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The two cycles of inequality reproduction in Latin America

Drawing on research from the Latin American and Caribbean Inequality Review (LACIR), Valentina Contreras and Francisco H. G. Ferreira set out four key facts surrounding the unique nature of inequality in Latin America. They then consider two “cycles” that combine to continuously reproduce these disparities over time.

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For more than 70 years, Latin America and the Caribbean have faced incredibly high levels of inequality. Stark divides run across every aspect of life, and persist even despite major structural and socioeconomic changes. Even accounting for data uncertainties, household surveys consistently show that **this region is one of the world's two most unequal** – if not the single most unequal region in the world.

When we look at income alone – what people earn each month – even the most cautious estimates reveal that vast segments of the population are left struggling to make ends meet, while a small elite reaps disproportionate gains. And that's just the beginning. Beyond income, there are sharp disparities in **wealth, land ownership, education, health, and opportunities** – interwoven in a complex tapestry of inequalities that accumulate over generations.



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To understand why this high-inequality equilibrium has persisted for centuries, we knew we needed a collective effort that draws on many perspectives, disciplines and national experiences. Inspired by the **Deaton Review** of inequality in the UK, in 2020 we set out to take a closer look, launching the Latin American and Caribbean Inequality Review (LACIR). A panel of **15 experts on inequality** – co-led by Francisco and coordinated by Valentina – commissioned 27 academic papers from 74 authors across the region and beyond. After several years of work, this collaborative effort has culminated in an **open-access supplement** published by Oxford Open Economics.

The LACIR research has spanned a wide range of topics – from **early childhood development** and **wage dynamics** to the design of **old-age pensions** and the functioning of **political parties** – all aimed at understanding the nature of Latin America’s high-inequality equilibrium and why it has proven so persistent.

Here, we present four key characteristics of the unique nature of inequality in Latin America that emerge from the review, before looking at two “cycles” that combine to continuously reproduce these disparities over time.

Four key facts about Latin American inequality

1) It is strikingly high

Starting with inequality in **income**, the trend we see when we look back over time is that inequality rose through the 1970s and 1980s, peaked in the 1990s or 2000s, and then eased in many countries up until around 2015. Even so, even at its lowest point, the income inequality levels remain very high in comparison to other regions of the world. And that is just one part of the picture.

2) It is multifaceted

Wealth tells a similar story. In countries like Colombia, Chile and Uruguay, the richest 1% hold about 40% of the total wealth. Land ownership is just as lopsided – a few large estates dominate, leaving many people without access to the resources they need. This concentration of resources extends to **education** and **health**, too. For example, in Brazil, 85% of individuals with at least one parent who completed college go on to finish a degree themselves, while only 15% of those whose parents did not finish high school manage to do the same.

3) It is highly interconnected

What’s perhaps even more concerning is how these different forms of inequality – in health, wealth, income, land, education, opportunities, and so on – are also tightly interconnected. Countries in the region with relatively high inequality in income and wealth are generally also the countries that exhibit large levels of inequality in **early childhood development**.

On an individual level, those who are better off financially and the more educated tend to have greater access to quality health care – from contraceptives to regular antenatal visits, and better health outcomes, like lower rates of **child stunting and teenage pregnancy**. Those that **access higher education tend to have significantly higher salaries** than those who do not, and are much more likely to gain formal employment and have access to social security benefits.

4) Personal characteristics like race, ethnicity, and gender have a huge bearing

Moreover, inequality in Latin America is marked by important horizontal cleavages. It's not just about the family's financial situation or the parents' level of education. Immutable factors like race, ethnicity, and gender, as well as the region, city, or even neighbourhood people live in, can strongly influence people's life chances.

For instance, among people from similar socioeconomic backgrounds, those with **darker skin** are more likely to experience poorer educational outcomes, lower wages, and less stable working conditions. And while **women** now achieve similar or even higher levels of education compared to men, they still face significant challenges in the workforce: they are less likely to be in paid employment, and when they are, their earnings tend to be lower – especially after the birth of a child.

Why inequality is so persistent across the region

Together, these basic facts paint a comprehensive picture of inequality in Latin America today. But to understand why such high levels of inequality persist over time, we need to examine the dynamics that keep these disparities alive. The editors of the LACIR supplement identify two key cycles of inequality reproduction: a short cycle and a long cycle.

The short cycle operates over the span of a lifetime. From a very early age, children of wealthier, better-educated parents gain critical advantages – as toddlers they develop richer vocabularies and other key skills; they have access to better (often private) schools from infancy; and they are more likely to secure admission to prestigious universities as teenagers or young adults. These opportunities pave the way for significantly better-paying, formal-sector jobs and, later, as parents themselves, they pass on those advantages to their own children, effectively restarting the cycle.

In Latin America, this intergenerational transfer of advantage is more pronounced than in other regions, partly because public policies have not done enough to level the playing field. To understand why the short cycle of inequality reproduction persists in the region, we must ask why our states have not systematically pursued equalising policies or built the institutions needed to break this cycle.



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That brings us to the longer cycle of intertwined economic and political inequalities that operate on a historical timescale. Latin America's inequality has deep roots, shaped by slavery, *encomiendas*, and *capitanias* – institutions that concentrated wealth and power in the hands of a few from the earliest colonial times. These legacies are enduring, and to this day, some descendants of large landholders and mine owners continue to wield significant economic and political influence, while descendants of slaves and marginalised indigenous communities remain trapped in persistent poverty.

Although these disparities are well documented, the underlying mechanisms are complex and not always fully understood. They persist despite the advances of democracy and the growth of a sizeable middle class, as well as the emergence of new elites, political parties, and popular movements aimed at representing the less privileged. In many ways, these dynamics reflect a social contract that, although it has evolved over time, still preserves a number of exclusionary features.

Through research and analysis, we aim towards a more equitable future

The **27 articles** now published in Oxford Open Economics are just the first major output of our collaborative endeavour. In the coming years, we aim to synthesise these insights into a short, non-technical volume – set for publication in 2026 – that will provide a comprehensive narrative on the origins and reproduction of inequality in the region.

Together, these efforts will not only deepen our understanding of why inequality persists but also inform the policy debates necessary to forge a more equitable future for Latin America and the Caribbean.

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