Grading the Performance of the Latin American Regimes 1970-1995

by

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AThe excellence of a government consists not in its philosophy nor in its structure, but instead in its appropriateness to the nature and character of the nation for which it is instituted@
--Simón Bolivar Feb 15,1819--

Abstract.-

For most of Latin America the 1970s were a decade of growth, though with political upheaval in Argentina and Chile. The 1980s were a disaster. The 1990s have seen economic reform, liberalization, a return to democracy and financial turmoil. This study attempts to explain the three decades as one piece, through an analysis of the evolution of earnings inequality from year to year in eight major Latin American countries and one Caribbean nation. We find that changes in earnings inequality are a sensitive indicator of slump, repression, political turmoil, civil war, natural disaster and -- on the positive side -- occasional periods of growth and stability in Latin America. Indeed almost the whole recent history of Latin America can be summarized in the movement of industrial inequality statistics.

Introduction

This essay is about the relationship between industrial earnings inequality and the political history of Latin America. First, we offer a word on the data and method used to construct a measure of the movement of industrial earnings inequality for each of the countries under study. Second, we investigate the relationship between political regimes and changes in earnings inequality for each of the countries, including orthodox and heterodox stabilizations and the transition from closed to open trading systems. The third section will inquire into the relationship between economic growth and our measurement of inequality and the grading report card for each of the regimes of the countries studied. Conclusions stressing policy implications complete the essay.

Data and Methods

The United Nations Economic Commission for Latin American and the Caribbean (ECLAC/CEPAL) maintains a detailed industrial data set on the major Latin American economies, including total payrolls and employment for 28 industrial sectors for each year from 1970 to 1995. (See Table 1). Wages in each case are expressed in constant 1985 US dollars. The countries included are Argentina, Brazil, Chile, Colombia, Jamaica, Mexico, Peru and Uruguay, along with incomplete data for Costa Rica which we did not use. In addition, we have data for Venezuela from a separate data source, the Industrial Statistics database of the United Nations International Development Organization (UNIDO). Together the countries represented include 394 million people, that is 85% of the region's population and 91.2% of the region's total GDP between 1970 and 1994.

Table 1 about here.

Our measurement of the change in earnings inequality within each country is the change in the between-group component of the group-wise decomposition of the Theil statistic (Theil, 1972;

see Conceicao and Galbraith 1998 for details). Typically, this is based on a decomposition of average earnings per employee into 28 industrial groupings.[1] The between-group component of Theil measures, in essence, the dispersion of the weighted means of 28 mutually exclusive groups of workers in each country. Since these groups cover nearly the whole of manufacturing employment, it follows that the movement of this statistic through time must reflect the changing dispersion of earnings in the manufacturing population taken as a whole. In this way, computations of T´ usefully augment traditional sources of information about earnings inequality, particularly those generated by the common theoretical base of household expenditures surveys to produce time specific Gini coefficients.[2] The results are shown in Figures 1, 2, 2a and 2b.

Figures 1 and 2 about here.

Political Regimes and the Evolution of Earnings Inequality in Latin America

In this section we review the political regimes in each country and the major political and policy turning points, in conjunction with changes in the dispersion of industrial earnings.

Argentina

Argentina is characterized by large increases in inequality during the past 25 years, alternating with modest reductions under Peronism. Inequality declined during the Peronist government of the early 1970s, grew sharply during the military government that followed the overthrow of Isabel Peron in 1976, and then fell during the period of renewed opposition to the military in the early 1980s, leading up to the Falklands war which produced the collapse of military rule in 1983. After a brief respite, however, inequality surged during the first civil government of President Raul Alfonsin – an event that may have been associated with the economic crisis that ended the Alfonsin government in 1989. President Carlos Menem was able to reduce the trend of inequality after 1989, but earnings

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[1] Some exceptions should be noted: The case of Uruguay represents 27 industries (excluding industry ISIC 372); that of Jamaica represents 26 industries (excluding industries ISIC 372 and 385); and that of Peru represents 26 industries (not including ISIC 354 and 372).

[2] Deininger and Squire 1996 gathered Gini and quintile measures of inequality, which do not reveal any systematic pattern of change in inequality for Latin America.

inequality in Argentina remains high by historical standards.

Brazil

Brazil presents a second example of military-civilian transition during the 1980s. In Brazil's case, the military regime that began in 1964 had produced high economic growth for a time. In 1971 General Medici presented the First National Development Plan, aimed at 8 to 10 percent annual economic growth and development of the Northeast and the Amazon area, especially by means of road construction and redistribution of land. These expansionary policies were associated with decreasing inequality from 1970 to 1976 according to our measurement. At the end of 1976 the international oil crisis hit this oil-importing nation quite hard; inequality began to rise. The collapse of lending to Brazil deepened the inequality crisis in 1982. A devaluation of 30% was necessary in 1983, which helped the terms of trade and Brazil began to enjoy strong economic growth again in 1984 and 1985, but at the price of a triple-figure inflation in 1984.

In an indirect election in January 1985, the electoral college selected Tancredo de Almeida Neves for president and Jose Sarney for vice president, but President-elect Neves died from the effects of an illness before he could assume office. In March 1985, Vice President Sarney was inaugurated as Brazil's first civilian president since 1964. After Sarney took office, economic expansion and inequality reduction took place, but only briefly; crisis returned with with a severe increase in inequality in 1987-1988. During 1989 the government suspended debt payments and began spending as new elections were coming; an improvement of inequality occurred that year.

On March 15, 1990, after winning the elections of December, 1989, Fernando Collor de Mello was inaugurated. But Collor's economic plans quickly failed, and as the economy declined, inequality rose. Evidence of corruption was tracked to the highest levels of government, and in September of 1992, the Brazilian Congress moved impeachment proceedings against Collor. Minutes after the Senate opened the impeachment trial on Dec. 29, 1992, Collor resigned, and Vice President Itamar Franco assumed the presidency. President Franco was a weak political figure and so was his administration. Economic growth and industrial production continue to decline, inflation rose and income inequality worsened during 1993.

Chile

Inequality in Chile shows a reduction during the Allende years, a constant increase in inequality during Pinochet regime with a big spike from 1982 to 1986, and some improvement thereafter. Inequality declined somewhat under the civilian regime of Patricio Aylwin, but as in Argentina and Brazil, civilian governments have been unable to restore the social situation of the pre-military period even if they were inclined to do so.

Between 1970 and 1972, inequality declined in Chile. It was a time of rapid growth, rising minimum wages and greatly increasing real wages, especially for the poor. However, the resistance to these policies and also their international unsustainability produced a backlash that led to the savage coup of September, 1973. Under the military government of Augusto Pinochet, Chile embarked on radical free market policies combined with the elimination of minimum wages and the harsh repression of organized labor. Not surprisingly, inequality increased. The slump of 1982 and the following years made the situation seriously worse. It is only in 1985 or 1986, following partial stabilization of the international situation, that inequality in Chile appears to begin to recover slightly. Inequality, however, remained high as Pinochet ceded power to the Christian Democrats in 1990. As in Argentina, the transition to civilian rule brought with it a reduction in inequality, but only briefly, and never close to restoring the egalitarian earnings structures of the period before the military coup.

Colombia

Our measure of inequality for Colombia reveals the most stable behavior of wage dispersion in our sample. This is perhaps not surprising: Colombia has pursued stable and successful policies almost continuously through this period, and has enjoyed comparative political stability as well despite its ongoing civil war. Colombia has been the only Latin American country that has repeatedly showed positive real GDP growth during the entire period of this study. Doubtless, the fact that Colombia relies almost entirely on primary sector products for export earnings has also helped maintain relative equality of industrial earnings; the industrial sector is small and there has never been a question of export-led industrialization in Colombia.

Jamaica

The data allow us to compute an inequality measurement for only one Caribbean country, Jamaica. During the 1970s, inequality remained relatively stable in this small island state, despite the transition to a progressive government under Michael Manley early in the decade. The 1980s were characterized first by a sharp decrease in inequality during the first term of Prime Minister Edward Seaga, and then by a rebound of inequality in his second term from 1984-1988. As Manley returned to power in 1989, an unstable economy delayed the recuperation of inequality until 1991.

After a campaign marked by considerable violence, Jamaica's first general election since independence was held on February 21, 1967. The Jamaica Labour Party (JLP) won, and Hugh Lawson Shearer was elected prime minister when his chosen predecessor died shortly after the election. Shearer's main policy was to continue the fast pace of economic growth pushed by the export of natural resources. Our measure captures a small decrease in wage inequality between 1970 and 1972. In the election of early 1972 the People's National Party (PNP) obtained its first major victory, and Michael Manley was sworn in as prime minister. Manley based his winning campaign on the "politics of participation," and once in office he embarked on a number of social reforms. Censorship was eliminated, and many restrictions on civil liberties were lifted. The new government pursued a program, largely successful, to wipe out illiteracy. But, although Manley's regime had promising beginnings, economic problems undermined most of his social programs. Our measurement tracks a drop in inequality for Manley's first year of government in 1973-74.

But then inequality rises in 1975, with a slight recovery in 1976 as elections came close. During the crucial elections of 1976, there was virtual political warfare between the PNP and the opposition JLP. Manley's PNP won heavily. In 1977, the government assumed majority ownership of the bauxite mines, which had been foreign-owned. Inequality declined in 1977. However, the economy did not recover, and a rise in violence led to Manley's defeat in the 1980 election. The new prime minister, Edward Seaga of the JLP, had to contend with the widespread destruction of Hurricane Allen as one of his first acts in office. The economy performed well at first, and its recovery translated into a sharp reduction in inequality in 1981 and 1982. In 1984 the electorate returned Seaga for another four years.

Despite success in the political arena, problems for Seaga began to mount soon after he was elected for a second term. In 1985 they became unmanageable, and strong measures were taken to reduce and rationalize government expenditures. As the economy worsened, we observe a dramatic increase in inequality of the wage structure. Despite some economic recovery in 1987 and 1988, the electorate unseated Seaga in February, 1989, and restored Manley.

Mexico

For Mexico, the 1970s was a decade of macroeconomic adjustment. President Luis Echeverria took office in a crisis of legitimacy 1970 following the 1968 protests and Tlatelolco massacre; the bitter flavor of that episode had pressured the government to incorporate minority and also to some extent radical opposition groups in government. This explains the selection of populist policies during Echeverria'a regime. Among these were substantial increases in minimum wages and the fixing of the exchange rate to the US dollar. Mexico continued to grow in this period, and inequality fell. But difficulties in the balance of payments inevitably forced a retrenchment, which duly came during the first three years of the administration of President Jose Lopes Portillo. Inequality increased during this time. But with the rise in oil prices and the discovery of huge new reserves, Mexico abandoned austerity and was able to expand greatly, and this growth produced a slight decrease in inequality in 1980.

However, growth collapsed in 1982 as the world knows. President Miguel de la Madrid introduced a harsh stabilization program; inequality rose again, through 1985 in this data, and particularly sharply when Mexico reduced its tariffs and joined the GATT in 1986. This President suffer the effects of the 1985 Mexico City earthquake and began the efforts of reconstruction. Late in 1987, a orthodox-heterodox economic program was announced, the *Pacto de Solidaridad Economica*. This program helped stabilize prices, and inflation fell in that year and the next. Carlos Salinas de Gortari took office late 1988 and continued the Pacto vigorously. He was able to make a debt service arrangement in 1989, bringing confidence to the economy which grew steadily between 1989 and 1994. Unchanging inequality, but at historically high levels, is the pattern for the Salinas years.[2]

[2] Further evidence on the Salinas administration can be found in Calmon et al. (forthcoming), who use another data set that covered the period from 1968-1998. They show that Mexican inequality rose sharply in 1995 as the peso collapsed once again.

Peru

Peru illustrates the extreme case of how economic and political upheaval can raise inequality in the wage structure. Peru displayed a stable trend of inequality during the two military regimes in the 1970s. In 1981, after President Fernando Belaunde Terry returned the government to civilian rule, inequality began a meteoric rise, which continued until President Alan Garcia briefly but unsuccessfully tried to force it back down. There followed an economic and political explosion, leading to the Fujimori administration under which inequality, after first declining somewhat, has once again begun to increase.

Uniquely in Latin America, Peru was ruled by left-wing military governments from 1968 through 1980; during this time the wage structure remained quite stable. Civil elections held in May, 1980 returned Fernando Belaunde Terry to the presidency, who embarked on a major liberalization. The economy deteriorated quickly, mainly because of the following: a) an increase in imports due to Belaunde's free-market policies, b) lower world prices for Peru's major export commodities, c) high international interest rates on the nation's growing foreign debt, d) a devastating El Niño weather phenomenon in 1982-83 that severely affected fishing and agriculture and e) the rise of the guerrilla movement mainly by the neo-Maoist Shining Path (Sendero Luminoso) and the Tupac Amaru Revolutionary Movement. Prices rose a staggering 3,240 percent between July 1980 and June 1985. Our measurement for inequality maps very clearly the overall economic behavior of Peru during the first half of the 80's; a consistent and sharp increase in inequality between 1980 to 1985.

In 1985, a young and charismatic opposition candidate, Alan Garcia Perez, was elected president. Populism came into power with him. Garcia's main policy was to reduce inflation through an expansion of aggregate demand. He launched a stabilization program, the Inti Plan, changed the currency to the Inti from the devalued sol, and introduced a multiple exchange rate with nine different rates, while tightening control of financial intermediaries. Our measurement of inequality shows an sharp decrease for 1986 and a small reduction in the next year. In 1987, the President announced two striking plans: a) that Peru would pay no more than 10 percent of its export earnings toward a nearly $14 billion foreign debt b) a law to nationalize commercial banks, completing public control of the financial system. As economic activities contracted and GDP fell dramatically in 1988, the Inti Plan failed to control inflation, confidence to the president collapsed. A huge increase in inequality came in 1989 and 1990.

Alberto Fujimori was elected president in 1990. He began a difficult set of policies to regain domestic and international confidence. The most salient was the start of strong liberalization policies. Exports began to recover by the end of 1990, led by the primary sector. Oil exports grew as Petroperu was partially concessioned to private investors. Increased direct foreign investment was achieved during 1991 and an expansion of private investment and private consumption emerged as the economy recovered and GDP grew in 1991. Our measurement for inequality shows a reduction in 1991 and stabilization in 1992, though at very high levels. There followed an economic recovery: in 1994 Peru registered the highest GDP growth of all Latin America reaching 12.7 percent, mostly fueled by the expansion of exports and private investment. We observe an increase in inequality for 1993, followed by a slight reduction in 1994, echoing the behavior of GDP growth.

Uruguay

With a new Constitution in 1966 and a conservative civilian government until 1973, Uruguay was unable to control inflation and production fell. This pattern intensified as the urban guerrilla group called the Tupamaros began an attempt to bring a socialist revolution through terrorism. The government was unable to control the urban uprisal and left for the military to take over. The military defeated the Tupamaros but then took the government in 1973, acting with extreme force against civilian opponents. In the economic arena the effects were felt as censorship, suspension of civil political activity, and dissolution of unions were designed not only to control the people but also to force a new economic outlook on them. Our measurement of wage inequality shows a decrease in 1971 and 1972, but then a spectacular increase after the military seized control from 1973 to 1976. Also during 1973 until 1977, interests rates were held high, borrowing was induced and both domestic and external debt soared. In 1978, policies changed: emphasis was placed on lowering inflation, a mandatory system of wage indexation was introduced. This was successful in bringing inequality down. Positive economic growth was achieved in 1980 and 1981 and inequality continued to fall at this time.

Julio Maria Sanguinetti, a conservative, was elected president in 1984. His great achievement was the re-establishment of full democracy and human and civil rights. In the economic arena, he continued with the adjustment program, increasing taxes to strengthen public finances and social security. In 1986 the effects of the adjustment plan were felt, a lowered inflation and an external balance equilibrium helped increase the economic output of Uruguay. This relative success of economic policies translated into a slight decrease in inequality for 1986. In 1987, Uruguay reduced trade tariffs to an historic low. The effect on inequality is perceived as an increase in the trend in 1987 and slight rise in 1988. In November 1989 Sanguinetti's party lost the election against the liberals, and Luis Alberto Lacalle became President in 1990.

Venezuela

Following the patterns of oil-exporting countries, Venezuela reveals a decreasing trend in inequality during the 1970s. Increasing inequality follows as international recession and debt crises occur and as Venezuela's stabilization plans failed.

As Venezuela's oil and iron ore industries began to boom in the early 1970s, economic expansion began and continued through the decade. President Rafael Caldera of the Christian Democratic Party was elected in 1968. In the early 1970s, Venezuela took majority ownership of foreign banks, nationalized the natural gas industry, and declared a moratorium on the granting of oil concessions. This pseudo-nationalism transferred the benefits of growth toward the working classes, and earnings inequality decreased sharply during the years of the Caldera government. In 1973 Carlos Andres Perez Rodriguez was declared winner of the election. He represented a continuation of Caldera's policies, although not coming from his same political party. Andres Perez promptly move to nationalize the iron ore industry in 1975 and entire petroleum industry in 1976.

In three years after 1973 the prices of oil quadrupled, and Venezuela benefited greatly; oil industries represented almost 90% of the export goods for this country. Inequality shows a vigorous decline throughout the Perez regime. Luis Herrera Campins was elected president in 1978. During the 1980s, however, economic growth stopped, a steady increase in inflation began, and exports declined. Unemployment became a major concern. The effect on inequality is clear: our measure increased sharply in 1980-81. In 1984 President Jaime Lusinchi took office and imposed strong austerity measures that would slow capital flight and encourage lenders to reschedule foreign debt; the latter was accomplished in 1985. The T´ captures with precision the relative stability of 1986 and 1987, but as the economy tumbled in 1988 following the oil bust of the mid 1980s, inequality soared. The electorate returned Carlos Andres Perez to office on the December 1988 elections. But the second Perez administration could not replicate the inequality reductions of the first.

Grading the performance of the Latin American regimes

Figure 1 shows our measure of inequality along with the level of real GDP/capita (in constant US 1985 dollars) for each country in Latin America. The shaded areas represent time spans where inequality increases and GDP growth declines. It seems clear, above all, that slumps in Latin America are bad for inequality in the wage and earnings distributions. Periods of very strong growth reduce inequality, generally speaking, and periods of weak but positive growth have ambiguous effects. In other work based on monthly data (Calmon et al., forthcoming), we have found a close association between the movement of *per capita* GDP growth and industrial earnings inequality for Brazil and Mexico. The present findings, while based on less precise annual measurements, are fully consistent with this.

< insert Table 2>

Table 2 presents correlation coefficients relating the percentage change in inequality to the growth rate of real GDP/capita for each country through time, 1970 to 1995. The correlations are invariably negative, and though in certain individual cases they are weak, in others and notably Argentina, Colombia and Peru they are quite strong. Taken together they tend to support the hypothesis of a Kuznets relationship between GDP levels and inequality in Latin America in the short run: strong progress toward higher GDP reduces inequality, and vice versa. They are consistent with the intution of our earlier paper, namely that when GDP growth exceeds population growth, inequality declines, and conversely. Still, a full analysis of the economic determinants of changing inequality for Latin America lies well beyond the scope of this paper.

Yet we do believe it is useful to attempt a general evaluation of the performance of Latin American governments during the quarter century for which we have data. Our motivation in this instance is not econometric; we have only our own perceptions of history and our reading of the graphical relationship between inequality, growth and regime change with which to justify the exercise. Still, we believe that fair-minded and knowledgeable observers of Latin American history will agree: there is a striking tendency for inequality to rise during orthodox and liberalizing governments, particularly military regimes, and for inequality to decline, at least briefly, under populist, protectionist, and heterodox regimes.

On the assumption that economic growth and increasing equity are both socially desirable goals, an interesting question can be posed. Which governments during this tumultuous period best achieved both goals in tandem? Which government performed worst on both criteria? And are there governments that succeeded in producing growth without equity, or equity without growth?

We used the data reported in Figure 1 to provide an answer in the following highly simplified way. For each year in which GDP growth is positive and inequality falls, we assigned a positive point. For each year in which inequality rose and GDP fell, we assigned a negative point. Growth with rising inequality and recession with declining inequality were each assigned a score of zero. Then we divided the sum of the points obtained by the number of years each regime was in power. This produces an grading index that can vary from -1 to 1. Table 3 summarizes the grades of each of the Latin American regimes from 1970-1995.

Overall, populist regimes come off well in the scaling we offer here. High scores go to Echeverria in Mexico, the Peronists in Argentina, Andres Peres in Venezuela, the early military regimes in Peru, and Allende in Chile. Right-wing military regimes and liberalizing democrats, such as Alfonsin in Argentina and Belaunde Terry in Peru, do badly. High scores for several other post-military regimes, such as Aylwin in Chile and Menem in Argentina, reflect very high starting levels of inequality and do not produce a return to the differentials of the pre-military era. And on the whole, it seems clear to us that the recent performance of Latin American regimes has been substantially and systematically worse than was true in the earlier years of our period.

Table 3 about here.

Obviously, this analysis is severely limited in important respects. We do not allow for the vagaries of external events over which Latin governments had no control, such as the oil shocks. And we do not address the intertemporal sustainability of regimes of different kinds, a critical question. Obviously, some populist policies were reversed because of untenable declines on the external account (Echeverria) or a failure to cope with wage pressures leading to inflation (Garcia). In other cases, internal and external resistance led to the violent termination of populist experiments, notably in Chile. It would be foolhardy to cite the evidence offered here in support of the case that certain policies “work” while others “fail.”

Nevertheless, we believe that a broader lesson does emerge, in a tentative way, from this evidence and analysis. It is that for much of the period under examination, the political coloration of the government did affect the short-run performance of the economy. Populist governments could set out to achieve reductions in inequality and could achieve them, while military governments with the opposite objectives similarly achieved their goals. Policies did matter. This conclusion is perhaps likely to be surprising only to economists, and of a certain stripe. And it may not continue to hold in the Latin America of today, characterized by highly open economies and weak democracies with few of the economic powers of twenty years ago. But we believe it is a useful reminder of how things once were, and in the not-so-distant past.

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World Bank World Development Indicators 1998, CD-ROM

UN, Economic Cooperation for Latin American and the Caribeean. Data Series of employment and wages across 3-level SIC Codes. 1995

UN, United Nations Industrial Development Organization Database. 1998

Table 1.- ECLAC Database

The industries are classified following the 3-digit Standard Industrial Classification as:

1	311 Food Manufacturing	15	354 Petroleum and Coal
2	313 Beverage	16	355 Rubber
3	314 Tobacco	17	356 Plastic
4	321 Textiles	18	361 Pottery and China and Earthenware
5	322 Wearing Apparel	19	362 Glass
6	323 Leather	20	369 Non-metal Mineral products
7	324 Footwear	21	371 Iron and Steel
8	331 Wood Products	22	372 Non-Ferrous Metals
9	332 Furniture and Fixtures	23	381 Metal Products
10	341 Paper and Paper Products	24	382 Non-Electrical Machinery
11	342 Printing and Publishing	25	383 Electrical machinery
12	351 Industrial Chemicals	26	384 Transport Equipment
13	352 Other Chemicals Products	27	385 Professional Goods
14	353 Petroleum Refineries	28	390 Other Manufacturing

Primary goods are industries from #1 through #7, #9, #11, #18, and #28

Secondary goods are industries from #8, #10 to #17, #19 to #22

Tertiary goods are from industries in #23 to #27

Table 2.- Correlations Between Economic Growth per Capita and Inequality in Latin America 1971-1995

		Real GDP/Capita Growth								
		MEXICO	ARGENTINA	BRAZIL	CHILE	COLOMBIA	JAMAICA	PERU	URUGUAY	VENEZUELA
% D T'	MEXICO, % CHANGE IN INEQUALITY	-0.1186								
	ARGENTINA % CHANGE IN INEQUALITY		-0.5152							
	BRAZIL % CHANGE IN INEQUALITY			-0.1794						
	CHILE % CHANGE IN INEQUALITY				-0.3252					
	COLOMBIA % CHANGE IN INEQUALITY					-0.4139				
	JAMAICA % CHANGE IN INEQUALITY						-0.2126			
	PERU % CHANGE IN INEQUALITY							-0.5703		
	URUGUAY % CHANGE IN INEQUALITY								-0.1334	
	VENEZUELA % CHANGE IN INEQUALITY									-0.3267

SOURCE: Authors' calculations of T' measures of Inequality based on ECLAC DATA
Real GDP figures as reported by the World Bank World Development Indicators 1998

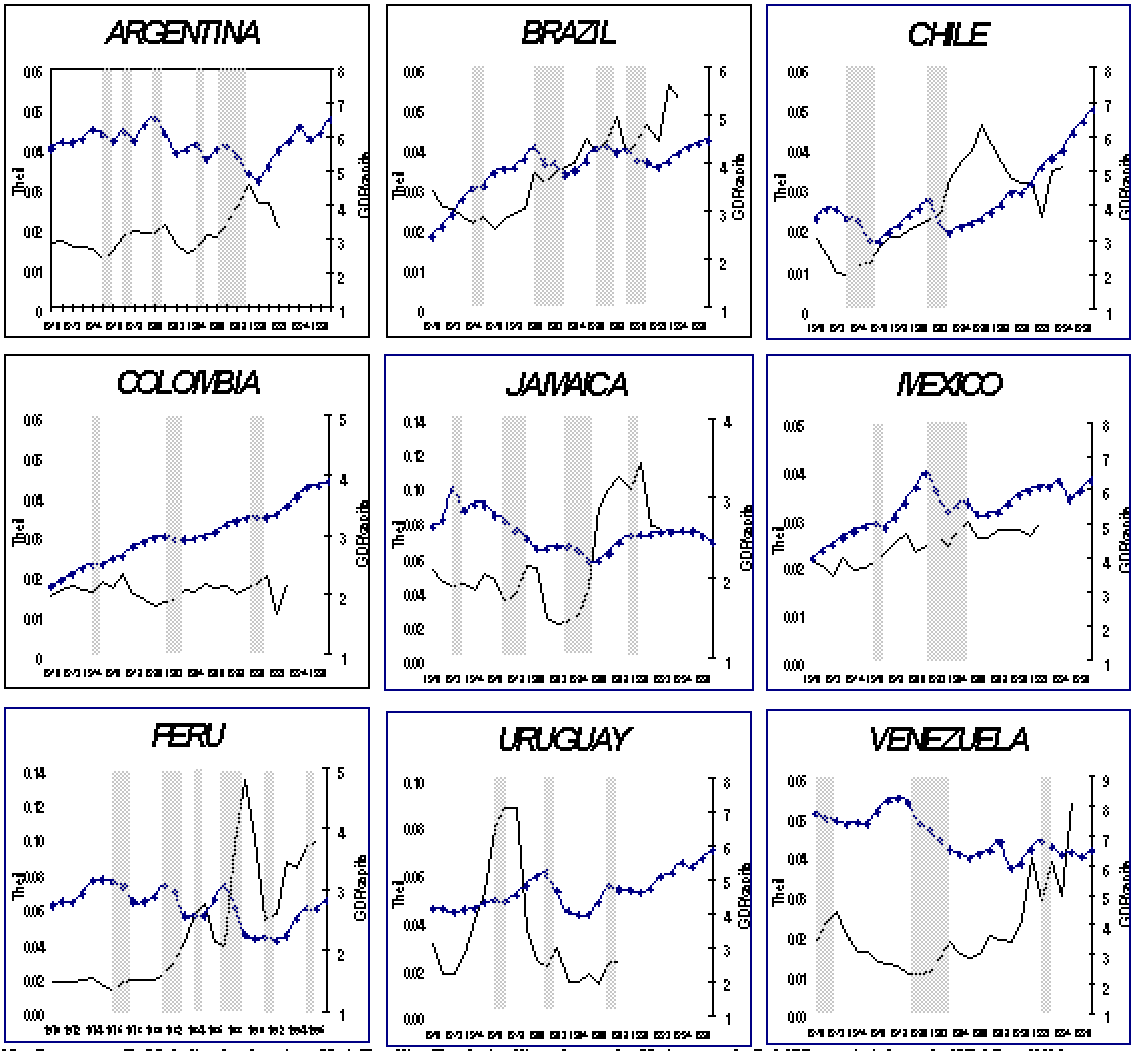
Table 3.- Grade Report on the Latin American Regimes

Country	Period	Regime or Government	Grade	Country	Period	Regime or Government	Grade
Argentina	1970-1973	Military Regime(General.Levingston)	.00	Mexico	1971-1976	President Luis Echeverria	.50
	1973-1974 1974-1976	President Juan Domingo Peron and President Maria Estela Mtz de Peron	1.00		1977-1982	President Jose Lopez Portillo	-.17
	1976-1983	Military Regime(Generals Videla, Viola and Galtieri)	-.14		1983-1988	President Miguel de la Madrid H.	-.33
	1984-1989	President Raul Alfonsin	-.17		1989-1994	President Carlos Salinas de Gortari	.75
	1990-1995	President Carlos Saúl Menem	.67	Peru	1968-1975	1st Military Regime	.40
Brazil	1964-1985	Military Regime	.07		1976-1980	2nd Military Regime	.00
	1986-1990	President José Sarney	.40		1981-1985	President Fernando Belaunde Terry	-.60
	1991-1992	President Fernando Collor de Mello	.00		1986-1990	President Alan Garcia	.40
	1993-1995	President Itamar Franco	.00		1991-1995	President Alberto Fujimori	.40
Chile	1971-1973	President Salvador Allende	1.00		1996-2000	President Alberto Fujimori	.00
	1974-1989	Military Government under General Augusto Pinochet	-.19	Uruguay	1968-1973	Conservative Party	.33
	1990-1994	President Patricio Aylwin	.60		1974-1984	Military Regime	.00
Colombia	1971-1974	President Misael Pastrana	.50		1985-1990	President Julio Maria Sanguinetti	.00
	1975-1978	President Alfonso Michelsen	.50	Venezuela	1969-1973	President Rafael Caldera	.33
	1979-1982	President Julio Cesar Trubay Ayala	.25		1974-1978	President Carlos Andres Perez	.80
	1983-1986	President Belisario Betancur	.00		1979-1983	President Luis Herrera Campins	-.20
	1987-1990	President Virgilio Barco	-.25		1984-1988	President Jaime Lusinchi	-.20
	1991-1994	President Cesar Gaviria	.00		1989-1993	President Carlos Andres Perez	.00
Jamaica	1969-1972	Prime Minister Hugh L. Shearer	1.00		1994-1995	President Rafael Caldera	.00
	1973-1976	Prime Minister Michael Manley	.25				
	1977-1980	Prime Minister Michael Manley	-.25				
	1981-1984	Prime Minister Edward Seaga	-.25				
	1985-1988	Prime Minister Edward Seaga	-.25				
	1989-1992	Prime Minister Michael Manley	.25				

Note: Regimes that began before or ended after the available data for this study are weighted considering solely the number of years for which data was available.

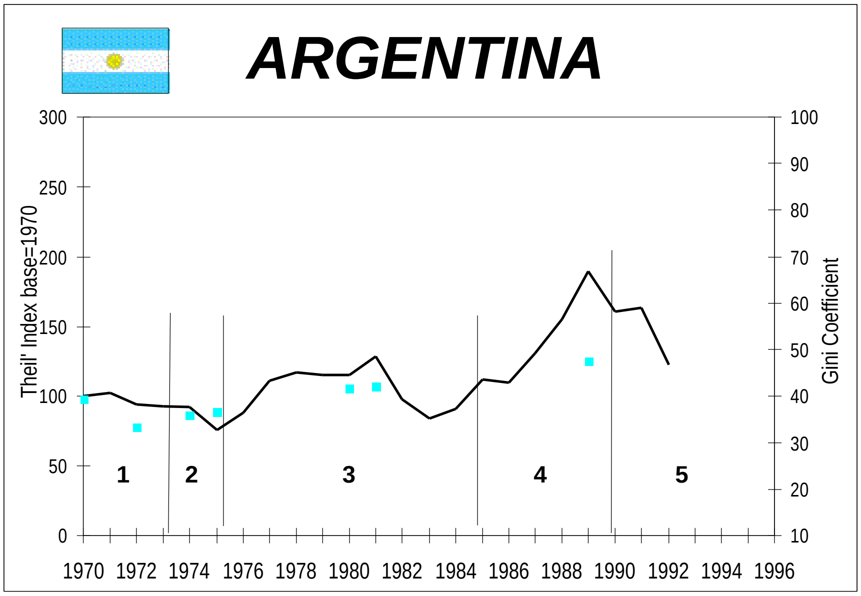
Figure 1

Inequality and GDP/capita in Latin America



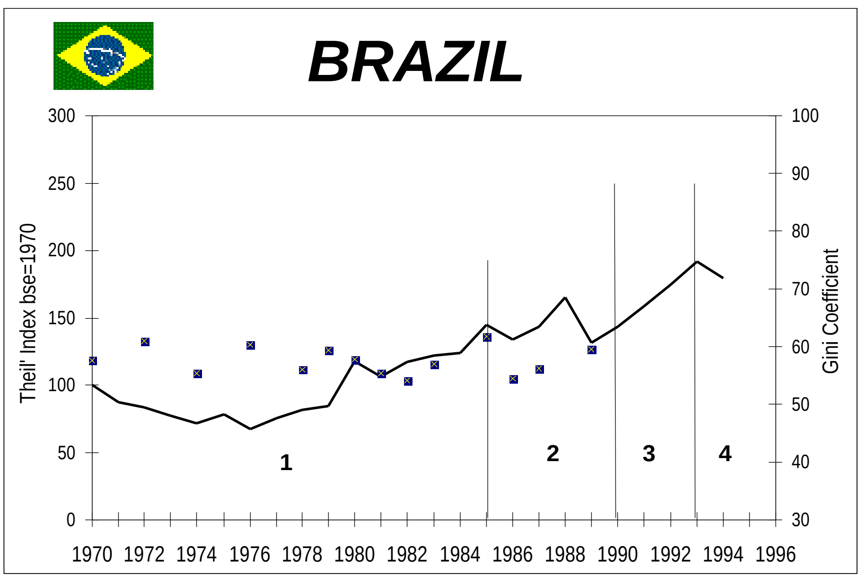
Note: Between-group Theil Index line plotted on primary Y-axis. Plotted line. Plotted pointed line on the secondary Y-axis represent the Real GDP per capita in thousands of US dollars of 1985
The shadow areas show decline in GDP/capita and rise in inequality
Source: Computed by authors from ECLAC and UNIDO data, GDP/capita figures are from the World Bank

Figure 2a. Wage Inequality in Latin America



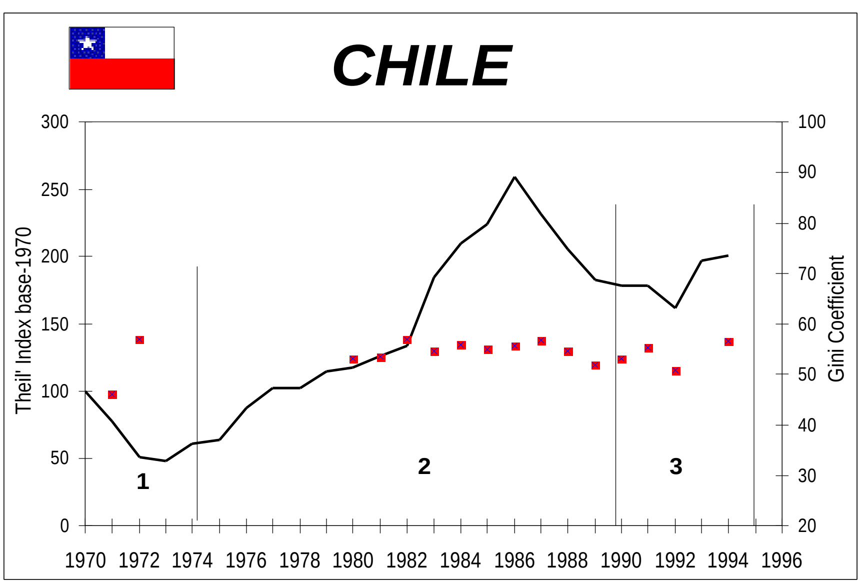
Government or Regime Type:

1.- Military Regime Livingston and Lanusse
2.- Juan.D Perón and Isabel de Perón
3.-Military Regimes Videla, Viola and Galtieri
4.- Raúl Alfonsín
5.- Carlos S. Menem



Government or Regime Type:

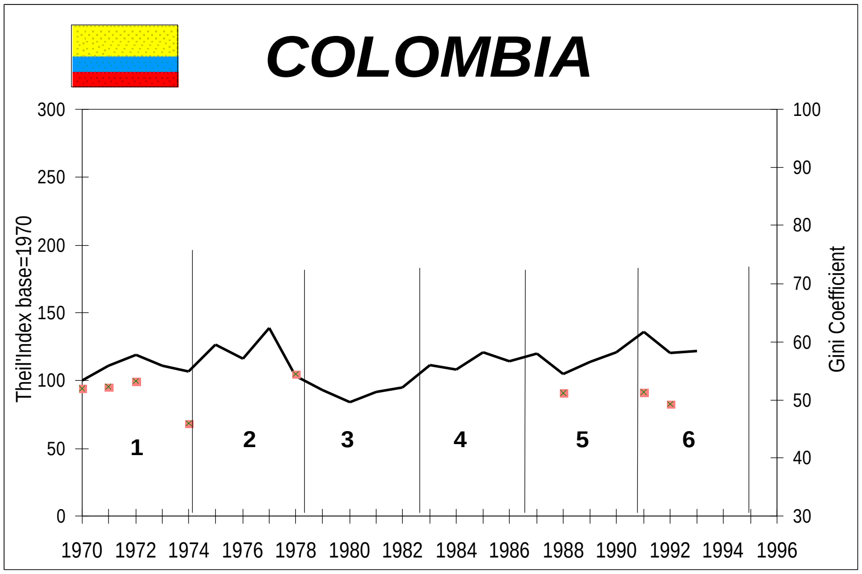
1. Military
2. Jose Sarney
3.- Fernando Collor
4.- Itamar Franco



Government or Regime Type:

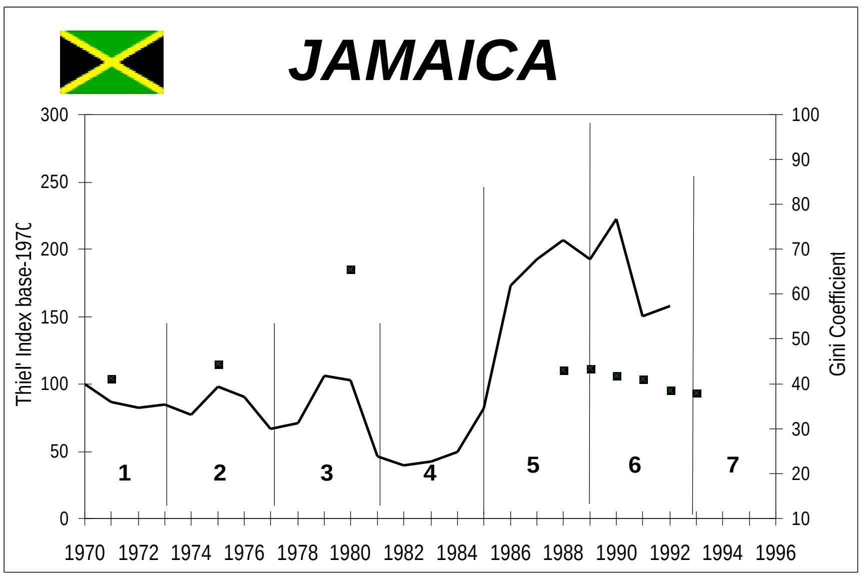
1.- Salvador Allende
2.- Military Pinochet
3.- Patricio Aylwin

Figure 2b. Wage Inequality in Latin America



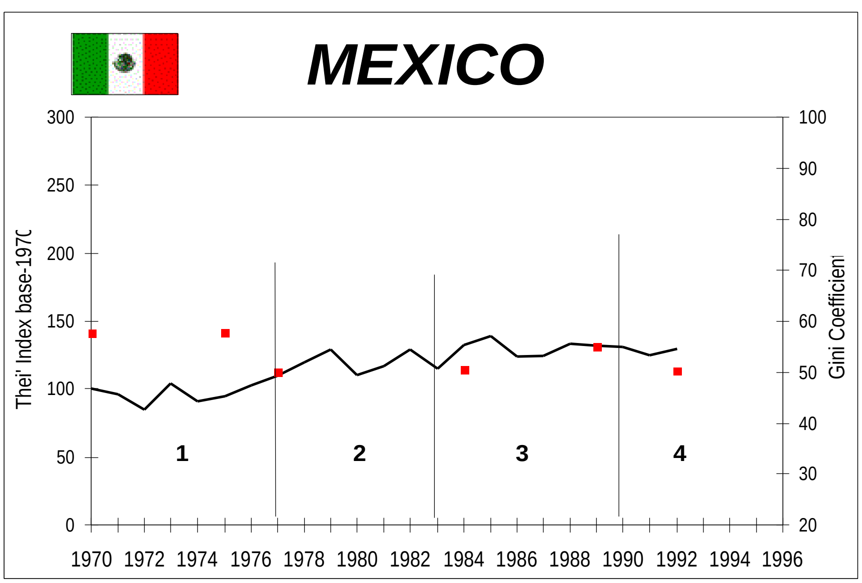
Government or Regime Type:

1.- Manuel Pastrana
2.- Michelsen
3.- Trubay
4.- Belisario Betancur
5.- Virgilio Barco
6.- Cesar Gaviria
7.- Andres Pastrana



Government or Regime Type:

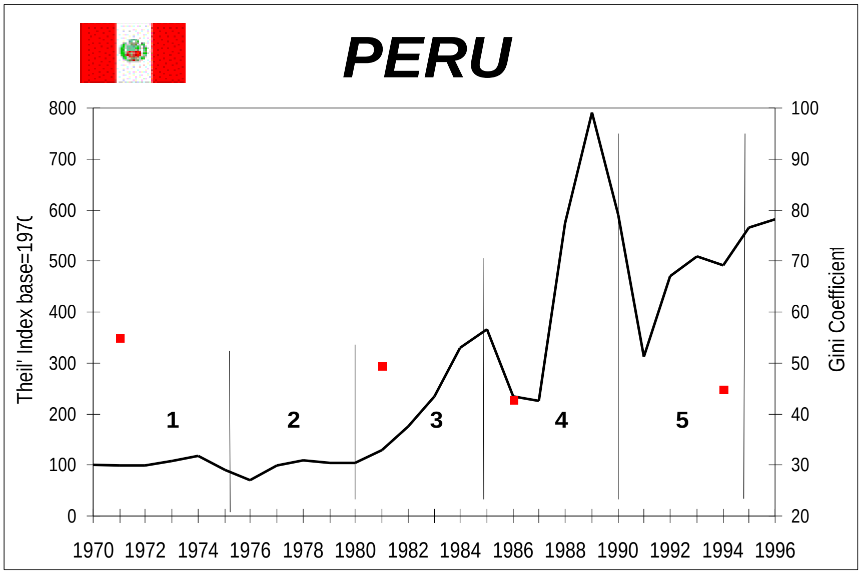
1.- Hugh L. Shearer
2.- Michael Manley
3.- Michael Manley
4.- Edward Seaga
5.- Edward Seaga
6.- Michael Manley
7.- Patterson



Government or Regime Type:

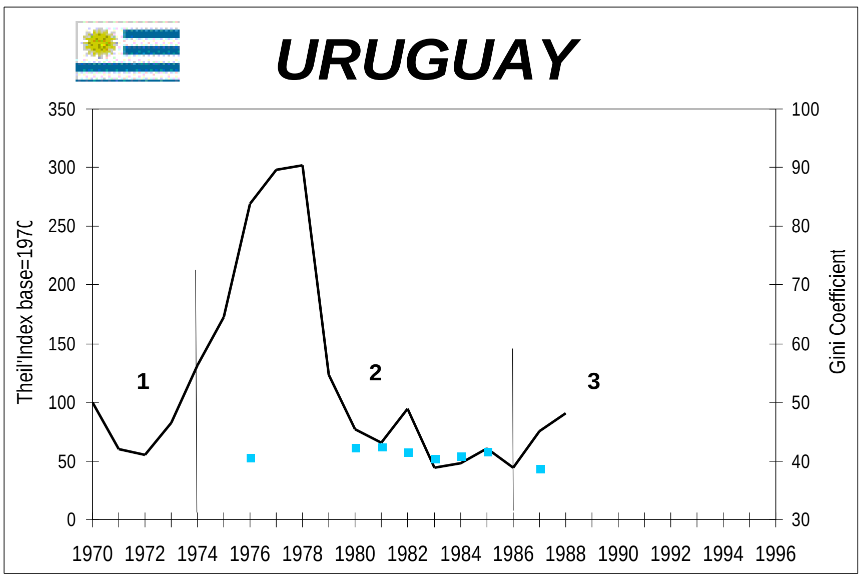
1.- Luis Echeverria
2.- Jose Lopez Portillo
3.- Miguel de la Madrid
4.- Carlos Salinas de Gortari

Figure 2c. Wage Inequality in Latin America



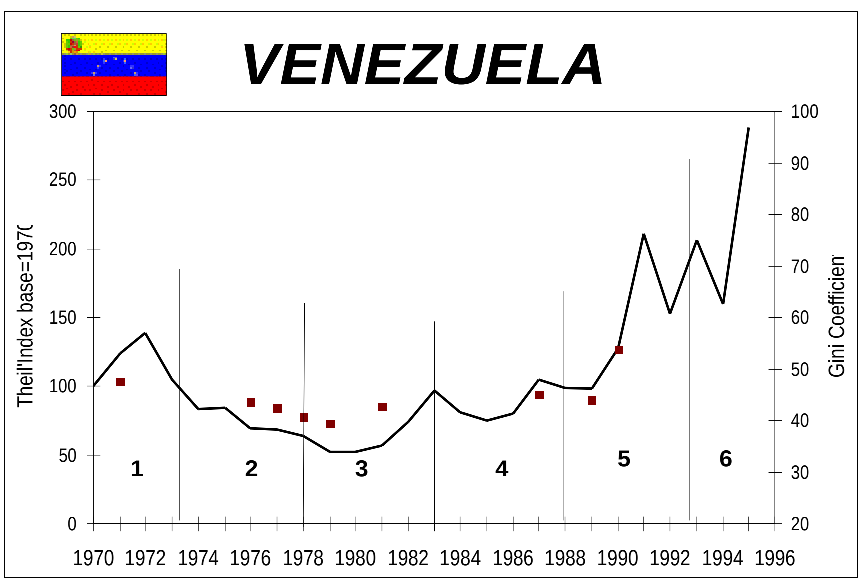
Government or Regime Type:

1.- 1st Military Regime
2.- 2nd Military Regime
3.- Fernand Belaunde Terry
4.- Alan Garcia
5.- Alberto Fujimori



Government or Regime Type:

1.- Conservative Coalition
2.- Military Regime
3.- J.M. Sanguinetti



Government or Regime Type:

1.- Rafael Caldera
2.- Carlos Andres Perez
3.- Luis Herrera Campins
4.- Jaime Lusinchi
5.- Carlos Andres Perez
6.- Rafael Caldera