The importance of geographic disparities in Chile¹

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Executive Summary

Chile has one of the most unequal income distributions in the world. There is vast evidence of economic disparities among social groups in the country; nonetheless, few studies analyze the spatial dimension of inequality and its evolution in time. Using small area estimation methods, municipality-level indicators of autonomous income inequality were obtained for the period 1992-2002. A decomposition of global inequality in its intra and inter-municipal components was also carried out. Results contribute to a better characterization of the spatial dimension of inequality in Chile, by identifying areas with better and worst income distribution, and also those with changes during the decade of the nineties. Despite what previous studies suggested, it was confirmed that the geographical component is an important source of inequality. This evidence encourages a territorial approach to development strategies, which acknowledge peculiarities of economic growth processes in the different zones of the country.

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