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# The trap of high inequality and low social mobility in Latin America and the Caribbean

## An obstacle for inclusive and sustainable social development

### Introduction<sup>1</sup>

Extreme inequality, which characterizes Latin America and the Caribbean across multiple dimensions, constitutes a trap that hinders progress towards sustainable development. It is unacceptable from a rights and social justice perspective, counterproductive for economic growth, and corrosive for social cohesion and for the stability of social compacts (Salazar-Xirinachs, 2023). It also perpetuates two other structural development traps in the region: the inability to grow in the long term and low institutional and governance capacity.

From an economics perspective, inequality is inefficient for a number of reasons. Access and quality gaps in areas ranging from health and education to basic services and housing hamper both skill-building and labour market and digital inclusion in an increasingly digitalized world, which curtails economic productivity and individual income. For example, the cost of hunger was estimated to average 5.2% of gross domestic product (GDP) in 11 Latin American countries. If the cost of overweight and obesity are added in, the estimate rises to 6.5% of GDP in 8 countries of the region. Inequality exists between countries and between territories in the same country, with costs not only in terms of productivity but also energy efficiency and environmental degradation (ECLAC, 2018 and 2024a).

Inequality also hampers innovation and creativity, which, in turn, limits productivity growth. This explains in part the inability of the region's

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<sup>1</sup> The cut-off date for the information used to prepare this report is 15 August 2024, unless otherwise indicated.

countries to foster greater technological sophistication, diversify production and strengthen productive sectors (Salazar-Xirinachs and Llinás, 2023). Interlinkages between the three traps of low growth, high inequality and weak institutional capacity considerably limit adaptation and response capacity when adopting strategies for sustainable development and building resilience to the impacts of climate change and environmental degradation.

Climate change is not neutral; rather, it exacerbates the structural social inequalities that characterize the countries of the region. Less developed countries are more exposed to the physical impacts of climate change and their greater socioeconomic vulnerability limits their ability to respond. Investment in climate change mitigation is essential to avoid disproportionate impacts on the most vulnerable populations, as are investment in adaptation and resilience and social compensation measures for these countries.

Inequality in Latin America and the Caribbean is a historical and structural phenomenon. The characteristics of production, resource distribution and certain institutions inherited from the colonial era—which sustained hierarchical, classist and, in some cases, slave-owning societies with very low social mobility—have perpetuated and exacerbated high levels of economic inequality. This has been compounded by post-independence factors, such as the region's international trade position as a commodities exporter and the existence of elites that benefitted from such trade and maintained exclusive control of decision-making (Eslava and Valencia Caicedo, 2023; ECLAC, 2012 and 2018).

Unequal opportunities also perpetuate the barriers to improving well-being, in particular inequality caused by discrimination and the widespread normalization of limited access to public goods and basic rights for large segments of the population. This inequality is reflected in people's perception of their current situation and future prospects. Expectations of achieving intra- and intergenerational social mobility through education, effort or opportunity are low, which highlights the role of social assets. Limited mobility widens the belonging gap and erodes both interpersonal trust and confidence in institutions. It also complicates efforts to reach broad consensus on strategies for more sustainable and productive development aimed at reducing inequality.

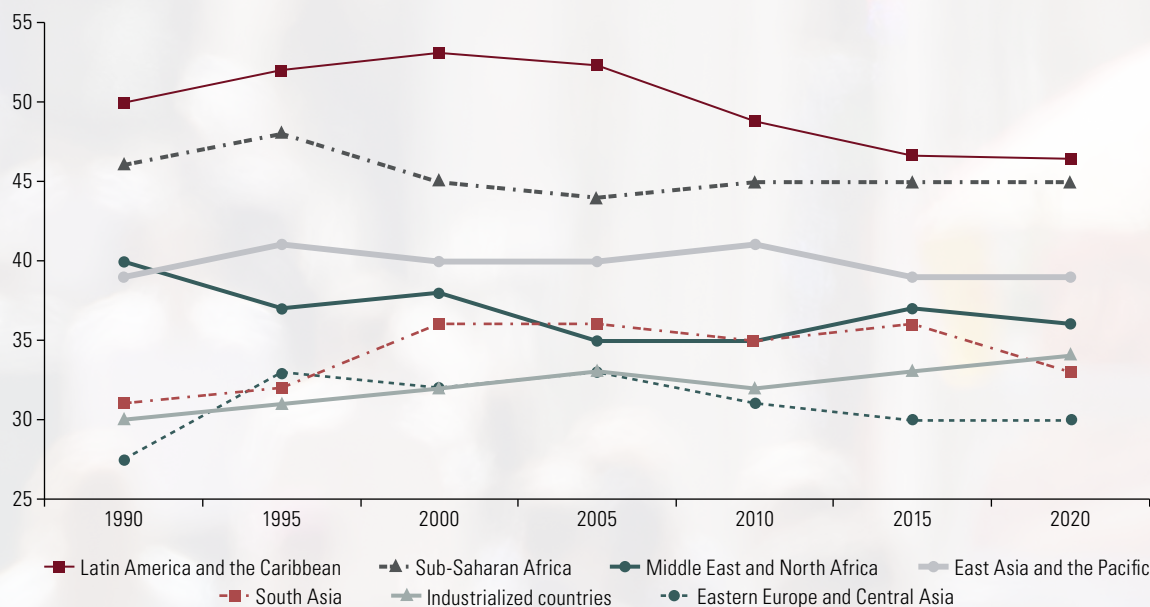
Tackling the trap of high inequality in Latin America and the Caribbean and establishing a comprehensive public policy framework to address its multiple dimensions is therefore critical for progress towards inclusive social development.

This report was prepared in an effort to address one of the Group of 20 Development Working Group's top priorities, combating inequalities. The first section describes the main factors that explain inequality in the region, as identified by the Economic Commission for Latin America and the Caribbean (ECLAC). The second section discusses food and nutritional insecurity as a characteristic of that inequality and one of the most serious manifestations of poverty. The third section examines the redistributive implications of climate change. The fourth section analyses the measurement of inequality in the region and presents measurements of income inequality from various data sources, while the fifth section highlights the importance of adopting a multidimensional approach that goes beyond income for measuring poverty. The last section presents some final reflections.

## **I. A trap of high inequality and low social mobility underpinned by many factors<sup>2</sup>**

Over the last 30 years, Latin America and the Caribbean has consistently been the region with the highest levels of income inequality in the world, as measured by the Gini index (see figure 1). Although income inequality has fallen in this period, the region still has the most concentrated income distribution in the world. In 2022, income inequality measured by the Gini index stood at 44.9, lower than in the early 1990s, when it was close to 50.0 (ECLAC, 2023a).

<sup>2</sup> This section is a summary of the section on inequality in the position document of the fortieth session of ECLAC (ECLAC, 2024b).

**Figure 1** Latin America and the Caribbean and other world regions: inequality levels and trends, Gini index, 1990–2020

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of F. Alvaredo and others, "Seventy-five years of measuring income inequality in Latin America", *IDB Working Paper Series*, No. IDB-WP-01521, Inter-American Development Bank (IDB), 2023; and Household Survey Data Bank (BADEHOG).

According to the social inequality matrix developed by ECLAC, inequality refers to more than just income. It is multidimensional and is caused and perpetuated by many factors (ECLAC, 2016). Inequality between population groups is amplified and exacerbated by several interrelated factors that function as axes that serve to structure social inequality, including socioeconomic status, gender, race and ethnicity, age, territory, disability and immigration status, as well as sexual orientation and identity. Social inequality is reflected in many dimensions of social development and human rights, affecting not just income but also the exercise of rights, the development of capacities, and access to power and decision-making. It therefore affects areas ranging from employment to education, health, pensions, access to social protection and care, food, basic services and the distribution of time, as well as participation in political decision-making and the capacity to influence it.

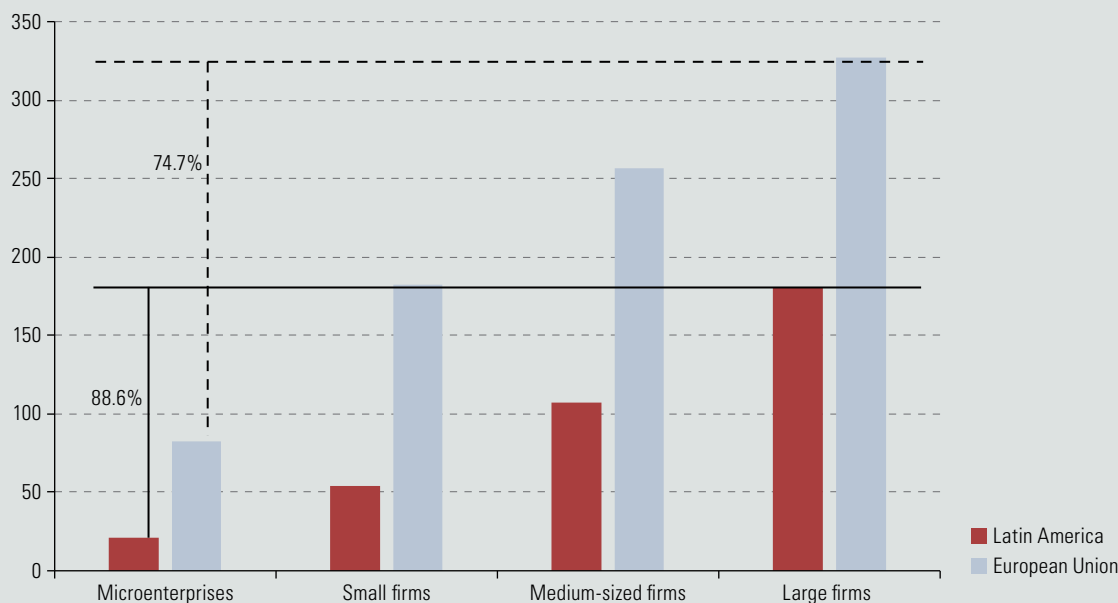
These dimensions are interrelated and give rise to low social mobility and cohesion, triggering a vicious cycle. High inequality in the abovementioned areas is related to low social cohesion. Social cohesion is the invisible binding force that holds societies together, which gives a sense of identity and motivates people to live together and cooperate voluntarily without the need for constant external coercion or immediate interest. It is therefore difficult to strengthen social cohesion in highly unequal societies. The region is also marked by low social mobility, or considerably rigid social stratification, making it harder for people in the most disadvantaged strata to achieve greater well-being themselves and their descendants. Low social mobility is closely related to high inequality and is accentuated by the structure of the social inequality matrix and low social cohesion.

There are six main factors that explain high inequality and low social mobility and cohesion in the countries of the region: (i) low growth, which leads to sluggish and highly informal labour markets, and large disparities in productivity, which generate segmented labour markets with large pay disparities; (ii) regressive tax systems; (iii) weak social and social protection policies that do little to reduce the effects of production-based inequality; (iv) education systems with serious deficiencies, not only in terms of high dropout rates in secondary education, but also in relation to poor learning outcomes that do not meet the new labour market needs arising from the technological revolution; these systems are too segmented to act as the powerful mechanisms of social mobility they ought to be; (v) gender inequality; and (vi) large inequalities and spatial segregation in urban areas, where 80% of the region's total population lives. Owing to urban planning and management failures, the region's cities can be thought of as "inequality factories". Improving urban planning and management could yield high returns in terms of reducing inequality and increasing social cohesion, in addition to boosting productivity.

The first factor mentioned above is large disparities in productivity that translate into segmented labour markets with significant wage gaps. This heterogeneity is reflected by significant differences across economic sectors, subnational regions and formal and informal companies. Productivity in the region is high in sectors accounting for a low share of total employment (mining and basic services), while more than half of the region’s employment is concentrated in very low productivity sectors (agriculture, commerce and social services). Another reflection of unequal productivity is seen in firms of different sizes (by number of employees). Labour productivity in formal microenterprises is equivalent to 11.4% that of large firms, while for small enterprises it is 29.7%, and for medium-sized enterprises, 59.5%. It is no surprise that productivity is lower for smaller enterprises when economies of scale are taken into account. However, it is concerning that these gaps are wider than those recorded in more developed countries, such as in the European Union (see figure 2) (Correa, Leiva and Stumpo, 2020). Although there is a labour productivity gap between formal enterprises of different sizes, the situation is even more heterogenous among informal enterprises, which make up the bulk of the economy in many countries in the region.

Unemployment in the region is also high and labour markets are heavily segmented, as reflected in the fact that almost half of all employment is informal and therefore more precarious (unstable, low-paid and without social protection coverage, among other aspects) (Arenas de Mesa and Espejo, 2024; Espejo, 2022). Informality in the region is determined by the structure of the social inequality matrix, with significant gaps related to age, territory, gender and socioeconomic status. The informal employment rate is higher among young people (51.6%) and persons aged 65 and over (71.7%), and it is mainly concentrated in rural areas (69.8%) (see figure 3). Although there are no significant differences between men and women in the aggregate (the gap is approximately 1 percentage point), women are overrepresented in the most vulnerable jobs in the informal economy, including as domestic workers, contributing family workers or on digital platform workers providing services in private households (ECLAC, 2023a).

**Figure 2** Latin America (4 countries)<sup>a</sup> and European Union: labour productivity by firm size, 2018  
(Thousands of dollars)

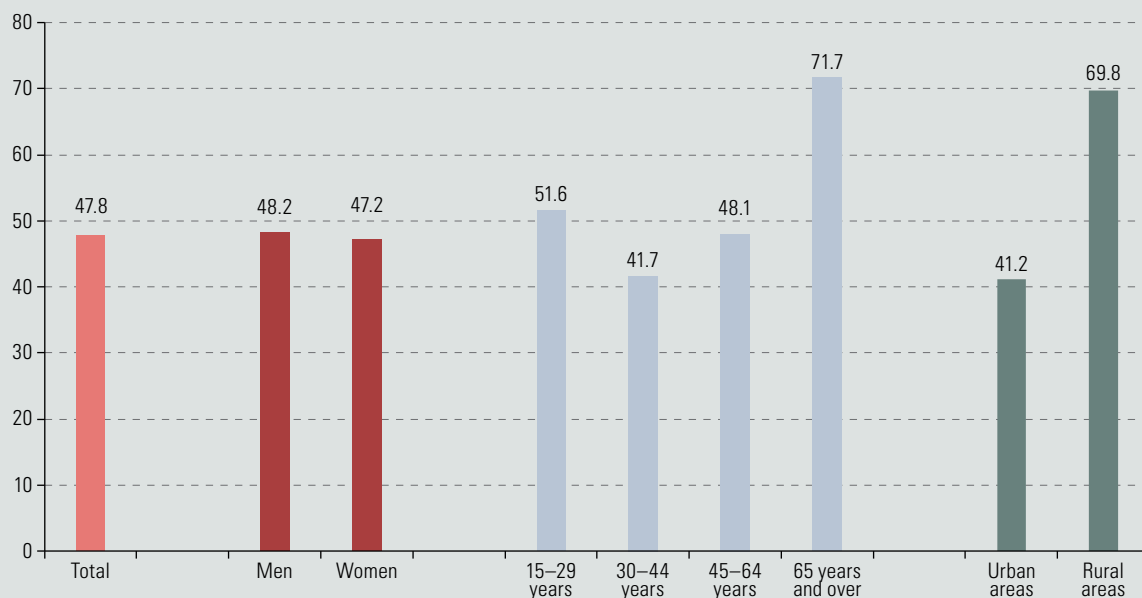


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of F. Correa, V. Leiva and G. Stumpo, “Mipymes y heterogeneidad estructural en América Latina”, *Mipymes en América Latina: un frágil desempeño y nuevos desafíos para las políticas de fomento*, Project Documents (LC/TS.2018/75/Rev.1), M. Dini and G. Stumpo (coords.), Santiago, ECLAC, 2020.

Note: Using the method proposed by Correa, Leiva and Stumpo (2020), labour productivity is defined as turnover per worker. While in Latin America the labour productivity of large firms is 88.6% higher than that of microenterprises, in the European Union the gap is 74.7%.

<sup>a</sup> Argentina, Brazil, Chile and Mexico.

**Figure 3** Latin America (9 countries):<sup>a</sup> informality rates, by sex, age group and geographical area, third quarter 2023  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the processing of employment surveys of the region.

<sup>a</sup> Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Paraguay, Peru and the Plurinational State of Bolivia.

The second factor is regressive tax systems. Redistributive fiscal policies can reduce and partially offset unequal income distribution. However, on the revenue side, tax policy in the region does not fulfil that function. Tax systems tend to generate insufficient revenue to meet public spending needs and their structure is skewed towards indirect taxes, which are regressive by nature. In 2022, the average tax take in Latin America and the Caribbean represented 21.5% of GDP, which is relatively low compared to the average for the countries of the Organisation for Economic Co-operation and Development (OECD), at 34.0% (OECD and others, 2024).

In addition to the tax structure, other factors that reduce the progressivity and scope of tax systems include tax expenditures and investment incentives, which mainly benefit high-income individuals, and direct taxes, which dampen redistributive efficacy. Another important factor is that tax evasion is high in Latin America and the Caribbean. According to ECLAC estimates, income tax and value added tax evasion cost US\$ 433 billion in 2023, the equivalent of 6.7% of the region's GDP (ECLAC, 2024c).

The third key factor is weak social and social protection policies, which fail to reduce the effects of the inequality stemming from low productivity. Universal, comprehensive, sustainable and resilient social protection systems are essential for eradicating poverty, reducing inequality and achieving inclusive social development (Arenas de Mesa, 2023). In line with the Regional Agenda for Inclusive Social Development, the aim of social protection is to ensure universal access to sufficient income, basic social services and housing, labour market participation and decent work (ECLAC, 2020). Latin America and the Caribbean faces significant gaps and inequalities in access to social protection, as was evident during the coronavirus disease (COVID-19) pandemic (ECLAC, 2020, 2021 and 2022a). This is mainly linked with high labour informality and therefore with the broken promise of universal access to social protection through formal employment (ECLAC, 2006).

This context is complicated by a reconfigured social risk structure, which exacerbates and deepens the gaps and inequalities associated with social protection systems (Robles and Holz, 2024). There are also significant deficits in contributory coverage. For example, despite the expansion in pension coverage in Latin America since 2000, effective coverage amounted to just 47.9% in 2022, meaning that only one in every two individuals in the economically active population was paying into the pension system. Coverage is also markedly uneven. For example, in 2021, 72% of the economically active population in the highest income decile were paying into the pension system, compared with

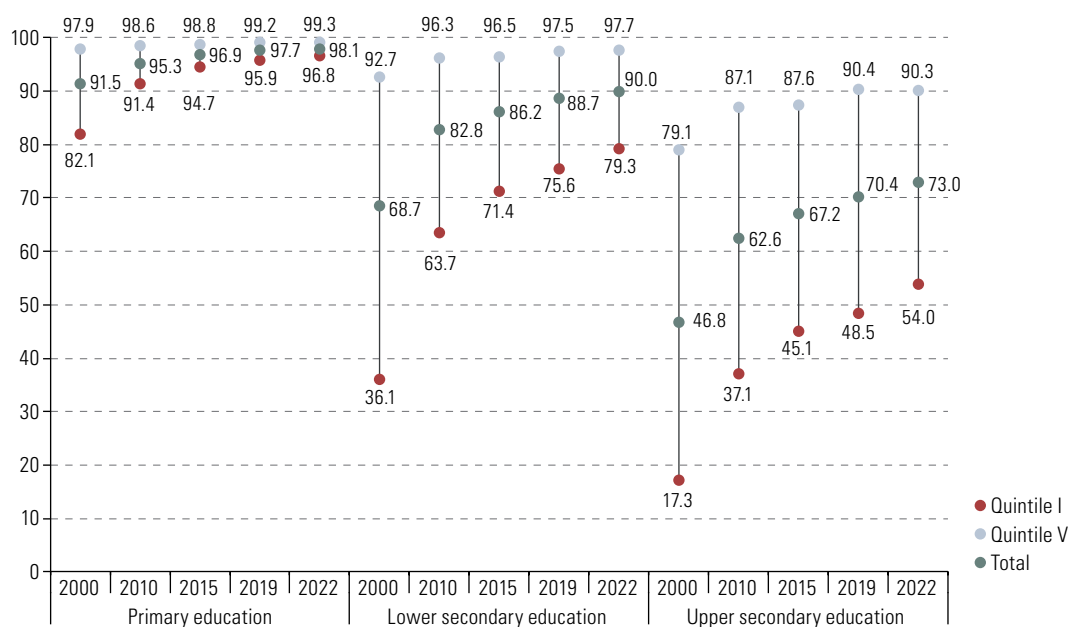
just 7.1% in the lowest decile.<sup>3</sup> This is compounded by structural health system deficits, which cause coordination, access and efficiency problems and affect health outcomes, exacerbating inequality and hindering the exercise of the right to health.

The fourth factor is education systems which have serious weaknesses, not only in terms of high dropout rates in secondary education, but also in relation to poor learning outcomes that do not respond to new labour market needs related to the technological revolution, and which are too segmented to act as the powerful mechanisms of social mobility they ought to be. Sustainable Development Goal (SDG) 4 seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Education can either mitigate or perpetuate societal inequalities.

The potential of education for fostering upward mobility can be undermined if learning and teaching processes, as well as educational returns in the labour market, reproduce social inequalities. Several studies on the status of education in the region show significant disparities in educational outcomes across different population groups, depending on income, gender, territory and racial and ethnic identity, among other factors (ECLAC, 2022a; Huepe, Palma and Trucco, 2023; UNESCO/UNICEF/ ECLAC, 2022).

Despite major advances in educational access, progression and completion in the countries of the region over the last two decades, significant challenges remain in both coverage and quality, which are marked by inequality. The pace of improvement of schooling indicators is also slowing. Socioeconomic inequality limits opportunities for access to education and especially its completion. Differences are even more marked in secondary education (see figure 4). Not only do students from more privileged backgrounds have more opportunities to effectively participate in teaching and learning processes and higher rates of access and completion across levels of education (ECLAC, 2022a), they also attend schools providing higher-quality education, achieve better learning outcomes and embark on educational paths with better earning prospects (OECD, 2023; UNESCO, 2021). These inequalities are compounded by the changes arising from the digital transformation, in which digital inclusion is essential if this transformation is to reduce inequality rather than open up new divides.

**Figure 4** Latin America (14 countries):<sup>a</sup> completion rates in primary, lower-secondary and upper-secondary education,<sup>b</sup> in the extreme income quintiles, 2000, 2010, 2015, 2019 and 2022 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

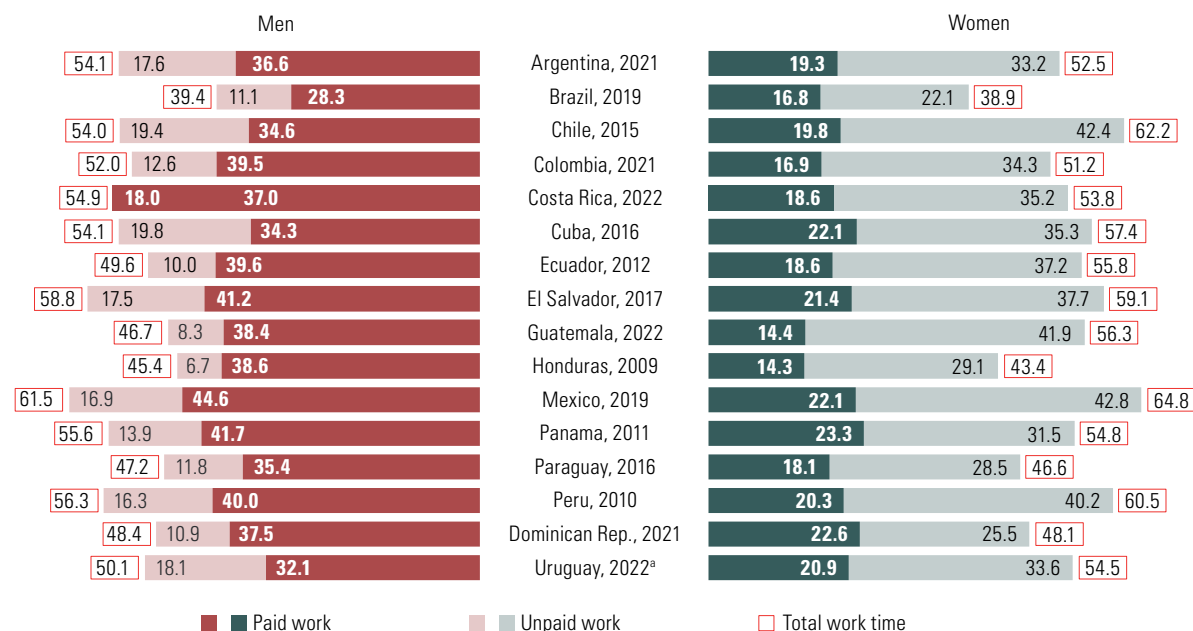
<sup>a</sup> Weighted average of the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

<sup>b</sup> Primary school completion among population aged 15–19 and lower and upper secondary school completion among population aged 20–24 were reviewed.

<sup>3</sup> Data from ECLAC, on the basis of the Household Survey Data Bank (BADEHOG). Weighted average of the following countries: Brazil, Chile, Colombia, Costa Rica, Mexico, Paraguay, Peru and Uruguay.

Gender equality is the fifth factor, which is reflected in many areas. ECLAC has afforded special attention to the sexual division of labour and the unjust social organization of care, which underpin socioeconomic, labour market participation and decision-making inequalities. In 2020, 67.4% of women aged 20–24 in the region had completed secondary education, compared with 60.9% of men in the same age cohort (ECLAC, 2022c). By 2022, gross enrolment rates in higher education were 65.7% for women and 47.5% for men (ECLAC/UN-Women, 2024). However, these achievements in education have not translated into proportional labour market participation. Half of all Latin American and Caribbean women were outside the labour market in 2022, compared to around 25% of men (ECLAC, 2023a). Time-use measurements in several countries of the region show that women spend thrice as much time as men on unpaid domestic and care work (see figure 5) (ECLAC, 2023a).

**Figure 5** Latin America (16 countries): average total time spent by men and women aged 15 years and over on paid and unpaid work, latest year with information available (Hours per week)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Repository of information on time use in Latin America and the Caribbean.  
 Note: No regional average is presented because methodological differences mean that the data are not comparable between countries.  
<sup>a</sup> Preliminary data.

The sixth factor is large inequalities and spatial segregation in urban areas, where 80% of the region's total population lives. Using each country's official definitions, 8 out of every 10 people in Latin America and the Caribbean live in cities, with half of this population located in the region's 74 cities with more than 1 million inhabitants (United Nations, 2018). Accordingly, reducing inequality and fostering the inclusion of a large part of the region's population undoubtedly calls for a significant change to the current urban development model.

Unequal access to basic services is reflected not only in the availability of infrastructure to provide them but also in their relative cost for families. For example, the most vulnerable quintile pays 1.6 times more for water and sanitation services as a proportion of their expenses than the richest quintile, and also receives lower-quality services. Compounding the above is unequal consumption of water and sanitation services, which increases with wealth, since the two highest-income quintiles together consume more than half the services provided in the sector (55.1%). Residents of rural and marginalized urban areas also face greater difficulties in accessing quality education, health and transportation services, among others.

Breaking from the trap of high inequality and low social mobility and cohesion requires an integrated approach that simultaneously addresses the six root causes identified. Tackling one or two in isolation will not be enough to bring about significant shifts in social inequality, mobility and cohesion. Along

with interests and power structures that oppose progress on several of these issues, this may be one of the reasons why inequality remains a hallmark of the countries of the region and also one of the characteristics most resistant to change.

These drivers of unequal income distribution and social and labour inequality are compounded by imbalances in power and influence, disparities that often generate a vicious circle or paralysis that undermines the implementation of public policies aimed at reducing inequality in areas where it is very high (Robinson, Fergusson and Torres, 2023; Guizzo Altube, Scartascini and Tommasi, 2023). Against this backdrop, both the scope of the political economy and its management are key for redistribution and reducing inequality.

## II. Poverty and the cost of hunger: a characteristic of inequality

One of the most serious manifestations of poverty and of extreme poverty in particular is food insecurity, which is a lack of secure access to sufficient amounts of safe and nutritious food for normal growth and development and an active and healthy life. While causes may include food availability shortfalls, poor distribution or improper household consumption, the most common cause in the region is insufficient income, which can have a significant effect on nutritional status. Thus, food and nutritional insecurity has become a characteristic of inequality in Latin America and the Caribbean.

Although the region's exports have expanded substantially and it is projected to strengthen its position as the world's leading exporter of agricultural commodities,<sup>4</sup> 6.2% of the population suffered from undernourishment in 2023. According to estimates, it was not until 2023 that the prevalence of undernourishment fell below 2019 levels, having worsened during the pandemic. Still, in 2023, 41 million people in the region did not have access to sufficient food to meet their dietary needs (FAO and others, 2024).

The prevalence of moderate or severe food insecurity in Latin America and the Caribbean<sup>5</sup> was 28.2% in 2023, meaning that 187.6 million people had limited access to sufficient food (110.4 million in South America, 51.0 million in Mesoamerica and 26.3 million in the Caribbean) (FAO and others, 2024).

As the region undergoes a nutritional transition, food insecurity can lead to malnutrition in all its forms. In 2022, regional prevalence of stunting among children under 5 years of age was 11.5%, while for overweight, the figure was 8.6%, 3 percentage points above the global average and with a higher growth rate. It is estimated that in 2022, 29.9% of adults were obese,<sup>6</sup> reflecting an upward trend in all countries of the region since 2000. In 2019, 17.2% of women aged 15–49 were anaemic (FAO and others, 2024).

These indicators reflect the difficulties faced by much of the population in accessing a healthy diet and being able to afford a variety of foods that meet nutritional requirements. Between 2021 and 2022, the cost of a healthy diet in Latin America and the Caribbean rose by 11.8% to US\$ 4.56 at purchasing power parity (PPP) per person per day—the highest in the world— while the global average was US\$ 3.96. This increase meant that 182.9 million people in the region were unable to afford a healthy diet in 2022 (FAO and others, 2024).

The distribution of food insecurity in the population is an indicator of the inequality generated by the region's food systems. A reflection of the social inequality matrix presented by ECLAC and examined by countries at the Regional Conference on Social Development in Latin America and the Caribbean (ECLAC, 2016) indicates that women are significantly more likely than men to face moderate or severe food insecurity (30.3% compared to 25.1%, respectively). The situation is similar for people living in rural areas: despite their greater participation in food production, rural populations face greater food insecurity than the urban population (32.2% and 26%, respectively) (FAO and others, 2024).

<sup>4</sup> Continued growth in the production of soybean, corn, protein meals, meat and raw sugar, led by Brazil, is expected to increase the region's net export position by 17% between the 2020–2022 reference period and 2032 (OECD/FAO, 2023).

<sup>5</sup> This according to the Food Insecurity Experience Scale, which estimates the proportion of the population facing moderate or severe limitations in obtaining sufficient food over one year (FAO and others, 2024).

<sup>6</sup> Body mass index of over 30 kg/m<sup>2</sup>.

Unequal distribution is also observed in the indicators for malnutrition, which mainly affects people living in poverty, residents of rural and marginalized urban areas and Indigenous Peoples. However, its consequences are far-reaching. The double burden of malnutrition (defined as the coexistence of undernutrition with overweight and obesity) has social and economic impacts, the effects of which are felt first by people with malnutrition and later by the whole of society (Martínez, Mejía and Espíndola, 2024).

Aware of that situation, ECLAC and the World Food Programme, together with national institutions, conducted a series of studies on the cost of hunger, to bring to light and quantify the economic cost of failing to address hunger and poverty. The findings include the following:

- The cost of hunger, a reflection of the social and economic impact of undernutrition among children under 5, in 11 countries in Latin America around 2004–2005 averaged 5.2% of GDP (ranging from 1.7% in Costa Rica to 11.4% in Guatemala). This economic cost was compounded by an increased risk of mortality and of associated morbidity (e.g. from diarrhoea and respiratory infections), school-year repetition, lower levels of education and the resultant productivity losses.
- Between 2010 and 2019, the cost of hunger in 21 African countries, as calculated by the Economic Commission for Africa with support from the African Union, was estimated at 8.0% of GDP, on average (with country values ranging between 1.7% and 16.5%).
- In eight countries in Latin America, between 2014 and 2019, the double burden of malnutrition—encompassing the impact of child undernutrition and of adult overweight and obesity—cost 6.5% of GDP on average, with a high of 16.3% of GDP in Guatemala, taking into account the losses and costs associated with a higher risk of mortality and morbidity.

These examples illustrate the cost of failing to address food insecurity and malnutrition while also indicating the potential economic benefits of tackling these issues. This would require not only financing social policies to address these issues and safeguard rights but also forward-looking and essential investment to move towards inclusive social development and sustainable economic growth.

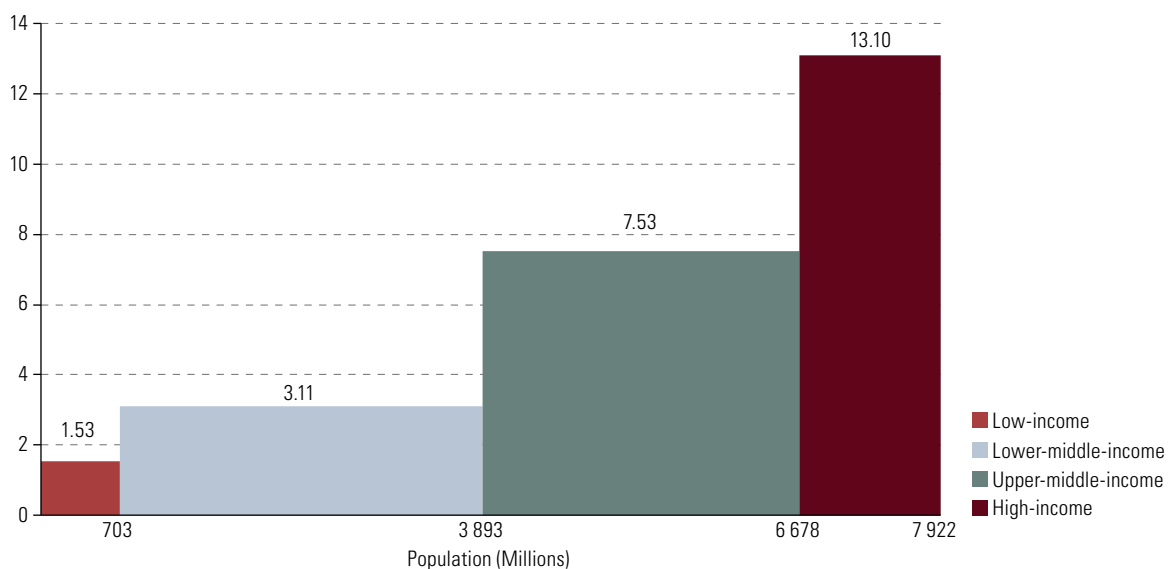
### III. Impact of climate change on inequality

The consequences of climate change are already substantial and are exacerbating existing development gaps, including income and multidimensional inequality. Paradoxically, the countries that contribute the least to this global problem are more exposed to its most harmful impacts owing to their geographical location. Domestic socioeconomic conditions also exacerbate already-high vulnerability. The emissions of high-income countries are 1.5 times higher than those of upper-middle-income countries and up to 10 times higher than those of low-income countries. Moreover, the richest 1% of the global population is responsible for 15% of total emissions, while the poorest 50% produce just 10% (Bruckner and others, 2022).

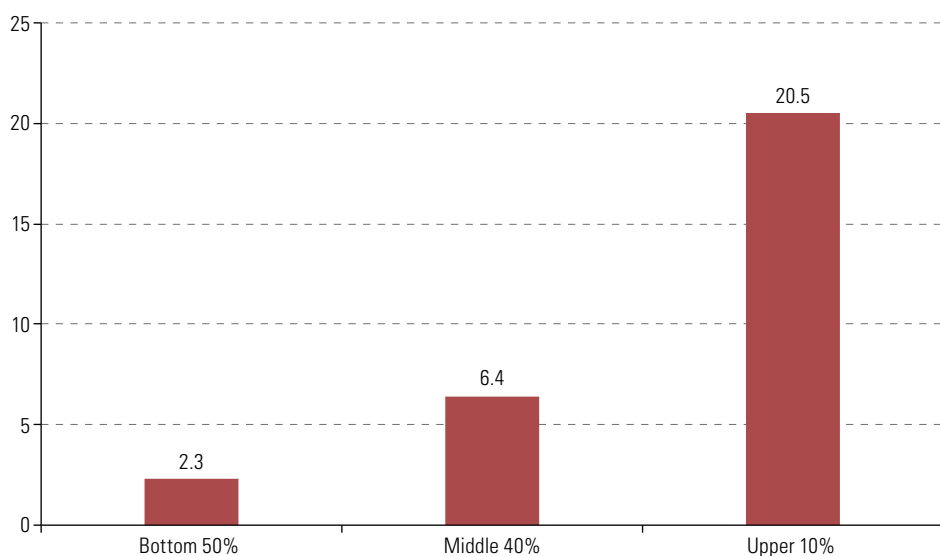
This pattern is also seen within countries, where the carbon footprint of the highest-income households is several times that of lower-income households. In Latin America and the Caribbean, the top 10% of income earners generate nine times the per capita greenhouse gas emissions of the bottom 50%, and three to four times more than the 40% of earners in the middle-income group (see figure 6).

**Figure 6** Latin America and the Caribbean and the world: annual per capita greenhouse gas emissions, 2022 and 2018  
(Tons of CO<sub>2</sub> equivalent per person)

**A. World, 2022**



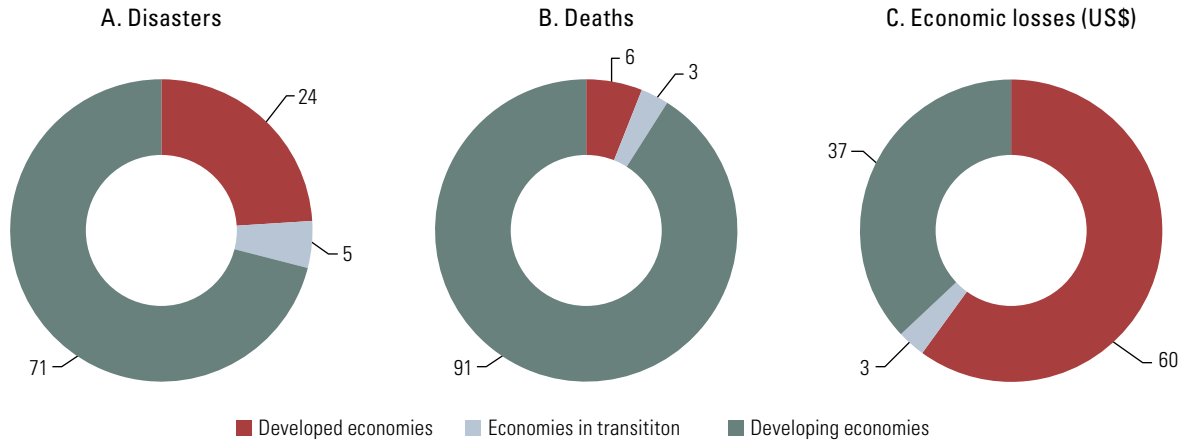
**B. Latin America and the Caribbean, 2018**



Source: European Union, Emissions Database for Global Atmospheric Research (EDGAR) Community GHG database, version 8.0, 2023; and Economic Commission for Latin America and the Caribbean (ECLAC), *Towards transformation of the development model in Latin America and the Caribbean: production, inclusion and sustainability* (LC/SES.39/3-P), Santiago, 2022.

Owing to the socioeconomic situation of developing countries, they are more exposed and vulnerable to the impacts of climate change. Between 1970 and 2021, more than 75% of climate-related disasters and 94% of reported deaths took place in developing economies or those in transition (see figure 7) (WMO, 2021).

**Figure 7** Disasters, deaths and economic losses, 1970–2021

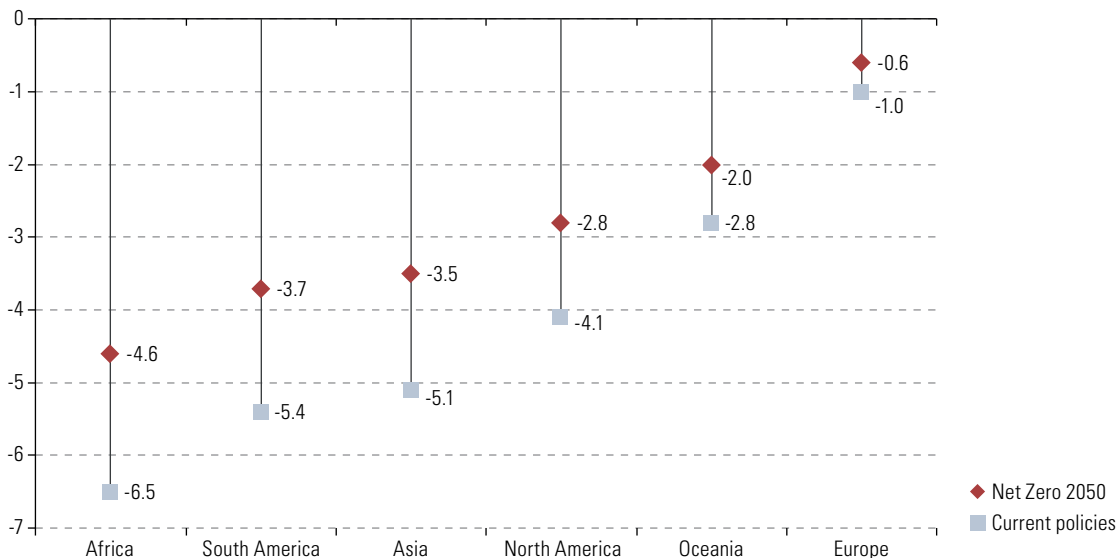


Source: World Meteorological Organization (WMO), *WMO Atlas of Mortality and Economic Losses from Weather, Climate and Water Extremes (1970–2019)*, Geneva.

It is clear that the impact of climate events limits and conditions the development of low-income countries, widening income gaps both between and within them and pushing inequality ever higher. If emissions continue to rise, the frequency and magnitude of the effects of climate change will only intensify, exacerbating inequalities even further.

Heat waves are expected to have a detrimental effect on labour productivity. Even in a net-zero emissions scenario, there will be adverse effects on labour productivity by 2050, particularly in developing regions. In that scenario, by 2050 labour productivity in Latin America and the Caribbean is projected to fall by between 4% and 5% compared to levels registered in the period 1986–2006. These impacts vary considerably across countries, with the greatest productivity losses in the region (around 10%) projected for the Bolivarian Republic of Venezuela, Guyana and Suriname. In contrast, in regions such as Europe and Oceania, productivity is projected to decline by no more than 1.0% and 2.8%, respectively (see figure 8).

**Figure 8** Relative change in global labour productivity by 2050 as a result of heatwaves, compared to 1986–2006 reference period (Percentage points)



Source: Climate Analytics, "Climate Impact Explorer", 2023 [online] <http://climate-impact-explorer.climateanalytics.org/>.  
 Note: Spatial aggregation method by population-weighted average. Climate scenarios of the Central Banks and Supervisors Network for Greening the Financial System: "Net Zero 2050" and "Current Policies".

In addition to being more exposed to climate impacts, low-income countries are particularly vulnerable given their socioeconomic conditions. In 2022, for example, 29% of the population of Latin America and the Caribbean, equivalent to 181 million people, lived below the poverty line, while 11.2%, equivalent to 70 million people, lived in extreme poverty; about 25% of the population was above the poverty line, but with low levels of income. Thus, over 50% of the region's population is poor or at high risk of falling into poverty owing to economic or climate-related crises (ECLAC, 2023a).

Consequently, the need to adapt is more pronounced in lower-income countries, which also face fiscal constraints and high debt levels. Currently, some 3.3 billion people live in countries where interest payments exceed spending on health or education (Global Crisis Response Group on the Food, Energy and Finance and others, 2023). In Latin America, interest payments average 2.6% of GDP and consume 16% of fiscal revenues, often exceeding allocations for education, health and social protection, and more than doubling public investment spending (ECLAC, 2023b and 2024d).

This dual condition of vulnerability—a combination of climate vulnerability with social and macro-financial vulnerabilities, such as high poverty levels, limited fiscal space, and the close link between debt and GDP—is evident in several countries. As a result, they may be pulled into a climate-financial trap, for example, when extreme events compromise their already limited fiscal capacity (Bedossa, 2023). The physical impacts of climate change thus intersect with social development gaps and macroeconomic vulnerabilities, exacerbating the effects of inequality engendered by the current development model.

Meanwhile, at the household level, current consumption patterns have a significant influence on distributional effects. If a carbon tax targets goods that make up a large share of low-income household budgets, these households will be hit harder than high-income households, resulting in a regressive effect. Conversely, if high-income households consume primarily carbon-intensive goods, they will be more affected, leading to a progressive outcome.

For example, in the private transportation sector, the distributional effects of a carbon tax depend on car ownership. In many low-income and lower-middle-income countries, car ownership is limited to the highest income quintiles, leading to a concentration in gasoline consumption and the potentially progressive effects of a carbon tax. However, these measures may result in a loss of well-being given the limited transportation alternatives in many of the region's countries. It is therefore essential to consider compensation measures that allocate tax revenues to strengthening safe and sustainable public transportation systems in order to provide satisfactory alternatives.

In contrast, household electricity consumption shows that a carbon tax can have regressive effects, disproportionately affecting low-income households. This is because electricity consumption is widespread in these households, comprising a significant share of their budgets.

Likewise, food price inflation resulting from insufficient yields or extreme weather events has a direct impact on household budgets. Since food represents a substantial expense for lower-income households, price increases have regressive distributional effects.

The macroeconomic distributional effects of transition policies are significant. The structure of international production and participation in international trade determine the level of risk associated with the transition to a low-carbon world. Countries that rely heavily on carbon-intensive industries, such as oil extraction, refining and cement or metal production, could face constraints and possible negative macroeconomic consequences during the transition, especially in terms of exports, employment and tax revenues. Similarly, countries with less complex economic structures and limited innovation capacity will find it difficult to drive the necessary structural changes. As advanced economies, such as those of the European Union and the United States, move forward with ambitious plans such as the European Green Deal and the Inflation Reduction Act, which aim to increase productivity and lower the carbon footprint, economies without sound industrial strategies are likely to be left behind, further widening existing productivity gaps.

Lastly, it should be noted that a considerable level of investment is required to cover transition costs. For Latin America and the Caribbean, meeting climate action commitments requires a cumulative investment between US\$ 2.1 trillion and US\$ 2.8 trillion over 2023–2030, equivalent to an average annual investment of 3.7% to 4.9% of regional GDP. As a point of reference, in 2020, climate finance in Latin America and the Caribbean reached around 0.5% of regional GDP. Current financing as a percentage of GDP would have to increase 7 to 10 times to meet investment needs (ECLAC, 2024e). For emerging and developing countries, excluding China, the gap in financial needs is equivalent to 4.8% of GDP (Songwe, Stern and Bhattacharya, 2022).

## IV. Income inequality: progress and challenges in measurement

In recent years, consensus has grown on the importance of addressing inequality through economics and political institutions. Social divides and inequality are overwhelmingly evident in Latin America and the Caribbean. Although measurement strategies are now more focused on income inequality, the information available on income inequality levels and trends remains a matter of debate, owing to insufficient data on the distribution of the different components of income and the lack of reconciliation between data sources. Encouraging progress in measurement is essential to better understand the relationship between development and inequality and to quantify the potential impact of different policies on resource allocation.

Most income distribution statistics are drawn from household surveys that ask respondents about the income received from all possible sources, such as wage and own-account work, pensions, transfers and property income. Although the availability of surveys varies considerably among countries, they serve as the main instrument to analyse inequality trends and levels around the world.

There is consensus in the specialized literature that household surveys underestimate income inequality owing to the limited data available on very high-income earners. Such surveys are better suited to measuring labour income and transfers than income obtained from physical and financial assets (ECLAC, 2022c).

Administrative records, particularly of income from tax returns filed with national tax offices, are an additional source of information on the distribution of the population's income. Seventy years ago, Kuznets (1953) pioneered the use of tax data to quantify the share of higher-income groups in total income. More recently, many studies have emerged that combine tax data with national accounts to calculate time series of income inequality, generally in more developed countries. Piketty (2011 and 2014) has conducted some of the most influential studies on the subject; on the basis of over 250 years of data, he demonstrates a steady rise in the concentration of wealth in the developed world, which is not self-correcting and increases economic inequality.

The use of tax data to analyse inequality presents its own challenges. While this source provides a better estimate of very high incomes than surveys, it only includes data from the subset of the population that files income taxes. Countries have different systems of tax legislation, which shape how income is defined and reported, as well as the statistical units to be considered. In addition, tax evasion and avoidance mechanisms exist and taxpayers have incentives to underestimate their taxable income (Atkinson, Piketty and Saez, 2011). This information source also refers to pre-tax income, thus excluding a large portion of the resources that households use to meet their needs (Blanchet and others, 2024).

The analysis of detailed information from tax records and household survey microdata has allowed researchers to measure the gap between the two sources and explore ways to reconcile them. Combining data from household surveys and tax records generally provides a more complete picture of inequality and reveals higher levels of income inequality than surveys alone, as De Rosa, Flores and Morgan (2022) demonstrate for Latin American countries. However, even after accounting for tax-related adjustments, a significant and in some cases growing disparity persists between the various inequality studies based on microeconomic data and the System of National Accounts.

National accounts serve as a comprehensive framework to describe an economy on the basis of standardized concepts, definitions, classifications and accounting rules. Along with other information, national accounts provide data on the total income of an economy, as well as households' share of income. While this data source does not offer information on income distribution in and of itself, applying the distribution obtained from microdata sources to national aggregates can yield distributional data consistent with national accounts.

The idea of reconciling the measurement of income using household surveys and national accounts is not new. In the case of Latin America and the Caribbean, nearly 40 years ago Altimir (1987) studied the gaps between the totals derived from both data sources and the existence of possible measurement biases of certain data sources. He proposed methods to adjust the income reported in household surveys in order to make inequality measurements consistent with national accounts totals.

More recently, various initiatives have sought to integrate information on the distribution of income and wealth among different groups in society, within the national accounts framework. This makes it possible to look beyond aggregate growth figures and understand how economic benefits are shared among different population segments.

One such initiative is the distributional national accounts methodology proposed by Blanchet and others (2024), which aims to provide annual estimates of income and wealth distribution using concepts consistent with the macroeconomic national accounts disseminated through the World Income Inequality Database.

Another initiative is the Expert Group on Disparities in National Accounts launched in 2011 by OECD and Eurostat. Its purpose is to develop a methodology to compile the results of the distribution of households according to income, consumption and savings in line with national accounts totals. The Group recently published a methodological manual (OECD, 2024).

The two initiatives are closely related, and their aim is to compile annual estimates of income distribution using concepts consistent with national accounts through the use of income and wealth tax data and household income and wealth surveys. However, they also differ in their methodologies and approaches. The projects should therefore maintain transparency regarding their concepts and methodologies so that users understand the main reasons for any potential differences in their results (OECD, 2024).

The estimate provided by distributional national accounts should not be interpreted as an end point, but rather as a stage in a process of improving availability and coordination between the various data sources needed to have a complete picture of income distribution. Countries around the world face different challenges according to their respective stages. Coordinated action within the Group of 20 (G20) can encourage countries to further advance this process, including through:

- Regular production of household surveys that measure income: household surveys are the most important source of information for estimating income distribution. While most G20 countries produce regular household surveys, this is not the case in the rest of the world. For countries lacking this basic instrument, it is the most important step they can take towards producing income inequality indicators that may be used to inform and guide public policy. The production of household surveys faces specific challenges in each country, such as declining response rates or budgetary constraints, and an international agenda has been proposed to strengthen these instruments (Intersecretariat Working Group on Household Surveys, 2022).
- Availability of distributional data from tax and administrative records: the main advantage of tax records is that they provide information on high incomes that is not adequately captured in household surveys. Making this information available is essential in order to complement income inequality estimates that are derived exclusively from surveys. Several countries have started providing access to income tax return data in the form of aggregated tabulations. It is also important to publish this information to achieve greater fiscal transparency and promote studies on the influence of taxation and tax evasion, among other issues.
- Availability of the institutional household sector account and production of distributional national accounts: an essential input for the production of distributional national accounts is the household sector account of the national accounts. Although estimation of GDP and underlying national accounts is quite common, many countries do not produce this particular account regularly. In Latin America, 11 of 20 countries have published household accounts; of these, 7 countries have done so for less than five years.
- Fully integrated data sources on income, consumption and wealth: the production of distributional national accounts is a major step towards improved statistics on income and wealth inequality. However, these tools still need to be based on assumptions to distribute the income gap between microdata sources and national accounts. To overcome these restrictions, ideally, a single set of micro-level income data from household surveys, administrative data and private sector data would be available for the entire population. A recent report by the National Academies of Sciences, Engineering, and Medicine of the United States (2023) proposes to establish a mechanism for creating such a data set, featuring a joint distribution of income, consumption and wealth, through a collaboration with several of the country's statistical entities.

In summary, there is an urgent need to improve the availability and timeliness of household surveys and national accounts, and to increase access to aggregate data from income tax records, in order to obtain a more complete picture of income distribution. The integration of these data sources through the construction of distributional national accounts is a useful way to generate complementary indicators of income distribution that overcome some of the limitations associated with household surveys. This information is particularly important for the empirical study of the relationship between income inequality, economic growth and other variables of interest.

The G20 can decisively improve global knowledge of income distribution and its consequences. Some suggestions include the following:

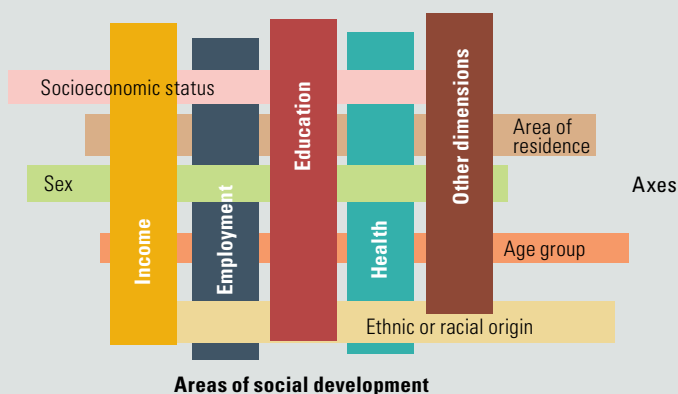
- Invest in data infrastructure and capacity-building, and help developing countries to take the necessary steps towards creating a more suitable information system on income inequality.
- Promote transparency and accountability, and foster sound ethical standards and data governance practices in the use of administrative records and other data sources needed to develop distributional national accounts.
- Lead by example and implement distributional national accounts in G20 countries.
- Support the use of results based on distributional national accounts in international discussions on inequality.

## V. Inequality is a multidimensional phenomenon that goes beyond income

For decades, discussions on inequality have focused on income disparities given their direct impact on people's well-being and opportunities (ECLAC, 2016). ECLAC has contributed significantly to this analysis by quantifying income inequality and studying its determinants. It has also underscored the persistence of income concentration even in periods of economic growth, as well as the need to use diverse sources of information, as household surveys tend to underestimate inequality (ECLAC, 2014 and 2019). In recent years, the concentration of assets has also been analysed, in addition to current income (Del Castillo Negrete, 2023; ECLAC, 2023a). Despite the paucity of information, there is partial evidence pointing to deeper inequalities in the distribution of wealth.

However, inequality is increasingly recognized as a multidimensional phenomenon (Bourguignon, 2024). According to ECLAC, the heterogeneity of the productive structure is reflected in the labour market and permeates social, economic and political realities in multiple ways. Income inequality derived from labour market integration is compounded by other inequalities related to education, health, reproductive patterns and social protection, as well as access to major connectivity networks, durable goods, housing, basic services and environmental quality, for example (ECLAC, 2014 and 2016). The permanence and reproduction of these inequalities stem from various mechanisms of structural and institutional discrimination linked to ethnicity, race, gender, socioeconomic status and other factors.

ECLAC has stressed that addressing inequality in Latin America and the Caribbean requires a multidimensional approach that considers not only income disparities, but also the multiple dimensions or spheres of action and rights that affect people's well-being. The social inequality matrix proposed by ECLAC (2016) is an analytical framework designed to understand the various dimensions and factors that contribute to inequality in Latin America and the Caribbean (see diagram 1). This approach goes beyond differences in income and includes aspects such as education, health, access to housing and social protection. The matrix examines how these dimensions interrelate and reinforce each other, thereby perpetuating social inequality.

**Diagram 1** Latin America and the Caribbean: social inequality matrix

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of ECLAC, *The social inequality matrix in Latin America* (LC/G.2690(MDS.1/2)), Santiago, 2016.

Likewise, the social inequality matrix highlights the importance of factors—such as gender, age, ethnicity, area of residence and socioeconomic origin—that influence the distribution of resources and opportunities. This comprehensive approach makes it possible to identify the deep-rooted and multifaceted causes of inequality, facilitating the design of more effective public policies. ECLAC maintains that addressing inequality in the region requires the implementation of multidimensional and comprehensive strategies that promote a more equitable distribution of resources and opportunities, in order to ensure inclusive and sustainable social development.

Inequality should be measured using a multidimensional approach which complements that of income, since it is not only manifested in economic terms (Sen, 1999). The multidimensional measurement of inequality, albeit fragmented and intermittent, has been carried out for over 70 years. Following the pioneering work of Fisher (1956), various intellectuals such as Kolm (1977), Atkinson and Bourguignon (1982), Maasoumi (1986), Tsui (1995), Stiglitz (2012) and Atkinson (2015), among others, have made significant advances in measuring multidimensional inequality. Despite the above and the multitude of measurement proposals available, they are not commonly applied to public policymaking (Foster and Lokshin, 2024).

The aforementioned authors' approaches may be categorized into two major types of measurement. The first type focuses on using different inequality indices for each dimension, which allows for a more detailed understanding of inequality in various areas (similar to a scoreboard). This methodology makes it easier to identify specific areas with greater inequality and to monitor disparate trends by dimension. In addition, each indicator may be interpreted intuitively, which facilitates communication to different audiences, and may employ a variety of data sources, focusing on specific areas of interest.

The second type of measurement aims to develop a multidimensional inequality index that captures inequality comprehensively, taking into account the joint distribution of multiple dimensions, as well as their interrelationships. This type of composite measure would better reflect the complexity of social reality, although it is more difficult to calculate and interpret than separate indices, since it requires that all dimensions be included in a single data source (Amarante, 2024).

Multidimensional approaches pose challenges for Latin America and the Caribbean and underscore the need to improve and develop homogeneous sources of information that allow for more accurate measurement of inequality. Currently, the limited standardized information available to countries does not allow for multidimensional measurement of inequality in the region. Establishing methodological consensus to institutionalize such measurement is essential, and implies defining dimensions, indicators and procedures to obtain a reliable analysis in the region (ECLAC, 2024f). It is therefore essential to invest in developing and improving the various information sources and methodologies that convey the complexity and depth of inequality.

Progress in the multidimensional measurement of inequality would aid in the recognition and analysis of social inequality in the region. This would strengthen the design of comprehensive policies to reduce inequality and promote inclusive social development, a fundamental dimension of sustainable development. This challenge should not be faced in isolation; it requires a joint and coordinated effort among nations. International cooperation is crucial both for sharing knowledge and experience and for mobilizing resources and establishing common frameworks for action to address inequality in an effective and sustained manner.

## VI. Conclusions: public policy guidelines to reduce inequality

Latin America and the Caribbean faces a development crisis that consists of three main traps: (i) low capacity for growth (ii) high inequality and low social mobility and cohesion and (iii) weak institutional capacities and governance. The low level of growth in the region is not a recent issue, but rather a long-standing trend. Overcoming this trap requires great productive transformations that energize stagnant economies and drive growth that creates jobs, extends the benefits of development to a broad social base and respects the environment and the protection of the planet (Salazar-Xirinachs, 2023).

The characteristic inequality in Latin America and the Caribbean is not only an economic problem that limits growth; it is also a social problem that obstructs the various paths to inclusive social development. The structural inequality gaps faced by the region's population in terms of economic and social rights (e.g. health, education, labour inclusion and housing) affect opportunities and life paths and limit well-being, with major consequences for society and countries' development possibilities (ECLAC, 2024b).

The link between inequality and economic growth has been the subject of extensive debate in the economic literature. Ferreira (2023) points to three types of argument that excessive inequality is detrimental to economic growth and development. The first refers to the fact that people are intrinsically concerned about fairness, as evidenced by various behavioural experiments. High levels of inequality may be perceived as unjust, affecting social cohesion and stability. The second argument relates to allocative efficiency. Inequality, combined with market imperfections, may impede efficient investment projects and thus hinder economic growth. This is because people may not have the resources to invest in their education or business. The third argument refers to political institutions. High inequality may lead to a high-income elite taking over State institutions and promoting public policies that serve its interests rather than those of society at large. This may result in ineffective policies that fail to promote growth and development.

Notwithstanding differences in distributive capacity and policy efficiency among countries in the region, high inequality creates mistrust in institutions, public policies and public officials, for example. Moreover, limited institutional capacities compromise the effectiveness of public measures. Even where public policies are responsive and accountable, this mistrust, coupled with scepticism of guarantees of access to education, health and social security or the proper functioning of democracy, undermines the legitimacy of potential fiscal expansion and the search for more redistributive mechanisms in the eyes of broad segments of the population, who are unconvinced by assurances of efficient and relevant use of public resources (Arenas de Mesa, 2016; De la O, Rossel and Manzi, 2023).

Thus, inequality is also related to the trap of low institutional and governance capacity that the region faces, especially in terms of its response to development challenges. This trap hinders the effective management of the great transformations that the region requires. These include the reduction of inequality through solid technical, operational, political and prospective (TOPP) capabilities; forums for ongoing, broad and representative dialogue; and governance capable of settling differences and producing greater convergence and coordination among political, economic and social agents (Salazar-Xirinachs, 2023).

According to ECLAC (2022b), a big push for transformative investments towards a productive, inclusive and sustainable future could bring about significant transformations that combine job creation with more environmentally sustainable growth. Estimates suggest that under a scenario in which sustainable development policies are adopted, regional GDP would be 5.2% higher in 2030 than under a baseline scenario. Rapid growth is reflected in higher employment and total annual wages paid to workers, around 3.4% and 6.9% above the baseline scenario, respectively, in 2030. This increase is equivalent to 10.4 million additional jobs compared to the baseline scenario. The faster growth in wages relative to employment indicates that new jobs are higher-paying. Thus, in the scenario in which sustainable development policies are adopted, a key element for overcoming structural heterogeneity is achieved: sustained creation of formal jobs with higher productivity and pay. In the environmental dimension, these positive socioeconomic results can be obtained in a way that is compatible with reducing greenhouse gas emissions. There is a significant reduction in greenhouse gas emissions measured as tons of carbon dioxide equivalent, which could be as much as 34.2% by 2030, compared to the baseline scenario. This is much larger than the reduction that Latin American and Caribbean countries have committed to achieve by 2030.

In this sense, overcoming the trap of high inequality and low social mobility and cohesion is inextricably linked to development strategies. These strategies should promote inclusive social development to break from the traps of low growth and weak institutional and governance capacity, as part of a comprehensive approach to sustainable development. In addition to mitigating social vulnerabilities, these measures shift consumption patterns and strengthen resilience to the multifaceted impacts of climate change, which exacerbate inequality. It is essential to reach a broad social agreement that makes a fiscal and intergenerational compact viable and that guarantees the financial sustainability of comprehensive public policies aimed at reducing inequalities.

Overcoming the high inequality trap requires stronger social protection systems, an expanded welfare state and the general improvement of social policies. This would mitigate multiple equality gaps, laying the foundation for greater productivity and growth. Closing existing gaps in the coverage and sufficiency of social protection systems has a direct impact on reducing inequality in the region, including gender inequalities. Such action makes it possible, from the beginning of the life cycle, to protect household income and develop the human capabilities needed to achieve adequate levels of well-being. At the same time, it directly affects the possibility of achieving increasing levels of social mobility and cohesion (Arenas de Mesa, 2023).

For the above reasons, the foundation of sustainable upward mobility should be built on strengthening households' resilience, with access to non-contributory social protection programmes, expanded labour inclusion, social security and unemployment insurance to protect income and well-being from adverse shocks (Amarante, Lustig and Vigorito, 2023; Arenas de Mesa and Robles, 2024; Trucco, 2023). The design of social protection systems must incorporate comprehensive care policies that counteract gender inequalities and overcome the current sexual division of labour. States must fully recognize the right of all persons to provide and receive care and to exercise self-care, regardless of their situation of vulnerability or dependence, with special regard to older persons, persons with disabilities, children and adolescents, as well as caregivers.

The expansion of social protection systems also enables the implementation of other sectoral policies, such as access to education, lifelong learning and health, which are essential policies in this process. Broadening social protection requires countries to strengthen the labour inclusion component of these systems, thereby promoting employment and decent work with a gender perspective, which contributes to sustainable and inclusive growth and increased productivity. Key measures include improving access to education for the poor and other vulnerable strata of the population while pursuing a more equitable quality of education at all levels. It is also essential to consolidate universal, comprehensive, sustainable and resilient pension and health systems (ECLAC, 2023a and 2024b). Likewise, addressing digital inclusion as part of this set of policies is important to avoid excluding vulnerable populations from the benefits and opportunities of connectivity.

Another critical factor to consider is the effectiveness of public policies. In Latin American countries, the Gini index before and after taxes and transfers varies minimally compared to European countries, where the Gini index before policies is around 0.5 and decreases to around 0.3 with the execution of effective public policies. This underscores the need to implement effective redistribution policies in the region. Achieving this requires social dialogue processes capable of reaching broad agreements that reflect shared commitments and goals in order to move towards universal social protection systems (Robles and Holz, 2024; Salazar-Xirinachs, 2023).

Linked to the above, broad agreements should be included on mechanisms that can guarantee effective income security throughout the life cycle, with a particular focus on eradicating poverty in childhood and old age. Social dialogue will also help to build an agenda of strategic interventions aimed at reducing current levels of inequality, including inequalities linked to gender and those that originate in early childhood, where the synergies between early childhood care policies (Santos Garcia, 2024) and family entitlements can play a critical role.

It is also essential to encourage the design of measures that facilitate labour inclusion, that is, measures that include both labour market access and working conditions with adequate levels of pay and social protection. Labour inclusion should offer entitlements that reduce risks in the event of unemployment, illness or similar situations, and that reduce labour informality, with special emphasis on reducing the gaps that prevent the construction of less unequal and more cohesive societies (ECLAC, 2023a and 2024b).

The establishment of effective education systems from early childhood and throughout the life cycle, together with broad access to vocational training, are part of the great transformations needed to achieve an inclusive social development model that fosters the reduction of inequality. Bridging the digital divide and other gaps through skills training is also essential, so as to avoid worsening structural inequalities amid burgeoning change driven by technological transformations (Huepe, Palma and Trucco, 2023; ECLAC, 2022a and 2024b).

Addressing the high inequality trap that characterizes Latin America and the Caribbean is crucial to achieve inclusive and sustainable social development. This requires acknowledging the trap and consolidating quality information to ensure continuous measurement of its multiple dimensions. Attempting to design and implement quality social policies without a metric to determine the nature and extent of social inequality is like starting a journey without a map. The social inequality matrix (ECLAC, 2016) has been central to highlighting the axes and multiple areas of social development in which these inequalities are expressed in the region. Latin America and the Caribbean, as the world's most unequal region, must seek and propose multidimensional measurement of inequality that complements existing measurements and addresses current gaps. This will enable progress in implementing comprehensive public policies to reduce inequality and to present a meaningful proposal at the Second World Summit for Social Development of the United Nations, to be held in November 2025 in Qatar.

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