

Gender and Socioeconomic Gaps in Colombia in 2014 using National Transfer and Time Accounts

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Motivation

- Intergenerational transfers:
 - A source to sustain and smooth consumption over the life cycle, while providing protection for potential socioeconomic risks
 - Particularly important in countries with an ongoing demographic dividend process

Why study gender and socioeconomic gaps?

1. Socioeconomic gaps, measured by any SES, reflect both economic and demographic gaps: the rich live longer and have a better quality of life than the poor
2. Public and private transfers are directly linked to income
3. Men and women have different demographic patterns: The mortality gap favors women

Why study gender and socioeconomic gaps?

4. Men earn more than women: Measure income gender gap
5. Intergenerational issues are important: Is poverty “inherited” (social mobility)? Will gender roles perpetuate?
6. Labor markets, savings and pension systems reflect all of these gaps

Why study gender and socioeconomic gaps?

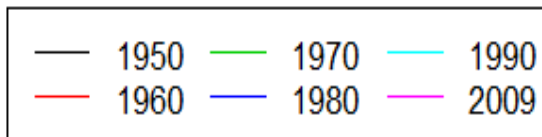
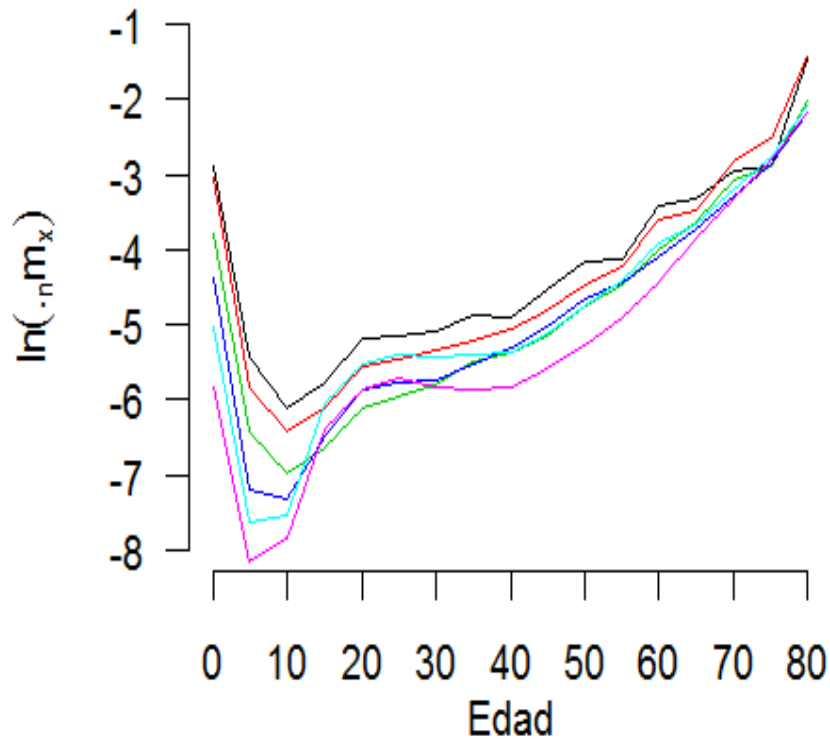
7. Policy implications of aging
8. An aging population at a relatively low level of development will have a negative effect on income
9. A state's inability to support the elderly via a proper pension system requires a valid substitute for their survival
10. When the elderly rely on younger family members, if such family members are also poor, the problem perpetuates

Colombian demographics

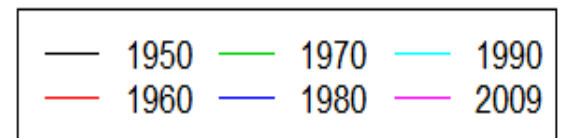
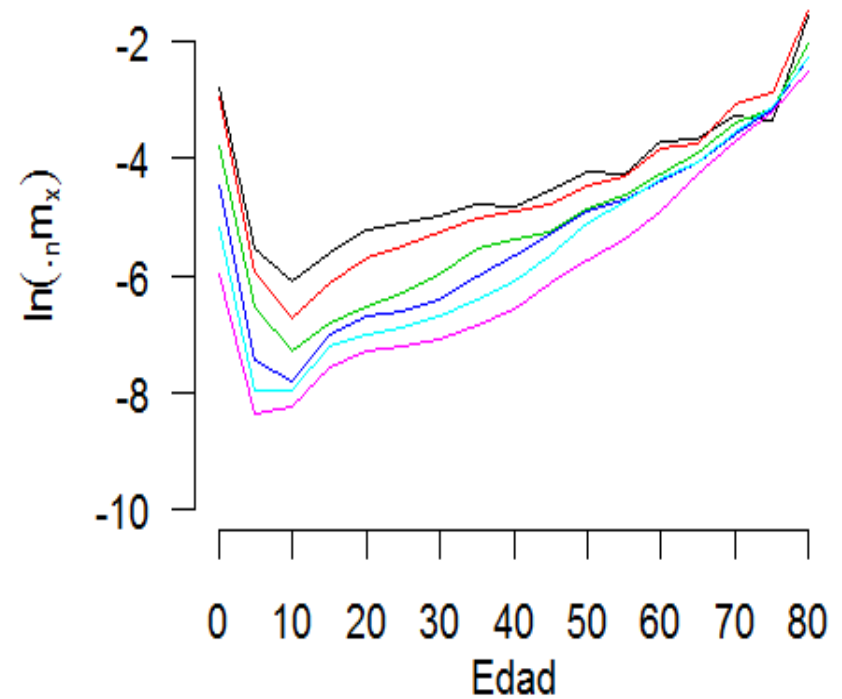
- Third largest country in Latin America, currently experiencing its demographic transition with below-replacement fertility rates
- Mortality gender gap in Colombia is enormous due to young males' lives lost in conflict (Urdinola, 2004), even by Latin-American standards (See data from www.lamortalidad.org)

Observed age-specific period mortality rates in Colombia, 1950-2009

Tasa de mortalidad masculina
corrección por subregistro



Tasa de mortalidad femenina
corrección subregistro



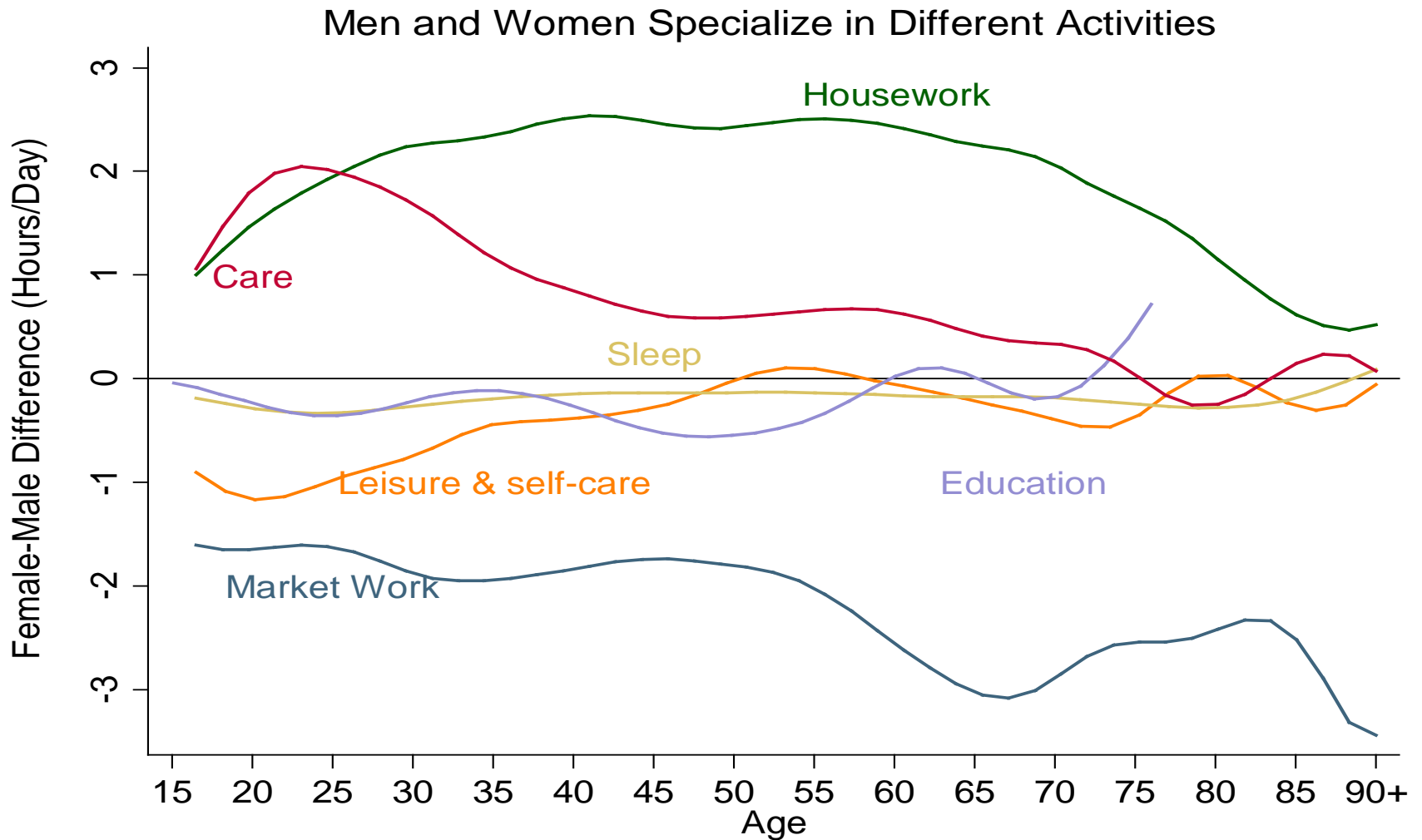
The Colombian economy

- Poverty and inequality is an issue:
 - 29% lives below the poverty line in Colombia in 2017
 - Gini Index: 55.4 in 2008 to 50.8 in 2016
 - Health coverage is almost universal, more than 90% of the total population had access to health in 2017
 - The pension system covers 25%
- Informality: over 50% for over 25 years
- “Latin American paradox”: Average schooling is higher for females than for males since the 1956 cohort (Herrera, 2010)

The Colombian labor market

- Child labor is higher for males than females at all SES levels, leading to higher desertion rates for boys and male adolescents
- Labor market segregation by gender
 - Labor income is lower for females, even controlling for education
 - Women's jobs tend to be more in the formal sector while men in the informal
- Cohort effects: Full gender division for generations born before 1954 (women solely doing unpaid housework); still significant today

Time use by gender in Colombia, 2012



Data

- Microdata: 2014 National Survey of Living Standards (*Encuesta Nacional de Calidad de Vida-ECV*), DANE
- Covers all standard household and socio-demographic characteristics
- Includes income and expenses per individual and household in all topics of our concern: Education, health, consumption and some transfer programs

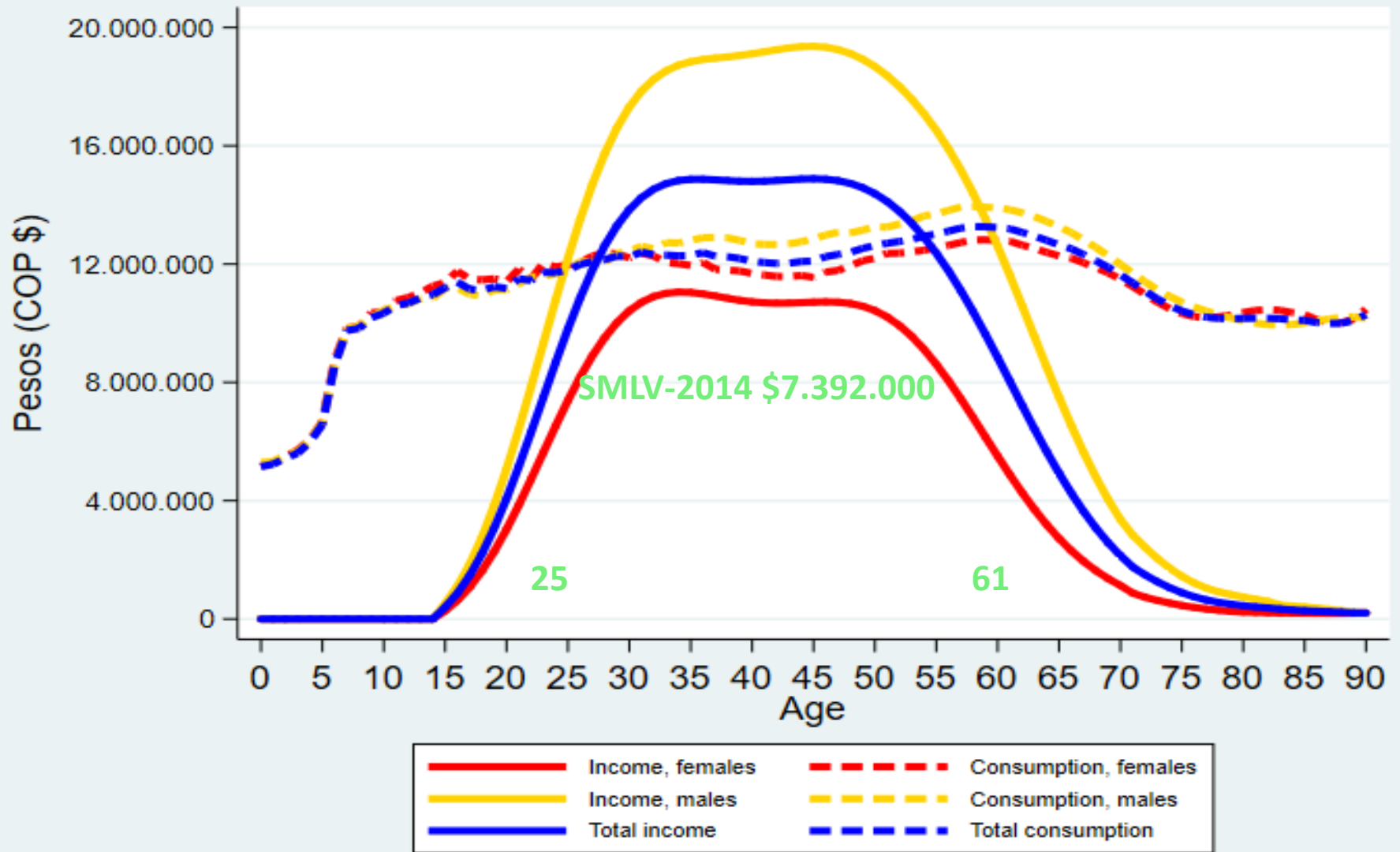
Data

- Macroeconomic data:
 - System of National Accounts (**DANE**)
 - Balance of payments from Colombian Central Bank (***Banco de la República***)
 - Central government income and expenditure balance, expenses per program and public finances from **Ministry of Finances** and **Ministry of Health** (*Ministerio de la Protección Social*)

NTA profiles

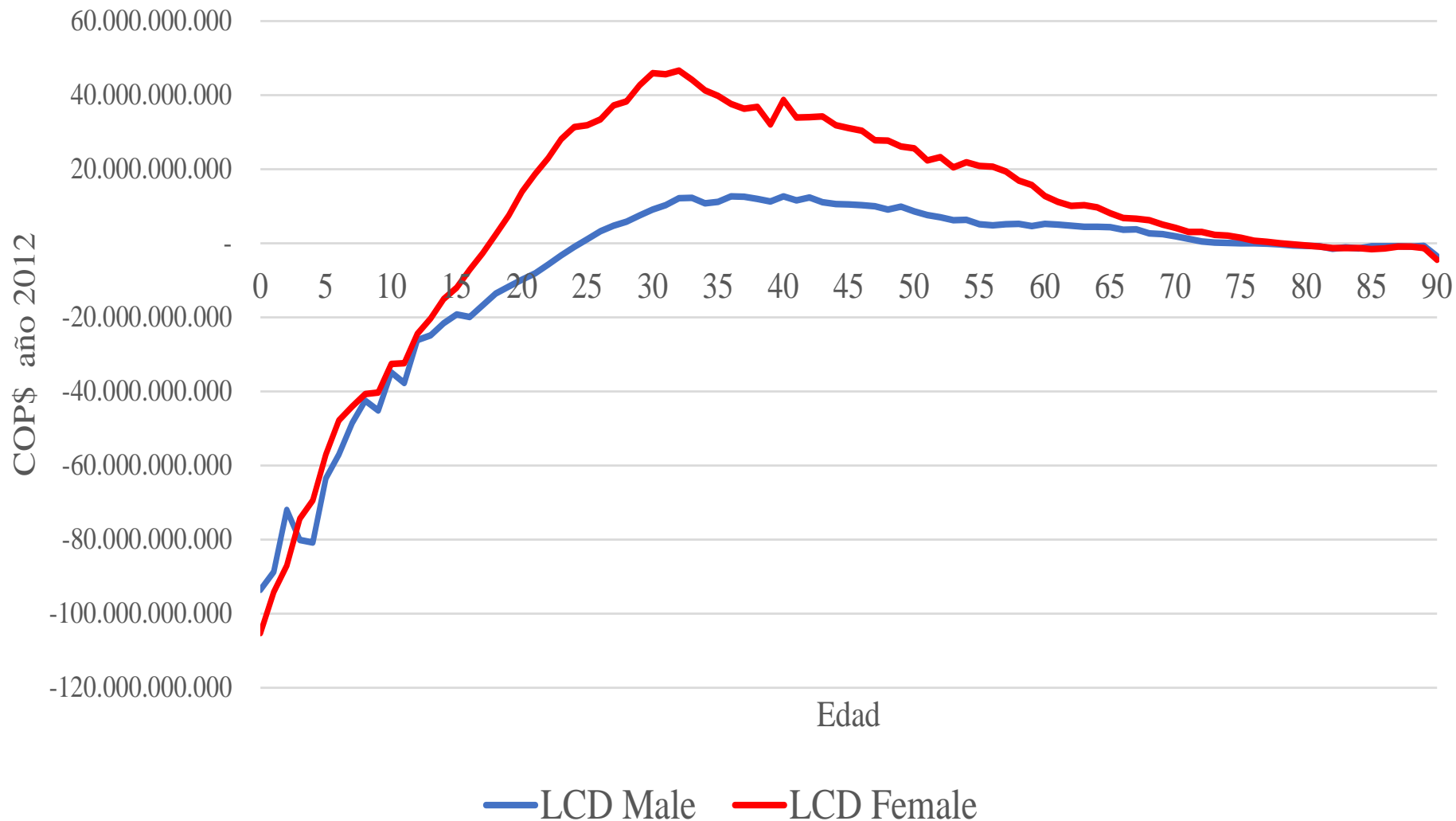
- Figures are presented in annual Colombian pesos (COP\$)
- All profiles are presented in single age groups and the open ended group is 90+
- Socioeconomic status was measured as educational attainment grouped in four categories: (1) None, 0 to preschool; (2) Primary, at least 1 and up to 5 years; (3) Secondary: at least 6 and up to 11 years; (4) Tertiary: at least 11 and up to 24 years

Life cycle deficit by gender in Colombia-2014



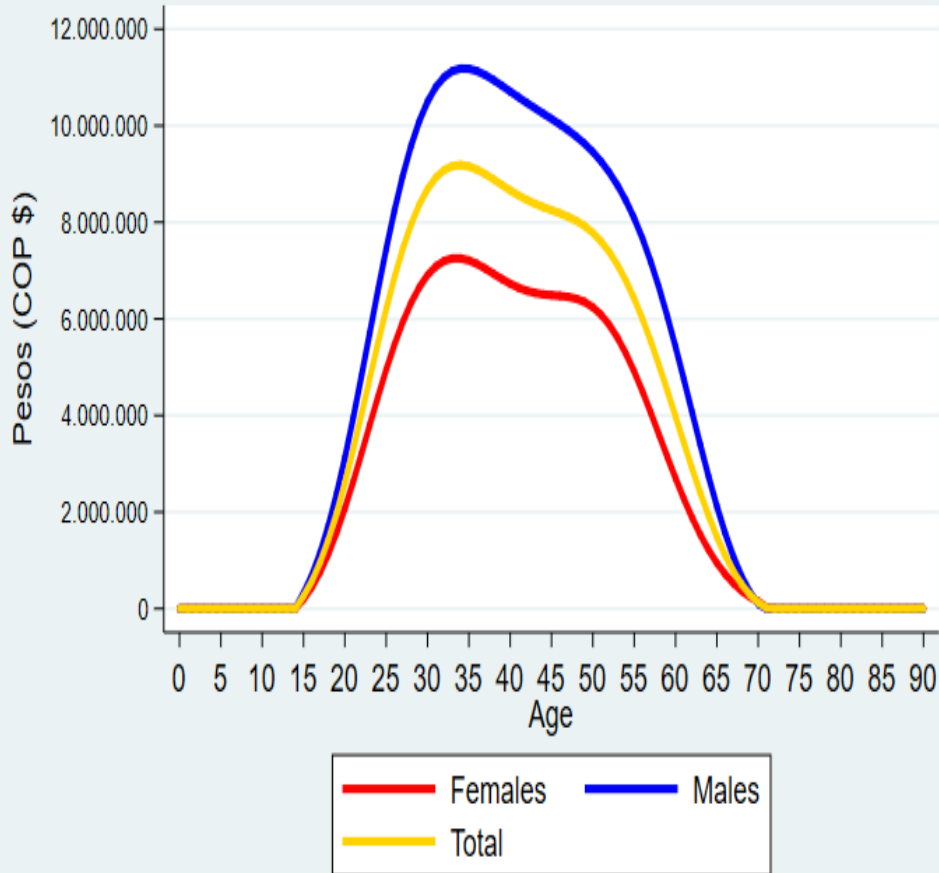
Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Life cycle deficit by gender in Colombia for unpaid domestic activities, 2012

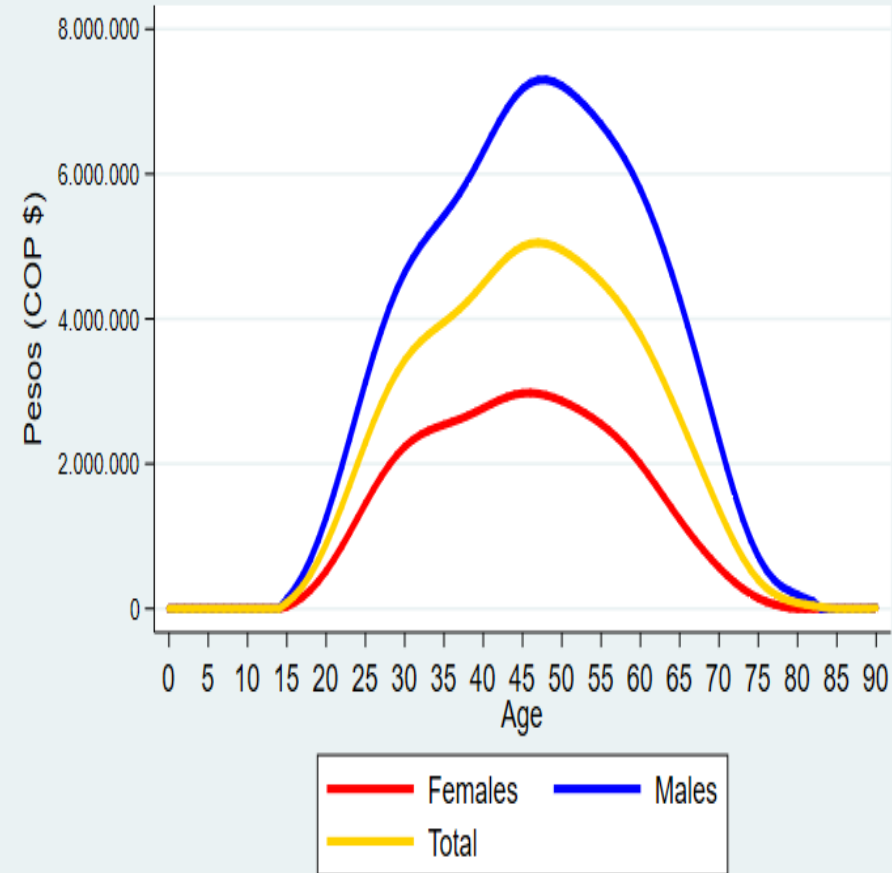


Labor income and self employment income, Colombia, 2014

Labour earnings by sex
Colombia 2014



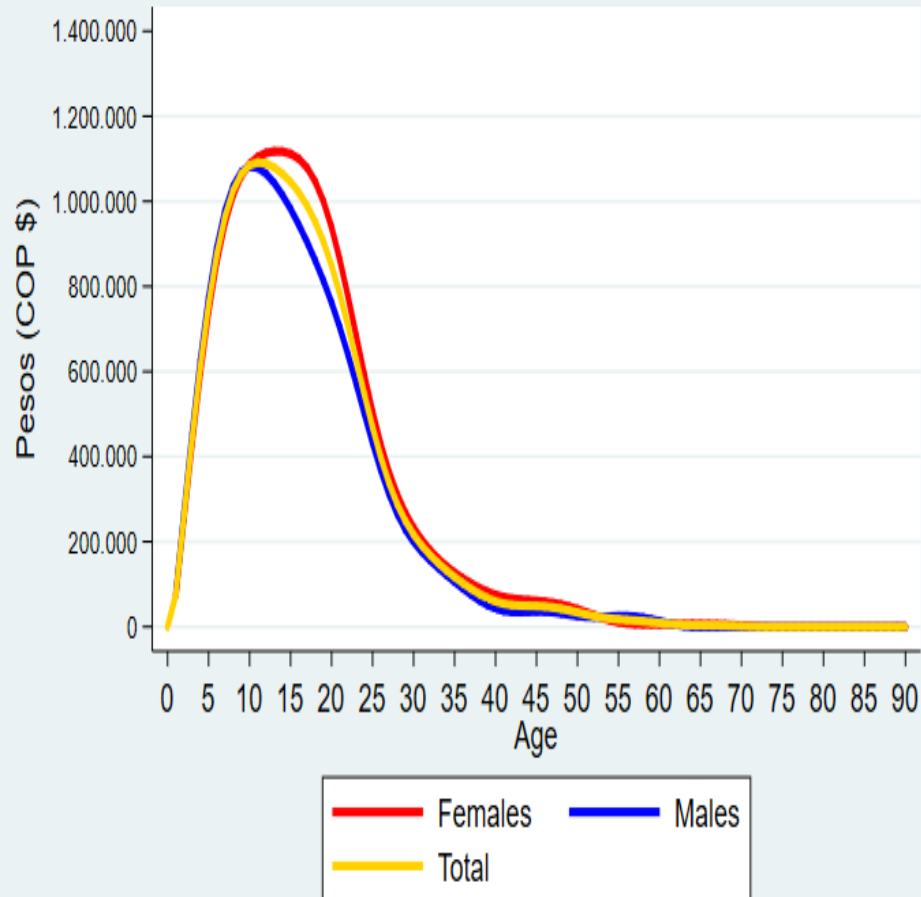
Self-employment income by sex
Colombia 2014



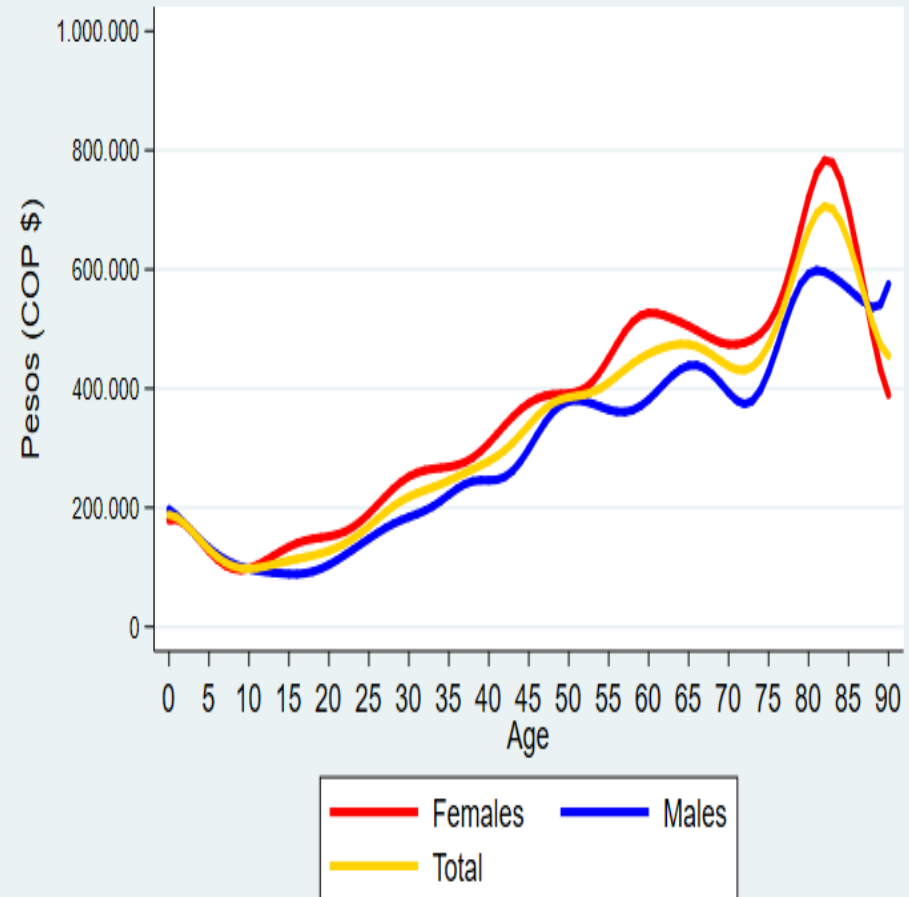
Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Private consumption of health and education, Colombia-2014

Private consumption, education by sex
Colombia 2014

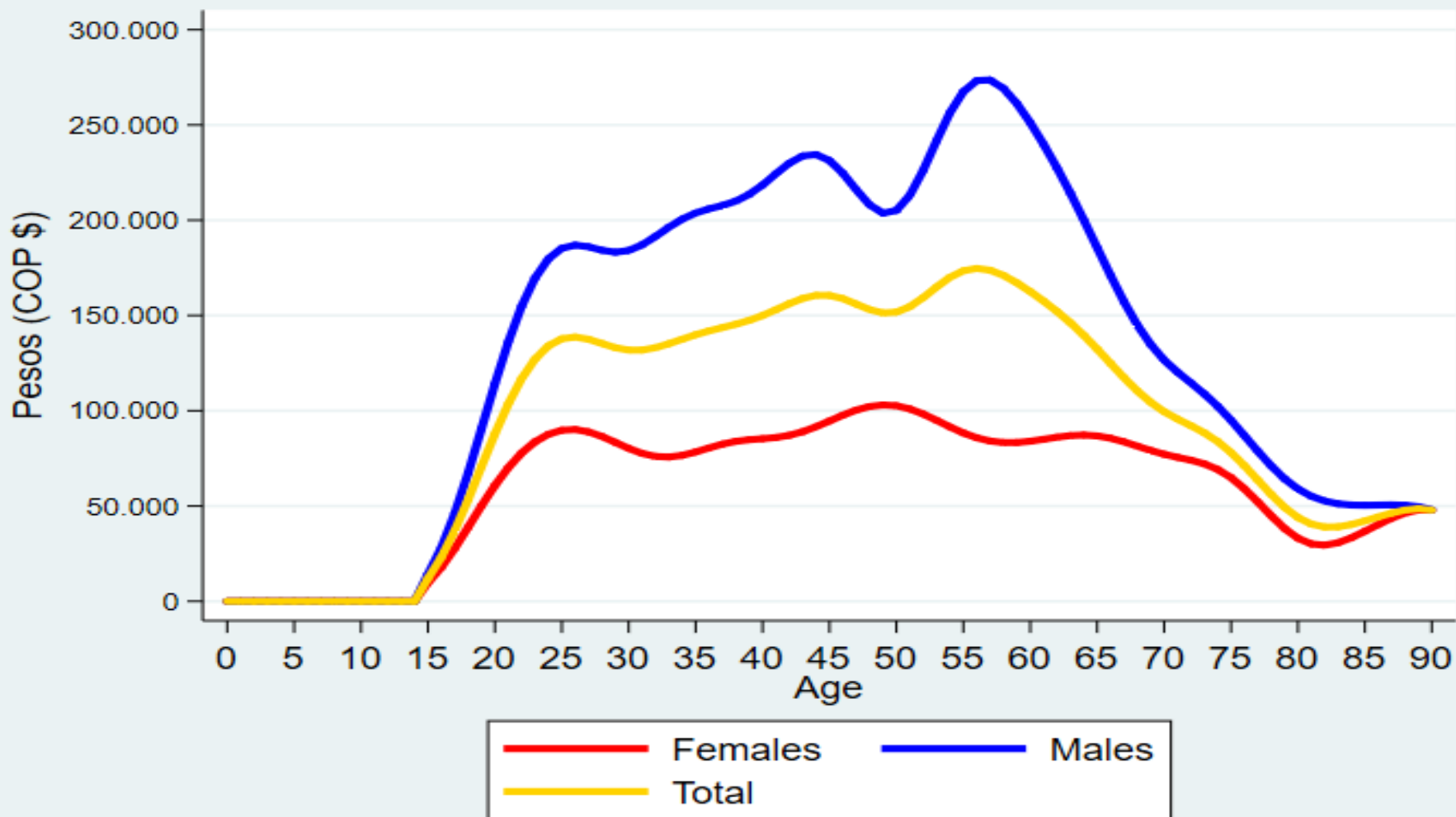


Private consumption, health by sex
Colombia 2014



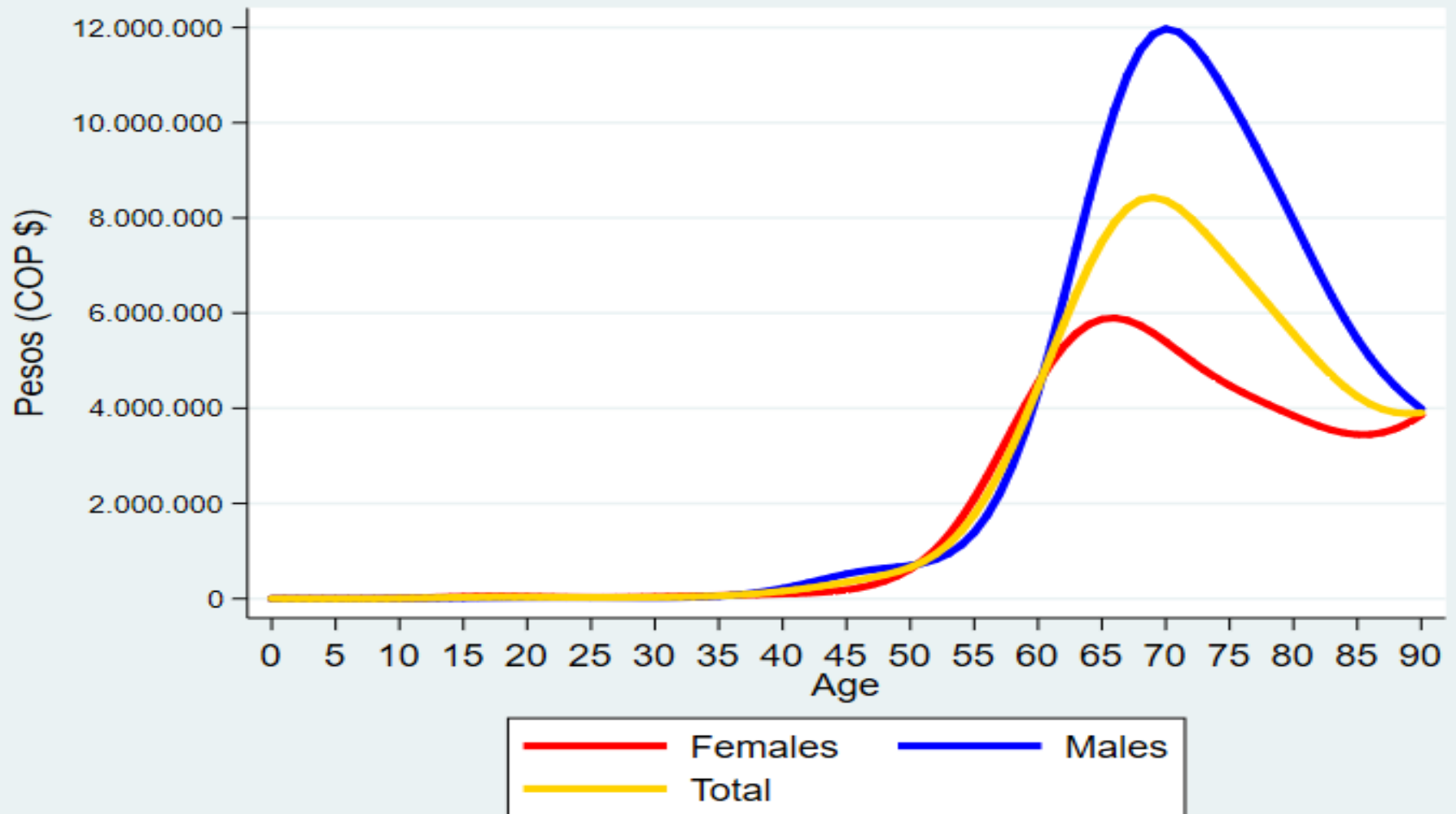
Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Private consumption of alcohol, tobacco and gambling, Colombia 2014



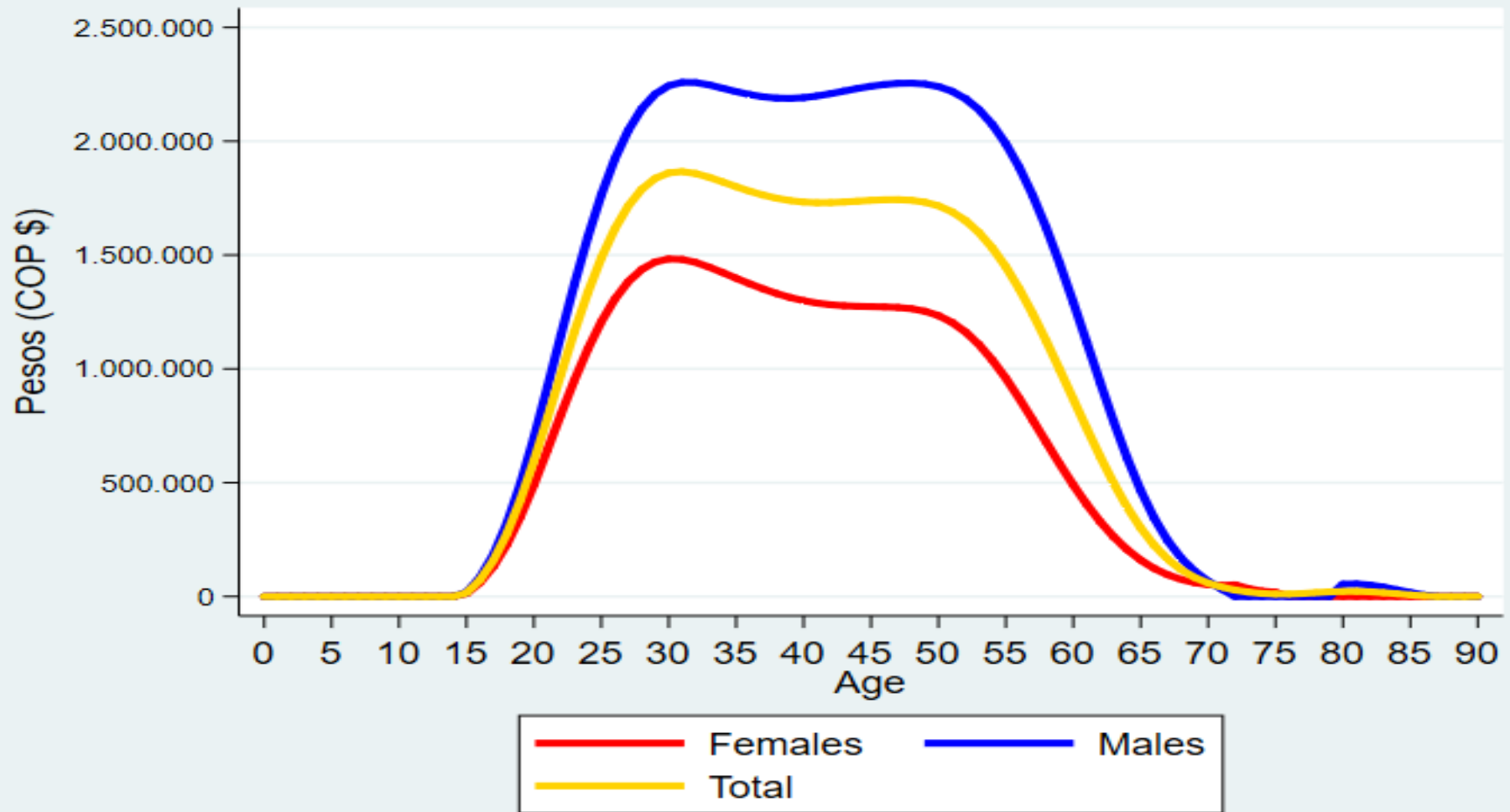
Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Public transfers–inflows: Pensions, Colombia 2014



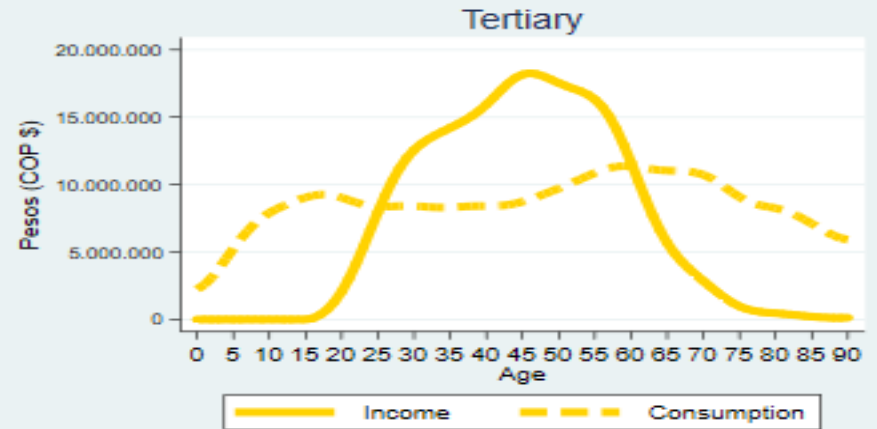
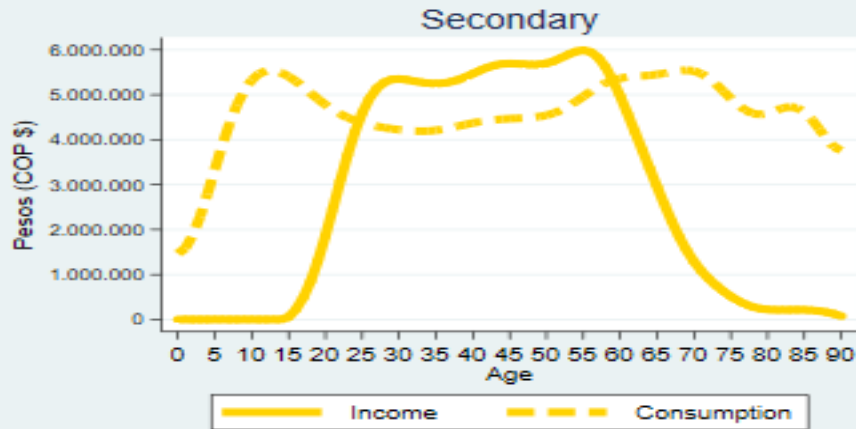
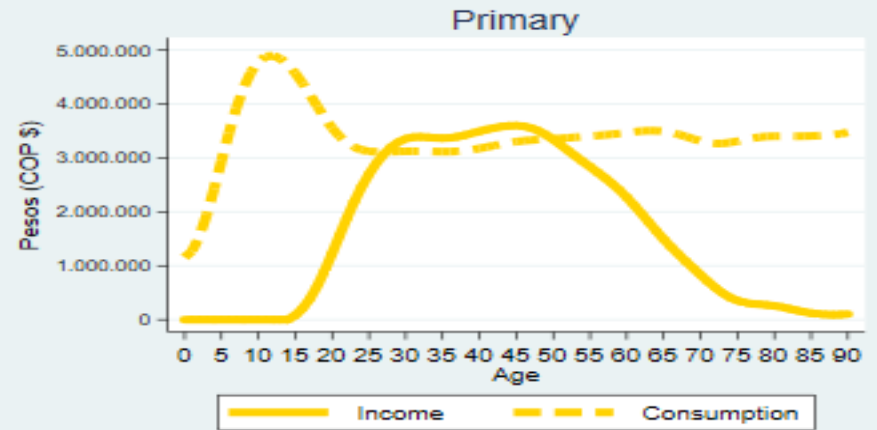
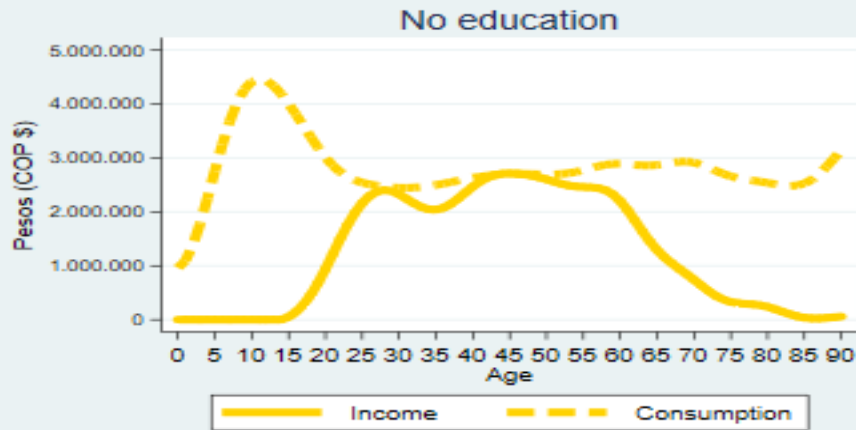
Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Public transfers–outflows: pensions, Colombia 2014

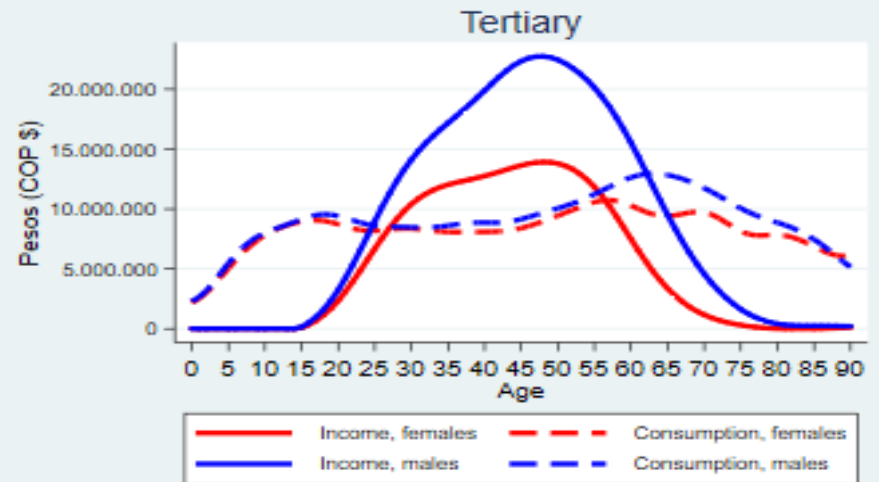
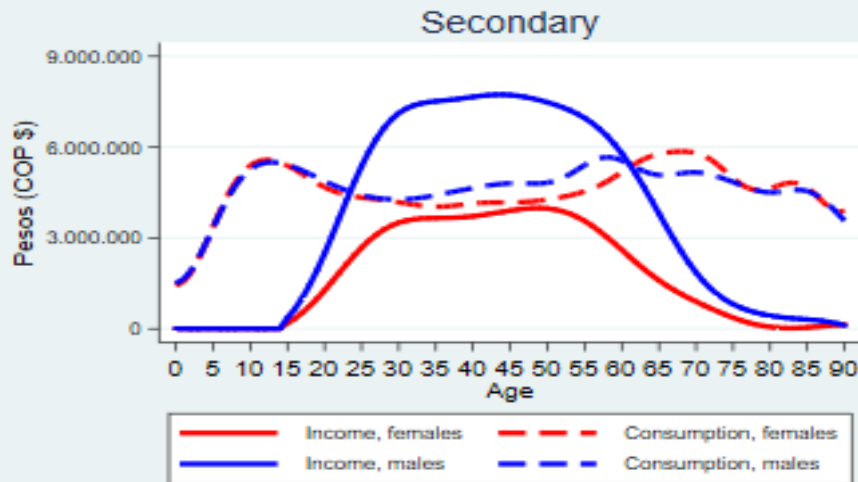
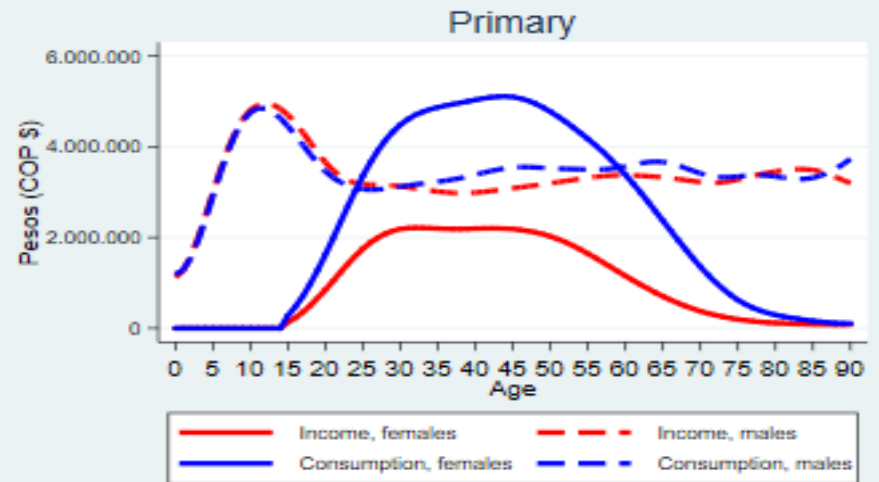
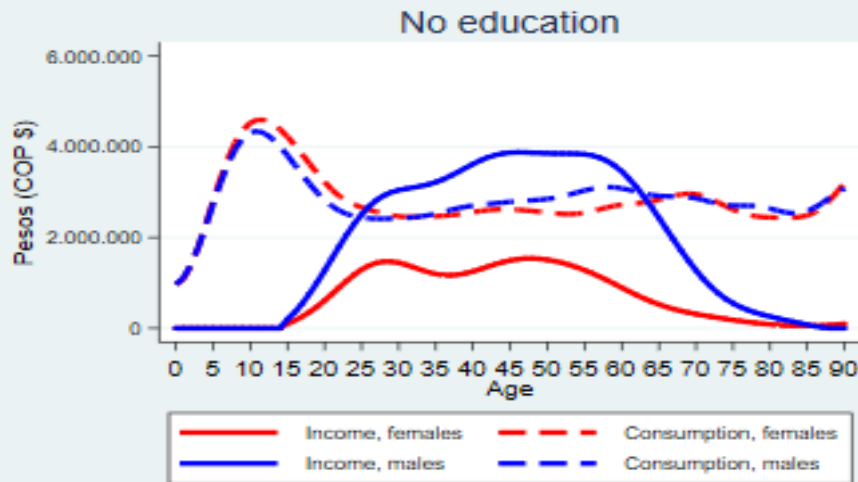


Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Socioeconomic inequality–LCD by educational attainment

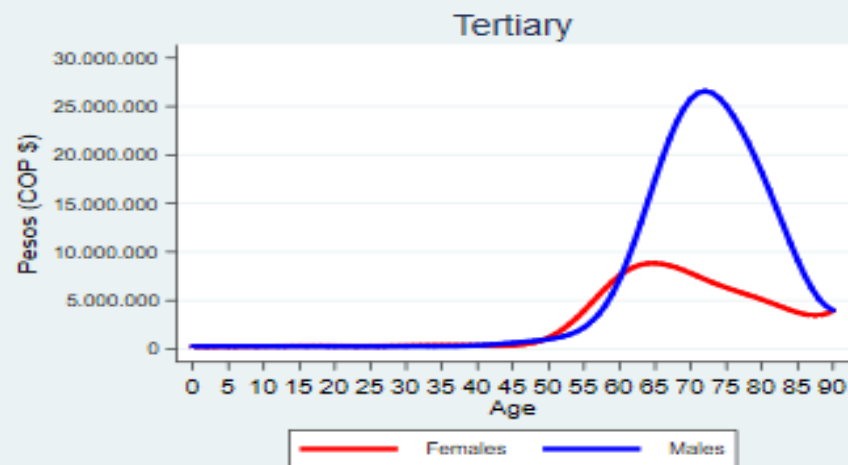
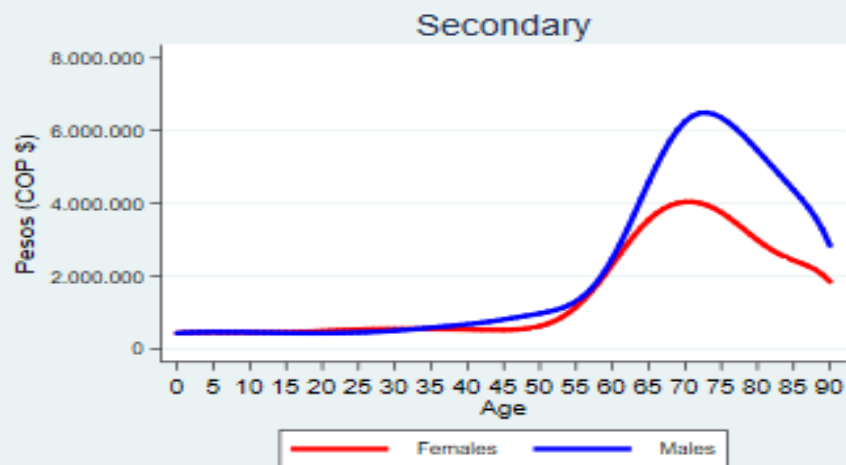
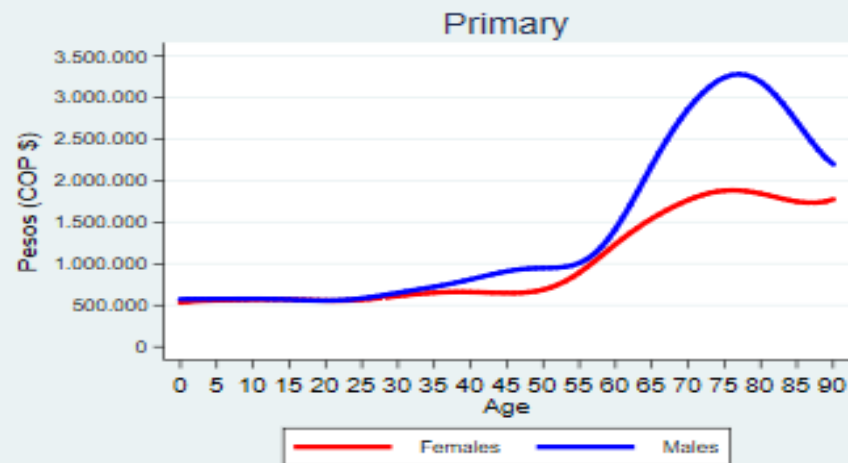
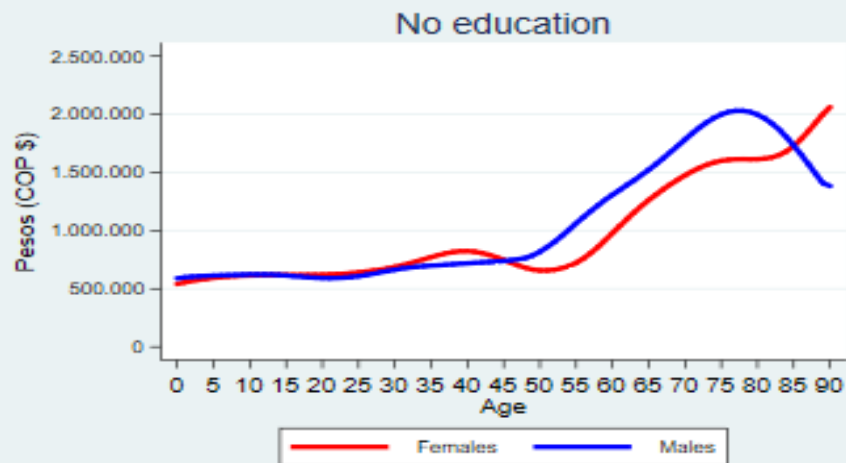


Socioeconomic inequality–LCD by educational level and gender



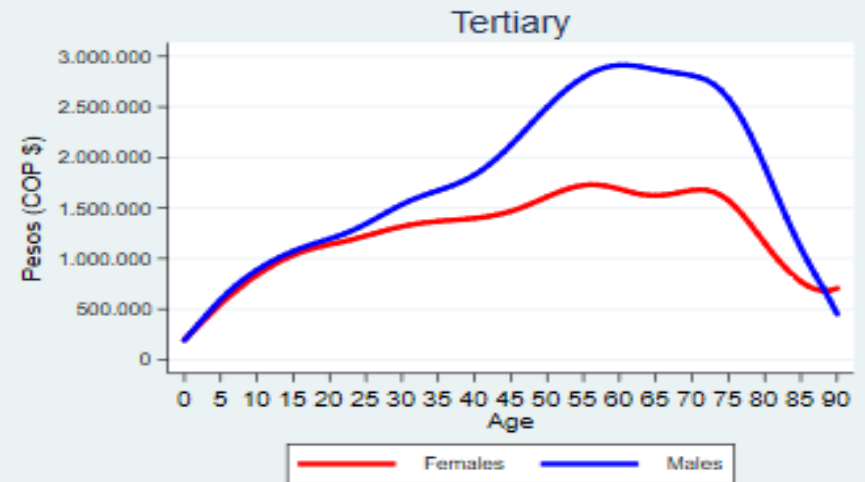
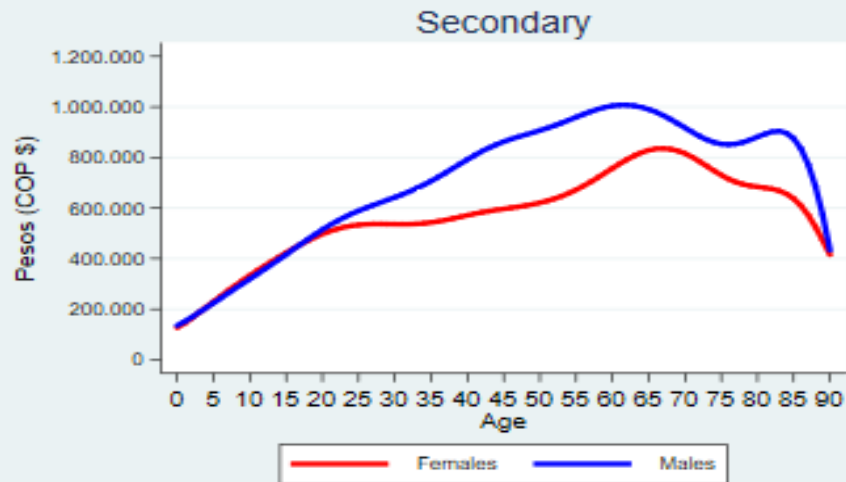
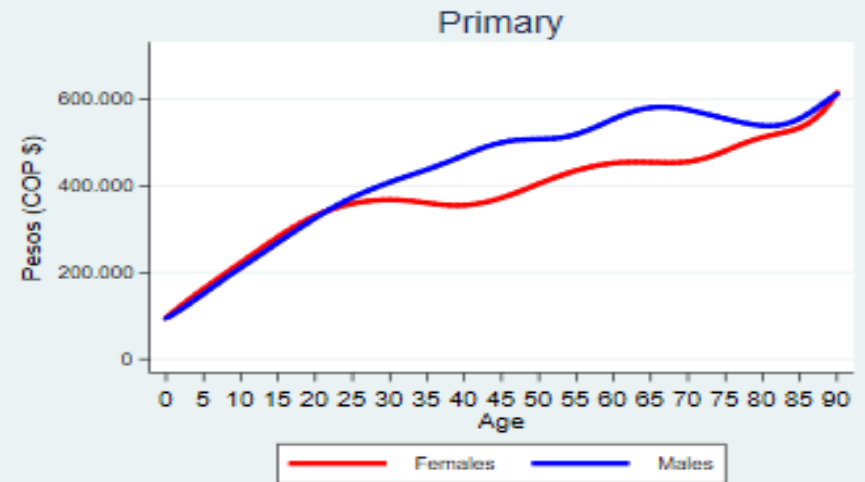
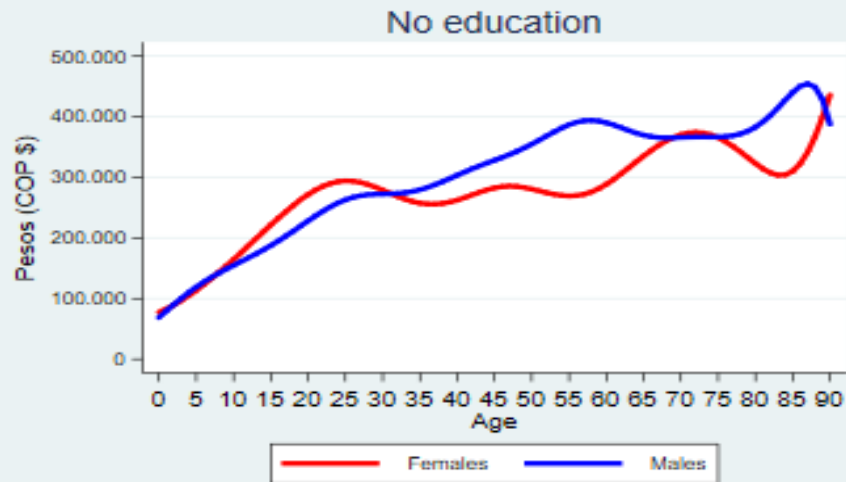
Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Public transfer inflows (TGI) by educational level and gender



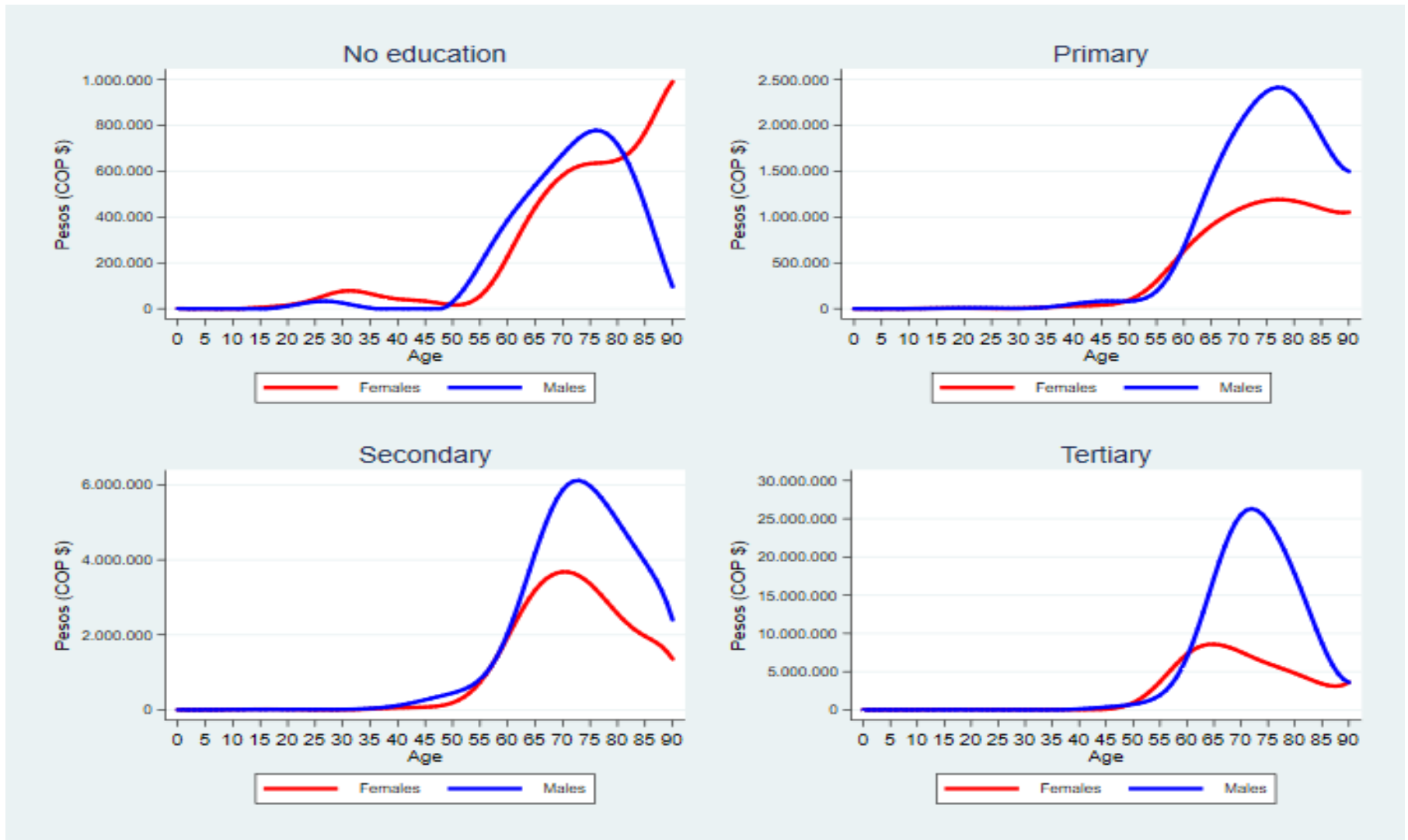
Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Public transfer outflows (TGO) by educational level and gender



Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Public transfer inflows (TGSOAI) by educational level and gender: pensions



Source: Urdinola & Tovar (Preliminary results NTA-Colombia, 2014)

Conclusions

- Transfers disproportionately large towards the elderly
- This result is a concern in a country such as Colombia whose population has not finished the demographic transition
- If this trend continues, the fiscal burden will be too high and the perpetration of both poverty and inequality will lead the country to a poverty trap

Conclusions

- Perspectives of poverty and inequality in Colombia are disturbing
- Education is key to breaking this cycle:
 - As resources are limited and health consumption will increase driven by the aging process, the challenge is whether inflows should be increased, in order to support larger outflows or how to redistribute current resources
 - Benefits will be visible if gender is incorporated: Reduce the LAC paradox and incorporate women into the labor market

Conclusions

- To reduce the gender gap policies should promote women's education and labor participation -> supply of childcare services is key to achieve this goal, as well as changes in social norms changes related to gender roles
- By targeting the most disadvantageous segments of the population, inequality and poverty could be overcome: Women from the most disadvantaged households are in the worst situation