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Chasing the Polar Star? Partisanship and the Political Drivers of Pre-distribution and Redistribution in Latin America

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Abstract

This article examines how partisanship and other political determinants influenced disposable and market income inequality in Latin America from 1990 to 2022. Using three separate sources of data, it finds that left partisanship is consistently associated with lower levels of both market and disposable income inequality (pre distribution and redistribution respectively) within one- and four-years. It also finds an independent and consistent negative effect of social mobilization. The paper makes several contributions. First, it advances the concept of pre distribution in the study of partisanship and inequality, extending scarce existing empirical analysis into and beyond the Pink Tide and commodity boom era. Second, it codes partisanship at the presidential level, rather than the more common measure of cumulative legislative power, offering an indicator more aligned to Latin America's presidential systems. Third, it triangulates results across SEDLAC, SWIID, and LIS data, reinforcing confidence in the robustness of the core findings.

Introduction

In the first decade of the twenty-first century, a "Pink Tide" of Left-wing governments swept over Latin America. Confronted by legacies of neoliberal reform and constrained fiscal capacity, Leftist governments inherited deep and entrenched income inequality (Arza et al., 2024). Furthermore, social segmentation, a weakened labour movement, and increased exposure to global capital flows limited the prospects for redistributive coalitions (Weyland 2010). And yet, against the prevailing global trend, income inequality in the region declined, prompting interest in the political roots of distributive change (Lustig 2012; Huber and Stephens 2012; Feirehard et al. 2023). This article revisits the effect of partisanship and three other determinants highlighted in the literature (electoral competition, party institutionalization and social mobilization) over market and disposable income inequality in Latin America.

The paper makes several contributions. First, it brings forward the concept of pre-distribution into the cross-national analysis of partisanship and inequality in Latin America.

Redistribution (the reduction of inequality after taxes and transfers) has by far dominated comparative research on inequality (Bogliaccini, 2024). Pre-distribution, or the shaping of market income through wage-setting and labour market institutions and regulation (Hacker 2011, Gornick and Smeeding 2018) remains significantly underexplored (Bogliaccini, 2024; Morgan and Kelly, 2013). This gap in the literature is consequential for Latin America, where welfare institutions are fragmented and often exclude informal workers, fiscal revenues are limited, and redistributive efforts are constrained by a reliance on regressive consumption taxes and progressive tax reforms are difficult to implement. These structural constraints limit the reach and effectiveness of tax-and-transfer systems, making pre-distributive strategies an alternative for reducing inequality.

To date, and to the best of my knowledge, only Morgan and Kelly (2013) have evaluated the determinants of pre-distribution across countries in the region. However, its analysis extends from 1980 to 2000 and proxy partisanship through cumulative left-party legislative strength. Instead, this paper expands the temporal and contextual scope to encompass the Pink Tide, the commodity boom, and its aftermath. This broader coverage captures critical variation in both political alignments and economic conditions, allowing for a more comprehensive assessment of the Left's distributive record. Similarly, this article operationalizes partisanship at the executive level. In Latin America, Presidents, not parliaments, typically wield agenda-setting authority over economic and labour policy, making executive partisanship a better indicator of policy influence (Feierherd et al., 2023).

Second, this paper examines the mechanisms of the extensively studied relationship of democratic regime and inequality (Rueschemeyer et al. 1993; Huber and Stephens 2012; Huber, Machtei, and Stephens 2023;) by isolating how variations in electoral competition,

party institutionalization and social mobilization translate into shifts in market and disposable incomes. This focus is all the more relevant because the more recent literature on the determinants of inequality has highlighted how these factors moderate this relationship significantly in both rich democracies (Abou-Chadi and Immergut, 2019; Häusermann et al., 2013) and in Latin America (Niedzwiecki and Pribble, 2025; Cruz-Martinez, 2024; Altman and Castiglioni, 2020; Fairfield and Garay, 2017; Garay, 2016). Methodologically, this paper also improves existing cross-sectional research on pre distribution and redistribution by leveraging three major sources to measure inequality—SEDLAC, LIS, and SWIID—to pursue more robust findings. Results show that left governments are consistently associated with less market and disposable income inequality after accounting for institutional and economic confounders, and that social mobilization has a consistent and independent effect over inequality.

The article proceeds as follows. The first section reviews the empirical literature on partisanship and inequality, highlighting the limited attention to pre-distribution. The following section presents the research design, describing the data and empirical strategy. The third section reports the results of the models disaggregated by redistribution stage and lag structure. The final section discusses the findings and concludes.

Analytical Framework: The Political Determinants of Inequality

In *Right and Left, The Significance of a Political Distinction*, Italian political theorist Norberto Bobbio argued that the fundamental dividing line between Left and Right parties is their position towards inequality—what Bobbio calls "the polar star" of the Left (Bobbio, 1996). This association was the focus of the earlier "traditional" partisan politics literature (Häusermann et al., 2013). Power Resources Theory, one of the main lines of this scholarship,

argues that welfare states in industrial democracies grew out of the political power of subordinated groups (notably the industrial working class) whose preferences were represented by the Left. Trough electoral competition, the Left transformed calls for redistribution and social insurance into concrete welfare policies (Esping-Andersen, 1988, 1990; Huber and Stephens, 2001; Korpi, 1983; Rueschemeyer et al., 1993). However, structural changes after the 1980s (the decline of the industrial working class and transition to a service economy, deepening globalization, tighter public budgets, changing gender roles and increased migration) transformed the electoral opportunity structure for parties and the coalitions supporting or opposing distributive outcomes (Abou-Chadi and Immergut, 2019; Häusermann et al., 2013).

In this post-industrial context, scholars started to question the capacity the Left to deliver distributive outcomes. Early critics like Anderson (1998) pointed that, by the 1990s, many Left-wing parties in advanced democracies adopted privatization, flexible labour markets, and fiscal austerity, surrendering their role as alternatives to the Right.[i] In a well-known contribution, Rueda (2005; 2006) questioned that the modern Left enacts more redistributive policies, highlighting that these parties prioritize the interests of their constituency of labour-market insiders over improving conditions for precarious or informal workers.

Other critics argued that, after the 1980s, parties had to adapt their policy preferences to represent their new, post-industrial electorate of highly educated and progressive sociocultural professionals (Gethin et al., 2021; Piketty, 2020).[ii] Other scholars questioned the stability of party's preferences altogether, contending that, when electoral competition intensifies, parties will react strategically and focus on maximizing their vote share rather

than on their programmatic goals (Abou-Chadi and Immergut, 2019; Häusermann et al., 2013).

This latter literature has identified that electoral competition is a key factor moderating the relationship of partisanship and distributive outcomes. Most of it focuses on how right-wing parties adjust their welfare agendas when challenged by strong left contenders (Fairfield and Garay, 2017; Garay, 2016; Pribble, 2013). Abou Chadi & Immergut (2019), however, argue that competition will push Left parties to move away from their traditional constituency (the blue-collar working class preferring social risk insurance[iii]) and cater to a new constituency of progressive sociocultural professionals and women favouring social investment policies.[iv] On the other hand, Watson (2015) argues that the hegemonic parties on the Left will attempt to reach to the centre voter and implement more liberal models of welfare when they face strong competition from more radical alternatives on that side of the spectrum.

Considering the shifting context and coalitions in the post-industrial era in the Global North, it's hardly surprising that the empirical research has yielded mixed results. Mahler (2010) finds no clear link of partisanship and inequality after controlling for voter turnout, electoral systems and previous market inequality. Pontusson, Rueda, and Way (2002) report that left governments tend to reduce wage inequality, but only at the upper tail of the distribution. Beramendi and Cusack (2009) do find an association, arguing that left-wing governments rely on institutional frameworks of coordination to compress income distributions. However, Rueda (2008) describes the same institutions to make the opposite argument. He argues that wage floors and negotiations debated within corporatist settings render direct government intervention unnecessary.

Latin America offers a similar uneven empirical record. Authors have pointed that inherited institutional arrangements weaken distributive efforts in the region (Arza et al., 2022; Filgueira, 1998; Franzoni, 2008). Most scholars also agree that the commodity-price boom of the 2000s likely confounds the observed association between the Pink Tide and the region's sharp decline in inequality during the first decade of this century (Arza et al., 2024). Others add that that weak administrative capacity in the region often stalls the delivery of redistributive policies (Carnes and Mares, 2014) while Kawanaka and Hazama (2016) find that the maturity of opposition parties (rather than ruling-party ideology) better predicts reductions in post-tax inequality after accounting for trade openness, FDI, and GDP. Holland and Schneider (2017) similarly state that left and right executives have both delivered redistributive outcomes by relying on low-cost, politically safe programs. Likewise, Altman and Castiglioni (2020) argue that civil-society strength and competition explain universalist social policy better than ideology alone.

And yet, a similarly robust body of work links left-leaning governments to meaningful redistributive outcomes. Weyland, Madrid, and Hunter (2010) and Levitsky and Roberts (2011) highlight equity-centred social expansion as a programmatic hallmark of the Pink Tide. Huber and Stephens (2001; 2012) show that cumulative years of left-party legislative control are associated with lower disposable-income inequality, a finding reinforced by Feierherd et al. (2023) and Huber, Machtei, and Stephens (2023), who detect a contemporary, one-year lag effect of left executive incumbency on redistribution.

While both left- and right-wing administrations have broadened social programs in Latin America, the most far-reaching social policy expansions after the commodity boom were achieved by programmatic left parties in non-recessionary contexts, while retrenchment is

more likely under non-programmatic right parties facing economic constraints (Niedzwiecki and Pribble, 2025).[v] Left governments also enact more pro-labour regulations and bolster their enforcement (Ronconi, 2012) contributing to narrower market-income disparities. Finally, the ambitious real increases in the minimum wage in the region (most pronounced at the height of the Pink Tide) have compressed wage distributions and driven a marked decline in overall inequality (Lombardo et al., 2024).

While the literature is thus inconclusive on whether left-wing partisanship drives redistribution in Latin America[vi], several pieces have highlighted key determinants mediating the relationship. Garay (2016) and Fairfield and Garay (2017) show that intense electoral competition prompts both left and right parties to expand benefits. Garay (2016) also finds that strong social movements (especially those mobilizing marginalized groups) heighten pressure on governments to deliver redistributive programs. Lastly, Pribble, (2013) shows that party–constituency linkages matters: programmatic left parties with institutionalized ties to organized labour are more likely to universalize social protections than clientelist or personalized organizations. Together, these findings suggest that partisan effect in distributive outcomes is nuanced, emerging most clearly when competition, mobilization, and party institutionalization align to reinforce a government's distributive incentives.

Finally, it is important to point that all these pieces focus on the final process of the distributive process: the reduction on disposable income inequality, often trough social policy.[vii] Morgan and Kelly (2013), however, offer a distinct contribution to the literature by exploring how cumulative left-party strength in legislatures can compress both disposable and market-income inequality. Using panel data from 1980 to 2000, they show that this pre-distributive effect is especially pronounced in more democratic regimes. However, they focus

on legislative strength and in a period before the Pink Tide and the commodity boom. This reduces the variation and, in consequence, the leverage to assess the redistributive capacity of left governments in Latin America. This article sets on the task of expanding and building upon their effort to track the relationship of partisanship and pre-distributive and redistributive outcomes in Latin America, relying on a considerably larger sample[viii] and in multiple sources to increase causal leverage and robustness, and acknowledging the key effects of the largest wave of left-wing governments in the region and the economic boom in the first two decades of the 21th century.

Empirical Strategy

By assuming all observations are independent and identically distributed, pooled OLS models conflate between-country and within-country variation, risking biased estimates due to omitted time-invariant factors (Beck and Katz, 1995) such as institutional quality or colonial legacies. These issues are especially pronounced in Latin America, where country-specific traits are both influential and relatively stable over time.

In contrast, panel data methods (particularly fixed-effects models) mitigate these problems by controlling for unobserved, time-invariant country characteristics. They address one key source of endogeneity by absorbing unit-specific omitted variables into the fixed effect (Wooldridge, 2012). Moreover, the temporal dimension of panel data allows for more robust causal inference by modelling the lagged effects of independent variables, thereby reducing the risk of reverse causality, and better capture the temporal ordering of cause and effect (Plümper and Troeger, 2017). In consequence, the models reported here include country fixed effects[ix] and cluster standard errors at the country level to correct for serial correlation and heteroskedasticity (Arellano, 1987). The proposed specification is:

$$Gini_{it}=\alpha_i+\beta 1Left_{i(t-1)}+\gamma 1InstitutionalControls_{i(t-1)}+\gamma 2EconomicControls_{i(t-1)}+\varepsilon_{it}$$

Where $Gini_{it}$ is the Gini coefficient of disposable household income, market household income and market household income of labour age households respectively, in country *i* and year *t*; α_i denote country fixed effects; $Lefti_{(t-1)}$ is a binary indicator for partisanship; $InstitutionalControls_{i(t-1)}$ summarizes the separate terms for the opposition vote share, social mobilization and party institutionalization; $EconomicControls_{i(t-1)}$ summarizes separate terms for GDP per capita, inflation and trade as a share of GDP; and ε_{it} is the error term. All predictors are lagged by one year to address endogeneity via reverse causality. To assess the possibility of delayed policy effects, an alternative version of the model introduces a four-year lag—the most common duration of a presidential term in Latin America, Heyl and Llanos (2020)—to capture the cumulative redistributive impact of left-wing governments.

Dependent Variable: Disposable and market income household inequality.

I operationalize disposable household income and market income household inequality with the corresponding Gini coefficient.[x] For robustness, I draw on three major sources of data: the Socio-Economic Database for Latin America and the Caribbean (SEDLAC), the Luxembourg Income Study (LIS), and the Standardized World Income Inequality Database (SWIID). Depending on the source, the panel comprises 492 country-year observations from 17 Latin American countries (SWIID), 312 observations from 17 countries (SEDLAC) and 132 observations from 9 countries (LIS). The panel covers 1990 to 2022.

To test the effect of left partisanship over disposable income inequality, I prioritize the use of the SEDLAC, produced by the Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS) and the World Bank. SEDLAC provides long time-series for Latin American countries standardizing terms and measurements across income surveys of different countries

but refrains from larger adjustments such as alignment to national accounts. As Bourguignon (2015) notes, this methodological conservatism makes SEDLAC particularly well suited for within-country analysis and for tracing changes in inequality over time, since its estimates are not distorted by artificial scaling or imputations. It has the additional advantage of having the second largest coverage of country-years across all sources employed here, and of incorporating the best practice of equivalizing income to account for household composition and economies of scale.[xi] However, it does not allow us to calculate market household income directly.

The LIS data is often considered the "gold standard" (Solt, 2016) in terms of highly harmonized and internationally comparable measures of equivalized disposable income. As G. Ferreira, Lustig, and Teles (2015) emphasize, LIS sets the best practices in the field, providing cleanly defined, transparent estimates of income inequality that facilitate robust cross-country comparisons. It offers highly harmonized household survey microdata, which permits a high degree of granularity in evaluating income components and evaluating disposable and market income inequality separately. However, it covers the fewest observations among the sources considered here. LIS data is pooled at the household level and adjusted by the author using an equivalence scale and using top- and bottom-coding procedures.[xii]

The SWIID is constructed through a process of multiple imputation that fills in missing values based on available Gini coefficients from other sources.[xiii] It has the advantage of offering nearly complete coverage of disposable and market income inequality. This, however, comes with a trade-off in terms of accuracy. As Bourguignon (2015) and G. Ferreira, Lustig, and Teles (2015) highlight, limitations include the possibility of overstated

comparability across country-years and the risk of misrepresenting real variation through smoothing.

Comparing and triangulating estimates across these sources helps to minimize the inherent trade-offs. While SWIID provides broad temporal and geographic coverage through imputation, SEDLAC and LIS offer survey-based estimates that prioritize internal consistency and regional comparability. However, despite their methodological differences, all measures of disposable household income are strongly correlated[xiv], which suggest that these indicators capture broadly similar dynamics yet are not fully interchangeable[xv], making them especially valuable for testing the robustness of findings. Figure 1 plots the three alternative iterations of disposable income inequality across Latin America.

Figure 1. Disposable household income inequality (Gini) in Latin America 1990-2020

FIGURE 1 GOES HERE

To estimate market income inequality, I rely on LIS data where available. Following Gornick and Smeeding (2018) I define market income as the sum of *factor* income (from employment, self-employment, plus income flows from savings and capital, including interest, rent, and dividends) and private transfers (including cash transfers from private institutions, and interhousehold transfers like alimony or remittances).[xvi] Since measures of market income inequality from Latin America are less consistently reported across time and countries in LIS, I model separately with estimates from SWIID. To avoid distortion caused by pension systems, I also construct an alternative version of the market income Gini with the LIS data excluding individuals under 14 (the most common minimum working age in the region, UNICEF (2016) and over 65.[xvii] All measures of market income inequality are also highly correlated,[xviii] which again suggests that these series capture broadly consistent trends in

market inequality. Yet they also reflect meaningful differences in methodology and population coverage, again making them useful for robustness checks.[xix] Figure 2 illustrates their complementarity.

Figure 2. Market household income in Latin America 1990-2020, LIS, Adjusted LIS and SWIID

FIGURE 2 GOES HERE

Explanatory Variable

The main independent variable is the partisan orientation of the Executive. This focus departs from the more common reliance on cumulative legislative strength (Cruz-Martinez, 2024; Huber and Stephens, 2012; Morgan and Kelly, 2013) which offers several analytical advantages. While legislative presence may reflect a party's long-term political influence or embeddedness in society, it does not fully capture the direct enactment of policy. In contrast, executive control provides a clearer institutional mechanism for redistributive action. While not omnipotent and prone to reduce party cohesion (Mainwaring, 1990) Presidents in Latin America typically wield substantial agenda-setting powers (Alemán and Tsebelis, 2005; Llanos and Nolte, 2016; Tsebelis and Alemán, 2005). They also enjoy extensive emergency powers (Ginsburg et al., 2010), have devised formal and informal means to circumvent vetoes from the Legislative (Mainwaring, 1990) and to build stable multiparty coalitions even in weakly institutionalized party systems (Llanos and Nolte, 2016). Executive partisanship is thus more likely to translate into policy implementation than fragmented or shifting legislative majorities. Moreover, analysing executive incumbency allows for tighter alignment between observed inequality outcomes and the period in which a given party was in office, avoiding the temporal ambiguity introduced by cumulative indicators.

I rely on two alternative measures of partisanship to minimize the risk that results are driven by a specific operationalization. The first is built on the binary coding of left governments proposed by Feierherd et al. (2023).[xx] Following this approach, I use a stringent cutoff: any party scoring 9 or below on the 19-point ideological scale (i.e. below the midpoint) is classified as Left, and all others as non-Left. I extend the period covered by Feierherd et al. to 2022. Due to its higher coverage of observations, this is the preferred operationalization of the main explanatory variable.

The second alternative is the Chief Executive Party Orientation (*execrlc*) from the Database of Political Institutions (DPI) 2020, which classifies the party of the head of government along a three-point ideological scale: left, centre, and right. This coding is based on the party's declared stance on economic policy. To make the visual comparison of the sources easier I also transform the DPI's four category ordinal variable into a binary indicator, coded as 1 if the executive's party is classified as left, and 0 otherwise (Figure A1 in the Annex). As revealed by the graph and pairwise correlations, these iterations are proximate but not interchangeable.[xxi]

Controls

To mitigate concerns of omitted variable bias, the models incorporate controls informed by the literature review. First, I control for electoral competition, measured as the combined vote share of all opposition parties, using data from the Varieties of Democracy (V-Dem) Database. As described earlier, political competition has long been recognized as a key driver of redistribution and inequality (Abou-Chadi and Immergut, 2019). In Latin America, highly competitive electoral environments may pressure governments (regardless of ideology) to expand social welfare (Fairfield and Garay, 2017; Garay, 2016; Holland and Schneider, 2017;

Pribble, 2013). Importantly, electoral competition is also a likely confounder: increased electoral competition may increase the likelihood of electing a left-wing government. Failing to account for variation in opposition strength could then bias the estimated effect of left governments by conflating policy-driven redistribution with strategic responses to competition.

Second, the model includes a measure of social mobilization, also from V-Dem, which captures protest activity, union density, and other forms of collective action. The relevance of mobilization is not only supported in cross-country work but has also been highlighted in deep case study. For instance, Garay (2016) identifies sustained social mobilization as a critical driver of programmatic expansion in social policy in Argentina, Brazil, and Peru. Social mobilization may influence inequality directly via activism and protests. Simultaneously, social mobilization may increase the likelihood of electing left-wing governments, especially in contexts of rising inequality and democratic opening. As such, mobilization is a plausible source of endogeneity.

Party institutionalization is the final political control, as it features prominently in the literature as an explanatory factor for the expansion and consolidation of social policy (Niedzwiecki and Pribble, 2025; Pribble, 2013). Highly institutionalized party systems are associated with greater programmatic coherence, longer policy time horizons, and stronger incentives for redistribution. Moreover, party institutionalization plausibly shapes the likelihood of left-wing electoral success and the effectiveness of left governments in delivering redistributive outcomes. Its inclusion thus helps address potential confounding bias.

The economic controls are sourced from the World Bank. GDP per capita in constant 2015 USD is a standard control for structural development. Following the wide consensus in the literature that the commodity boom of the 2000s created favourable fiscal conditions, the model also controls for the influence of trade measured as trade as a share of GDP. While increased openness may expose domestic workers to global competition and exacerbate wage inequality, it may also generate demand for compensatory policies often associated with the Left, thus becoming a potential source of endogeneity via omitted variable bias. The models also control for inflation, as macroeconomic instability can erode real incomes, reduce the purchasing power of social transfers, and constrain fiscal capacity. Inflation may also influence voter preferences and thus indirectly affect party turnover, thus being also a likely confounder. Finally, other important time-invariant or very slowly changing confounders—such as regime type, electoral system, or longstanding policy legacies (Niedzwiecki and Pribble, 2025) are accounted for through the inclusion of unit (country) fixed effects.

To assess potential multicollinearity among the independent variables, I estimated a pooled OLS model using standardized variables and then calculated variance inflation factors (VIFs). This diagnostic helps ensure that the estimated coefficients are not distorted by strong correlations among predictors. All VIF values were well below conventional thresholds, with a mean VIF of 1.21 indicating that multicollinearity is not concerning.

Results

I assess the relationship between left-wing governments and income inequality preliminarily with a boxplot. As depicted in Figure 3, disposable-income inequality tends to be roughly 4 points lower on average when the Left is in power. A narrower interquartile range shows that outcomes under the Left are also more consistent.

Figure 3. Inequality and partisanship in Latin America, 1990-2022

FIGURE 3 GOES HERE

I also test the association with bivariate fixed-effects regressions (reported in Table A1 in the Annex) with different operationalizations of partisanship. The dependent variable in these exploratory models is the SEDLAC Gini coefficient of disposable income, which control for country fixed effects but not for confounders, and clusters standard errors at the country level. Across all bivariate regressions, the coefficient on left partisanship is negative and statistically significant at the 1% level, indicating that, on average, periods governed by left-wing executives are associated with lower levels of disposable income inequality regardless of the measure of partisanship.[xxii]

The strength and consistency of these associations provide initial support for the hypothesis that left-wing governments tend to adopt more redistributive policies, leading to lower levels of post-tax, post-transfer income inequality. Moreover, the results suggest that the effect is not likely to be driven by measurement error or coding differences in the partisanship variable, as all three iterations yield substantively similar conclusions. However, the estimates should be interpreted cautiously, as they do not yet control for potential confounders such as economic conditions, electoral competition, or social mobilization—factors that are addressed in the full specification presented in Table 1.

Table 1. Left-wing partisanship and disposable income inequality, SEDLAC data

	(1)	(2)	(3)	(4)
VARIABLES	Dependent Variable: Gini coefficient (disposable income)			
	One year lag			
Partisanship	**-3.825*** **	**-3.403*** **	**-2.511** **	
	(1.006)	(0.840)	(0.972)	
Electoral competition		**0.0510*** **	**0.0472** **	
		(0.0139)	(0.0169)	
Social Mobilization		**-0.801** **	**-0.926*** **	
		(0.372)	(0.309)	
Party Institutionalization		-10.08	-2.009	
		(8.017)	(6.825)	

	(1)	(2)	(3)	(4)
GDP per Capita			**-0.000543***	
			(0.000273)	
Inflation			0.000142	
			(0.000551)	
Trade as % of GDP			-0.0258	
			(0.0281)	
		Four-year lag		
Partisanship				**-3.665*****
				(0.713)
Electoral Competition				0.0268
				(0.0181)
Social Mobilization				**-0.786***
				(0.443)
Party Institutionalization				-7.306
				(6.257)
GDP per capita				**-0.000509***
				(0.000274)
Inflation				0.000205
				(0.000471)
Trade as % of GDP				-0.0428
				(0.0423)
Constant	48.40***	53.54***	53.83***	58.55***
	(0.316)	(5.485)	(5.375)	(5.125)
Observations	312	312	278	268
R-squared	0.188	0.351	0.429	0.449
Fixed effects	Yes	Yes	Yes	Yes
Countries	17	17	15	15

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Model 1 estimates the baseline association between left-wing governments and disposable income inequality, using a one-year lag and controlling only for country fixed effects. The coefficient on left partisanship is statistically significant at the 1% level. It also has a substantively large effect: the reduction of nearly 4 Gini points amounts to approximately 8.1% of the sample mean inequality (47.2), 76% of one standard deviation (5.01), or 17% of the observed range in the SEDLAC data (from 35.8 to 58.5). Model 2 introduces the institutional confounders: opposition vote share, protest mobilization, and party institutionalization. The coefficient on left partisanship remains strongly negative and statistically significant, showing a small reduction in disposable household income inequality of 3.40 ($p < 0.01$) but retaining roughly 68% of one standard deviation in magnitude.

Electoral competition is positively associated with inequality, supporting the hypothesis that Left parties will reach new constituencies when facing competition. Party institutionalization has a large negative coefficient but does not reach statistical significance. Notably, the effect of mobilization remains robust and negative, suggesting that collective action is independently associated with more equal post-transfer income distributions.

Model 3 is fully specified and, in addition to unit fixed effects and political controls, incorporates the full set of economic controls. In the one-year lag model, the coefficient on left partisanship falls to -2.51 ($p < 0.05$) but remains substantively significant: the effect still represents roughly 50% of a standard deviation and over 5% of the sample mean. Among the controls, votes for the opposition and social mobilization remain significant and retain the direction of the relationship of previous models, while electoral competition continues to show a modest but statistically significant positive association with inequality. GDP per capita exhibits a modest negative association with inequality, while inflation and trade openness are not statistically significant. The effect of party institutionalization decreases considerably and remains non-significant. As in Model 2, the effect of social mobilization remains negative and significant, further suggesting a role of collective action in shaping redistributive outcomes beyond the influence of partisanship.

Model 4 estimates the same fully specified model using a four-year lag on all independent variables, allowing for a longer temporal window to capture redistributive effects. The coefficient on left partisanship remains highly significant and stable at -3.67 ($p < 0.01$), closely matching the magnitude of the effect in the baseline model. This result suggests that the association between left partisanship and inequality is not only robust but also persistent over time. The effect again corresponds to approximately 73% of a standard deviation and

7.8% of the sample mean, suggesting that redistributive outcomes under left-wing governments endure over the course of a full electoral term.

Political and economic controls behave similarly to the one-year model, with mobilization retaining significance and a negative effect on disposable household inequality, and other variables exerting limited influence. Notably, the coefficient on social mobilization remains negative and significant across all fully specified models, again suggesting that collective action contribute independently to redistributive outcomes. To highlight the relative effect of each determinant, Figures A4 and A5 in the Annex plot standardized coefficients from the one-year and four-year lag fully specified models. These show that, among the institutional variables, partisanship has the largest overall effect, closely followed by social mobilization in the one-year model but not in the longer-term specification.

For robustness, results from the SWIID-based models are reported in Table A2 in the Annex and confirm the strong and consistent association between left-wing governments and lower disposable income inequality. Across all specifications, the coefficient on partisanship remains negative, statistically significant, and substantively large.[xxiii] The four-year lag model using SWIID offers similar conclusions. Even when allowing for a longer policy implementation window, the estimated effect of the Left remains significant and comparable in size to the fully specified short-term model.[xxiv]

Lastly, Table A3 in the Annex reports the results for disposable income inequality using the LIS data. These also show a consistent negative association between left-wing governments and disposable income inequality but vary in the degree of statistical significance. In the fully specified one-year lag model, the coefficient on left partisanship declines to -1.16 and loses statistical significance. This attenuation may reflect mediation by macroeconomic factors,

but also the smaller sample size of the LIS dataset (n = 132), relative to SEDLAC (n = 316) and SWIID (n = 492). Furthermore, LIS lacks observations for several paradigmatic cases of Left-wing governance in Latin America (Argentina, Bolivia, Costa Rica, Nicaragua, and Venezuela), which likely contributes to the loss of statistical precision. The effect of social mobilization also weakens in this specification with the addition of economic controls, while GDP per capita and inflation remain significantly associated with inequality.

The four-year lag model with LIS data reveals a more consistent association and yields a coefficient for partisanship of -2.67 ($p < 0.01$), nearly identical in size to the fully specified short-term estimate but statistically significant. Party institutionalization remains negatively associated with inequality and reaches conventional significance ($p < 0.1$), while other variables behave similarly to previous models. Despite its smaller coverage, the LIS data reinforces the core finding: left-wing governments are associated with reductions in post-transfer inequality, particularly once a longer timeframe is considered, if with greater uncertainty when fewer observations are available.

To test the robustness of the findings, Table A4 reported in the Annex shows re-estimated models using the alternative specification of the original DPI measure of executive ideology. Across all models, the direction of the effect remains negative and most report statistical significance.[xxv] The durability of the estimates across both short and longer lags, and their consistency across political and economic specifications, point to a robust and enduring partisanship redistributive effect. Is partisanship also associated with less market income inequality?

Table 2. Left-wing partisanship on market income inequality, SWIID

	(1)	(2)
VARIABLES	Dependent Variable: Gini Coefficient (market income)	
	One year lag	
Partisanship	**-2.303*** **	

	(1)	(2)
	(0.712)	
Electoral competition	**0.0319****	
	(0.0140)	
Social Mobilization	-0.315	
	(0.248)	
Party Institutionalization	-3.778	
	(3.951)	
GDP per Capita	**-0.000476****	
	(0.000213)	
Inflation	**0.000652*****	
	(0.000157)	
Trade as % of GDP	-0.0230	
	(0.0260)	
Four-year lag		
Partisanship		**-2.718*****
		(0.541)
Electoral Competition		0.0175
		(0.0133)
Social Mobilization		-0.121
		(0.239)
Party Institutionalization		**-6.707***
		(3.611)
GDP per Capita		**-0.000436***
		(0.000214)
Inflation		**0.000725*****
		(0.000125)
Trade as % of GDP		-0.0437
		(0.0303)
Constant	57.27***	60.34***
	(3.011)	(2.689)
Observations	424	383
R-squared	0.434	0.489
Fixed effects	Yes	Yes
Countries	15	15

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

These models report a positive answer. In the fully specified one-year lag model, left partisanship is associated with a 2.30-point reduction in the Gini coefficient ($p < 0.01$). This effect remains significant and slightly increases in magnitude in the four-year lag model, with an estimated coefficient of -2.72 ($p < 0.01$). These estimates are substantial, corresponding to approximately 50–60% of one standard deviation in the SWIID market Gini distribution. The direction and size of the effect suggest that left-wing governments are not only redistributive through transfers but also influence on market outcomes. This persistence is

reinforced on the four-year models.

As before, GDP per capita is negatively associated with inequality, while inflation is positively associated. Party institutionalization has a consistently negative sign and reaches statistical significance at conventional levels in the longer-term model. Electoral competition is positively associated with inequality in the short term but loses significance over time, while social mobilization and trade openness remain statistically insignificant throughout.

Figures A6 and A7 (in the Annex) plot standardized coefficient models from the one- and four-year lag models of market income inequality to evaluate the relative effect of each determinant. In both specifications, left partisanship exhibits the strongest and most consistent negative effect among the institutional determinants, while social mobilization also contributes modestly but significantly to inequality reduction. Other institutional and economic variables show no meaningful or consistent associations, underscoring the distinct and durable role of partisan ideology and mobilized support in shaping the distribution of market incomes.

Concerning robustness checks, the LIS models for market income inequality (Table A5 in the Annex) present a more nuanced set of results. In the fully specified one-year lag models, the coefficient on partisanship is negative but statistically insignificant in both the full population sample (–0.40) and the age-restricted sample. These estimates suggest a negative, but statistically undetectable short-term effect of left governments on market income inequality. This lack of significance may reflect the relatively small sample size but also the slower-moving nature of market-based distributional change. Indeed, the four-year lag models yield larger and statistically significant coefficients in the full sample and in the working-age population (-1.26 and -1.3 respectively). These estimates point to a modest but meaningful decline in pre-transfer inequality under left-wing governments over the course of

a full electoral term. While smaller than the corresponding effects in the SWIID models, they still represent over 25% of one standard deviation and about 2% of the sample mean, indicating a sustained partisan imprint on market outcomes.

In these models, GDP per capita consistently shows a negative and significant association with inequality, while inflation is positively and significantly associated. Trade openness remains statistically insignificant. Party institutionalization has inconsistent direction (positive in the short-term and negative in the long-term) but does not reach statistical significance. Notably, the effect of social mobilization is reversed in the long-term models: it becomes positive and statistically significant in both specifications. The LIS models thus lend qualified support to the expectation that left-wing governments can shape pre-distributive outcomes, particularly when reforms are sustained across multiple years.

To further assess the robustness of the market income inequality findings, Table A6 in the Annex reports re-estimated models using the alternative specification of the main explanatory DPI variable. Across the SWIID models, the results remain consistent with the main specification. In the fully specified one-year lag model, left partisanship is significantly associated with lower market income inequality and the four-year lag maintains a similarly strong and significant effect. In both models, GDP per capita and inflation remain significantly associated with inequality, while trade openness and social mobilization are not. Party institutionalization has a negative but statistically insignificant coefficient in the short term and reaches conventional levels of significance in the four-year lag model, consistent with the idea that institutional context may shape long-run distributive outcomes.

In contrast, the LIS-based models with an alternative explanatory variable (Table A5) yield coefficients that are directionally consistent but statistically insignificant in the one-year lag

specifications. However, once again the four-year lag models show strong evidence of delayed partisan effects: partisanship is negatively and significantly associated with market inequality in both the full population and working-age samples. In these long-run LIS models, GDP per capita remains strongly and negatively associated with inequality, while party institutionalization is again significantly negative. Social mobilization has a positive and statistically significant coefficient over market income inequality. As in previous LIS analyses, the limited sample size likely constrains precision, but the results remain directionally consistent and substantively meaningful.

Discussion and conclusions

This article set out to examine how left-wing executives in Latin America influence both disposable income and market income inequality. It showed that left-wing governments in Latin America are consistently associated with what Bobbio called their "polar star", namely, reducing inequality, with effects that are large, statistically significant, and temporally persistent across all sources of data contrasted. The evidence for market income inequality is more nuanced but remains robust: while short-term effects are less constant, four-year lag specifications reveal consistent, statistically significant and substantively meaningful declines. Social mobilization was consistently associated with lower disposable income inequality, and electoral competition consistently associated with increased inequality. It failed to find any consistent effects for party institutionalization.

The paper has made several contributions. First, it has shown that partisanship is not only associated with reduced disposable income inequality but also with less market-income inequality, validating the claim that pre-distributive mechanisms remain an underappreciated, yet important, mechanism in the study of partisanship and inequality. It has done so by extending the period under analysis from only existing pre-distributive

analysis into the recent Pink Tide and commodity-boom period and its aftermath. These results largely validate and strengthen the findings of Morgan and Kelly for 1980 to 2000. Second, by coding partisanship at the presidential level (rather than the more common alternative of legislative strength) this paper has aligned policy effects directly with the enaction of policy in Latin America's presidential systems. Finally, it has boosted robustness in the findings by showing consistent associations across different sources of data and iterations of the variables of interest.

Several mechanisms are likely to drive these patterns. As mentioned in the literature, the largest expansionary reforms were carried out by leftist programmatic parties in the absence of economic recessions even if both left- and right-wing governments have expanded social policy in the region. Concerning the reduction of market income inequality, the results likely reflect that the Left is more likely to introduce pro-labour legislation and increase its enforcement. It is also likely that more ambitious real minimum-wage hikes (which coincided with the height of the "Pink Tide") had a compression effect on wages which drove a significant fall in inequality. Together, these policies appear to form a coherent strategy that pairs quicker redistributive gains with longer-term labour-market reforms. The growing effect at longer lags suggests that as program infrastructure and administrative capacity mature, coverage broadens and benefit levels increase, deepening the impact on inequality.

Beyond these associations, the results show that electoral competition is positively connected with both disposable and market inequality, suggesting that competitive races incentivize left executives to moderate their distributive efforts and reach to centre voters, as suggested by Abou-Chadi and Immergut (2019). On the other hand, higher levels of social mobilization follow the relationship expected in most of the literature and correlate with greater income compression.

In sum, this article has shown that left-wing presidencies in Latin America have combined robust pre-distributive and redistributive strategies to achieve both immediate and sustained reductions in income inequality. Several avenues for future research remain. The mechanisms sketched here ought to be directly tested empirically. Similarly, investigating how variation in state capacity (such as bureaucratic quality, fiscal decentralization, or administrative reach) conditions these partisan effects would further illuminate the pathways through which left governments shape inequality. Finally, several authors have pointed that the source and direction of electoral competition matters. Further studies can disaggregate if the electoral race favours Left or Right alternatives, and test the differentiated effect, if any. Evaluating these variations will be essential for increasing our understanding the effect of partisanship over inequality.

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[i] Institutional change scholars added that even without overt decrease in social spending, change still occurred through subtle "drift" and "conversion," as existing social institutions were repurposed to serve market-liberal aims (Baccaro and Howell, 2017; Mahoney and Thelen, 2009).

[ii] They argue that left-wing parties no longer draw their support primarily from traditional working-class voters and instead tailor their platforms to a post-industrial electorate. They illustrate these dynamics with the concept of the "Brahmin Left"— highly educated, socially progressive voters increasingly supportive of technocratic and centrist economic policies.

[iii] Through traditional income maintenance programs like pensions or unemployment schemes.

[iv] Including active labor and family reconciliation policies.

[v] Of the five paths leading to social policy expansion identified by the authors, four include the presence of the Left in power, representing 11 out of 14 instances of successful expansion.

[vi] A possible reason for this ought to be a distinct context. Rueda's insider–outsider framework (2008) and Piketty (2022) rise of the "Brahimin" left offer good examples. The insider-outsider framework seemingly speaks directly to Latin America's sharply divided labor markets. Formal-sector workers enjoy stable wages and social benefits, while informal workers remain unprotected. Yet empirical evidence from the region suggests that this insider–outsider divide is less rigid in Latin America. Carnes and Mares (2014) show that widespread deindustrialization and frequent job turnover mean that most workers spend extended periods outside formal social-insurance schemes, which raises demand for tax-financed protections across the board. Baker (2023) uses public-opinion data to argue that mixed-status households (with both formal and informal earners) further blur this boundary, since any benefit to one member improves overall family welfare. Similarly, Ronconi, Kanbur, and López-Cariboni (2023) find that outsiders in Latin America are as likely as insiders to demand formal labor market institutions, such as high minimum wages. Finally, Gethin, Martínez-Toledano, and Piketty (2021) concede that the rise of and educational cleavage blurring the class cleavage or the insider-outsider divide not describe accurately the Latin American context, where traditional class-based cleavages are still relevant.

[vii] An exception is Watson (2015), who focuses on divisions in the Left and the design of labor market institutions in Iberia.

[viii] Morgan and Kelly have samples ranging from 197 to 146 observations.

[ix] In the panel covering 1990–2022, the dominant continent-wide shock is the commodity-price cycle underlying the Pink Tide, which I directly proxy with a country-year covariates: the trade-to-GDP ratio. This follows the guidance of Wooldridge (2012) and Baltagi (2021) who argue that when theory identifies a specific common shock, it can be more efficient—and less prone to overcontrol—to model it parametrically rather than absorb it with year dummies. Including blanket year effects would instead soak up co-movement between left-party incidence and inequality, attenuating my treatment estimate (Angrist & Pischke 2009; Gelman & Hill 2007). Moreover, my dynamic specification—including a one-year lag of the Gini coefficient and country-specific linear trends—already addresses serial correlation and gradual institutional shifts. Omitting year fixed effects (i.e., dropping 33 year dummies) thus preserves degrees of freedom, avoids multicollinearity, and allows me to identify how left-party administrations react to commodity shocks via redistributive and pre-distributive channels, rather than conflating that reaction with an undifferentiated time trend.

[x] The SEDLAC and LIS datasets originally report inequality measures as standard Gini coefficients ranging from 0 to 1. These were multiplied by 100 to express inequality levels in Gini points. This is a common practice in comparative research that facilitates the visual interpretation of changes over time and across sources—e.g., a decline from 48 to 45 is read as a 3-point reduction in inequality. SWIID Ginis are already expressed on a 0–100 scale and were used as reported.

[xi] Individuals in households typically share resources, and so it's important to account for household size and composition. A commonly way to do it is with *per capita* household income—the total household income divided by the number of household members. However, this measure overlooks: (i) economies of scale in household consumption (for example, a couple may live on less than twice the income required by a single person) and (ii) differences in individual consumption, particularly those of children. To account for these sources of disparity, it is a methodological best practice to rely on equivalence scales. The one used by SEDLAC is the total household income divided by $(A+_{\alpha 1}K_1+_{\alpha 2}K_2)^{\theta}$ where A is the number of adults, K_1 is the number of children under 5 years old, and K_2 is the number of children aged 6 to 14. The α parameters reflect the relative weight of children compared to adults, while θ captures the degree of intra-household economies of scale. SEDLAC adopts intermediate values of $\alpha 1=0.50$ and $\alpha 2=0.75$, and a relatively high value of $\theta=0.90$, suitable for countries in the Latin American region.(CEDLAS » Metodología SEDLAC, n.d.)

[xii] I use the square root of household size, or an elasticity of 0.5 to correct household size and account for economies of scale. To account for extreme values, standard LIS top- and bottom-coding conventions (top-coding income at 10 times the median of non-equivalized income and bottom-coding income at 1% of equivalized mean income) are followed. In this manner, the largest income at the top is replaced by a value equal to ten times the median of the non-equivalized household income, whereas the lowest income at the bottom is replaced by 1% of the average equivalized household income. As per micro-data convention, survey-specific household weights are applied.

[xiii] The LIS and SEDLAC data, Branko Milanovic's All the Ginis, and the United Nations University World Institute for Development Economics Research's World Income Inequality Database (UNU-WIDER WIID) data (Solt, 2016).

[xiv] The SWIID and LIS series are very proximate ($\rho = 0.977$) and the SWIID–SEDLAC correlation is similarly high ($\rho = 0.921$). The SEDLAC–LIS correlation, though slightly lower ($\rho = 0.880$), is also relatively high.

[xv] While SWIID offers the most complete time series, reliance on model-based imputations is clear in the noticeably smoother Gini estimates. LIS, derived from highly harmonized household surveys although limited in coverage, often shows lower inequality levels—likely due to treatment of top and bottom incomes. SEDLAC, also derived from harmonized household surveys, captures greater year-to-year variation and typically reports intermediate values.

[xvi] This corresponds to the sum of the variables *hifactor* and *hiprivate* of the LIS data.

[xvii] This adjustment addresses a common measurement concern in comparative inequality research. In countries with generous public pension systems, pension income is typically excluded from market income but included in disposable income. This can artificially inflate market inequality, particularly in aging societies or countries with expansive and generous pension coverage. Following Gornick et al. (2015) and Gornick and Smeeding (2018) restricting the age of the sample prevents countries with strong contributory pension systems from appearing artificially unequal in market income terms. This adjustment avoids bias from including the "false poor": retirees who are supported through savings or pensions excluded from market income who bias inequality upwards.(Lustig et al., 2022)

[xviii] The correlation between SWIID and LIS market inequality measures is 0.971, while the two LIS-based indicators are even closer ($\rho = 0.988$).

[xix] SWIID, which imputes missing data, provides the most complete time series and typically shows higher and smoother Gini coefficients. LIS estimates, derived directly from harmonized household surveys, tend to be more sparse, lower and more variable, likely reflecting in top-income treatment. Importantly, as expected, market income inequality measured only among the working-age population is lower than that based on the total population. This accurately reflects the exclusion of retirees and children, who typically report no or minimal labor income and thus inflate measured inequality when included.

[xx] The authors define left governments based on an updated version of Baker and Greene (2011) ideology scale, which relies primarily on the Wiesehomeier and Benoit (2009) expert survey that places political parties along a general left-right ideological dimension. Baker and Greene supplement this with additional information from Coppedge (1998), Pop-Eleches (2009), and their own judgments in cases where survey data are missing.

[xxi] The binary DPI measure and the trichotomous DPI variable are highly correlated ($\rho = 0.89$), as expected given their common source. The preferred measure (left) is only moderately correlated with the dichotomous transformation of the DPI variable ($\rho = 0.65$) and even less so with the trichotomous DPI score ($\rho = 0.50$). A substantial portion of this divergence is driven by missing data in the DPI dataset for key country-years—most notably, all observations from Venezuela, which are reported as unavailable for all of the Chávez and Maduro periods.

[xxii] The size of the effect varies slightly depending on the measure used. The trichotomous DPI ideology score (*ideology_exec*) yields the smallest estimated effect (a reduction of 1.3 Gini points), while the binary DPI-based indicator (leftDPI) shows a larger association (a reduction of 2.6 Gini points), and the preferred binary variable, which considers observations missing in the DPI data, produces the largest effect (a -3 Gini point reduction).

[xxiii] In the baseline model, left partisanship is associated with a 3.82-point reduction in the Gini coefficient ($p < 0.01$), equivalent to approximately 83% of one standard deviation and over 8% of the sample mean. The effect remains robust across specifications: it declines moderately with the inclusion of political controls (–3.50, $p < 0.01$) and further to –2.28 ($p < 0.01$) in the fully specified model, where it still accounts for nearly 50% of a standard deviation. Political fragmentation and party institutionalization are also negatively associated with inequality, with the latter reaching significance in the extended and long-term models.

[xxiv] The four-year lag model yields a stable estimate for left partisanship (–2.84, $p < 0.01$). Electoral competition is consistently linked to higher inequality, while the effect of social mobilization, significant in the mid-specification, loses precision after the inclusion of economic controls.

[xxv] In both the SEDLAC and SWIID models, the coefficients are statistically significant and substantively meaningful across short- and long-term lags, though slightly smaller in magnitude compared to the binary *left* specification. For SEDLAC, the effect ranges from -0.97 to -0.84; for SWIID, from -0.76 to -0.72, all significant at conventional levels. In the LIS models, one year lag coefficients are similar in direction but statistically insignificant, and significant for the 4 year lag with a -1.3 reduction.

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