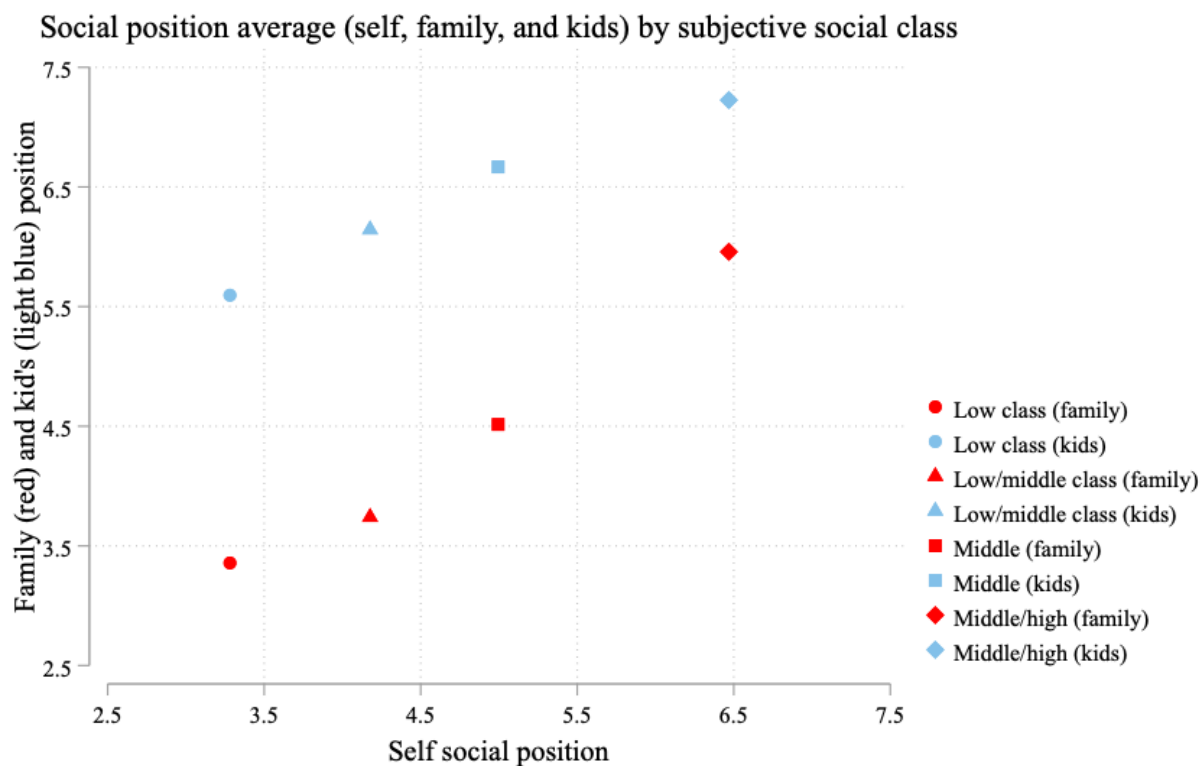


Source: authors calculations from ELSOC

An additional perspective on citizens' views, related to questions of equality of opportunity, comes from subjective views on mobility. The ELSOC survey asks citizens about their current positions on a social scale (from 1-lowest to 10-highest), that of the family or house in which they grew up (a subjective measure of social mobility) and their expectations for their children (a view on their aspirations, or perhaps more accurately their expectations on the future).

Figure 12 provides a summary that illustrates three things. First, the self-perceived *clase baja* (low class) experienced no upward mobility, while middle and especially higher classes experienced some upward mobility relative to the families in which they grew up. Second, all groups aspire or expect relative gains for their children. But third, relative rankings remain constant. Perhaps surprisingly, aspirations are consistently different across years. This is of course, different from either absolute gains in living standards, education, etc, that were substantial, and actual mobility—that we discuss later.

Figure 12 The perceived social position of individuals across social class, in relation to the family in which they grew up and aspirations for their children.

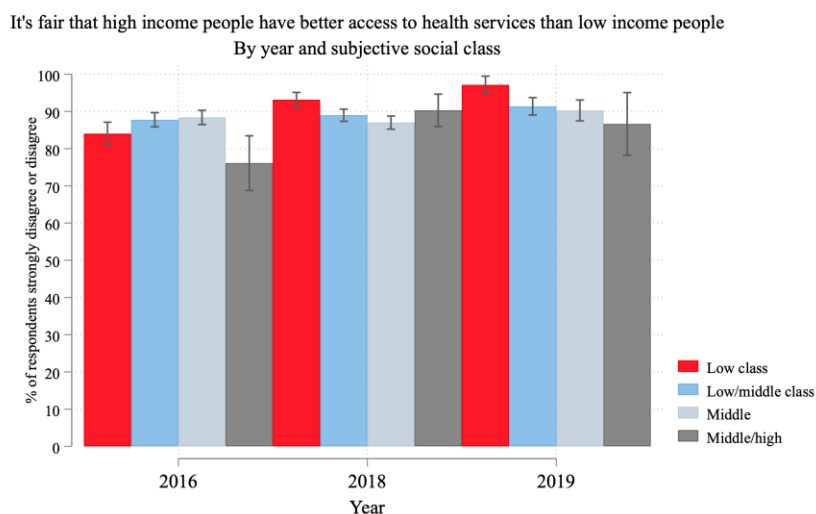


Source: authors calculations from ELSOC

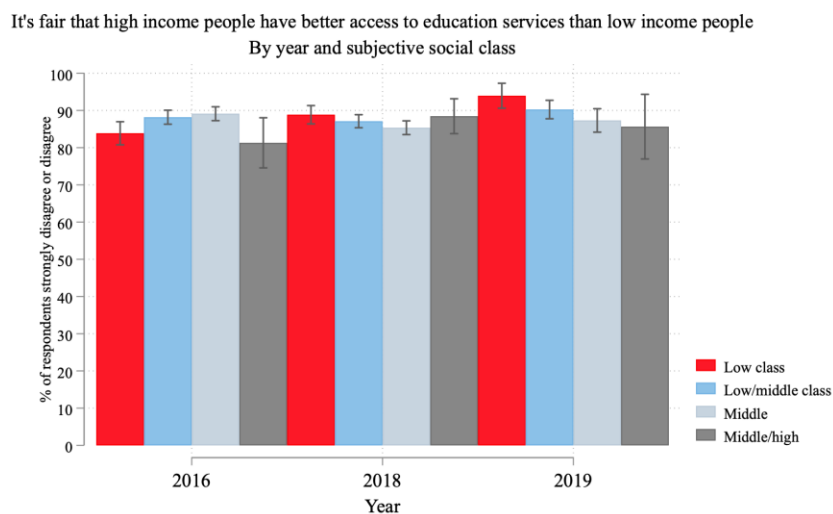
As we saw in the reports on debates, concerns over inequality and fairness are associated with many dimensions of well-being. This is evident in attitudes to social provisioning. For health and education services, there is a strikingly consistent view across years and social groups, with between 80 to 90% of the sample agreeing that it is not fair that individuals with higher incomes have better access to services (Figure 13).

Figure 13 The vast majority of Chileans disagree with the proposition that it is fair that high income groups have better access to health and education services.

(a.) Attitudes to health services



(b.) Attitudes to education



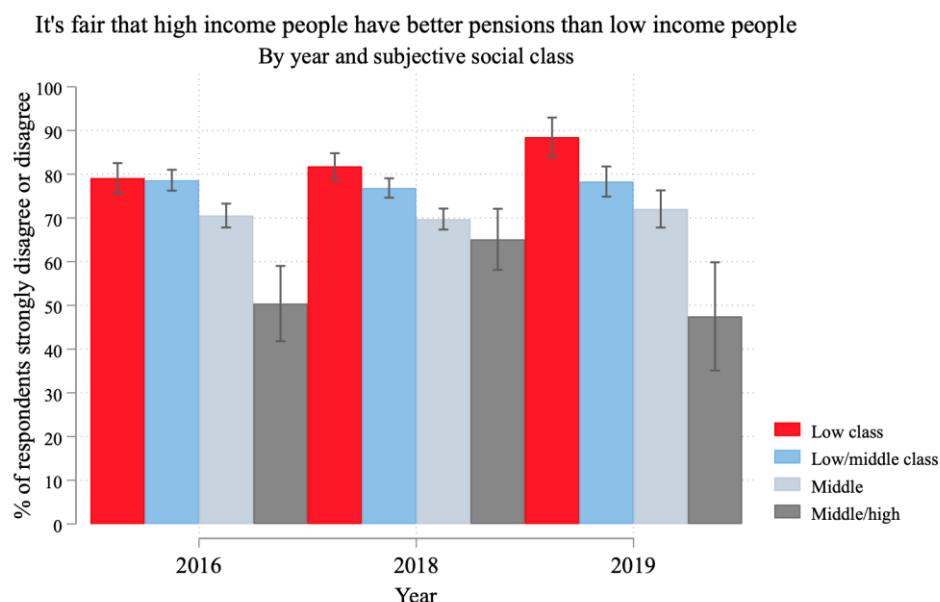
Source: Authors calculations from ELSOC

There is more variation in opinion by subjective social class in the degree to which high income people should have access to better pensions (Figure 14). Lower class and middle class Chileans have similar attitudes in the case of pensions to those expressed relative to education and health services, while upper classes are more likely to agree with the view that differences are justified.

While we don't have information from this survey on actual pensions, this is, of course, aligned with the intended design of the core defined contribution pillar of the pension system that

you get out what you pay in. (Protests nevertheless focused on perceived injustice, as noted in Box 1).

Figure 14. Chileans have mixed attitudes to income-based differences in pensions

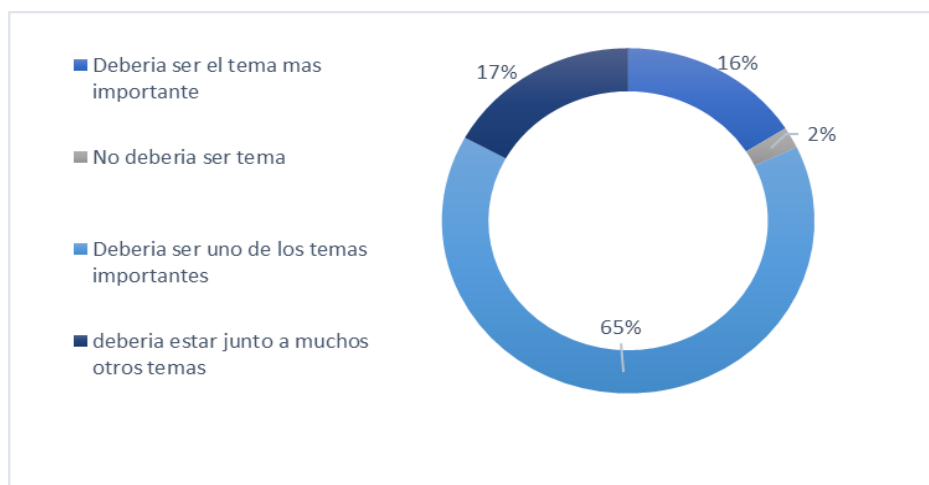


Source: Authors calculations from ELSOC

The patterns reported so far in this section come from a representative survey of citizens. This likely underrepresents the small group of elites. It thus useful to complement this with evidence from surveys targeted specifically at elites. We report on one here, based primarily on business elites (Círculo de Directores, 2020)⁹ It is noteworthy that of individuals surveyed, 80% considered inequality to be an important theme, and only two percent that it was not (Figure 15). Of course this does not mean business elites are in favor of redistribution, indeed they expressed “education and work” to be the most important issues for inequality.

⁹ <https://www.encuestacirculodedirectores.org/>

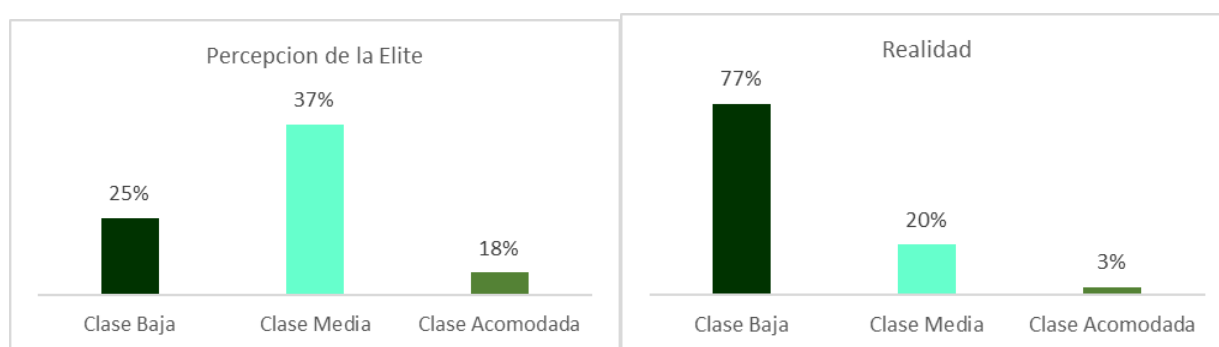
Figure 15 Most members of the elite consider inequality to be important



Source: *Círculo de Directores, 2020*

Furthermore, in a mirror image of citizens underestimating the salaries of business leaders, this group of the mainly business elite, substantially over-estimate the incomes of the bulk of the Chilean population (Figure 16).

Figure 16. Elites believe Chile is substantially more middle class than in reality



Source: *Círculo de Directores, 2020*¹⁰

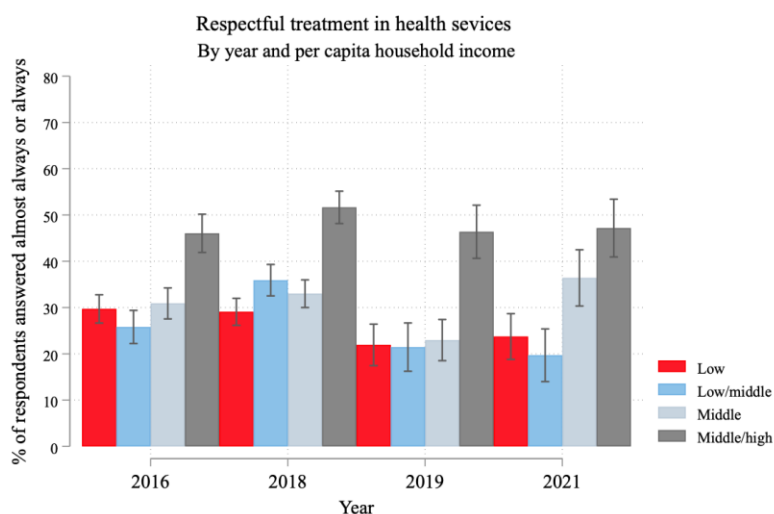
Views on the state, social actors and protest

In this section we turn to views of different groups on interactions with the state and other actors. Let's start with questions of how citizens feel they are treated. The view that *desigualdad de trato*, inequality of treatment, is an important dimension of inequality, is a theme that already emerged in the major study by the UNDP (Frei et al, 2017)

¹⁰ A person who belongs to "Clase Baja" is defined, based on the World Bank, as a person that earns between 160,000 and 180,000 Chilean pesos.

Figure 17 provides a measure of how citizens are treated by health services (that are mixed private and public). Only around 30% of lower and middle classes say they are always or almost always treated respectfully when receiving health services; this rises to only 40-50% amongst higher classes.

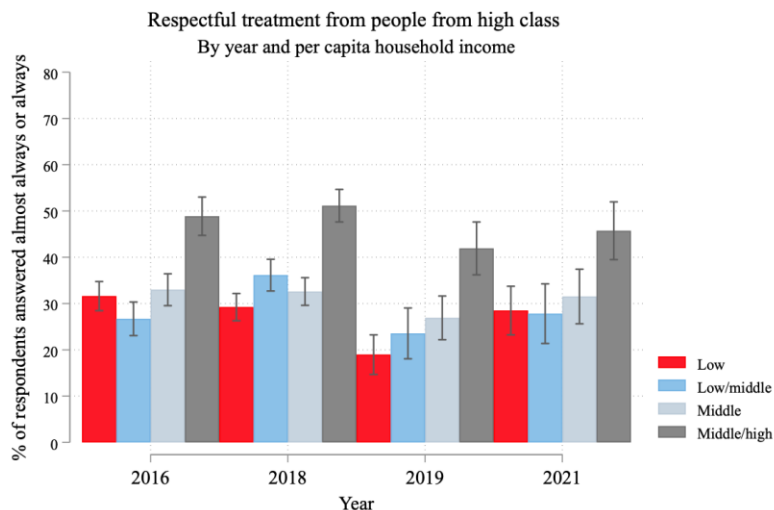
Figure 17. Only a minority of Chileans feel they are treated with respect by health services



Source: Authors calculations from ELSOC

A notably acute pattern is revealed on whether individuals feel they are treated respectfully by people from the *clase alta* (high class backgrounds). During the 2016-2019 period around 30% amongst lower and middle classes agree they are treated with respect. We see a sharp decrease in this perception for the low, low-middle and middle class in the key year of 2019. The perception of respectful treatment is unsurprisingly higher for the group of higher classes. However, only half consider they are treated respectfully, suggesting that even in these groups individuals feel a lack of respect from those perceived to be even higher class than they are.

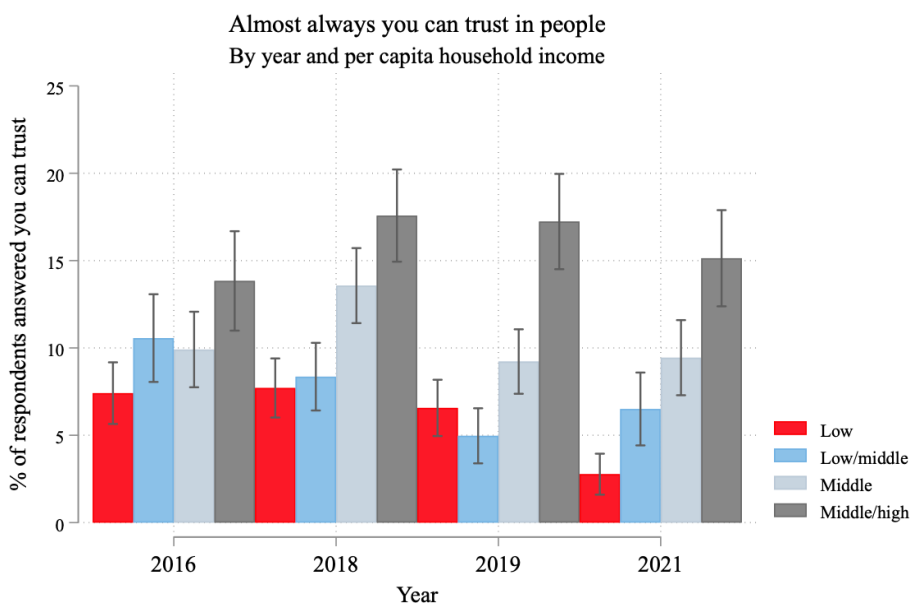
Figure 18. ...and only a minority of Chileans feel they are treated respectfully by high class people



Source: authors calculations from ELSOC

A complementary perspective on institutions is the expressed trust. It is notable that "trust in people" has been persistently low across recent years, with only 11% saying you can almost always trust in people, while 90% say you should always be careful in relating to people. Lower income classes present especially low levels of trust, including a sharp decline in 2021.

Figure 19. Chileans have low levels of trust in other people, especially amongst low class citizens

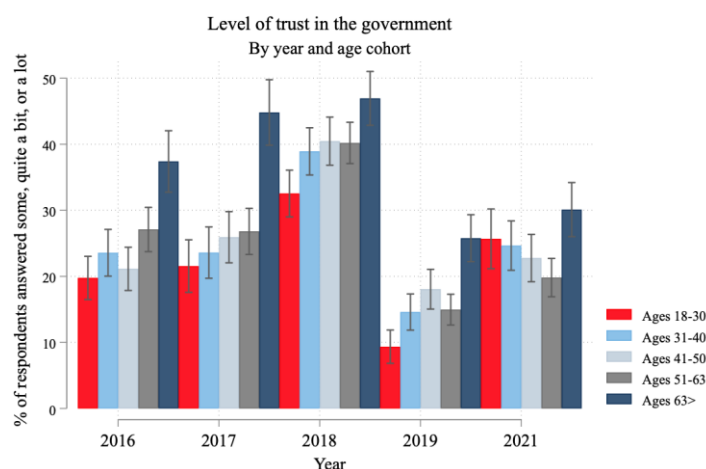


Source: authors calculations from ELSOC

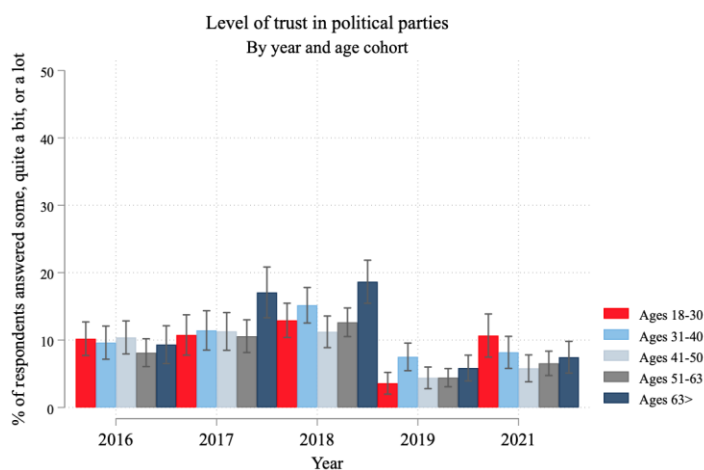
Chileans also have low levels of trust in government—somewhat better for older cohorts, and very low for young cohorts in 2019 (Figure 20(a)). This is even lower for Congress (see Appendix 1), and dramatically low for political parties (Figure 20(b)) consistent with the rejection of traditional parties in the 2021 election. These patterns are consistent with global trends, if particularly dramatic for Chile.

Figure 20. Chileans have low levels of trust in government, especially amongst the young

(a) Trust in government fell sharply in 2019



(b) ...and almost no Chileans have trusted political parties for many years

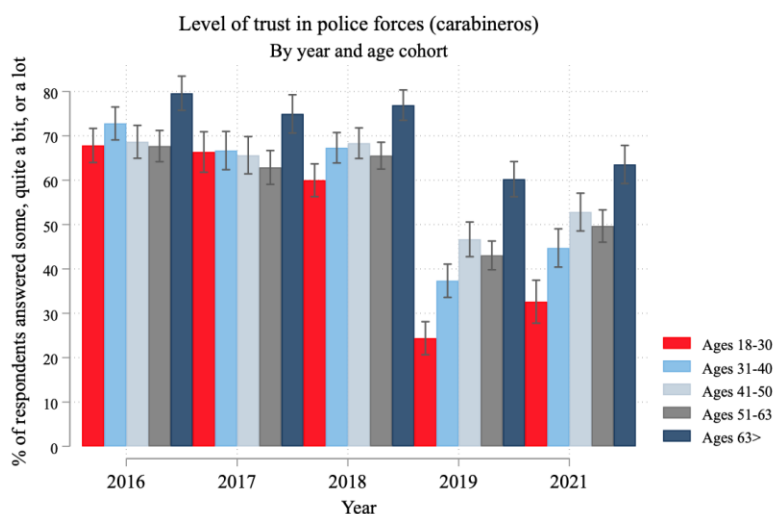


Source: authors calculations from ELSOC

The trust levels in some other institutions is higher, notably for the police (*carabineros*). Traditionally Chileans have trusted the police more than other security forces and probably more than in most Latin American countries. This trust substantially eroded since 2019 (though may have recovered since). Between 2016 and 2018, over 60% of respondents

answered that they have “some”, “quite a bit” or “a lot” of trust in *carabineros*, with older cohorts having, in general, higher levels of trust (Figure 21). There was then a sharp decline in trust amongst younger cohorts in 2019 in the context of the *estallido social*. There was widespread concern over policy tactics and abuse over their management of protests with more than 35,000 allegations of human rights, and a corruption case (The Guardian, “Calls grow for radical reform of Chile’s national police force”, 2020). Indeed, Cox et al. (2021) found that more than 90% of protesters answered that police or military abused human rights “always” or “almost always”.

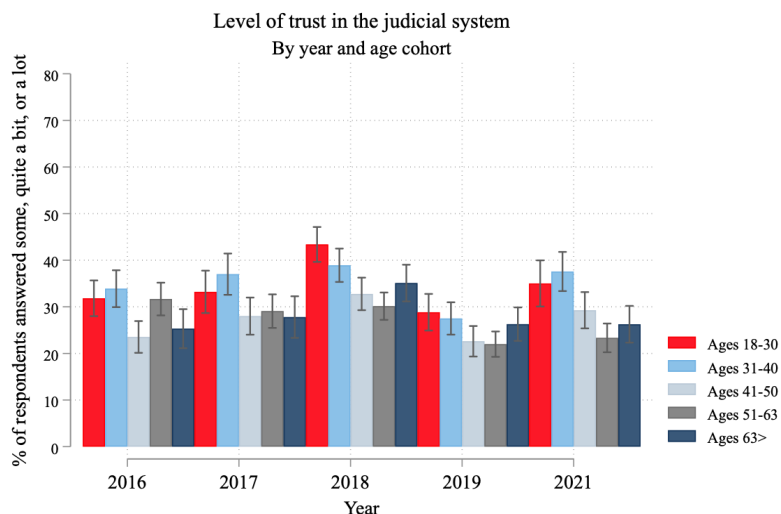
Figure 21. Trust in police has traditionally been high, but fell sharply in 2019, especially amongst the young



Source: authors calculations from ELSOC

Trust in the judicial system is higher (at around 30%) than trust in political institutions (Figure 22), but relatively low given Chile’s position in regional international rankings: position 3 out of 32 in the region, and 31 out of 46 for high income countries in terms of the Rule of Law Index (2021, World Justice Project)

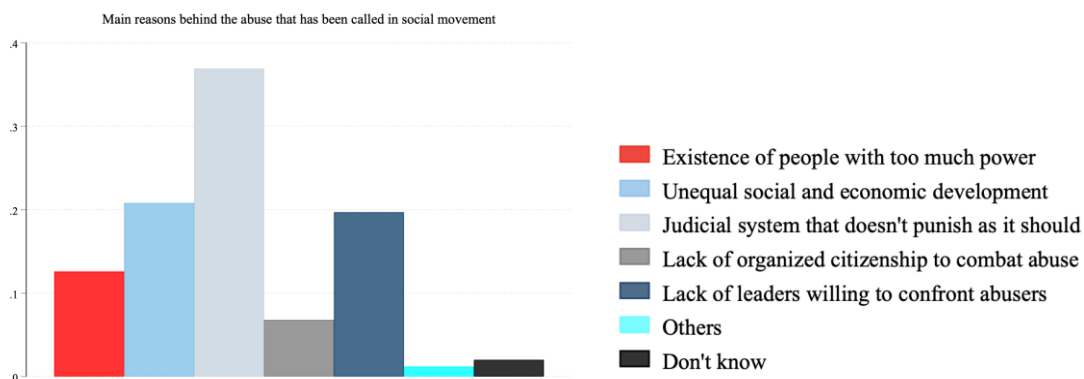
Figure 22. Trust in the judicial system is also low



Source: authors calculations from ELSOC

During the protests, the sentiment of abuse and "inequality under the law" was an important topic for the social movements. A survey by IPSOS and Espacio Público in 2020 provides further context: the top reason behind abuse of citizens in the system was a "judicial system that doesn't punish as it should", followed by "unequal social and economic development" and "lack of leaders willing to confront abusers" (Figure 23). The main action advocated for combating abuse was "tougher laws with exemplary sentences". As noted in Box 1 on the protests, Chile experienced several iconic cases that were also at the center of the protests. Soft penalties were given to business managers and owners after collusion cases in the pharmacy market, toilet paper, and chicken industries (Contreras and Saldivia, 2021).

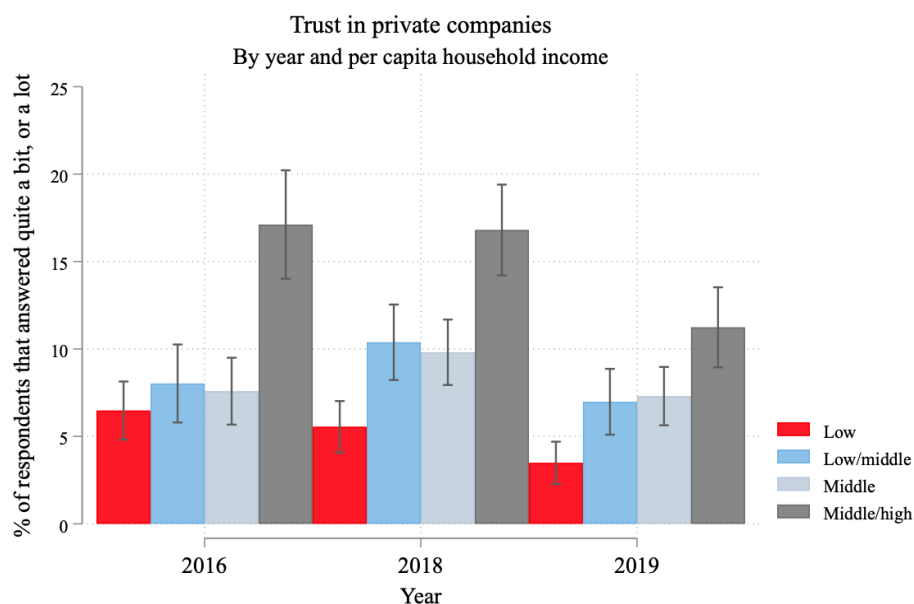
Figure 23. What Chileans say are the main sources of abuse in society



Source: Chilenas y chilenos hoy, IPSOS and Espacio Público, 2020

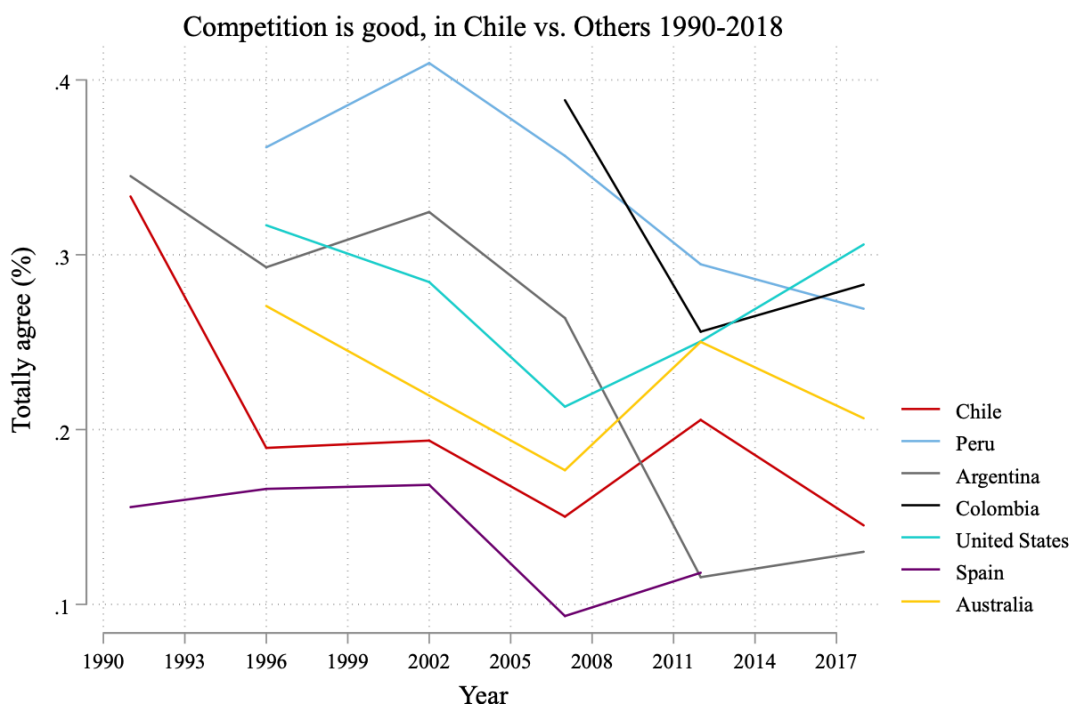
A similar pattern of low trust applies to private companies: less than 10% of people respond that they trust private companies "some" or "a lot" (Figure 24). And when asked about the competition system using the World Values Survey, people in Chile seem less convinced that competition (in general) is good. Over the long period from 1990 the views of Chileans changed dramatically from 30% totally agreeing to 15% (Figure 25). Most economists would argue that lack of competition is part of the *problem* of collusion, alongside weak regulation. We interpret this here as citizens associating competition with greater scope for business action.

Figure 24. Chileans have very low trust in private companies



Source: authors calculations from ELSOC

Figure 25. A low and declining share of Chileans believe "competition is good" since 1990



Source: World Values Survey

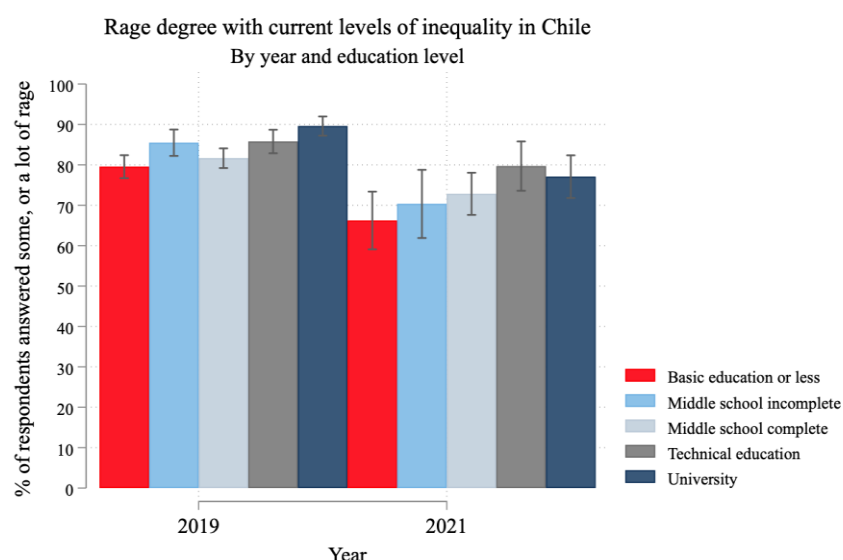
Views on anger, violence and order

Issues of collective anger, of violence and order are important elements of citizen's views. Anger over a range of felt injustices have been a potent source of citizen mobilization, especially in the street protests. As already noted, this spilled over into violence both at times by protesters and by the police—significantly reducing the traditionally high levels of trust for the *carabineros*. There are also widespread concerns over casual theft and violence against citizens. This is linked to demands for greater order, and is often appropriated by politicians running to resist change. We here provide a few results from surveys.

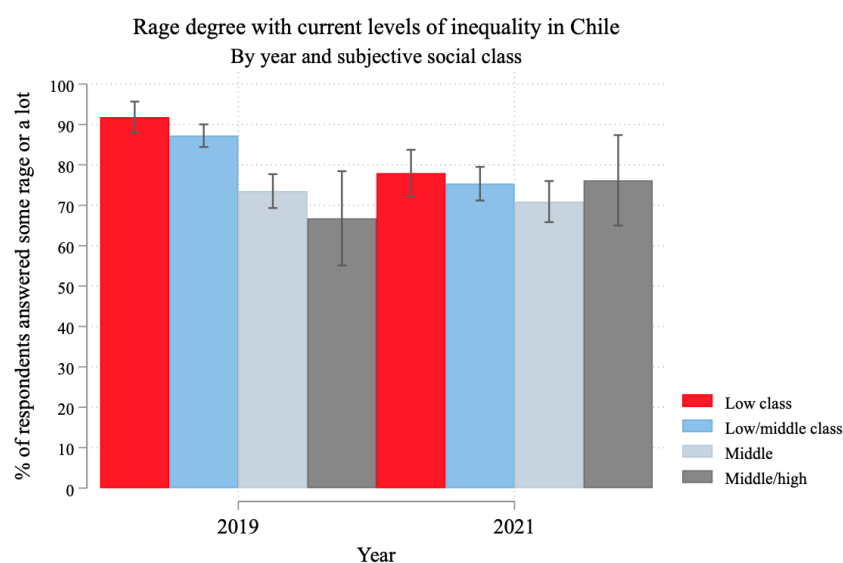
First, there is a striking finding on anger over inequality. In 2019 and 2020 (the only years the question was asked), over 80% of citizens said in 2019 they feel "some" or "a lot" of rage with current inequality levels. In 2021, levels fell marginally but remained very high. While the levels are high across education groups and all social classes, it was higher for two contrasting groupings—more educated people (we saw above that protesters in 2019 were typically more educated) and those of low social class.

Figure 26. Most Chileans feel rage at the level of inequality in Chile

(a) ...by education level



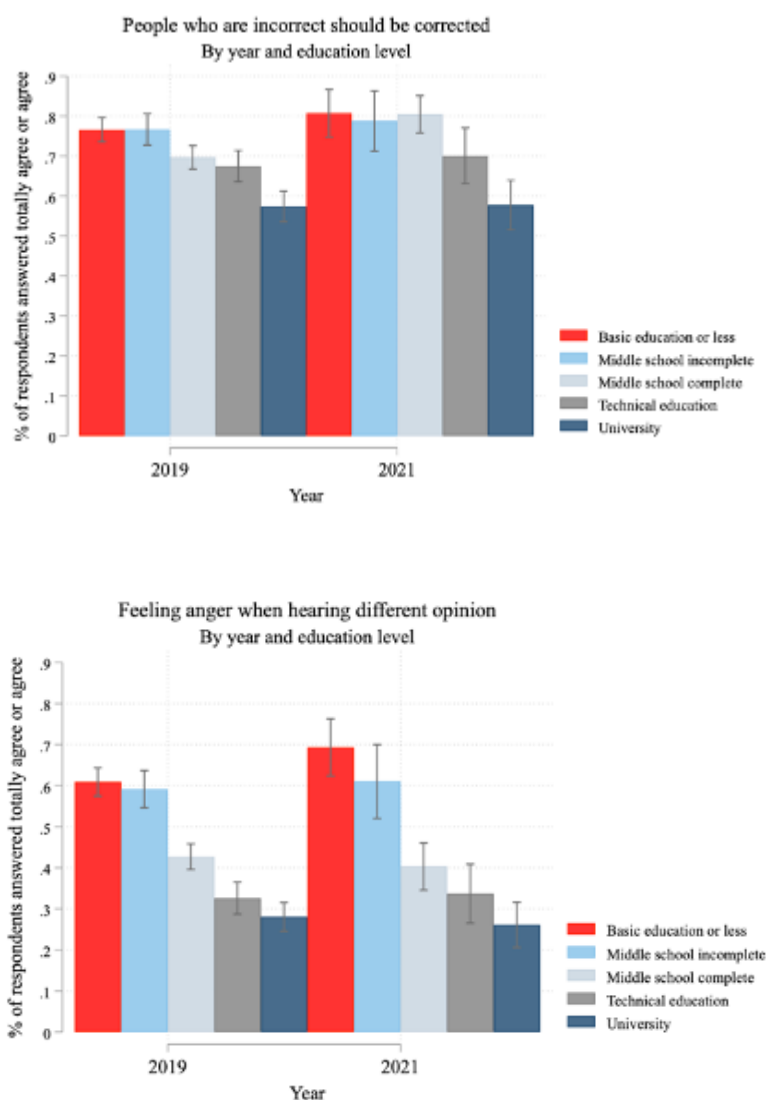
(b) ...by social class



Source: authors calculations from ELSOC

In terms of feeling and attitudes toward social conflict, 65% feel it is important to correct others when having an argument/disagreeing on something, and this is significantly higher for less educated groups (the opposite pattern to the previous graph on rage). The same pattern is true for feeling angry when hearing opinions of others that differ from the respondent.

Figure 27. Most Chileans feel they should correct someone who is incorrect and feel anger when hearing a different opinion



Source: authors calculations from ELSOC

2. Patterns and debates on measures of actual inequalities

This section turns to “objective” measures of inequalities in Chile. The primary focus is on income inequality. As emphasized above, and vividly reflected in citizen attitudes, this is only one aspect of concerns over inequality—both with respect to the multiple dimensions of well-being, and the extent to which distributions are judged to be fair or not. However, most empirical work has been on income inequality and it is important to develop a picture of patterns. Hence we provide a synthesis of some measures and data sources, as well as some interpretations.

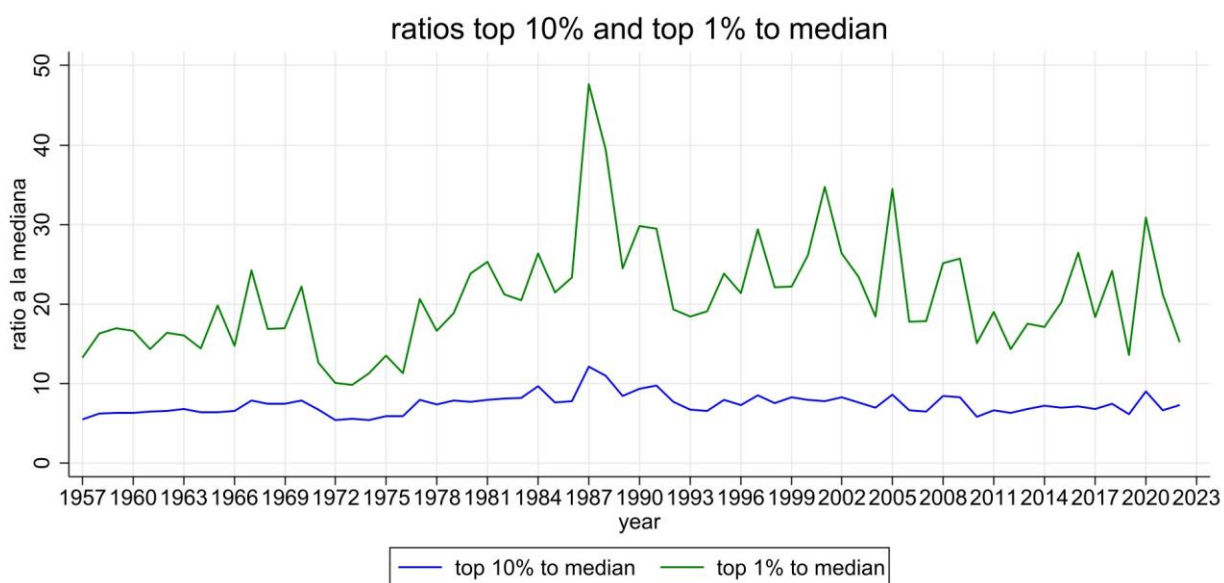
A central question, as it relates to our analysis, is how inequality has evolved over time. The answer, we will show, depends on the data sources and types of incomes we consider. We first provide a brief note on the longer-term context, then discuss alternative measures of inequality and provide an alternative prism through the overall distribution of growth. We then summarize a key area for dynamics and potential change, that of education. Future work will look at other dimensions.

Some long-term context on inequality trends

Long-range survey income data is scarce for Chile as a whole. Recent work by Flores et al. (2020) uses tax data to characterize the dynamics of the income distribution by imputing “fiscal-income” shares between 1964 and 2017. They find that the income shares of the top 0.1% and 0.01% are relatively stable over the entire period at around 4% and 2% respectively, while the top 1% share decreases drastically in the Allende years, followed by a marked increase during the dictatorship to nearly 18%, followed by only a very gradual decline to around 16% in the ensuing 40 years.

As a complement we analyze the Greater Santiago Labor Force Participation Survey (*Encuesta de Ocupación y Desocupación del Gran Santiago*, or EOD) which provides a good benchmark for the dynamics of income in the greater capital region. The data, although limited in regional coverage, agrees with trends analyzed in Flores et al, albeit with a significantly lower level of inequality. This we believe reflects the fact that this is based on a household survey that likely excludes top incomes (see further below) and also excludes poorer parts of Chile, especially in rural areas. In particular, we note that the top 1% share is quite volatile and counter-cyclical– which we interpret as the rich’s relative protection against downturns.

Figure 28: The ratio of the top 1% and 10% to the median of total household income in Greater Santiago, 1957-2021, show significant fluctuations.

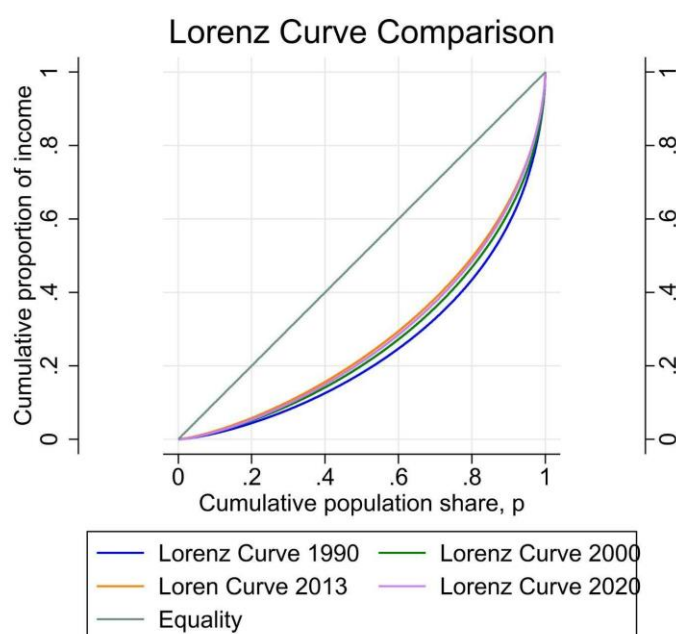


Source: authors calculations from the EOD

Box 3. On the Gini and other measures of inequality

Capturing inequality, even only for monetary income or wealth, is inherently complex. The Gini is one out of many possible indicators, each with their own set of benefits and drawbacks. The Gini's popularity is largely self-fulfilling— its early discovery in 1912 (Gini, 1912) and apparent succinct nature made it the standard. It has many drawbacks, notably that two *extremely* different income distributions can have identical Gini coefficients and that the number itself is not easily interpreted (and can be confused as an absolute score between 0 and 1). A precursor to the Gini, and indeed a step in its computation, is the Lorenz curve, plotted below using CASEN household per capita income data. Since then many other measures have been developed, These measures synthesize different elements of the distribution, some incorporating different degrees of societal aversion to inequality. An incomplete, but transparent method, of illustrating selected aspects of inequality is via use of income shares of different fractions of the population. A related useful summary ratio was suggested by the Chilean economist Palma, and is known as the Palma ratio. This compares the top 10% income to the bottom 40%, and so also has an intuitive political economy interpretation on the relative shares of the broad elite (as opposed to truly wealth) to a proxy for poorer groups in the population..

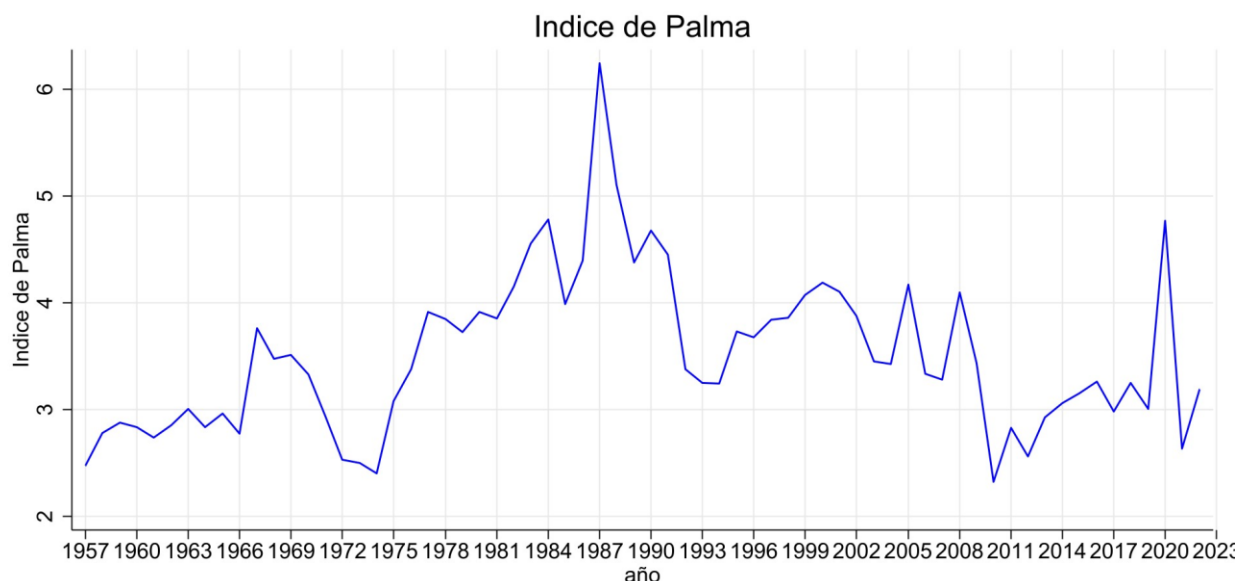
Figure 29: Lorenz Curve Comparison (1990-2020)



Source: CASEN various years

An alternative summary index of inequality is the Palma ratio. This measure captures the ratio of the share of incomes of "the rich" (the top 10%) to "the poor" (the bottom 40%), that we can also calculate using the EOD (see also Box 3). Figure 30 shows this for both the long term, from EOD, and the recent period. This index vividly shows the fall and then sharp rise in the transition from the Allende to the Pinochet governments, followed by some decline with the democratic transition, and a volatile pattern since.

Figure 30. There have been large changes in the ratio of incomes of the "rich" to the "poor" in Greater Santiago (EOD) that partially echo political changes



Source: authors calculations from the EOD

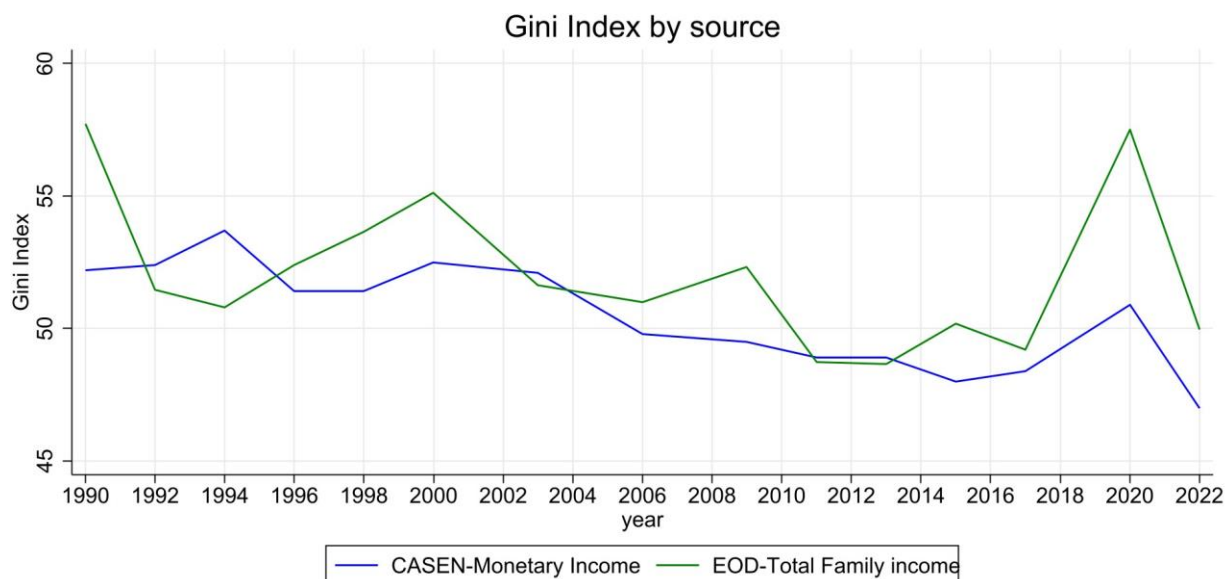
Trends in income inequality since 1990

We now turn to trends in inequality of incomes since the return to democracy in 1990. We use three core sources: the traditional household survey, the CASEN, that has a representative sample, but suffers from some significant exclusions; the Greater Santiago Labor Force Survey (EOD), that has some similar characteristics; and series constructed by the World Inequality Database, that also makes a number of further adjustments to reconcile core survey based data with other sources (see below)

The CASEN (*Encuesta de Caracterización Socioeconómica Nacional*) is the premier income survey with national representativeness in Chile and is the basis for the World Bank estimates of income inequality. Figure 31 shows the pattern in the recent period for CASEN and the Greater Santiago Labor Force Survey. These both suggest some decline in inequality, with a significant increase in 2020 (a year affected by COVID), and a further decline in 2022.¹¹

¹¹ 1990-2009 CASEN series using retroactively adjusted income measures for methodological changes implemented in 2011.

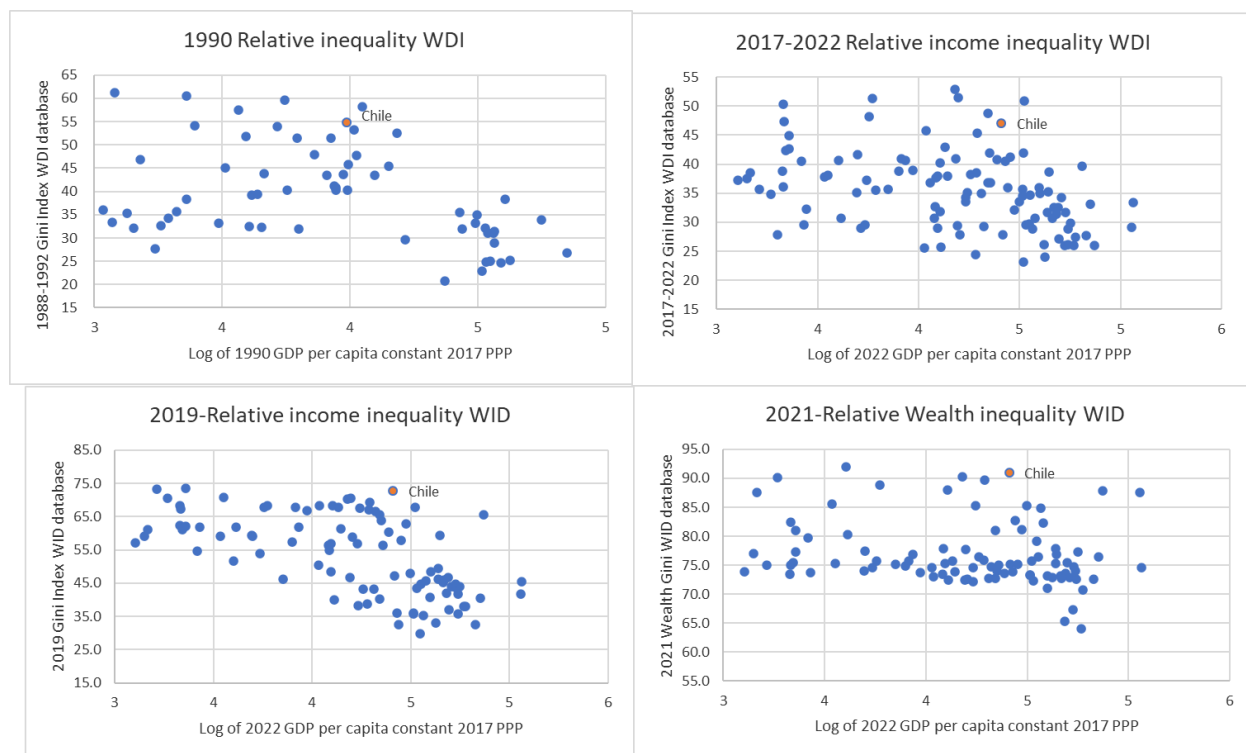
Figure 31: the household and labor force surveys suggest declines in inequality after 1990 and after 2000, with a sharp, temporary rise in 2020



Source: authors' calculation based on CASEN and EOD various years

The pattern of some declines in measured inequality from traditional household surveys has also occurred in other high inequality countries, including in Latin America. This was discussed in earlier work by Luis Felipe López Calva and Nora Lustig. This trend was interpreted as a consequence of government transfers and the substantial educational expansion, that more than offset skills-based technical change (see López Calva and Lustig, 2010). However, Chile has continued to be one of the most unequal countries in the world, whether measured using traditional household surveys, or the adjusted measures of inequality from the World Inequality Database. Chile has grown faster than most countries in Latin America, but this has not made it a relatively more equal country when compared to the rest of the world.

Figure 32 Distribution of the Gini of incomes in the World



Note: Chile WDI is from CASEN 2022. WDI data is the latest available number between 2017-2022.

Source: authors' calculation based on World Development Indicators and World Inequality databases.

There are, however, questions as to how much household surveys, such as CASEN, provide a comprehensive description of inequality patterns. There are two significant limitations to survey-based methods of measurement. One is that non-response rates are correlated with income, which artificially shrinks the proportion of high-income households in the sample relative to other groups.¹² The second is that estimates of monthly post-tax income can be imprecise. This kind of misreporting need not significantly alter inequality estimates if it were similar throughout the distribution. There is much evidence, however, that there can be significant under-reporting of high incomes.¹³

A related and important question is how undistributed profits should be assigned to individuals. The work of Flores et al. (2020), Rosa and Flores (2019) and Alvaredo and Flores (2022) argues that these should be assigned to individuals, and they create a rich dataset that matches capital gains to individuals. On the one hand it seems obvious that changes in net wealth, as are undistributed profits, should be assigned as income (regardless of how they are taxed). Yet the degree of liquidity of such "income" is highly heterogeneous, which might conflict with an understanding of income inequality as the monthly consumption potential. It

¹² Under-response rate occurs at the "block" level. In other words, for a fixed area response rate in richer neighborhoods is lower than in middle class neighborhoods. CASEN has started incorporating some estimates of under-representation in its expansion factors. See *Metodología del Diseño Muestral y Factores de Expansión Encuesta de Caracterización Socioeconómica Nacional 2017* for an example.

¹³ CEPAL has worked with CASEN to correct declared income in order to match national accounts data. This technique has been criticized by Bourguignon (2015).

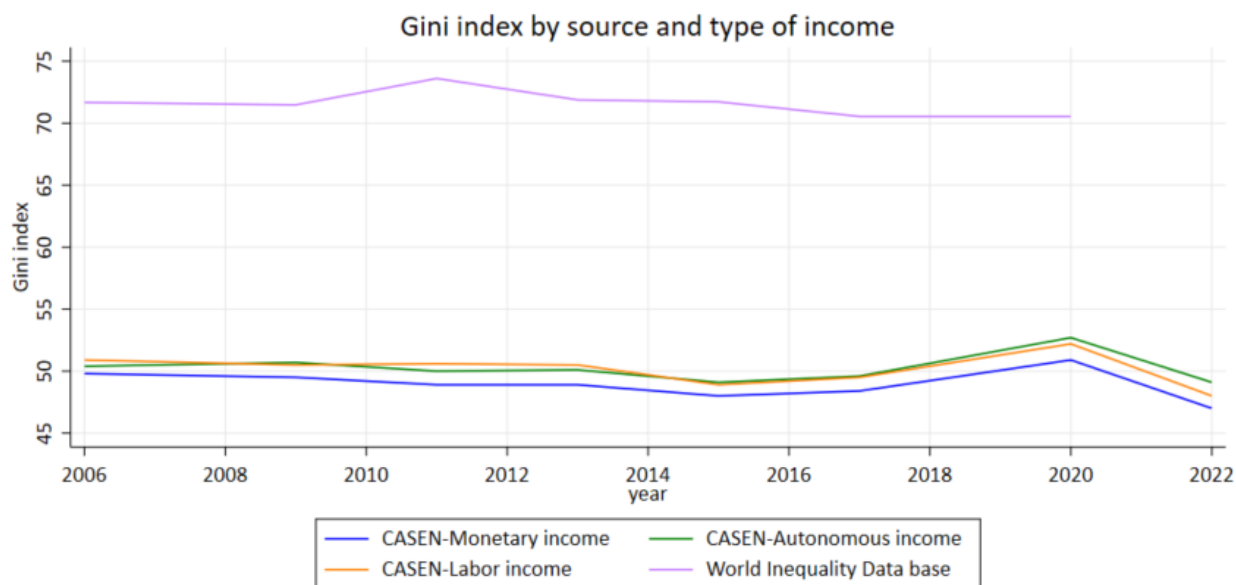
is important to note however that Chile's experience with undistributed capital gains¹⁴ has shown that many were accounting fictions, that likely hide available income.

Flores et al. (2019) show that in Chile the share of capital gains has actually *increased* over time and thus could exacerbate inequality mismeasurement over time. Their work imputes undistributed corporate profits onto income. The adjustment to Chile's degree of inequality as measured by the Gini index is among the largest across countries. As a consequence, the story of inequality decline becomes non-existent if we look at this corrected time series. This holds true for both the Gini and direct measures of incomes shares across the distribution.

An important limitation of their work is that these estimates rely on tax data and are thus estimates of inequality in *pre-tax* income. The time series is therefore not directly comparable to survey data since these only collect data on post-tax incomes (net of health/social security contributions).¹⁵

One way to unpack the difference between sources is to only analyze post-tax labor income without any state transfers or other sources of income, and compare that with pre-tax trends reported in the Wealth Inequality Database. The results below in Figure 33 show that labor income inequality remained largely unchanged between 2006 and 2018, before rising in 2020 (a Covid year) and falling in 2022. Monetary income, that includes transfers, is slightly more equal, but has a similar trend. The overall level of inequality, as measured in Gini coefficients, is substantially lower than WID estimates.

Figure 33: Alternative sources give very different assessments on the level and changes in inequality



Source: Authors calculation based on CASEN and WID

¹⁴ At least until the 2014 tax reform that eliminated an important tax loophole

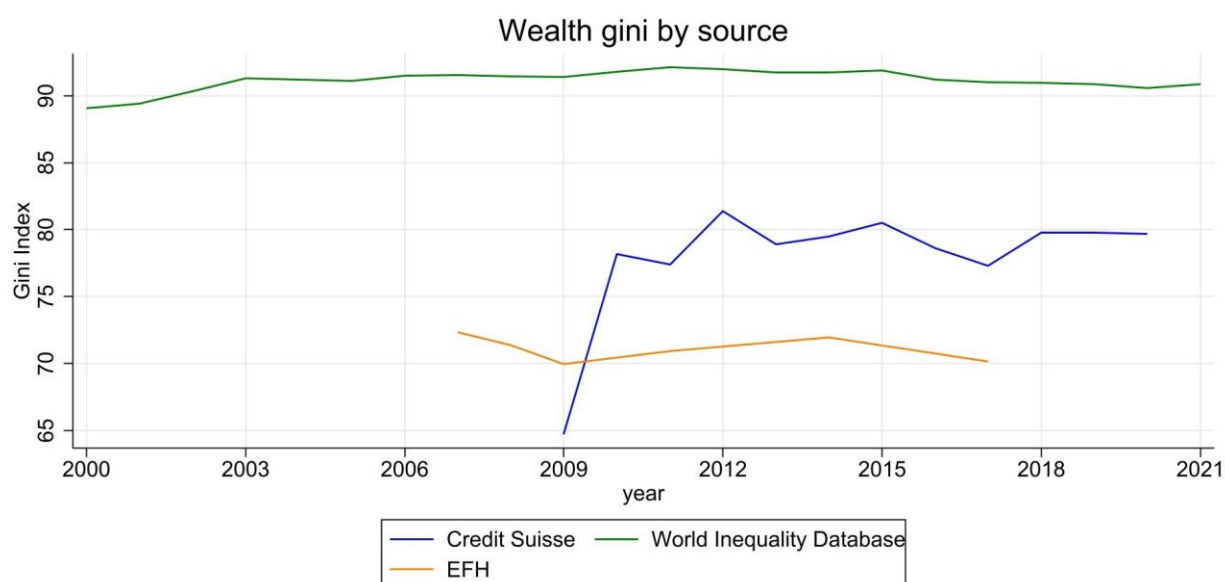
¹⁵ Although Flores et al. (2019) and Alvaredo (2022) explain the multiple adjustment steps and incorporate CASEN data in their income estimates.

There is evidence that the Chilean state effects some redistribution through taxes and transfers. But this seems to be much lower than countries with more developed systems. In a study conducted by the OECD Secretariat across its members, they conclude that..."Redistribution levels are the highest in countries with consolidated welfare states, such as Ireland (39% difference in Gini before and after taxes and transfers), Belgium (38%) and Finland (36%). At the other end of the spectrum, Chile (5%) has the lowest level of income redistribution after government intervention" (OECD, 2021). We treat the specific result with caution given differences across pension and other systems (and we did not conduct new analysis for this paper), but the overall pattern is plausible given the large differences in the pattern of transfers. It is in particular consistent with the view that Chile has done relatively well with respect to targeted, pro-poor transfers, but has a much less well-developed social security system for the middle classes—an issue to be discussed further in the next phase of the work.

Overall, the above analysis paints a mixed picture on income inequality since the return to democracy: subsidies and non-labor income have managed to somewhat reduce inequality but income inequality has remained constant.

Finally, reliable wealth data is famously difficult to obtain. Nonetheless, several efforts have been made, including in the World Inequality Database and Credit Suisse's Global Wealth report. The former uses several adjustments to compensate for underreporting, while Credit Suisse bases most of their estimates on the Central Bank's Financial Household Survey (Encuesta Financiera de Hogares), with adjustments and imputations for non-surveyed years. We report all three measures. They all display high levels of inequality, with no apparent trend.

Figure 34. Estimates of patterns of wealth find very high levels of inequality



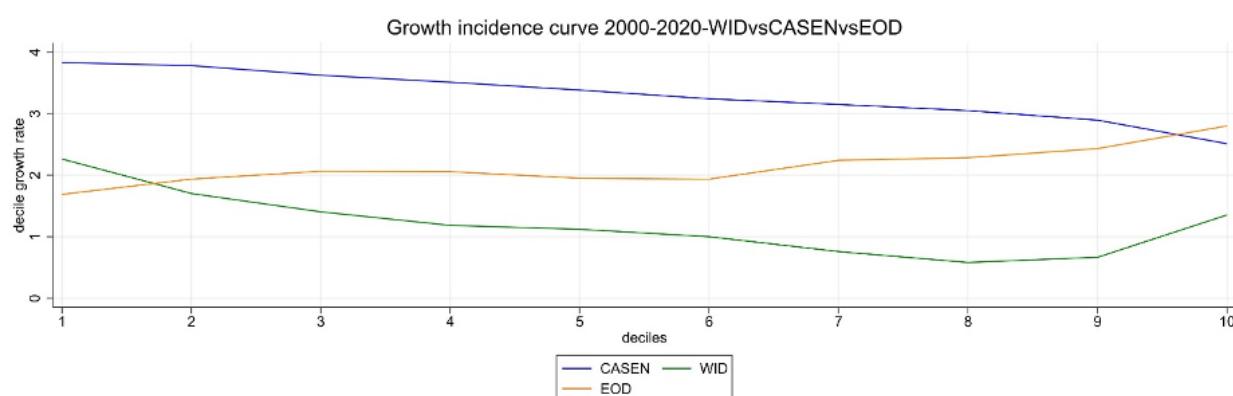
Source: authors calculations from WID and Credit Suisse

The pattern of real growth across the distribution

An alternative way of understanding how growth and inequality have interacted is through growth incidence curves. These use the survey to calculate growth in real average income for each part of the distribution (that can be by percentile, for example). These have the advantage of showing both real income changes, as well as visualizing the pattern of any distributional shifts

We first look at the evolution of per capita total household income from the three different surveys—the CASEN, the adjusted surveys from the World Inequality Database (WID), and from the Labor Force Survey of Greater Santiago (EOD). All find significant growth across the distribution, but with different patterns. CASEN has the highest growth, that is equalizing across the distribution—consistent with the Gini and other measures of inequality—so poorer groups gained from both the level and pattern of measured growth. The WID—that, as discussed, makes a series of adjustments for consistency with national accounts and administrative data, and undistributed profits—displays slower average growth in a U-shape pattern. It has a similar redistributive pattern as the CASEN until the 9th decile, and then relatively faster growth for the top decile (and even faster for the very rich). On the other hand, EOD shows a different pattern. Rather than equalizing, income growth during 2000-2020 would seem to benefit proportionally more the top 40 percent.

Figure 35. All households enjoyed real growth in per capita household income between 2000 and 2020, but with different patterns from alternative surveys



Source: authors' calculations based on CASEN, WID and EOD

Education and inequality

Increasing education is often considered a major route to higher well-being in life, and expanding access to education for all citizens is a driver of greater equity in society. In Chile, there has indeed been a large expansion in education, and especially tertiary education.

As observed in Table 3, enrollment in higher education has increased 62% from 2007 to 2018, reaching 1,262,771 students (there were small declines in 2019 and 2020). The expansion in education was higher for women than for men (72% versus 51% respectively). For an earlier period Urzúa (2012) shows that enrollment increased by 300% from 1989 to 2009.

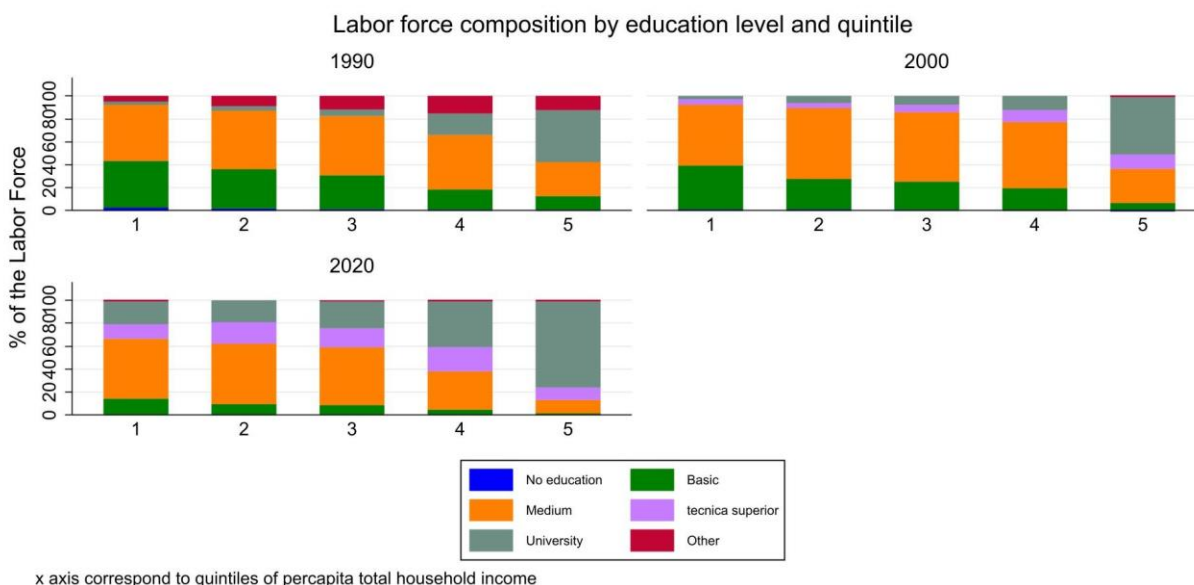
Table 3. There have been large increases in enrollments across technical, professional and university education (2007-2020)

Year	Vocational Education		University		Total
	Technical Institutes (Centro de formación técnica)	Professional Institute (Instituto Profesional)	CRUCH	Private non- CRUCH	
2007	86.847	156.126	285.984	247.943	776.900
2008	95.903	162.870	295.158	265.866	819.797
2009	110.021	189.622	303.127	288.949	891.719
2010	128.571	224.339	310.890	321.818	985.618
2011	138.635	267.766	309.333	353.367	1.069.101
2012	140.048	301.156	311.775	373.941	1.126.920
2013	144.383	332.147	326.040	381.801	1.184.371
2014	148.012	357.395	333.549	376.174	1.215.130
2015	146.546	378.802	336.707	370.988	1.233.043
2016	141.720	384.667	345.864	374.927	1.247.178
2017	136.789	377.354	350.593	383.010	1.247.746
2018	136.784	375.462	366.430	384.095	1.262.771
2019	137.940	379.456	358.151	318.764	1.194.311
2020	130.345	361.387	365.566	294.429	1.151.727

Source: Servicio de Información de Educación Superior (SIES), División de Educación Superior, Ministerio de Educación (Government of Chile).

This expansion has been reflected, with a lag, in major shifts in the composition of the labor force, with substantial rises in both secondary and higher education especially in the bottom 60 percent of the per capita income distribution. As Figure 36 also shows, the share of individuals with vocational education has also increased substantially since 2000 across the distribution.

Figure 36. There have been large long-term rises in educational attainment across the labor force, but these remain unequally distributed. (Composition of the labor force in the Greater Santiago area)

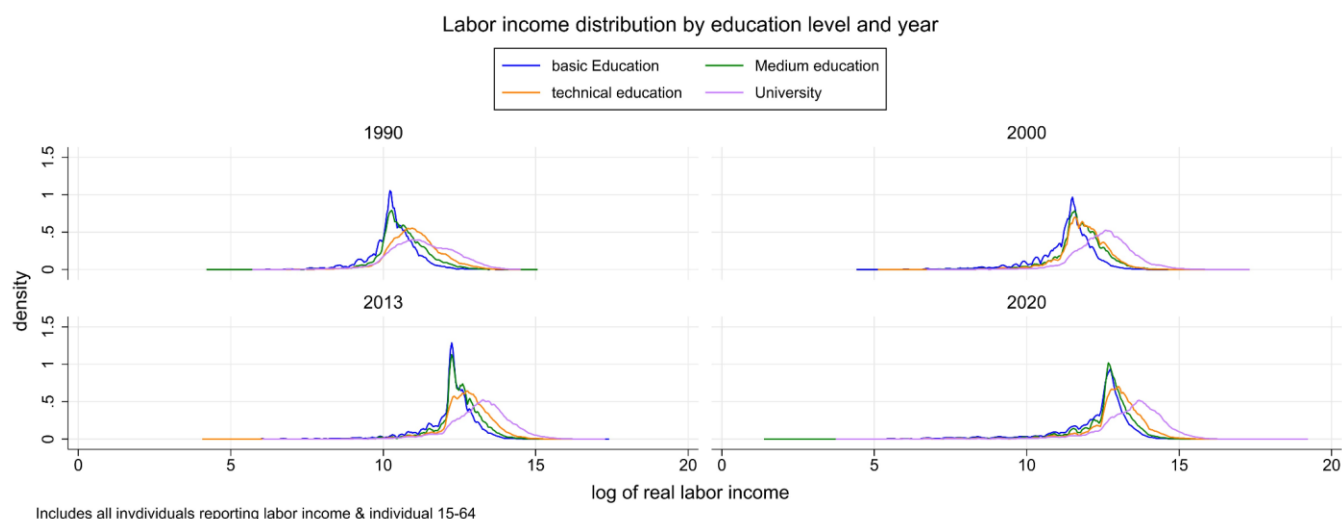


Source: authors' calculations based on EOD various years

On the other hand, the number of educational institutions providing higher education has decreased by 23%. The largest decrease occurred in the Technical Institutes (42%) while the Professional Institutes and Universities decreased by less than 10%.

Regarding financial support, Urzúa (2012) shows that the financial support from the state has increased from around 30% in 1989 to almost 50% in 2009. Moreover, with the law of *Gratuidad en la Educación Superior*, students from households that belong to the 60% of families with the lowest income in the country can apply to one of the institutions attached to the benefit and access free higher education (Ministry of Education, n.d.). Evidence shows that the economic return of higher education in Chile is positive. Indeed, Figure 37 shows that the average labor income is higher for people with tertiary education, especially for those who attended university. However, this evidence hides the heterogeneity of the impact of higher education on future income (Urzúa, 2012; Reyes et al., 2013). Urzúa (2012) shows that the average positive returns hide the reality that the returns for some students can even be negative. Moreover, the income of a person with incomplete higher education who is in the 25th percentile may be lower than that of a person in the 50th percentile with complete high school education.

Figure 37 Labor income distribution by education level and year



Source: CASEN. Note: For 1990 we use as the main source the Base de Datos complementaria de ingresos Metodología Actual available online. These series adjust old income measures to be consistent with the new methodology.

There are two factors that can affect the economic returns to tertiary education. First, it depends on whether the person actually graduated. Labor income is 76% higher for those who graduate from universities than for those who participated, but did not graduate (Urzúa, 2012). Rubio (2016) also shows evidence that there are no marginal returns for incomplete levels of higher education. Second, it depends on whether students entered a university or vocational education, and on the quality of the institution. Labor income is 59% higher for those who graduate from universities than for those who graduated from vocational schools (Urzúa, 2012). The fraction of students who have negative results could also reflect the lack of information at the time of making the decision because they would have been better off not enrolling (Reyes et al., 2013).

Regarding social mobility, evidence also suggests that social mobility is low even with access to education. Parental education or coming from a high-income background influences whether children pursue higher education and whether they graduate from it (Urzúa, 2012; Reyes et al., 2013; Rubio, 2016). Indeed, data from the CASEN 2009 shows that 74% of students who did not finish higher education come from families where they are the first generation to access higher education. They are also 60% more likely to drop out (Urzúa, 2012). Likewise, Zimmerman (2013) showed that studying at the best universities (Universidad de Chile or Universidad Católica) and the best careers (Law, Commercial Engineering, or Civil Engineering) can increase by 50% the possibility of the student obtaining a leadership position in the business world, but only if that student came from Chile's elite schools.

Recent literature shows that another factor influencing the impact of education on inequality is homophily. In other words, individuals match with people that are similar to them (Jackson, 2021; Rubio, 2016). These similarities include education so people with high education create social networks between them, reducing intragenerational social mobility.

Obtaining a degree in higher education not only affects future labor income but also the welfare of the individual and their family. Individuals who do not have a degree are more affected by crises and poverty increases during difficult times. Also, a lower percentage of that group lives in the five richest neighborhoods of Chile and they have lower access to private education or schools with higher SIMCE¹⁶ scores for their children (Urzúa, 2012).

Meneses (n.d) suggests different results that bring up some questions to the analysis described above. The author shows that intergenerational social mobility can be achieved by greater access to education - reducing transit costs - and that neither the graduation nor quality of education explain by themselves an increase in intergenerational social mobility and greater wages.

Conclusion

This paper presents a descriptive study both of the views of Chileans on issues related to inequality and of measures of actual differences across households with respect to incomes. An initial motivation lies in the extraordinary sequence of protests of recent years, culminating in the *estallido social* of 2019. While these raised many issues—including the cost and quality of education, a range of corporate scandals, pensions, environmental protection, violence against women, and abuse—there is an explicit or implicit theme around a variety of inequalities embedded in Chilean society and policies. Protesters were typically younger and more educated than the general population. However, our broader analysis of debates, and especially survey evidence, finds that concerns over inequality are pervasive across all social groups, especially around the perceived lack of fairness, and also over inequalities in “treatment”. A strikingly high proportion of Chileans surveyed in 2019–2021 expressed rage over inequalities. We also observe very low levels of trust amongst citizens, whether of the government, political actors, the justice system, or interactions with others. While there have been shifts in the expressed immediate concerns of citizens since—especially around crime—we believe the persistence and pervasiveness of the concerns in the years prior to 2021 reflect long-term issues.

How does this powerful sense of dissatisfaction relate to actual outcomes? Here we find mixed results. This study focused on incomes and also presented a specific focus on the role education plays when thinking about reducing inequality. With respect to income poverty, Chile has achieved substantial successes since 1990, with positive distributional gains to the poor working alongside the effects of growth. The core survey evidence from the main household survey (CASEN) finds an overall decline in income inequality in the past 30 years but confirms that Chile remains highly unequal in income by international standards. More important, the core household surveys fail to capture significant features of the distribution, especially at the top. The work of scholars collaborating with the World Inequality Database indicates that overall inequalities are even higher than traditionally measured, with very high concentrations of income and wealth in the richest households, that probably have not decreased in the last period of time.

As a final comment, we would emphasize that the major themes emerging from citizen perceptions concern the powerful sense of lack of fairness, across many dimensions of living.

¹⁶ Standardized evaluation test used in all Chilean schools (<https://www.ayudamineduc.cl/ficha/simce>)

This relates to discontent over societal functioning, state institutions and the workings of the economy, and resonates with the broader uncertainties and questioning of policies and institutions in Chile and the world. The relationship between these perspectives, policies and overall institutional designs are explored in the companion paper.

Data

The main data sources used are as follows; see Box 2 for description of those on perceptions.

CASEN. *Encuesta de Caracterización Socioeconómica Nacional*, produced by the Government of Chile. Biennial, 1990–2020

Circulo de Directores, ESE Business School , & Unholster. (2020). *Perceptions of Inequality in the Chilean Elite [Percepciones sobre Desigualdad en la Elite Chilena]*.

<https://accionempresas.cl/content/uploads/estudio-percepciones-sobre-desigualdad-en-la-elite-chilena-compressed.pdf>

ELSOC *Estudio Longitudinal Social de Chile*, produced by the Centro de Estudios de Conflicto y Cohesión Social (COES), panel survey, 2016–2021

Encuesta de Ocupación y Desocupación del Gran Santiago Employment survey for Santiago available quarterly since 1957

World Values Survey.

Analysis of texts, including in the extensive 2016 discussion fora and various recent fora, supplemented by analysis of social media and other public reporting over time

References

Atria, Jorge & Otero, Cristóbal, eds. 2021. *Impuestos justos para el Chile que viene: Diagnósticos y desafíos tributarios para un nuevo pacto fiscal*. Santiago, Chile.

Baranda, Benito, et al. 2017. *Informe final sobre el proceso de participación y diálogos constitucionales a que convocó el Gobierno de Chile durante 2016*. Santiago, Chile.

Bourguignon, François, 2015. "Appraising Income Inequality Databases in Latin America," *The Journal of Economic Inequality*, 12(4), 557–78.

Chancel, Lucas, Thomas Piketty, Emmanuel Saez, and Gabriel Zucman. 2022. *World inequality report 2022*. World Inequality Lab.

Circulo de Directores, ESE Business School , & Unholster. (2020). *Perceptions of Inequality in the Chilean Elite [Percepciones sobre Desigualdad en la Elite Chilena]*.

<https://accionempresas.cl/content/uploads/estudio-percepciones-sobre-desigualdad-en-la-elite-chilena-compressed.pdf>

COES. 2020. *Radiography of social change ELSOC 2016–2019 [Radiografía del cambio social ELSOC 2016–2019]*. ELSOC - COES.

https://drive.google.com/file/d/1wTDZWOQLt2zMueVnvENAdFMPEvgY8VDk/view?usp=embed_facebook

Cox, Loreto & González, Ricardo & Le Foulon, Carmen. 2021. "The 2019 Chilean Social Upheaval: Who Are the Leaderless Protesters?"

Cuadra, Ximena. 2013. "The Trajectories of the Mobilization Against Hidroaysen. The Unrest is Political, the Proposal is Democratizing." [Las Trayectorias de la Movilización Contra Hidroaysén. El Malestar es sobre lo Político, la Propuesta es Democratizadora]. *Anuari del conflicte Social*.

De Rosa, Mauricio, Ignacio Flores, and Marc Morgan. 2020. "Inequality in Latin America revisited: insights from distributional national accounts." Technical Note 2020/02.

Fanta, N. R. (n.d.). La emergencia del movimiento social de aysen tu problema es mi problema. Retrieved August 15, 2023, from https://www.academia.edu/6643663/La_Emergencia_del_Movimiento_Social_de_Aysen_Tu_Problema_Es_Mi_Problema

Flores, Ignacio, Claudia Sanhueza, Jorge Atria, and Ricardo Mayer. 2020. "Top incomes in Chile: A historical perspective on income inequality, 1964–2017." *Review of Income and Wealth* 66 (4): 850-874.

Frei, Raimundo & Larrañaga, Osvaldo & Cocina, Matias & Herrera, Rodrigo & Falck, Denise & Silva, Vicente. 2017. DESIGUALES. Orígenes, cambios y desafíos de la brecha social en Chile. UNDP

García-Castro, Juan, González, Roberto, Frigolett, Cristián & Jimenez-Moya, Gloria & Rodríguez-Bailón, Rosa & Willis, Guillermo. 2021. "Changing attitudes toward redistribution: The role of perceived economic inequality in everyday life and intolerance of inequality." *The Journal of Social Psychology*. 10.1080/00224545.2021.2006126

Gini, C., 1912. *Variabilità e mutabilità: contributo allo studio delle distribuzioni e delle relazioni statistiche*. [Fasc. I.]. Tipogr. di P. Cuppini.

Jackson, M. O. 2021. "Inequality's Economic and Social Roots: The Role of Social Networks and Homophily" (SSRN Scholarly Paper ID 3795626). Social Science Research Network. <https://doi.org/10.2139/ssrn.3795626>

Landaeta, Laura and Victor Herrero. 2021. *La Revuelta* [The Uprising]. Planeta Chile

López-Calva, Luis Felipe, and Nora Claudia Lustig, eds. *Declining inequality in Latin America: A decade of progress?*. Brookings Institution Press, 2010.

Meneses, Francisco. 2022. "Intergenerational Mobility in Chile: A year-to-year analysis of a national cohort of students." Working paper.

Meneses, Francisco (n.d.) "Intergenerational Mobility After Expanding Educational Opportunities: A Quasi Experiment." <https://fmenese.github.io/research/IntergenerationalMobilitySchoolChoice.pdf>

Ministry of Education. (n. d.). *Gratuity: Student benefits for higher education* [Gratuidad: Beneficios estudiantiles educación superior]. Government of Chile <https://portal.beneficiosestudiantiles.cl/gratuidad>

Ministry of Education. 2019. Education Statistics 2018 [Estadísticas de la Educación 2018].

Government of Chile. <https://centroestudios.mineduc.cl/wp-content/uploads/sites/100/2019/11/ANUARIO-2018-PDF-WEB-FINALr.pdf>

Ministry of Education. 2020a. 2019 Statistical Summary of Education [Resumen Estadístico de la Educación 2019]. Government of Chile.

https://centroestudios.mineduc.cl/wp-content/uploads/sites/100/2020/02/Resumen-Estadi%CC%81stico-de-la-Educacio%CC%81n-2019-FINAL_f01.pdf

Ministry of Education. 2020b. 2020 Preliminary Education Statistical Summary [Resumen Estadístico de la Educación Preliminar 2020]. Government of Chile.

https://centroestudios.mineduc.cl/wp-content/uploads/sites/100/2021/08/APUNTES-11_2020_f01.pdf

Morales, K., & Aranguiz, D. (2006, Mayo 30). Serios incidentes al exterior de sede de las negociaciones con estudiantes. El Mercurio, Emol.

<https://www.emol.com/noticias/nacional/2006/05/30/220687/serios-incidentes-al-exterior-de-sede-de-las-negociaciones-con-estudiantes.html>

Novella, Rafael, Laura Ripani, Agustina Suaya, Luis Tejerina, and Claudia Vazquez. 2016.

"Trading places: A decade of earnings mobility in Chile and Nicaragua." In *Income Inequality Around the World*. Emerald Group Publishing Limited.

OECD 2021, "Income redistribution", in *Government at a Glance 2021*, OECD Publishing, Paris

Reyes, Rodriguez, Urzúa (2013) "Heterogeneous Economic Returns to Postsecondary Degrees: Evidence from Chile" <http://www.nber.org/papers/w1881>

Rubio, Estéfano (2016) The dialogue of two challenges: Evolution and relationship of

inequality and schooling in Chile [El diálogo de dos desafíos: Evolución y relación de la desigualdad y la escolaridad en Chile]. CEP

<https://www.cepchile.cl/cep/debates-de-politica-publica/debates-de-politica-publica-2016/el-dialogo-de-dos-desafios-evolucion-y-relacion-de-la-desigualdad-y-la>

Silva Pinochet, Beatriz. (2009). *The Penguin Revolution and Cultural Change in Chile*. [La Revolución Pinguina y el Cambio Cultural en Chile]. 10.13140/RG.2.2.33550.72001.

Skoknic, Francisca 2011. Protests did not stop HidroAysén, but tear gas did [Protestas no detuvieron a HidroAysén, pero sí a las lacrimógenas]. CIPER Chile. Retrieved June 22, 2022,

from <https://www.ciperchile.cl/radar/protestas-no-detuvieron-hidroaysen-pero-si-las-lacrimogenas/>

UNICEF. 2014. *The Voice of the Student Movement 2011* [La voz del Movimiento Estudiantil 2011]. UNICEF

https://www.unicef.org/chile/media/1446/file/la_voz_del_movimiento_estudiantil_2011.pdf

Universidad Chile Radio. 2012. "Demonstrations grow in the region of Aysén." [Crecen manifestaciones en la región de Aysén]. *Diario y Radio Universidad Chile*.

<https://radio.uchile.cl/2012/02/15/crecen-manifestaciones-en-la-region-de-aysen/>

Urzúa, Sergio. 2012. "Profitability of higher education in Chile" [Rentabilidad de la educación superior en Chile], Estudios Públicos 125

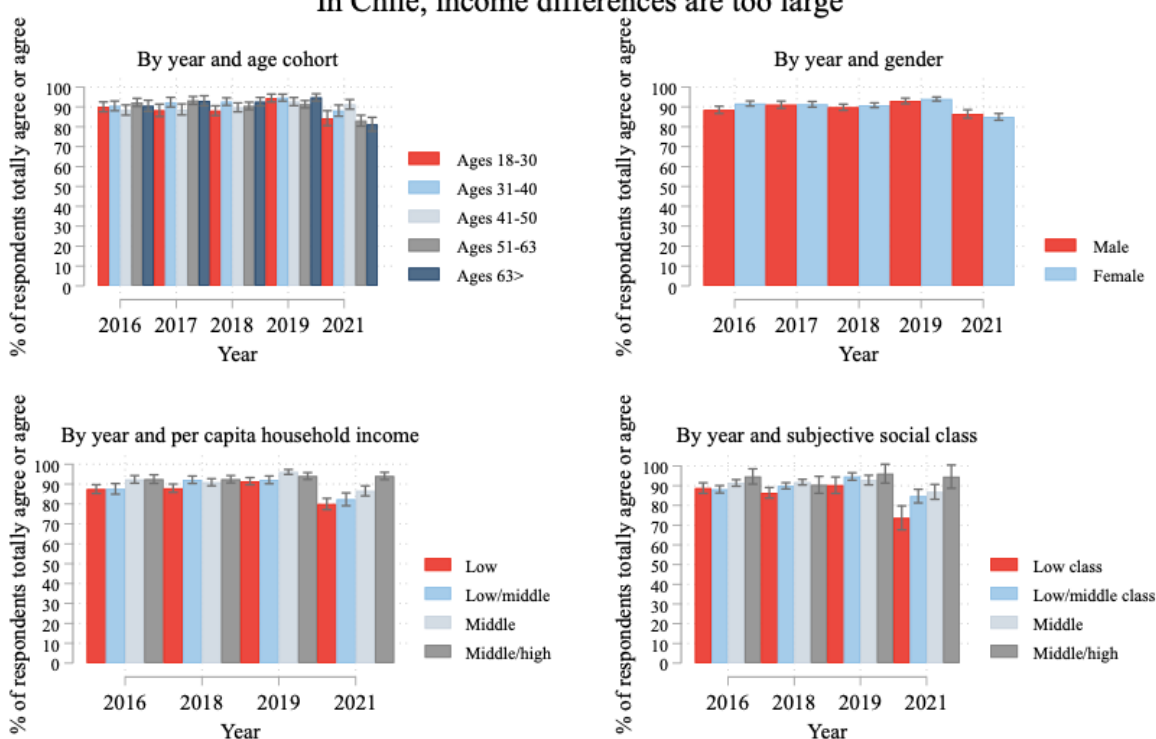
World Bank, Poverty and Inequality Platform. Country Profile: Chile.

<https://pip.worldbank.org/home>

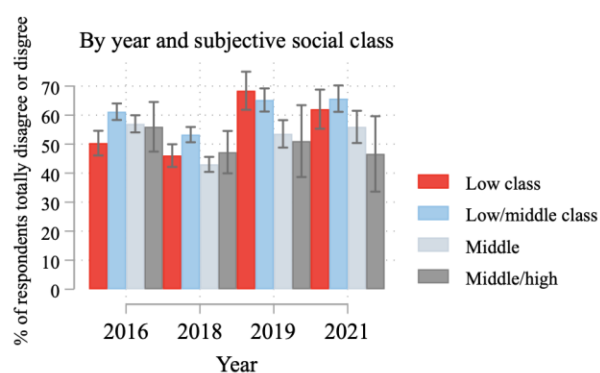
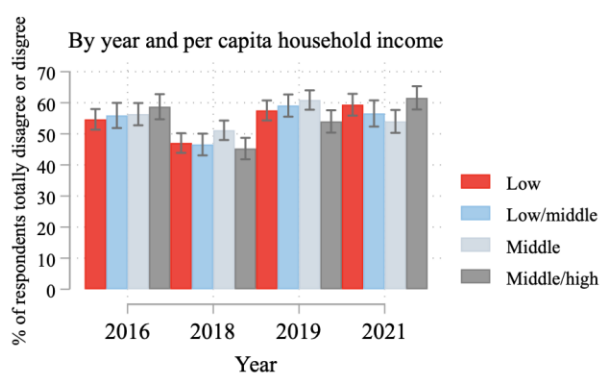
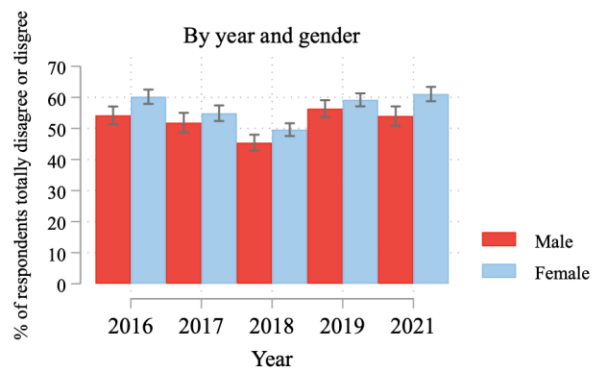
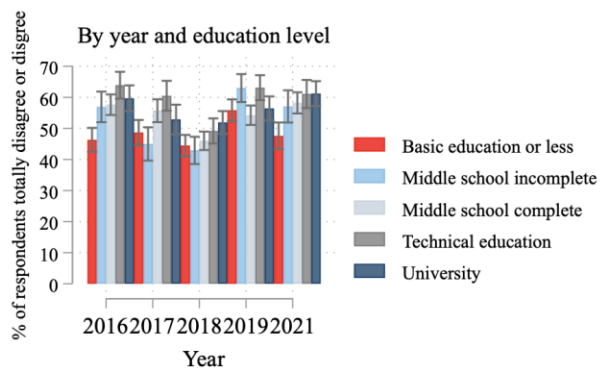
Zimmerman, Seth (2013). "Making Top Managers: The Role of Elite Universities and Elite Peers", manuscript not published, Yale University

Appendix 1 Perceptions related to inequality by social group

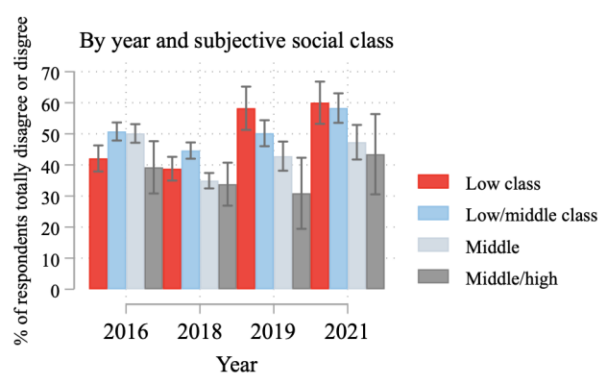
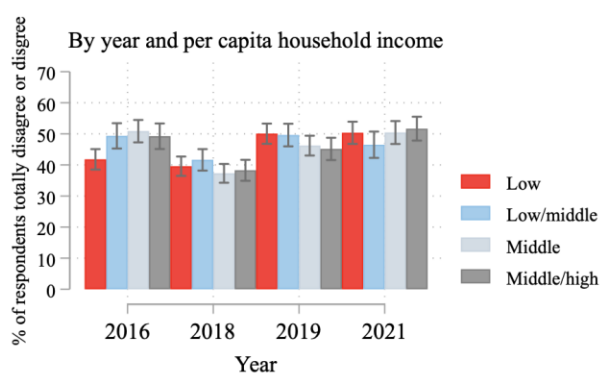
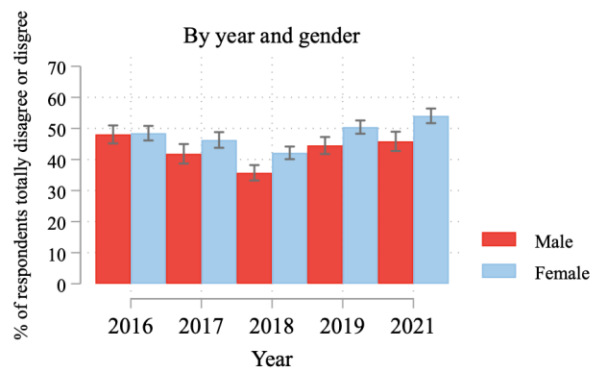
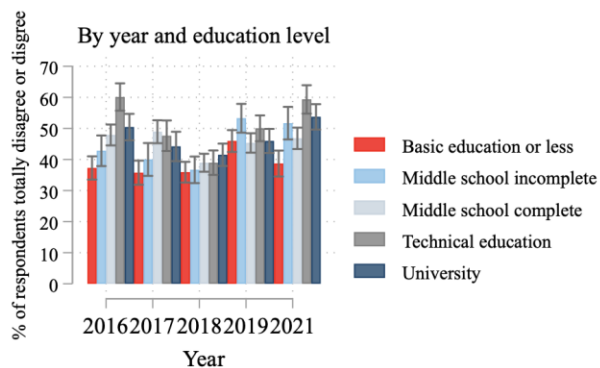
In Chile, income differences are too large



In Chile, people are rewarded for their efforts

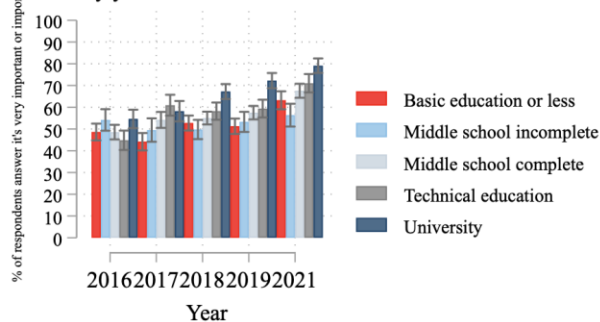


In Chile, people are rewarded for their intelligence/abilities

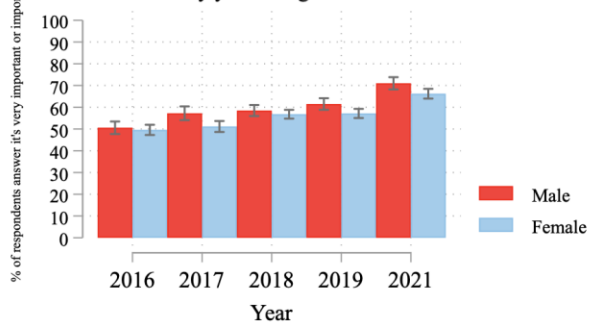


Importance of coming from a family with money

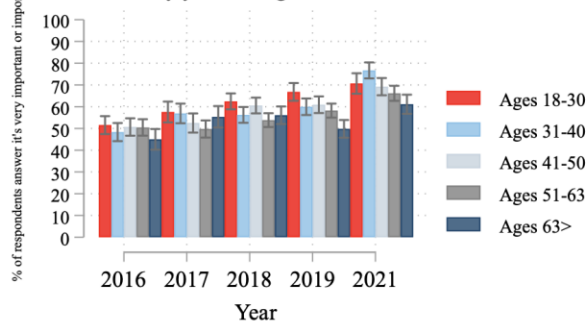
By year and education level



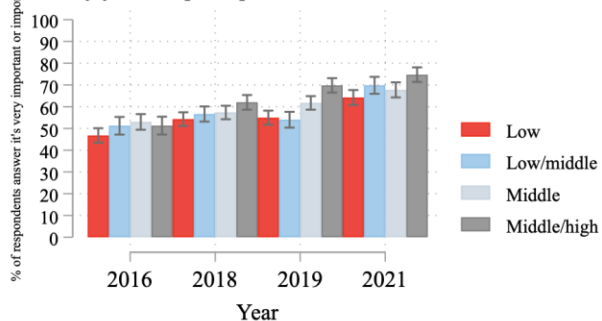
By year and gender



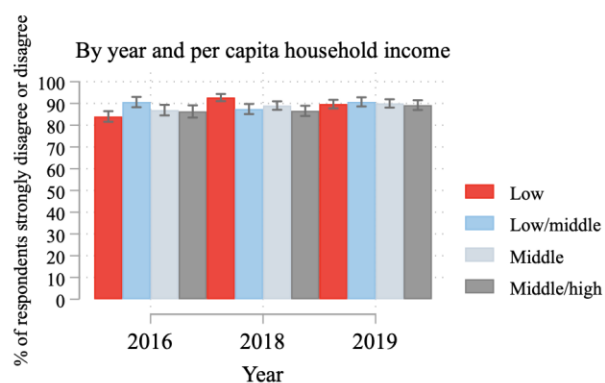
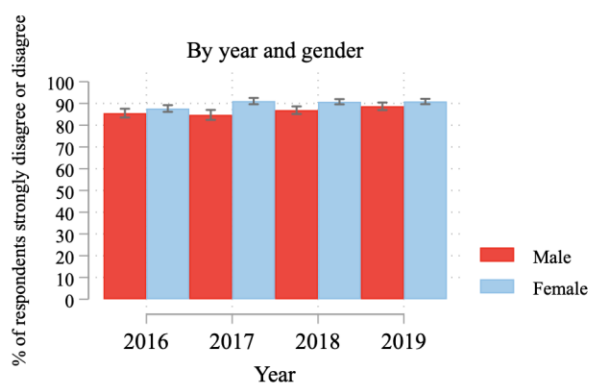
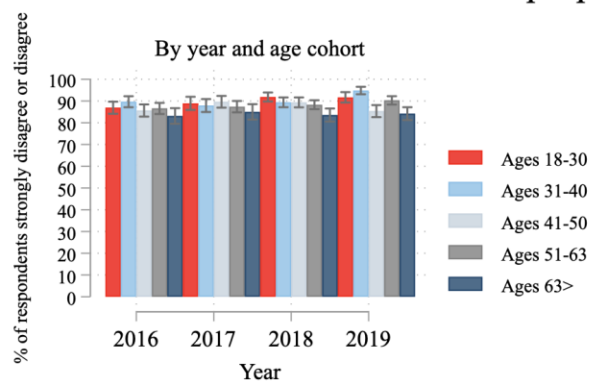
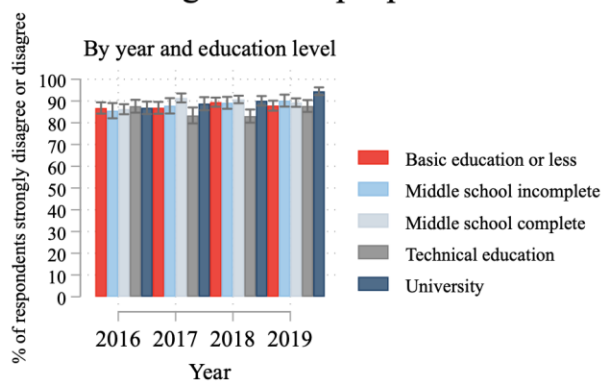
By year and age cohort



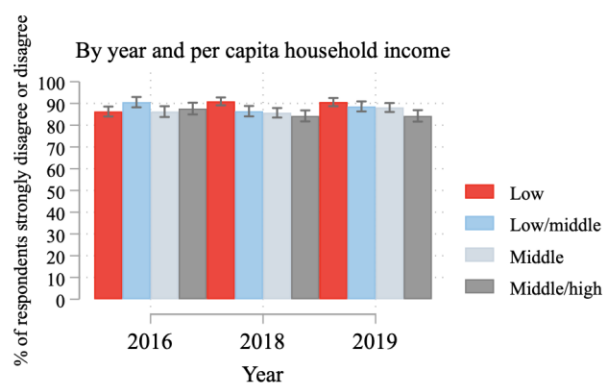
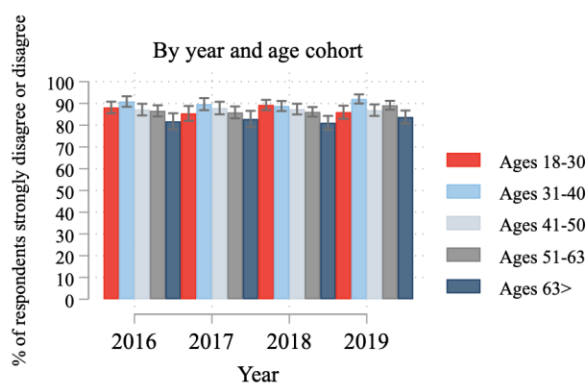
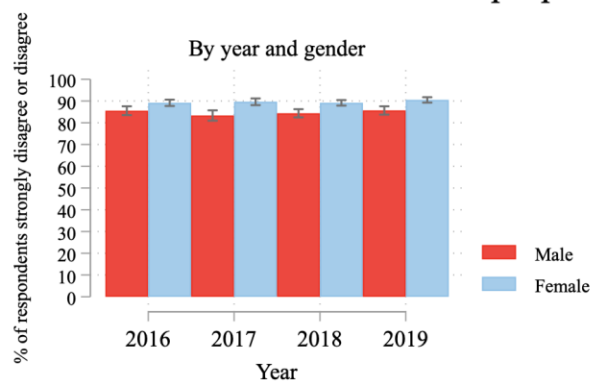
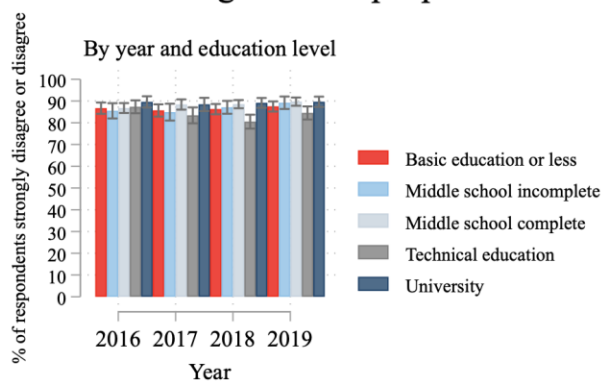
By year and per capita household income



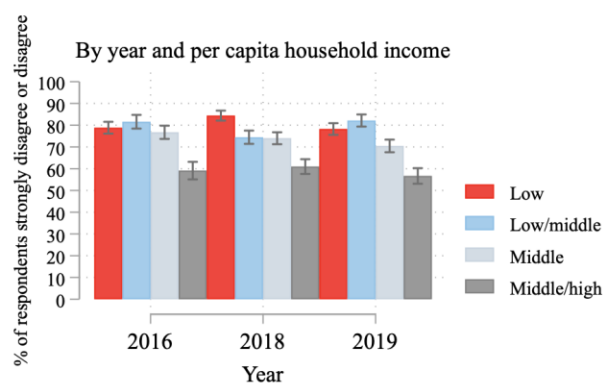
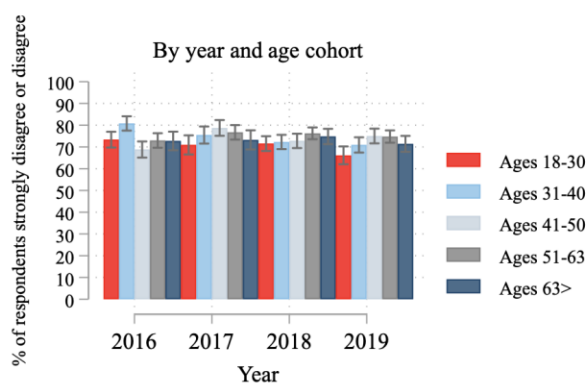
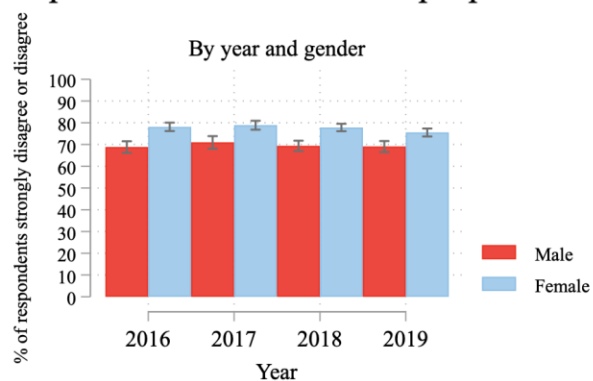
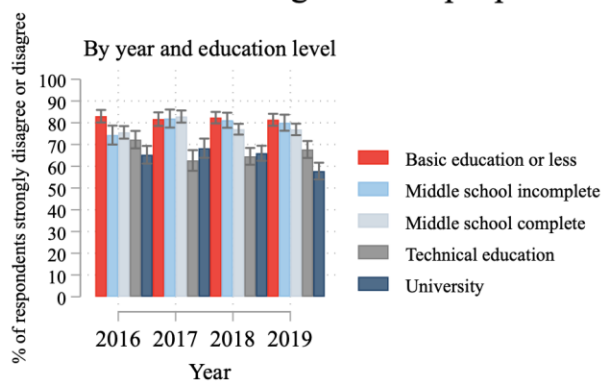
It's fair that high income people have better access to health services than low income people



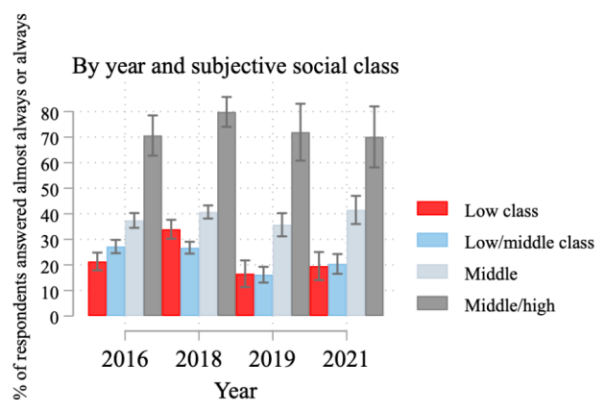
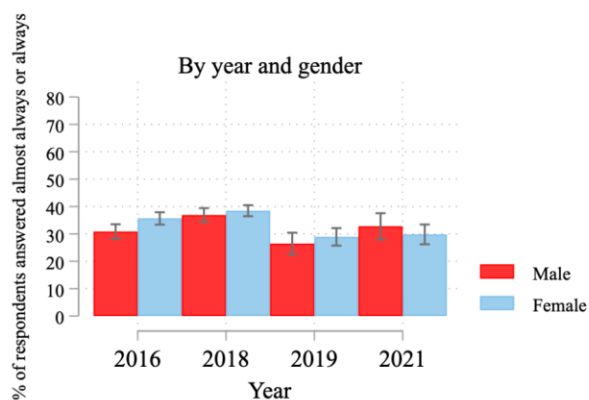
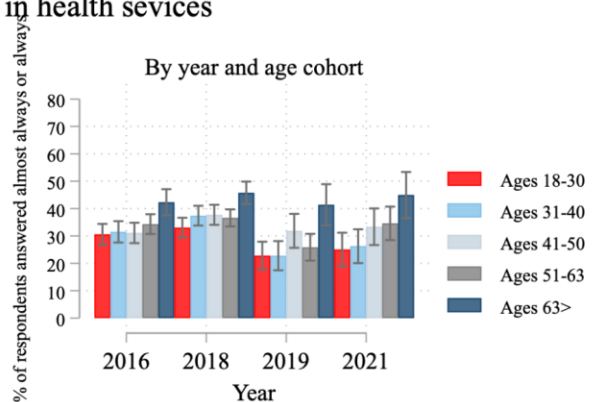
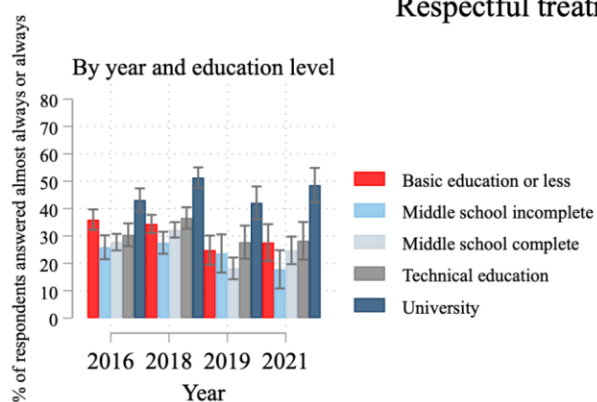
It's fair that high income people have better access to education than low income people



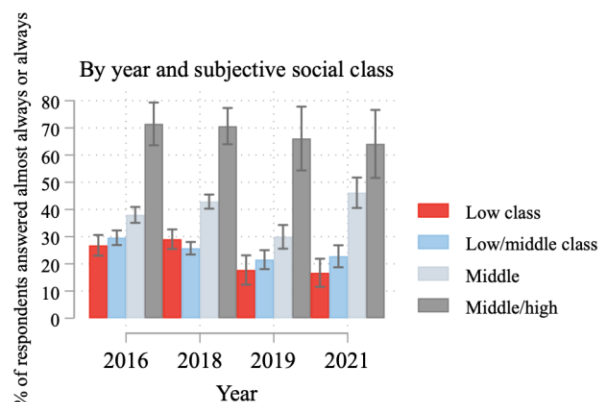
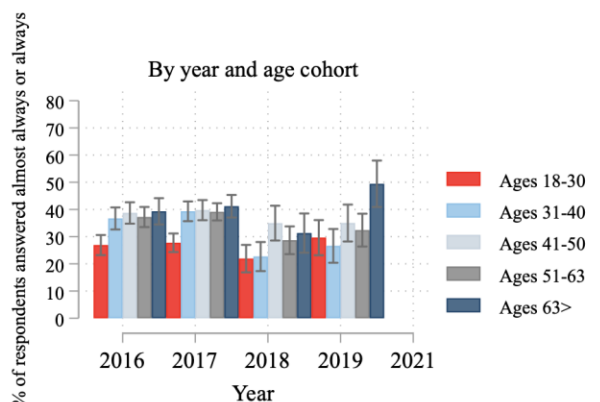
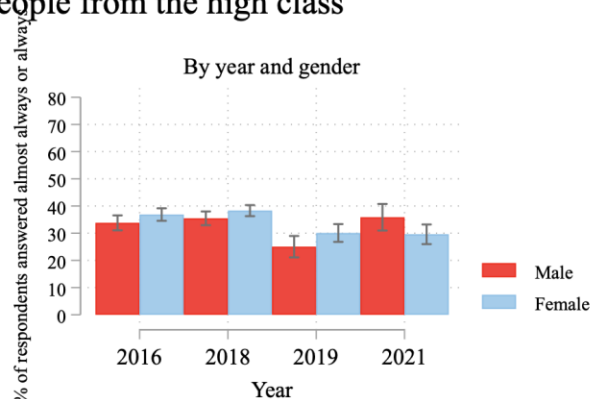
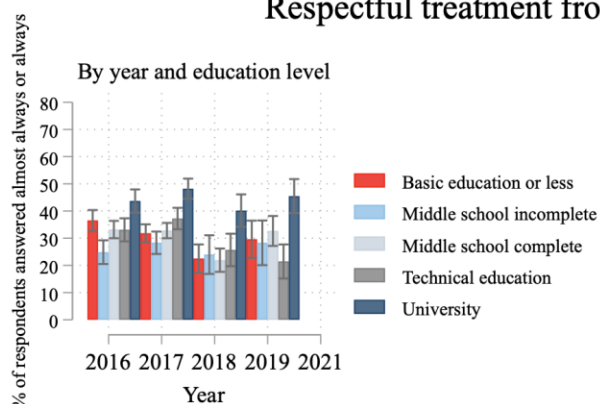
It's fair that high income people have better pensions than low income people



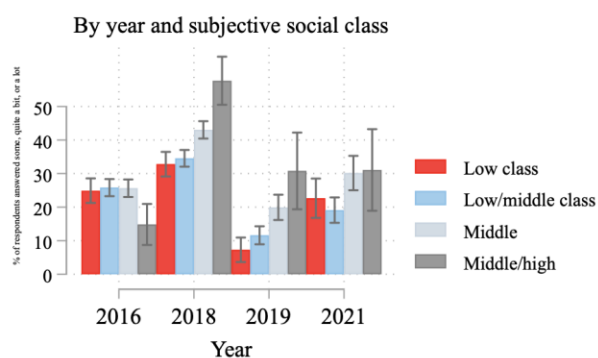
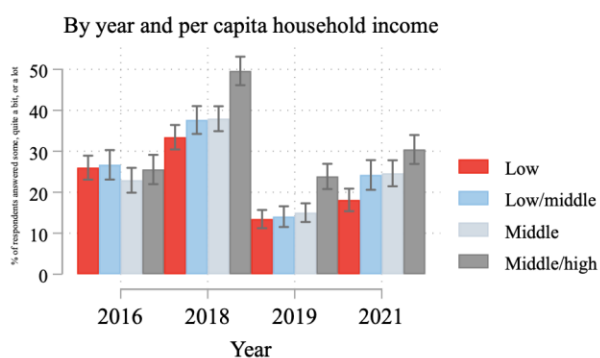
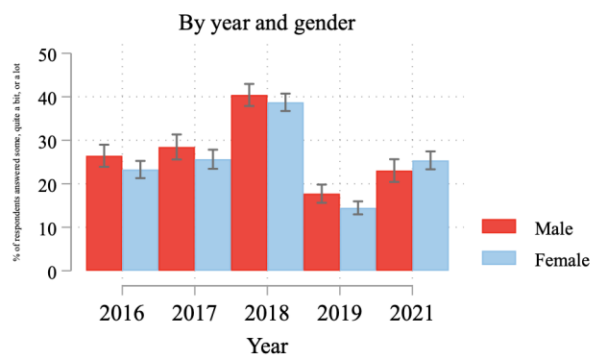
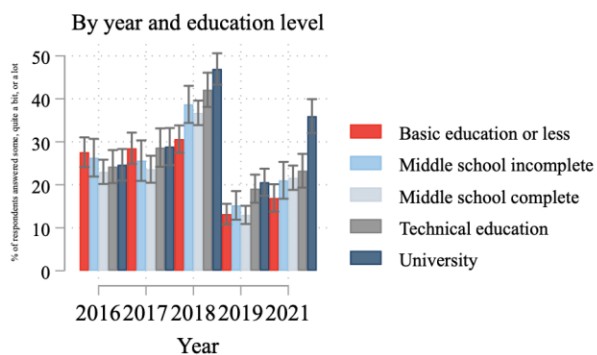
Respectful treatment in health services



Respectful treatment from people from the high class

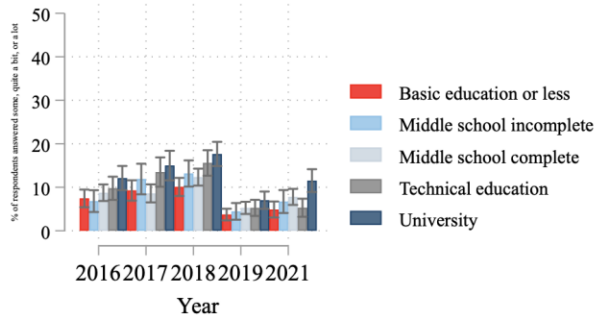


Level of trust in the government

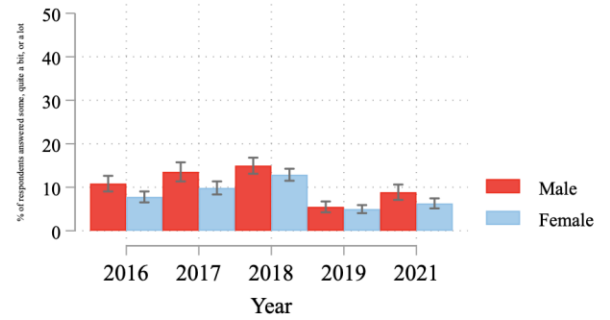


Level of trust in political parties

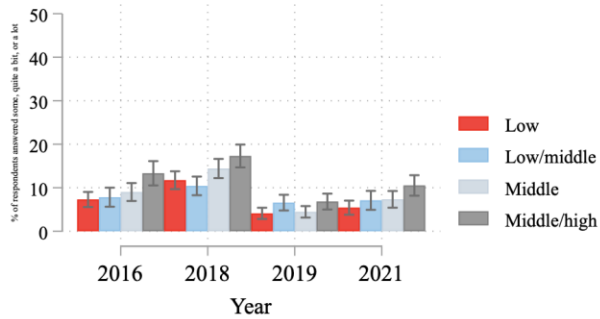
By year and education level



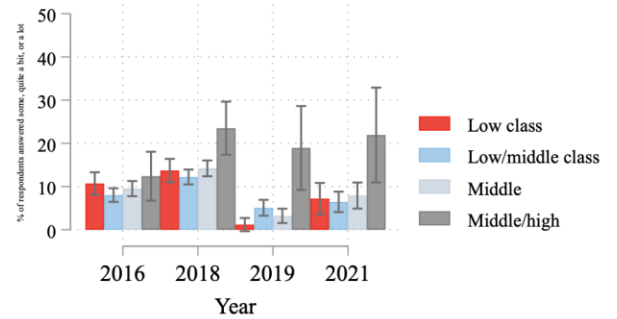
By year and gender



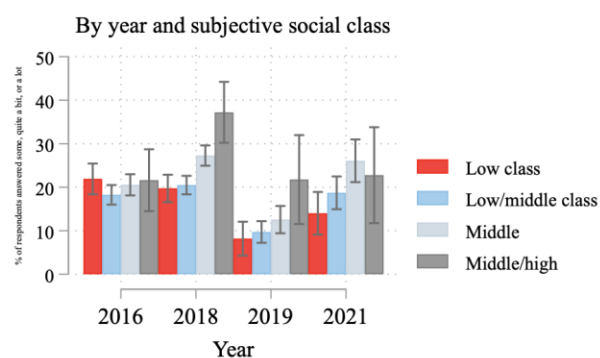
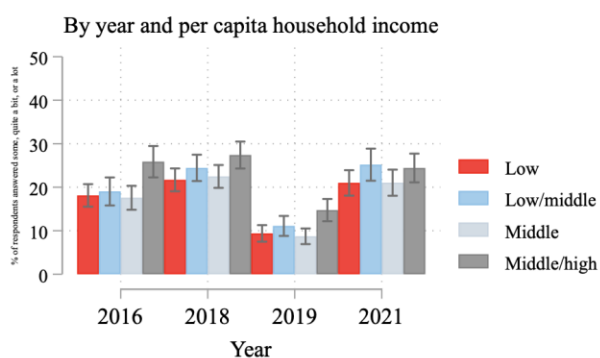
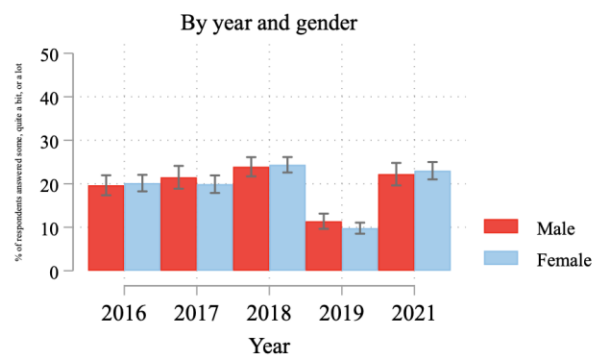
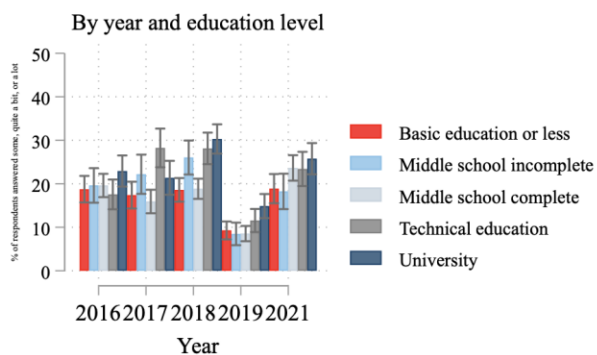
By year and per capita household income



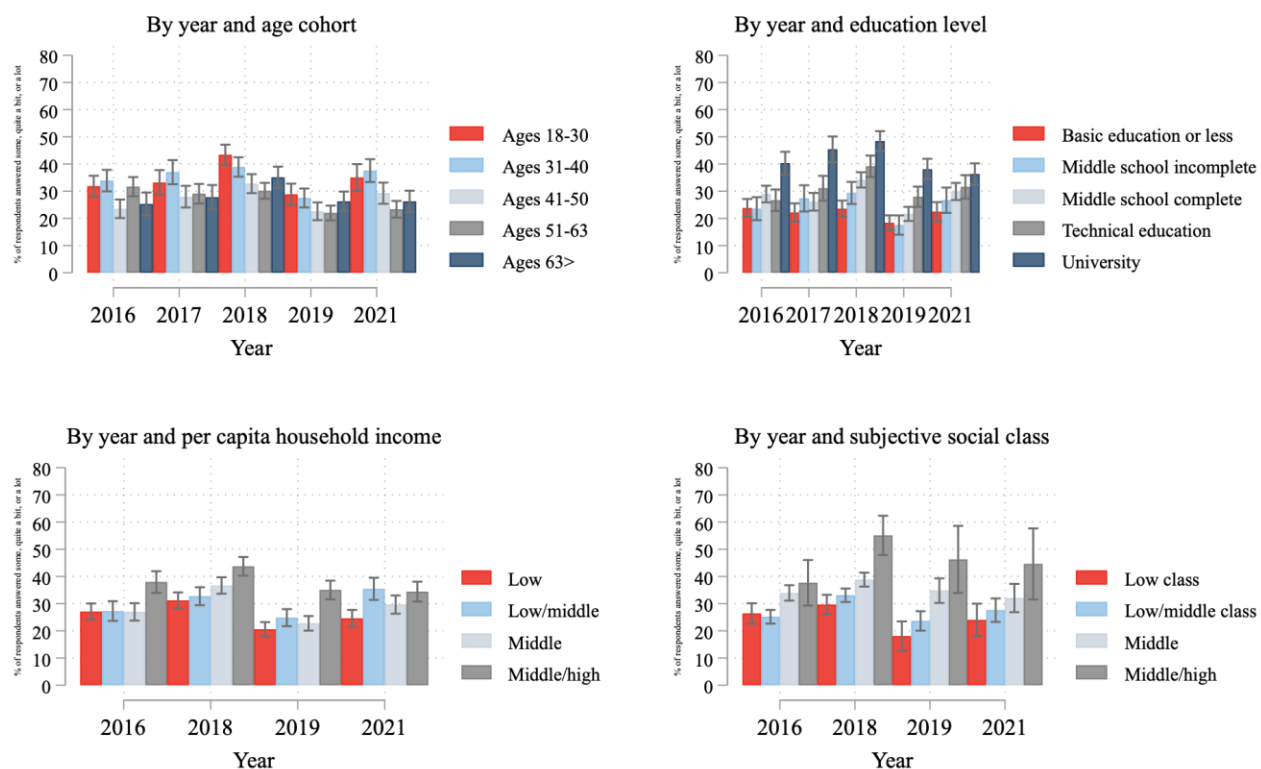
By year and subjective social class



Level of trust in the national congress

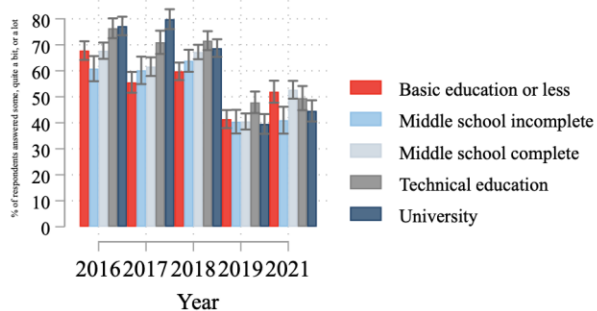


Level of trust in the judicial system

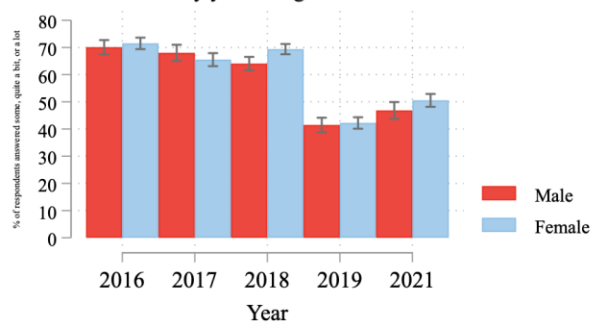


Level of trust in police forces (carabineros)

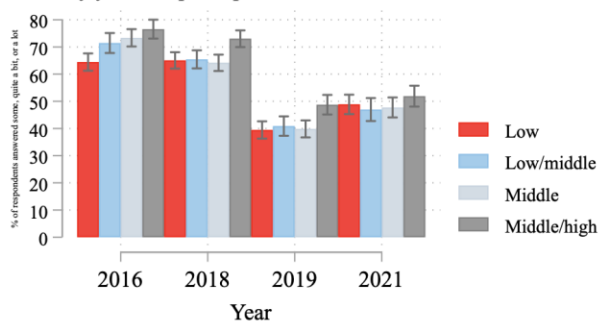
By year and education level



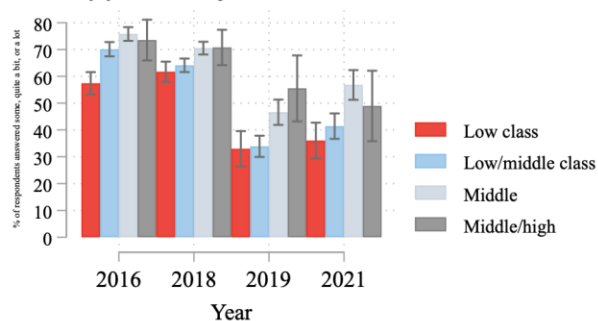
By year and gender



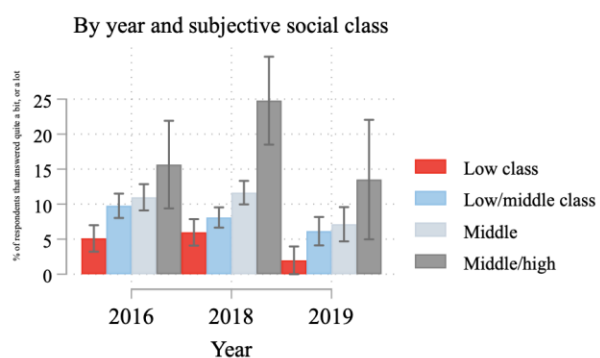
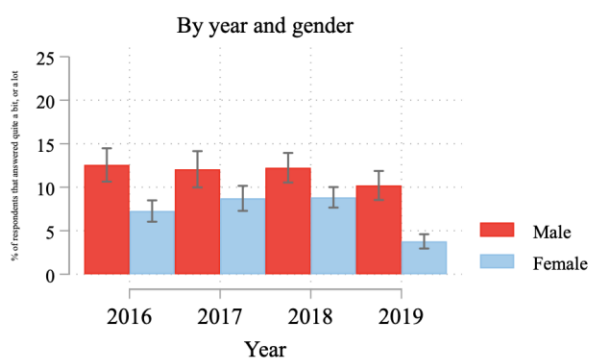
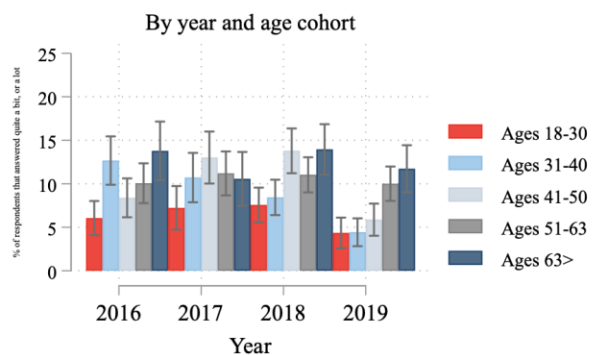
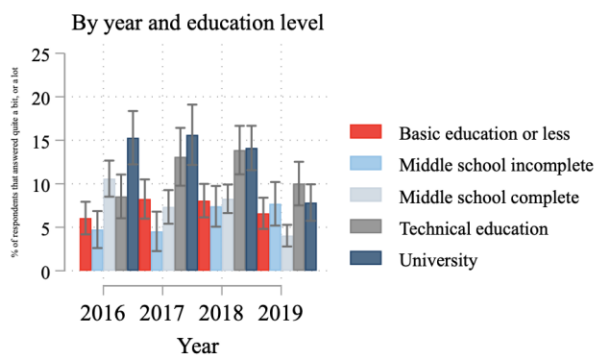
By year and per capita household income



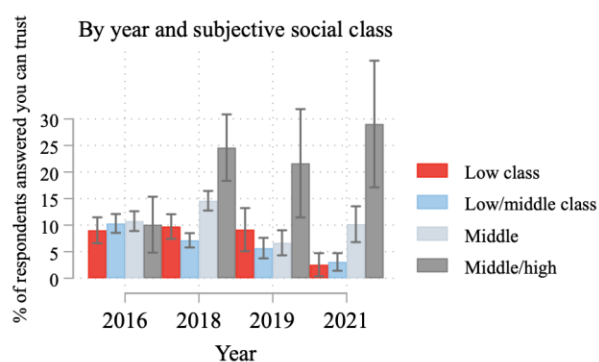
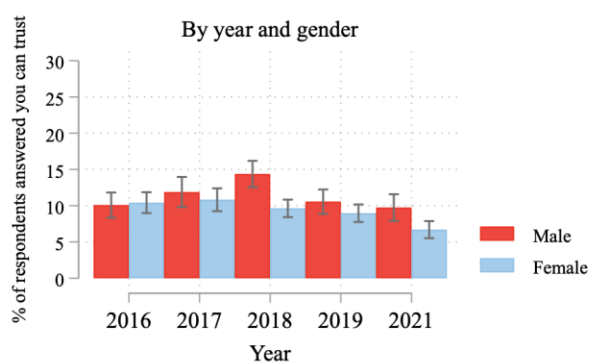
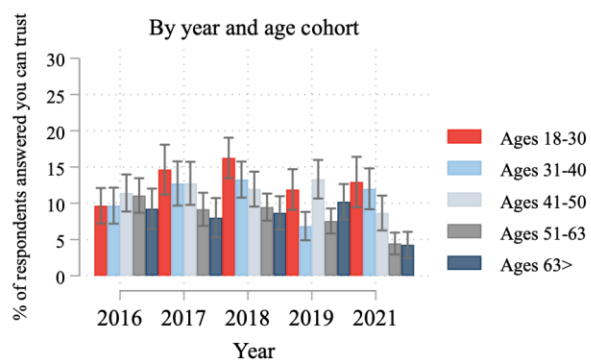
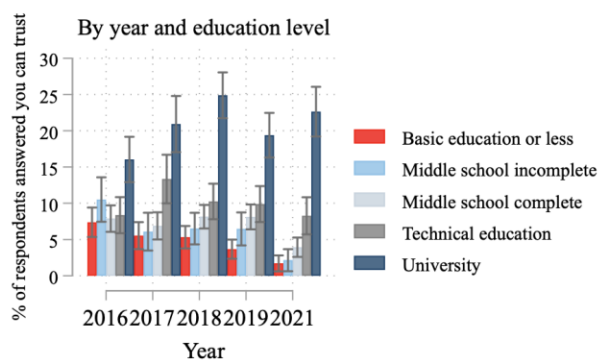
By year and subjective social class



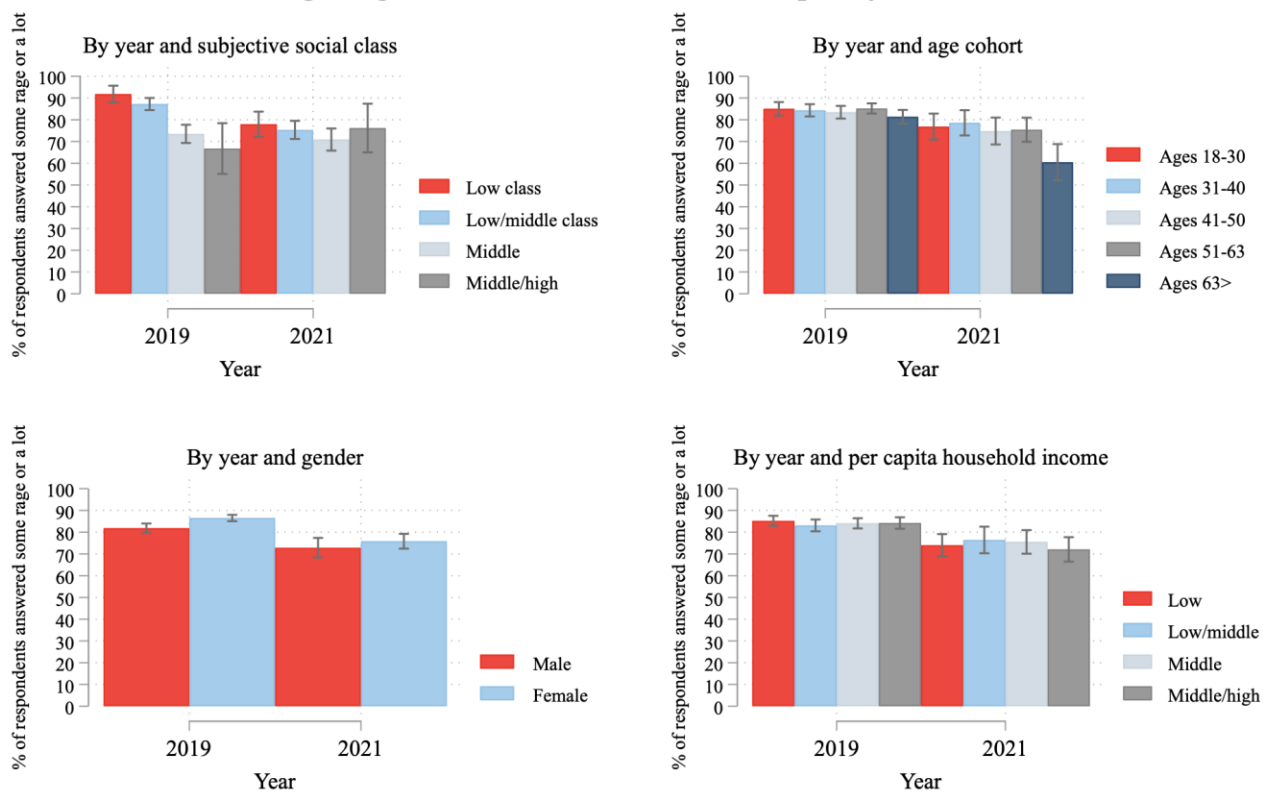
Trust in private companies



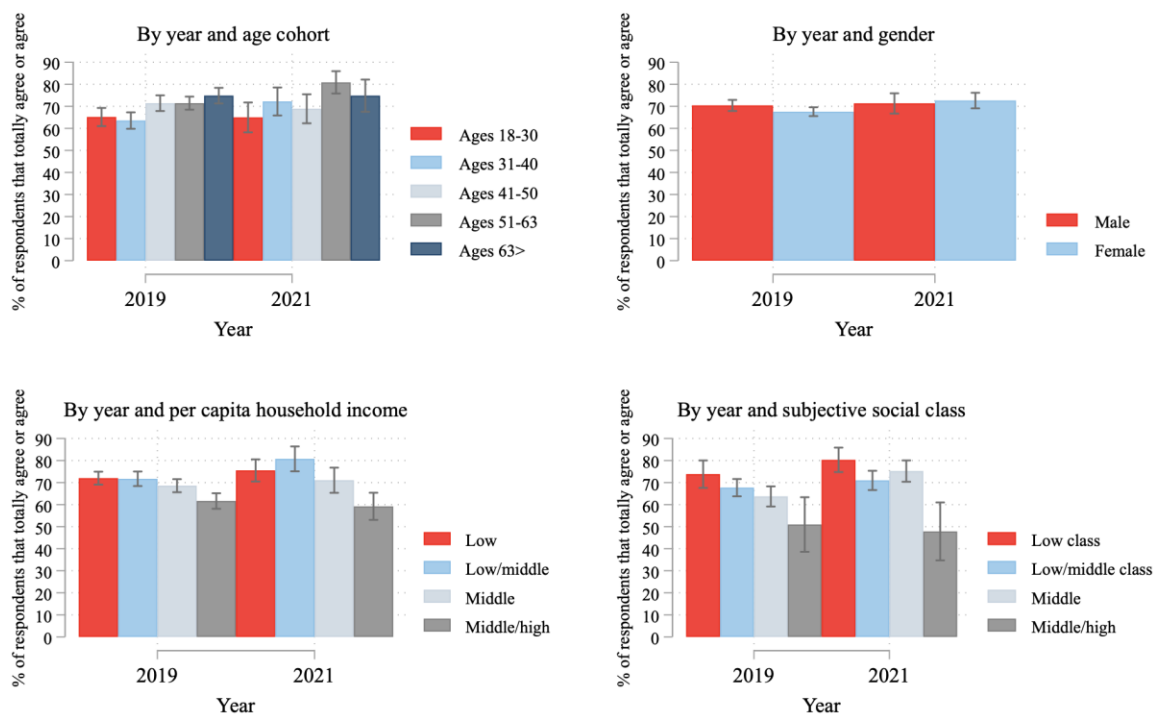
Almost always you can trust in people



Rage degree with current levels of inequality in Chile



People who are incorrect should be corrected



Feeling anger when hearing different opinion

