

A WORLD BANK COUNTRY STUDY

Chile's High Growth Economy

Poverty and Income Distribution, 1981-1998

*The World Bank
Washington, D.C.*

TABLE OF CONTENTS

Abstract	v
Acknowledgments	vi
Currency equivalents, abbreviations, and acronyms	vii
Executive Summary.....	1
PART I. MAIN REPORT—AN OVERVIEW.....	6
Introduction.....	6
The Empirical Foundations of the Analysis.....	7
I:	
Poverty Trends and Determinants: 1987-98.....	8
The Evolution of Poverty.....	8
Determinants of Income and Poverty: Educations, Demographics, and Employment...	10
Key Social Indicators.....	12
Deficits in Social Services.....	13
Trends in Social Sector Deficits between 1990 and 1998.....	16
Trends in Inequality and the Impact of Social Expenditures.....	18
Reducing Income Inequality.....	18
Impact of Social Expenditures on Income Distribution, 1990-98.....	19
Targeting of Social Programs.....	23
Improving the Ficha CAS.....	26
Employment, Unemployment, and Special Programs of Assistance.....	28
The Problem of Unemployment.....	28
Providing Support for the Unemployed.....	32
Proposals for Unemployment Insurance Savings Accounts.....	34
Job Training.....	34
Indigenous People, Social Exclusion, and Poverty.....	37
Poverty Among Indigenous People.....	37
Major Challenges and Issues.....	38
Conclusions.....	42
References.....	45
PART II. BACKGROUND PAPERS.....	47
1. Updated Income Distribution and Poverty Measures for Chile: 1987-98	
<i>Julie Litchfield</i>	47

2. The Distributional Impact of Social Expenditure: Chile 1990-98 <i>David Bravo, Dante Contreras, and Isabel Milldn..;</i>	73
3. Incorporating Social Services in the Measurement of Poverty <i>Osvaldo Larranaga.</i>'	115
4. The Targeting of Government Programs in Chile: A Quantitative and Qualitative Assessment <i>Carine Clert and Quentin Wodon.</i>	141
5. Government Programs for the Insertion of Youth and Women in Chile's Labor Market: A Discussion * <i>Rodrigo Castro-Fernandez, Carine Clert and Quentin Wodon.</i>	167
6. Protecting the Unemployed in Chile: From State Assistance to Individual Insurance? <i>Rodrigo Castro-Fernandez and Quentin Wodon.</i>	190
7. Indigenous Peoples in Chile: Current Situation and Policy Issues <i>Estanislao Gacitua-Mario.</i>,	214