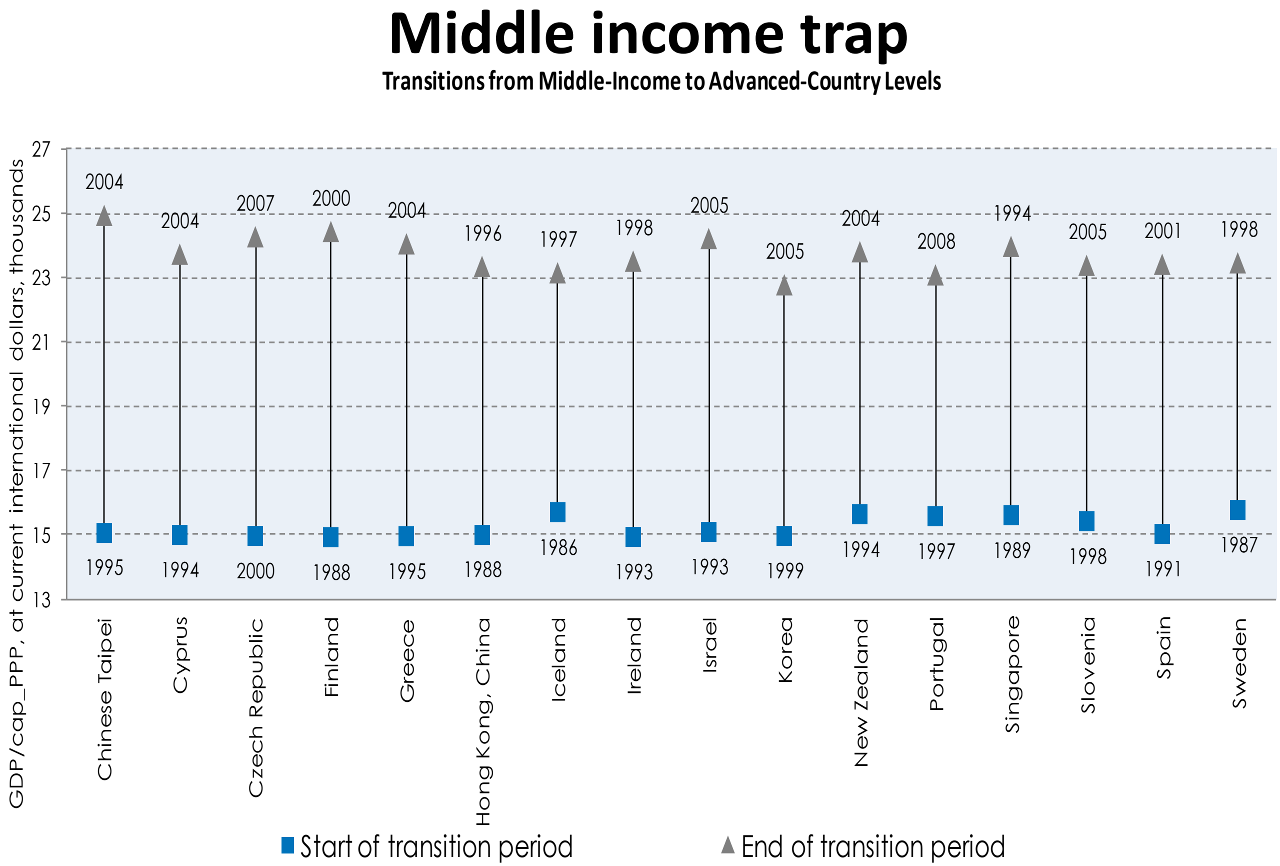
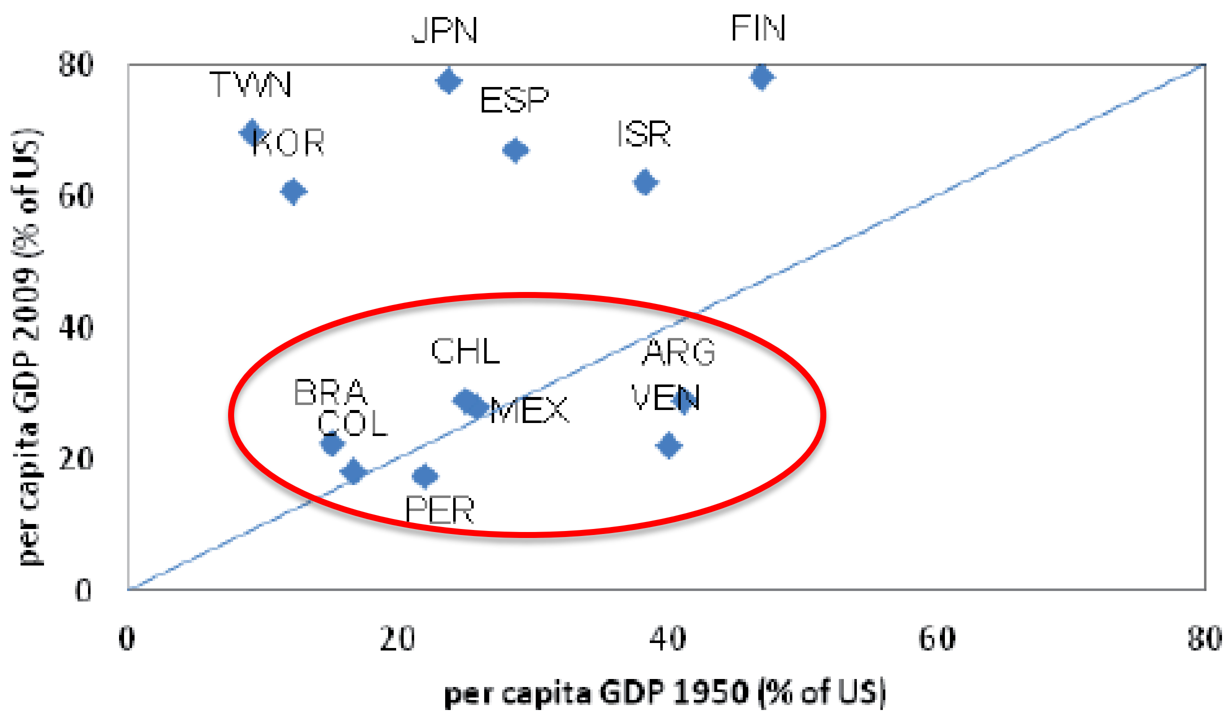
Middle income trap (MIT) “evaders”



- Countries that have advanced to high income status are largely located in Europe. The Asian Tigers, Israel and New Zealand provide additional examples.

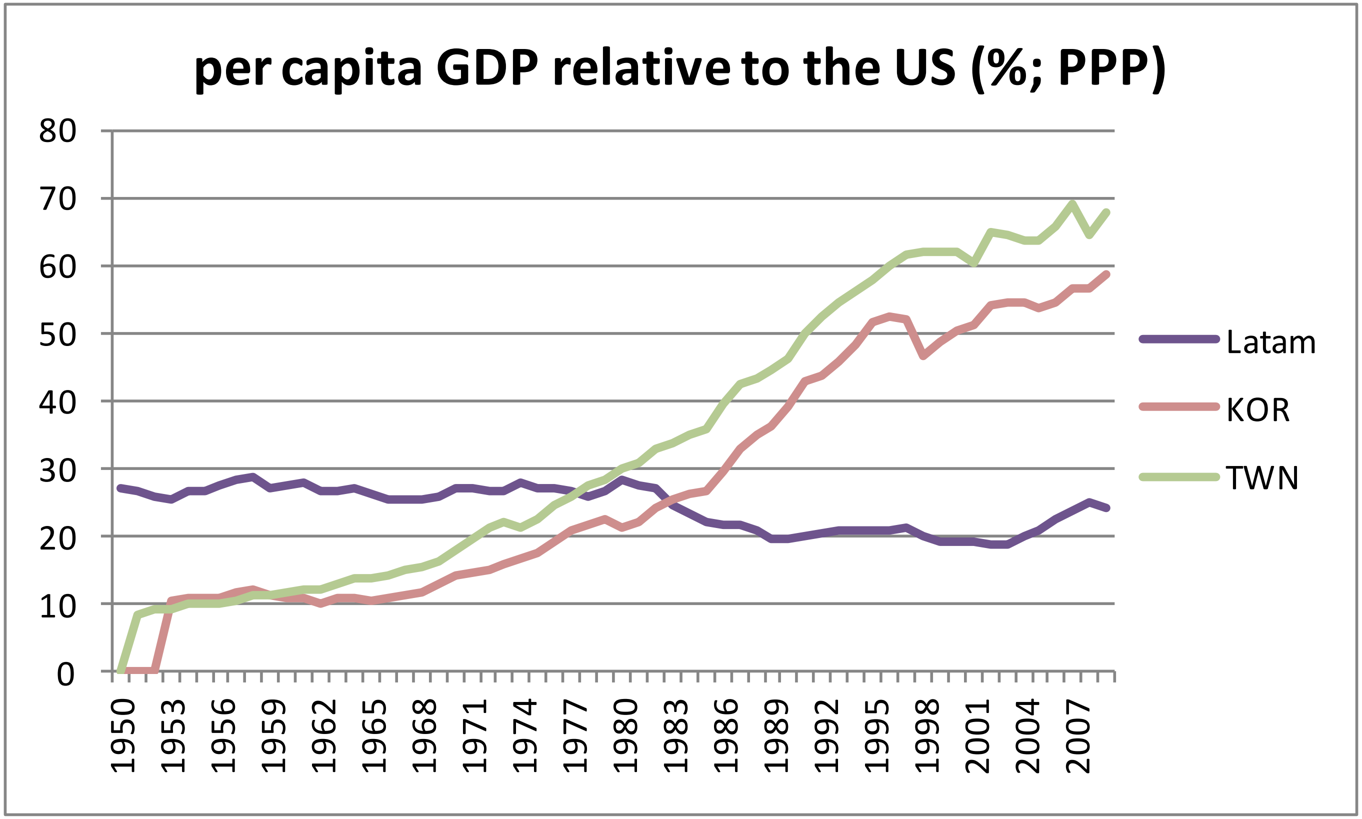
Prevalence of the middle-income trap in Latin America

Figure 1. Per Capita GDP in 1950 and 2009 (as % of U.S. per cap GDP)



- Latin America hosts no examples of successful transitions to rich income status, even in cases where starting levels were promising (Argentina, Venezuela).

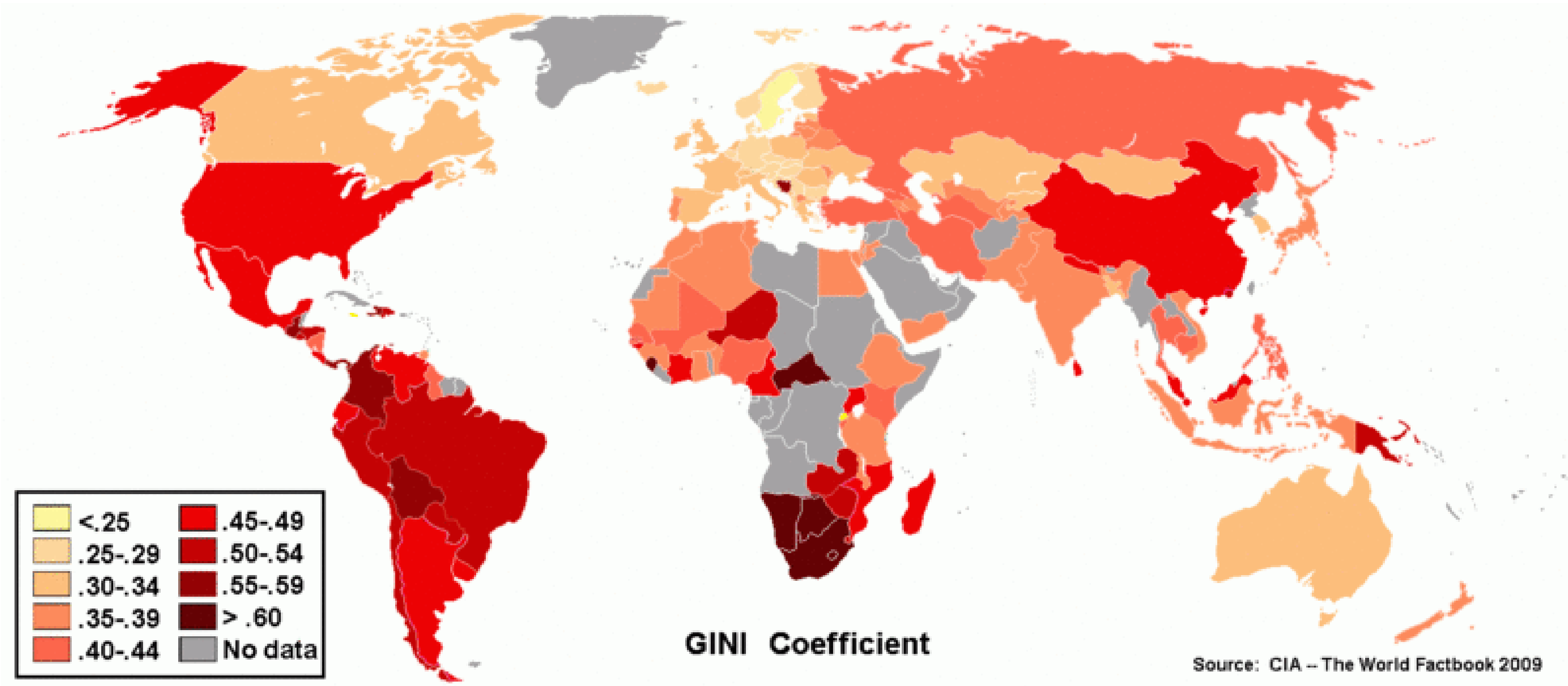
Striking divergence between Latin America and Asian NICs



- The convergence path between Latin America and the Asian Tigers is strikingly opposed.
- Low productivity is usually singled out to explain the failure of the region to achieve a sustained growth in per capita income.

Low productivity is even more pervasive in light of the unequal distribution of returns in LAC

Gini Coefficient (*heat map*)



Note: Gini coefficient of national income distribution around the world. This is based on 1989 to 2009 data, estimated by the CIA. Some are pre-tax, others post-tax income..