

Venezuela and Uruguay Register Lowest Inequality in Latin America



Caracas, April 29 (teleSur-RHC)-- A book published Tuesday by the U.N. Economic Commission for Latin America and the Caribbean (ECLAC), studying the relationship between inequality and taxation policies, reveals that government intervention has succeeded in substantially reducing inequality.

The book "*Inequality: Concentration of Income and Taxation of High Incomes in Latin America*," shows that despite remaining as the most unequal region in the world, the last decade marked a departure from old ways, with an overall decrease in inequality.

"During the period between 2002 and 2013, 15 of the 17 countries analyzed showed distributive improvements, reflected in the decline of the Gini coefficient," the report states. The Gini coefficient is a frequently used instrument to measure inequality: the closer the number to zero, the less the inequality.

The countries that showed the greatest decrease in inequality were Venezuela and Uruguay, countries whose governments have pursued aggressive policies of wealth redistribution. Bolivia, Nicaragua, Argentina, and Venezuela registered the largest annual drops in the Gini coefficient, which also suggests that the progressive wealth redistribution programs of these leftist governments have had a positive result.

In March, ECLAC executive secretary Alicia Barcena visited Venezuela, praising the country for its efforts to eradicate poverty. Despite the advances, the study showed that the concentration of wealth continues to remain high in the region.

The book primarily focuses on the impacts of taxation policies concentrating on higher-earners and their effects on wealth redistribution, making a series of recommendations to lessen inequality in the region. One specific recommendation of the study calls on governments to improve their tax collection.

According to ECLAC, tax avoidance in the region averages 51.4 percent, compared to 28.7 percent on average in 11 European countries. "A study is needed on what further tax reforms are still pending that can increase revenues and the effective scope of taxes on higher income individuals, which would improve the distributional impact of tax systems," concludes the study.

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