



# Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



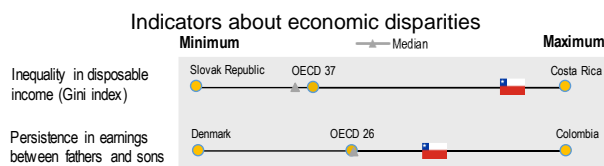
## How does CHILE compare?

Across the OECD, most people are concerned about inequality. Concern varies across countries, and is higher where people perceive wide economic disparities, low intergenerational mobility, and that working hard does not suffice to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand is for redistribution. However, there may be insufficient support for inequality-reducing policies if people do not agree on policy options or have doubts about the effectiveness of such policies.

### Is inequality a concern in Chile?

Inequality in Chile is high by OECD standards, which is of concern to many Chileans. Chile has the second highest level of income inequality in the OECD, as measured by the Gini index (Figure 1). There is also less equality of opportunity in Chile than in many other OECD countries, as measured by the degree to which parental income affects their children's earnings.

Figure 1. Inequality is high in Chile



Note: Data refer to the latest available year.  
Source: OECD Income Distribution Database and OECD (2018), [A Broken Social Elevator?](#).

The high levels of inequality are reflected in Chileans' perceptions. Chile has one of the highest levels of perceived earnings disparities in the OECD, and a higher-than-average perception of

the share of income that goes to the richest 10% of the population (Figure 2). Chile is also characterised by a higher level of perceived inequality of opportunity.

### What factors affect the level of concern?

Despite the high level of concern about inequality, people in Chile prefer a higher level of earnings disparities than other OECD countries. However, there are limits to their preferences for inequality. For example, the median survey respondent in Chile believes top paid jobs *do* earn as much as 23 times low paid jobs, but *should* earn at most 9 times (9 and 4, respectively, on average in the OECD).

In Chile, views about the lack of equality of opportunity stem from the strong belief that children from poor families will remain poor as adults. They are also more likely than in other OECD countries to believe that having wealthy and well-educated parents is very important or essential to get ahead in life (Figure 2).

Figure 2. Perceptions closely match actual levels of inequality in Chile

Actual vs. perceived indicators of inequality



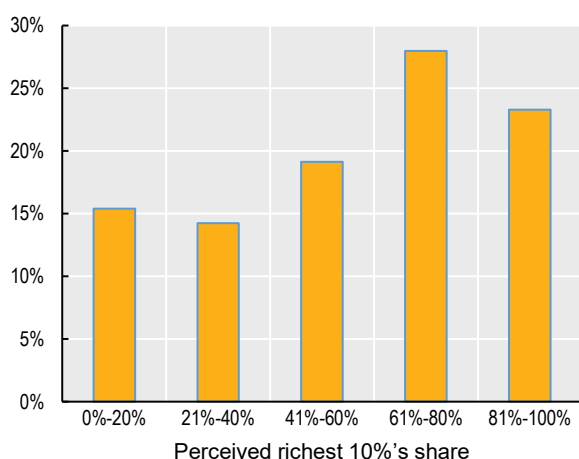
Note: The OECD averages refer to countries available for each indicator. For perceived richest 10%'s share of income and intergenerational persistence to 2020; all other data refer to 2009.  
Source: OECD Income Distribution Database; OECD (2018), [A Broken Social Elevator?](#); OECD (2021), [Does Inequality Matter?](#), Chapter 2.

### Are views on inequality divided in Chile?

Many, but not all, people in Chile believe income inequality is high. More than half of Chileans believe the richest 10% of the population account for more than 60% of the national income. Of this, one-in-five believe the richest 10%'s share is more than 80% – which is much larger than other OECD countries. However, a sizeable minority (one-in-six) believe the richest 10% earn less than 20% of national income (Figure 3).

**Figure 3. Most Chileans believe inequality is high, but a sizeable group think it is low**

Share of population by perceived richest 10%'s share of national income in 2020.



Source: OECD (2021), [Does Inequality Matter?](#), Chapter 4.

Chileans are also divided in their preferences for inequality. One-quarter of people in Chile believe

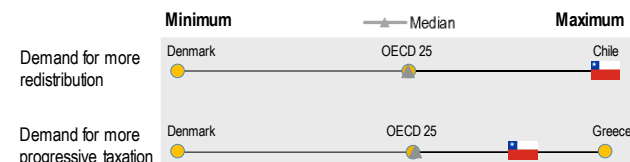
that the current incomes of the richest 10% are acceptable or should be higher. In contrast, another one-quarter of Chileans think that the incomes of the richest 10% is too high. This latter group believes that the richest 10% earn 85% of total national income, even though they think it should be 16%.

### How much support is in Chile for inequality-reducing policies?

Chile has the highest demand for redistribution in the OECD, reflecting the high levels of actual and perceived inequality in the country, and the limited redistributive settings of current policy (Figure 4). When the effects of taxes and transfers are assessed, the level of inequality (as measured by the Gini index) falls by only 5% in Chile, compared to 25% on average in the OECD.

In addition, demand for progressive taxation is high, consistent with the widely-held belief that a large fraction of national income goes to the richest 10% and that there are low chances for poor citizens to get ahead in life.

**Figure 4. There are strong demands for more redistribution and progressive tax**



Note: Data refer to 2020.

Source: OECD (2021), [Does Inequality Matter?](#), Chapter 3.

### How can people's perceptions of, and concerns about, inequality inform policy?

Understanding how people form their perceptions and opinions is important for getting citizens and governments on the same page about policies that reduce inequality and promote social mobility. This includes:

**Better understanding of public support for reform:** Inequality of outcomes and opportunities matter to people, and hence policies should address both aspects. Nonetheless, people may favour specific policy mixes, depending on their beliefs and preferences.

**Better understanding of the effectiveness of policies:** People favour policies that they believe are effective. It is necessary to evaluate the impact of inequality-reducing policies transparently and facilitate people's understanding of how they function.

**Better information on inequality and equality of opportunities:** Providing reliable information about inequality can help provide a common ground for public debate and address division and polarisation of public opinion.

### Contacts

Any questions? Contact us at: [wellbeing@oecd.org](mailto:wellbeing@oecd.org)

For more information, access the complete report at: <http://oe.cd/does-inequality-matter>