

CONSUMPTION INEQUALITY IN CHILE 2012

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11th Global Meeting of the NTA Network
Demographic Dividend & Africa Development

Question

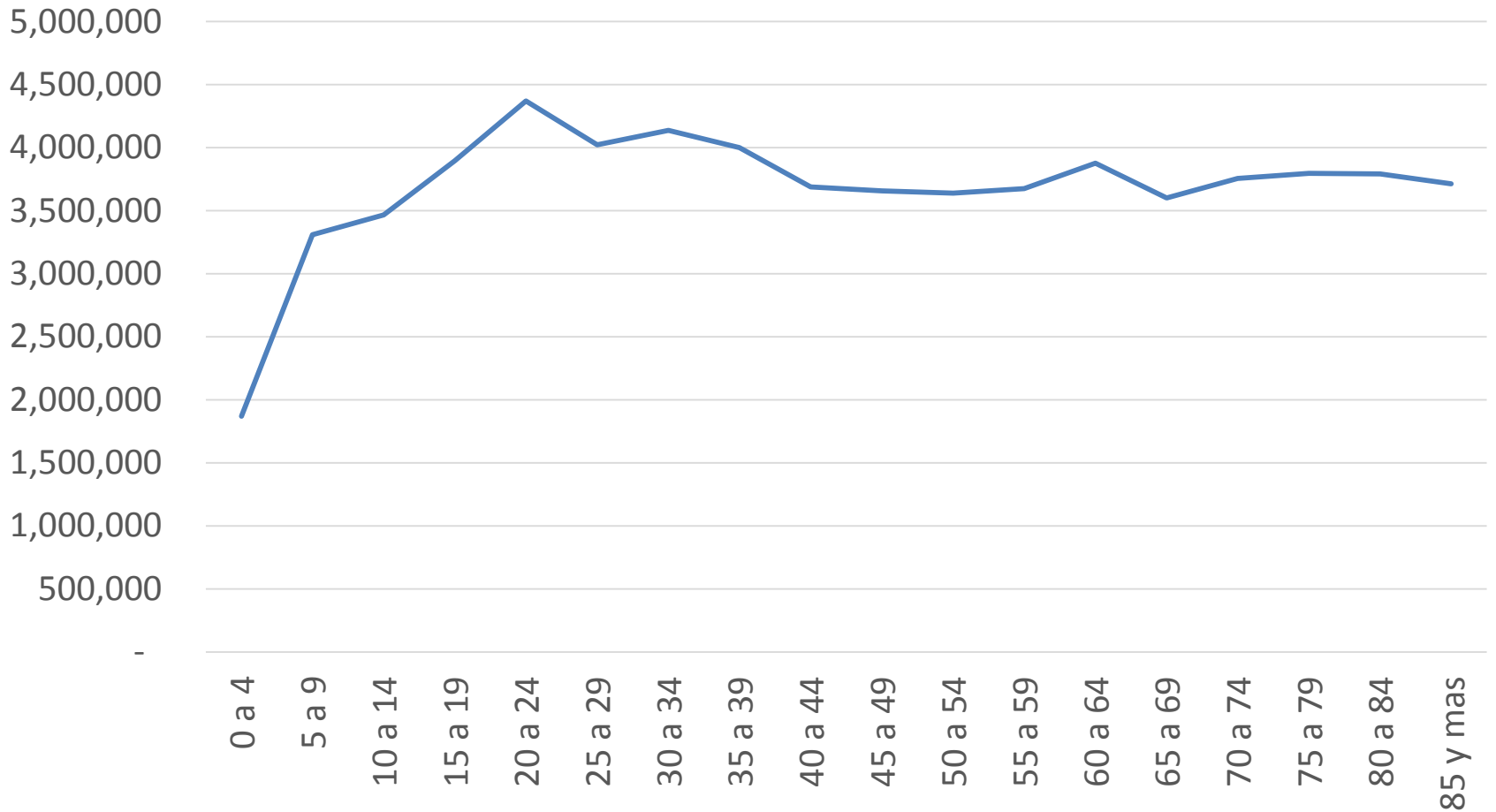
To what extent does consumption of public goods reduce or increase consumption inequality at each age in Chile?

We calculated the contribution of each consumption source to the overall levels of inequality observed.

CONSUMPTION BY AGE

Chile 2012

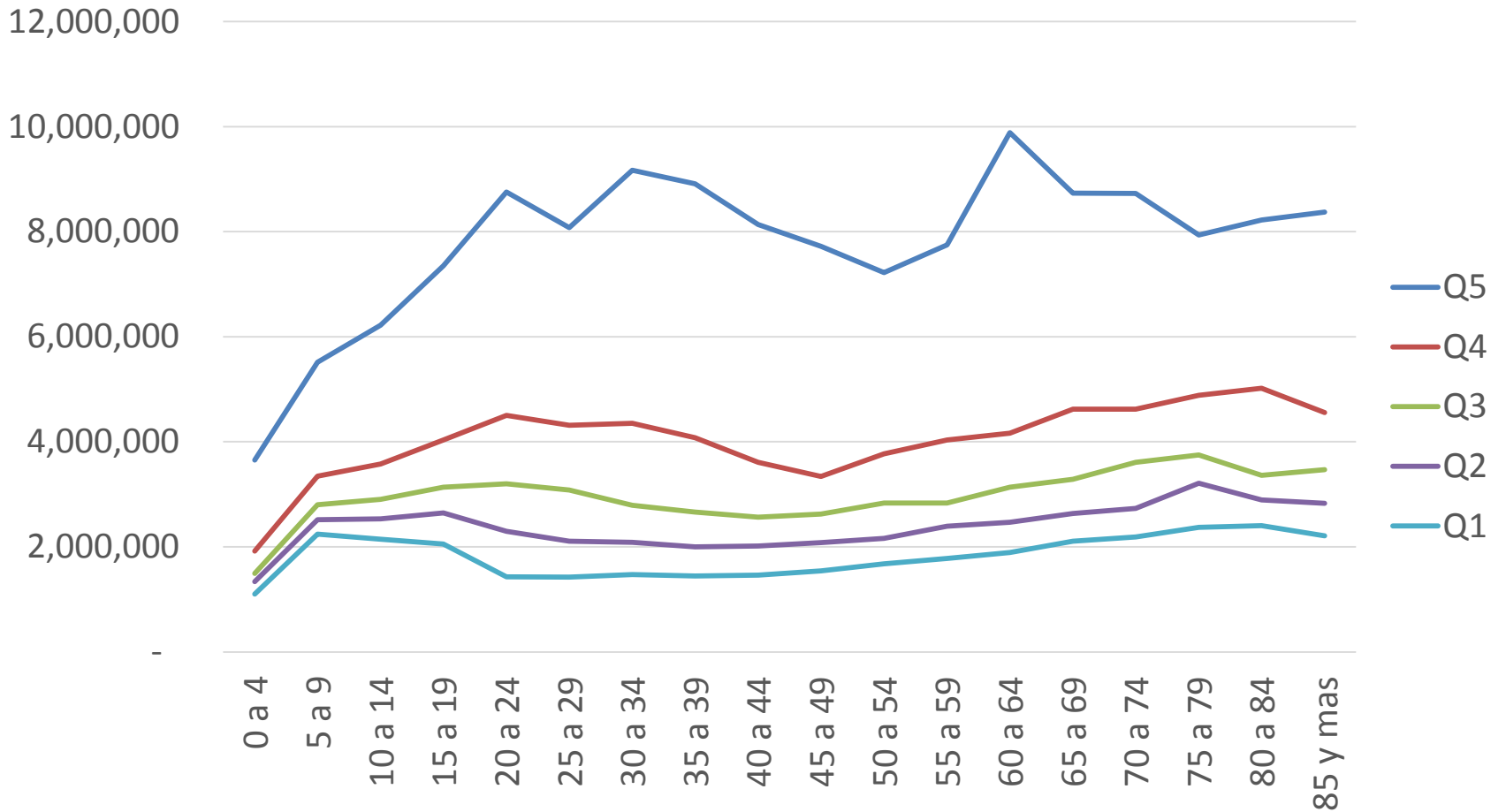
Total Consumption



At each age... divide the population
into five groups:

- The Richest 20% = Highest level of consumption Q5
- The Poorest 20% = Lowest level of consumption Q1

Consumption by quintile



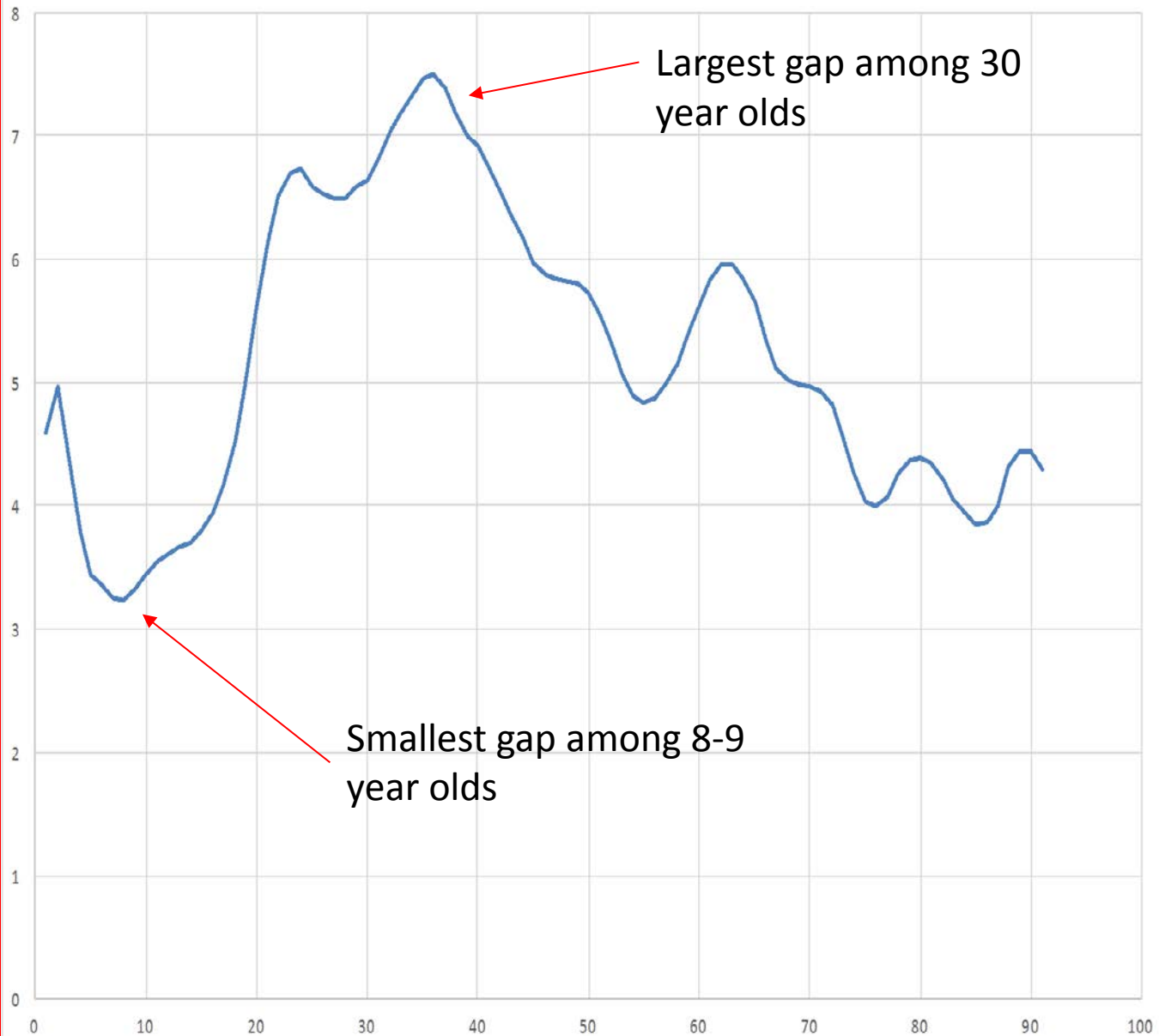
The rich and the poor have very different age patterns of consumption.

Average total consumption is highly influenced by the fifth (highest) quintile.

The gap between consumption of the rich and of the poor varies by age.

The 20% richest consume 3 to 7 times as much as the 20% poorest.

Ratio of Consumption by Richest 20% to Consumption of Poorest 20%



Largest gap among 30 year olds

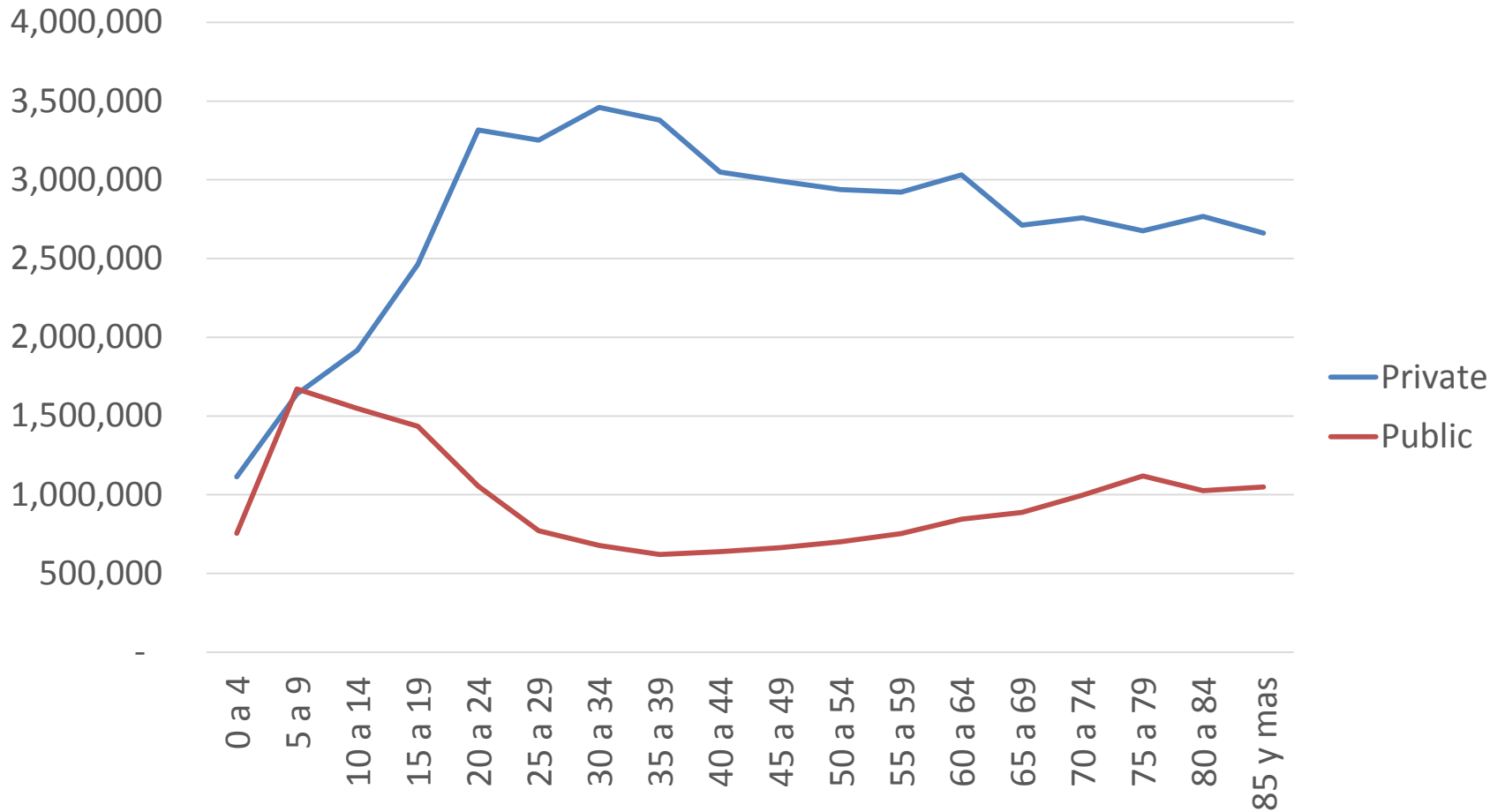
Smallest gap among 8-9 year olds

CONSUMPTION BY AGE:

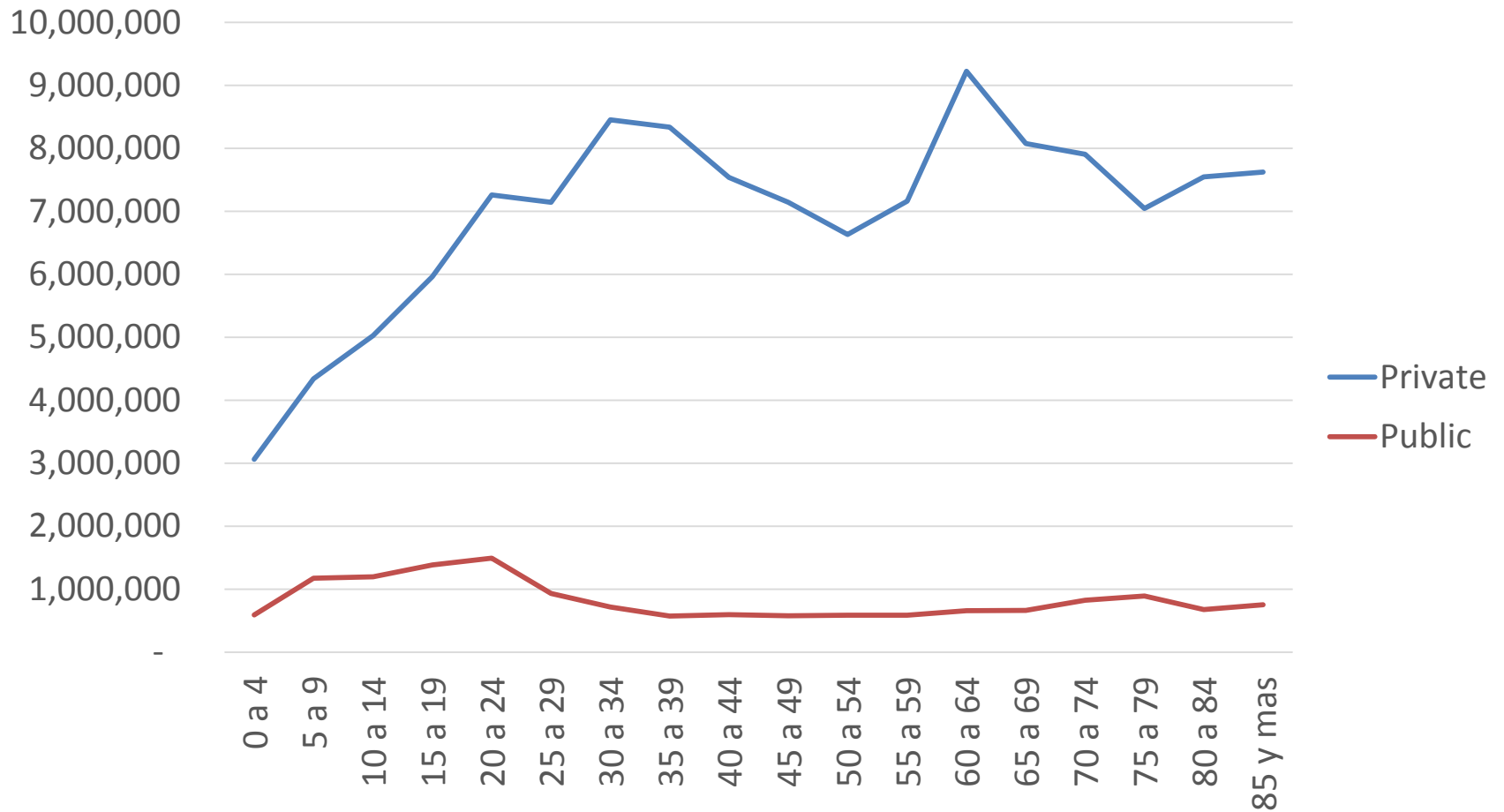
Private vs. Public

Chile 2012

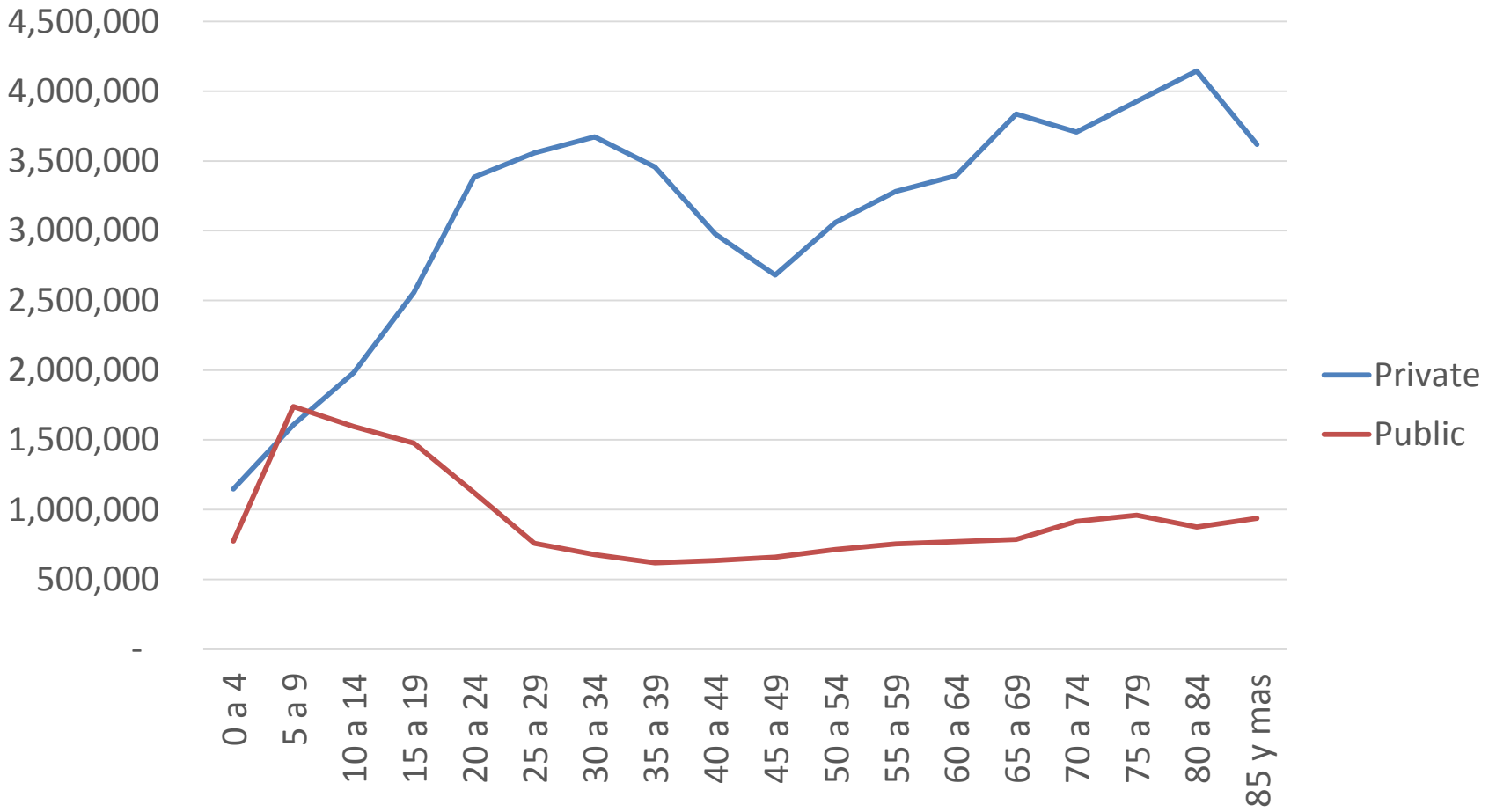
Private and Public Consumption



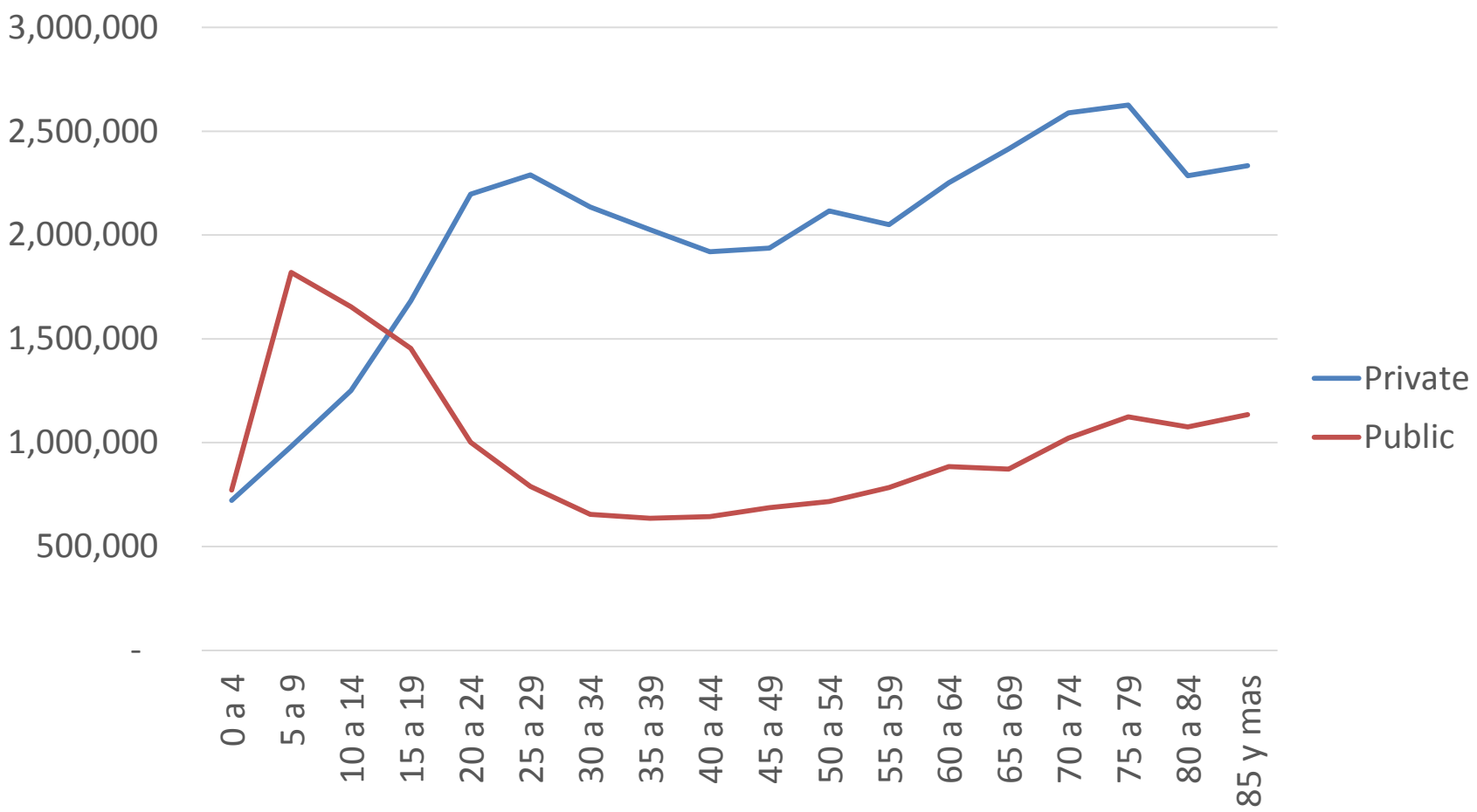
Private and Public Consumption Among the Richest 20% (Q5)



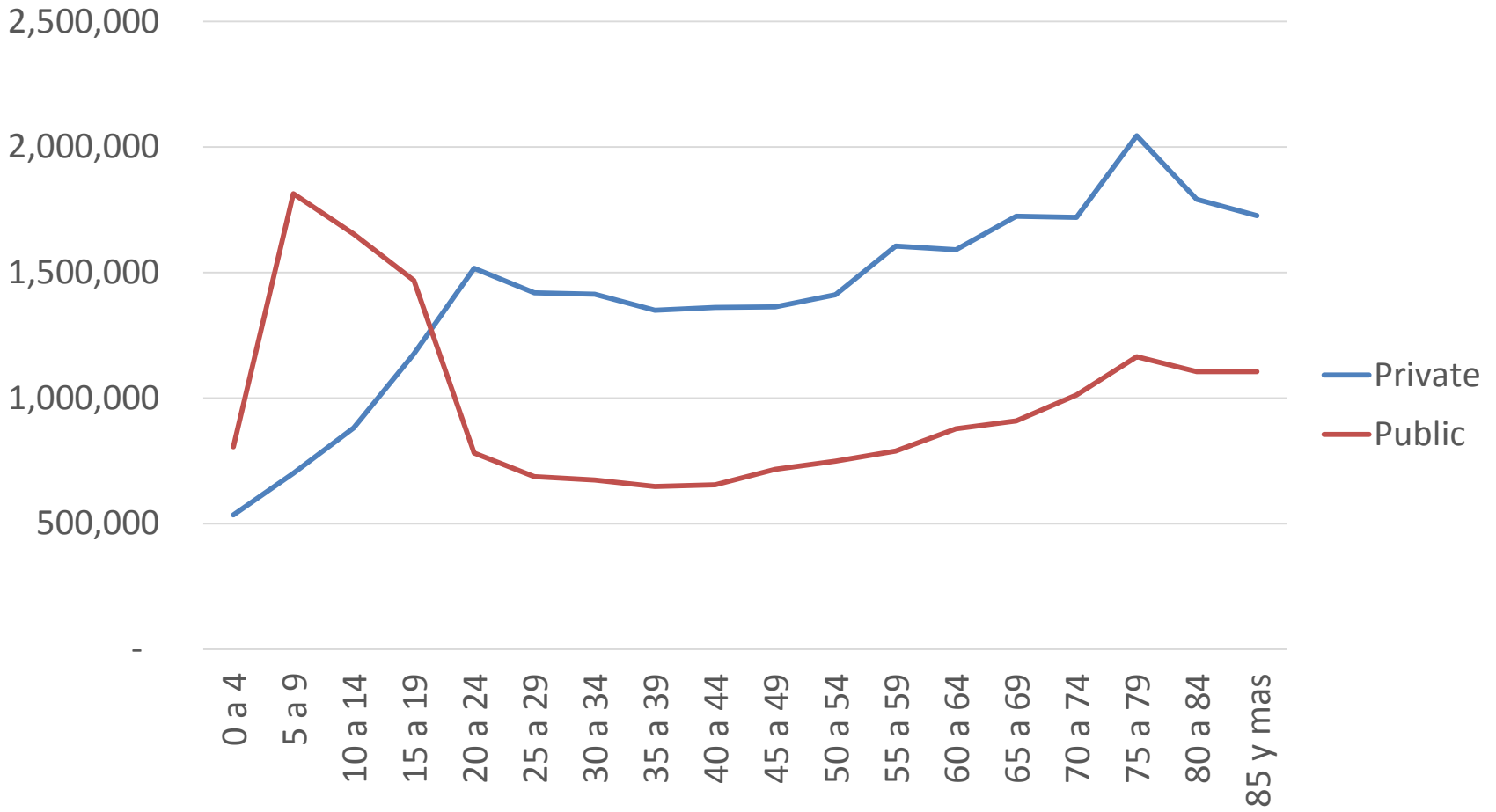
Private and Public Consumption Q4



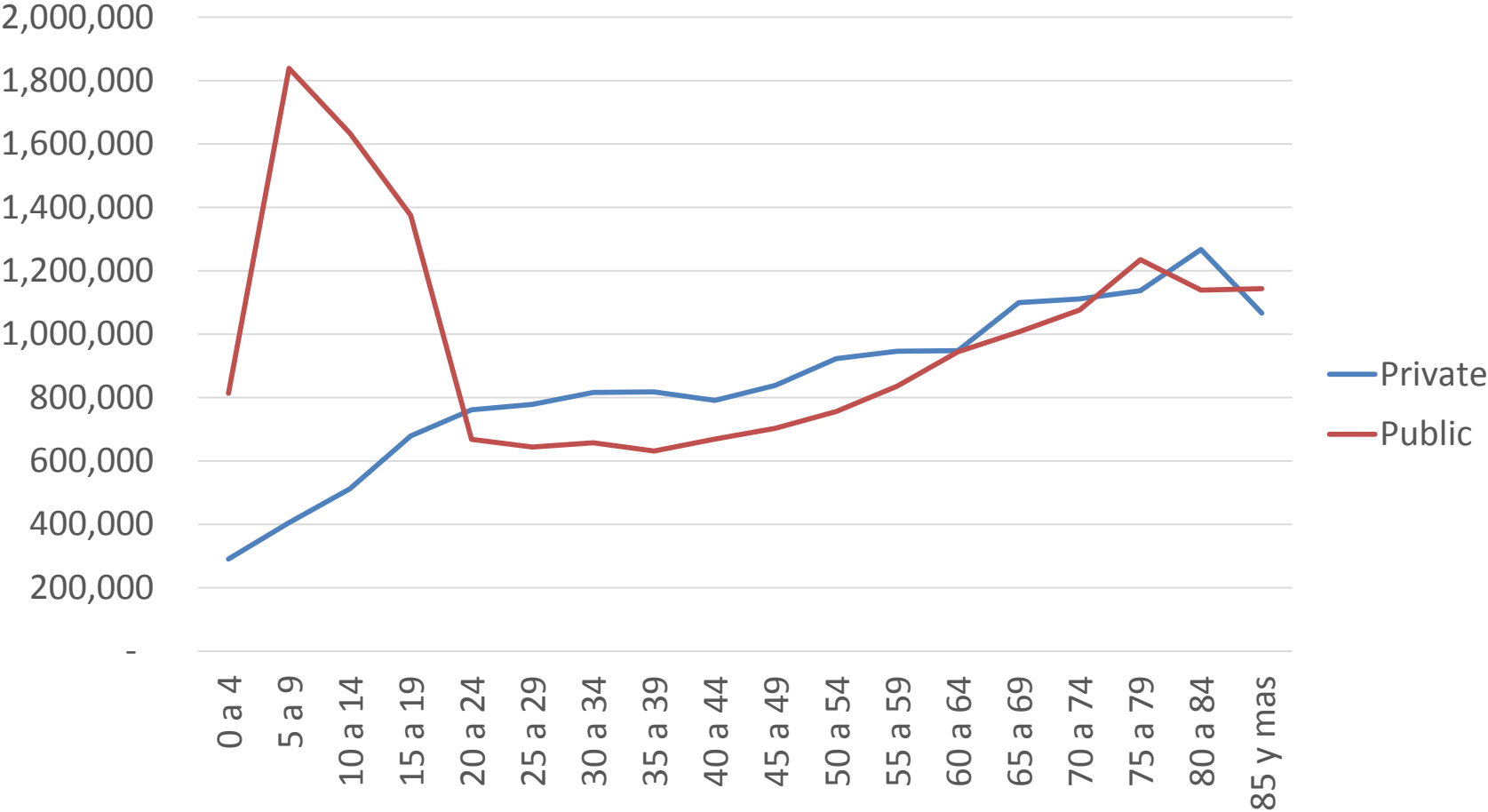
Private and Public Consumption Q3



Private and Public Consumption Q2



Private and Public Consumption Among the Poorest 20% (Q1)



Public consumption plays an important role among the poor.

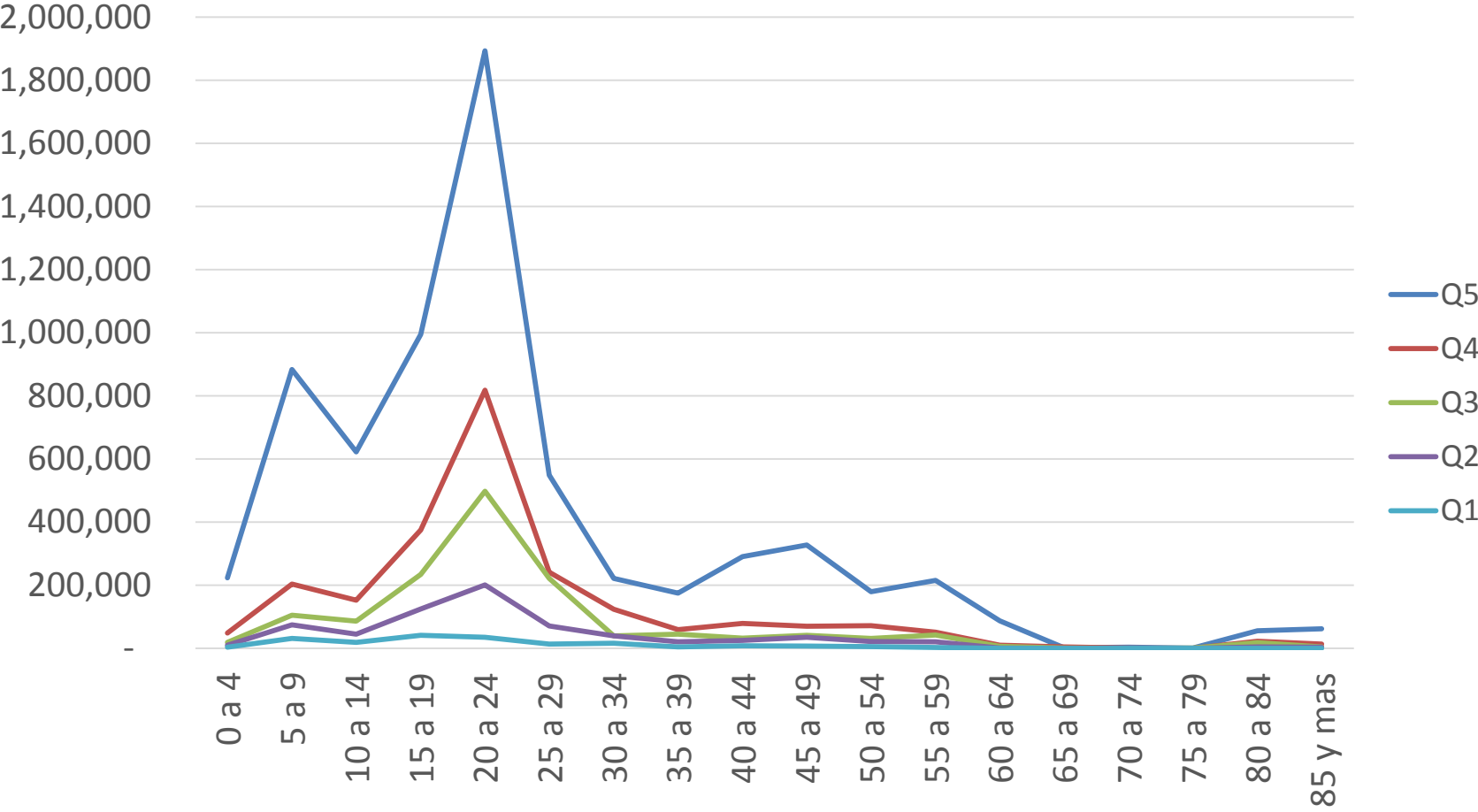
Among youth (4-19 years old), consumption of public goods exceeds consumption of private goods for 60% of the population that is poorest (Q3, Q2, Q1).

CONSUMPTION BY AGE:

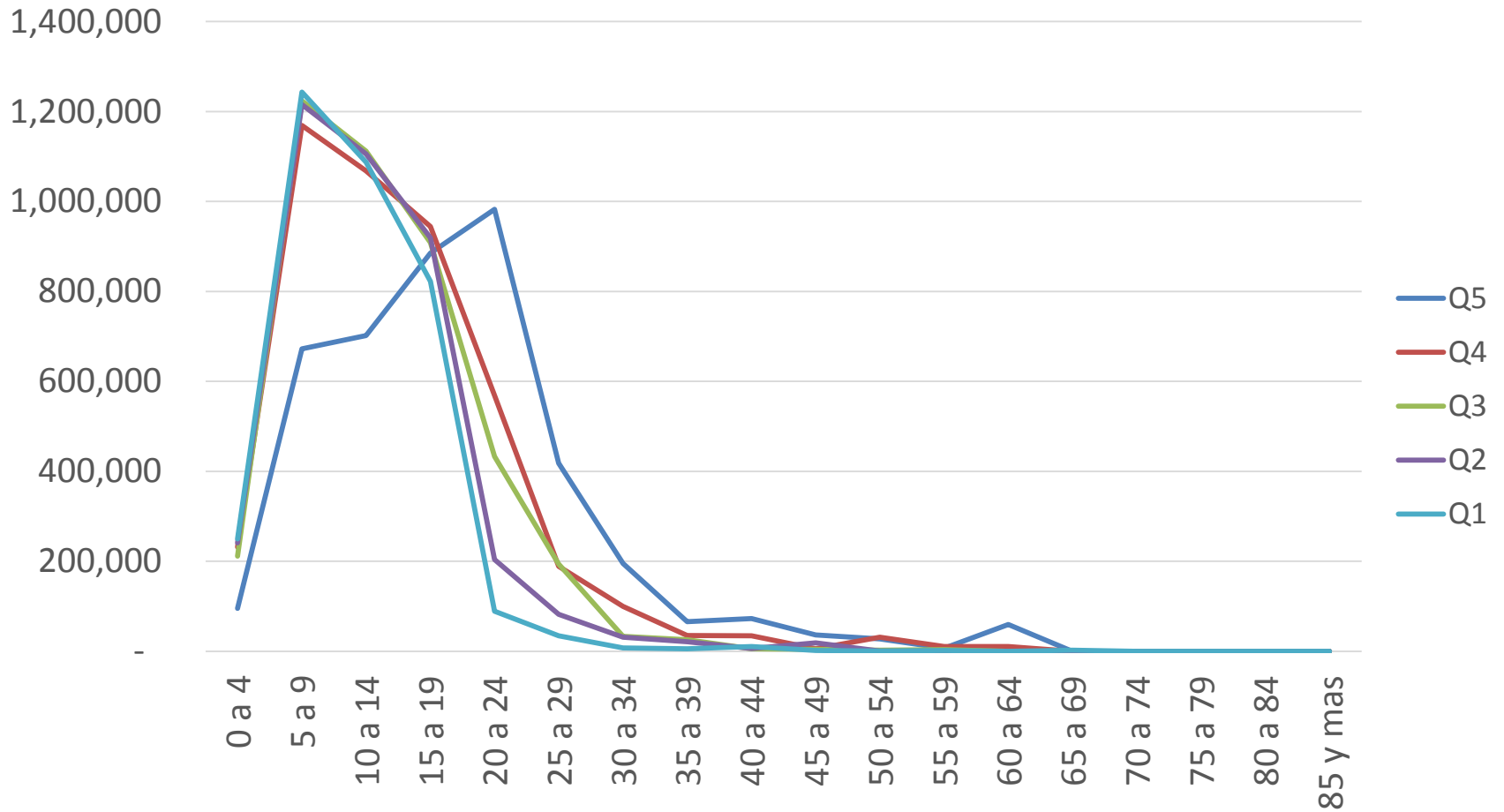
Education

Chile 2012

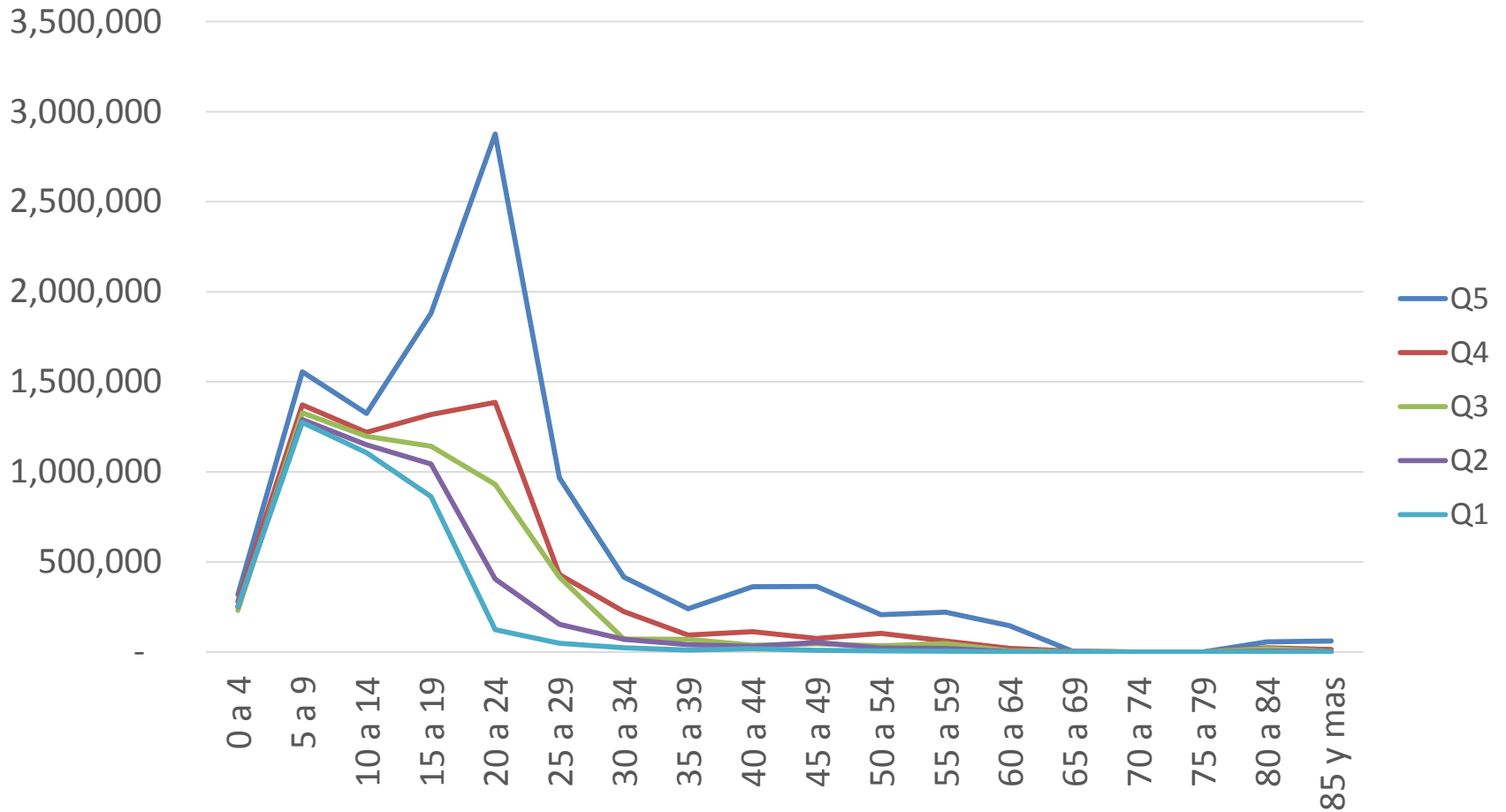
Private Education Consumption



Public Education Consumption



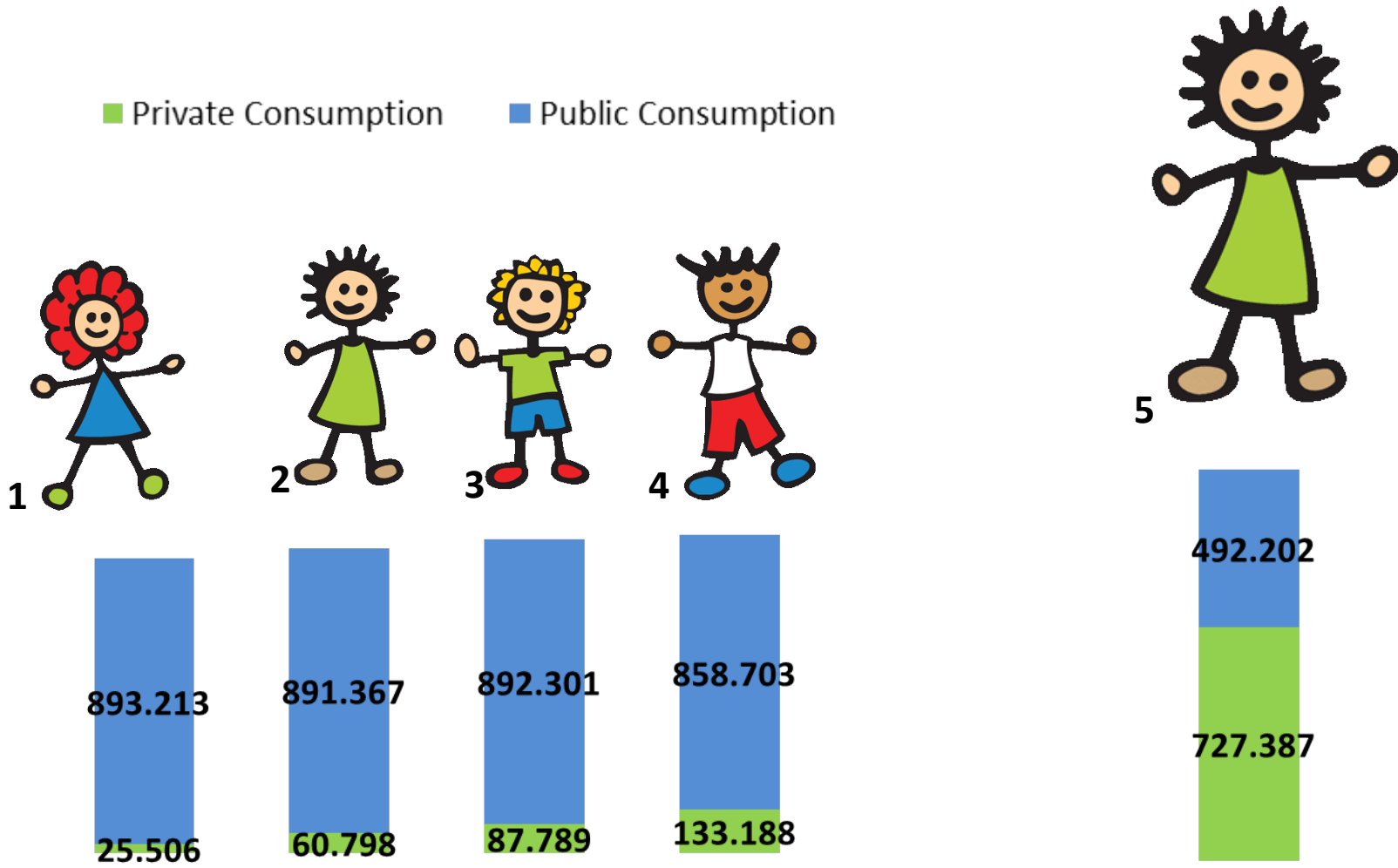
Total Education Consumption



Public policy decreases inequality for the first four quintiles in primary and secondary education, but, by contrast, public policy accentuates inequality at the university level.

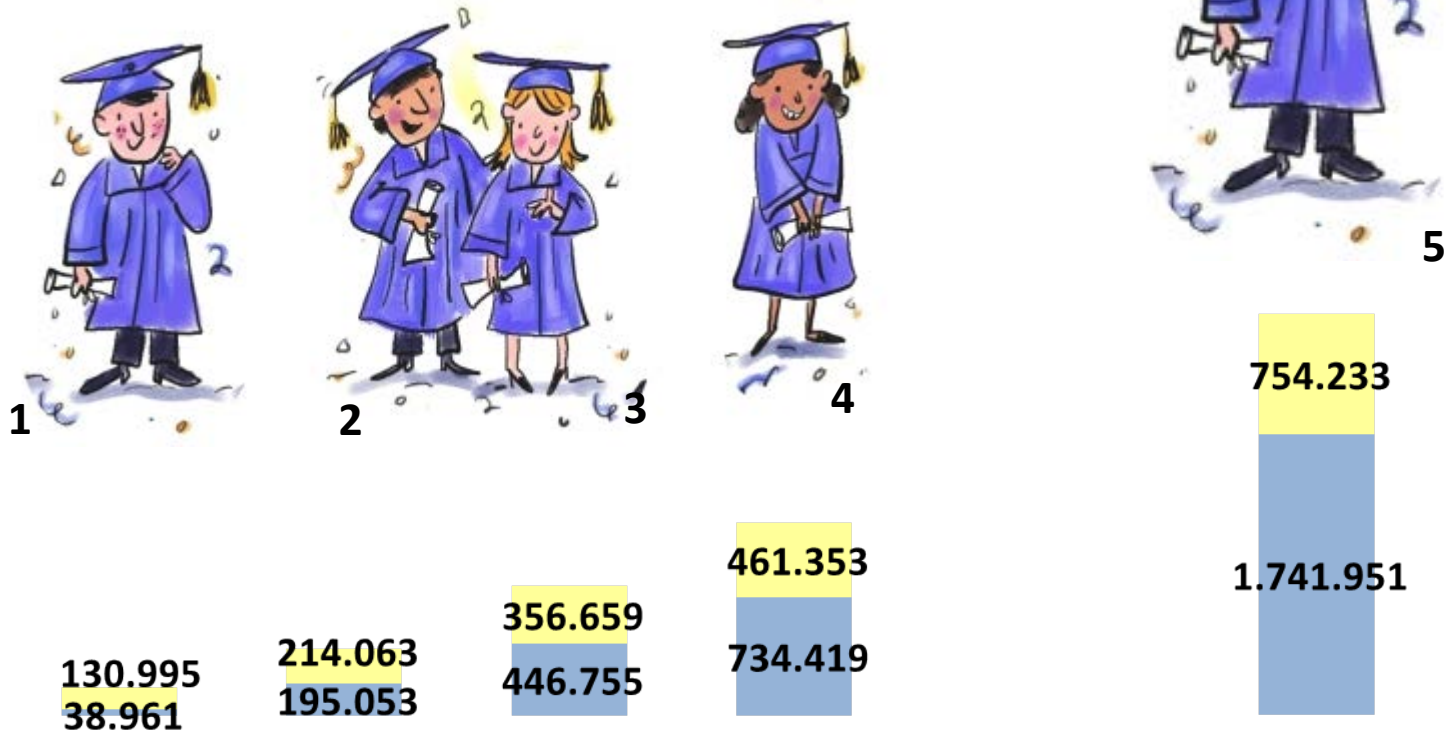
Consumption of education at the age of seven (Chilean pesos 2012)

■ Private Consumption ■ Public Consumption



Consumption of education at the age of 21 (Chilean pesos 2012)

■ Private Consumption ■ Public Consumption

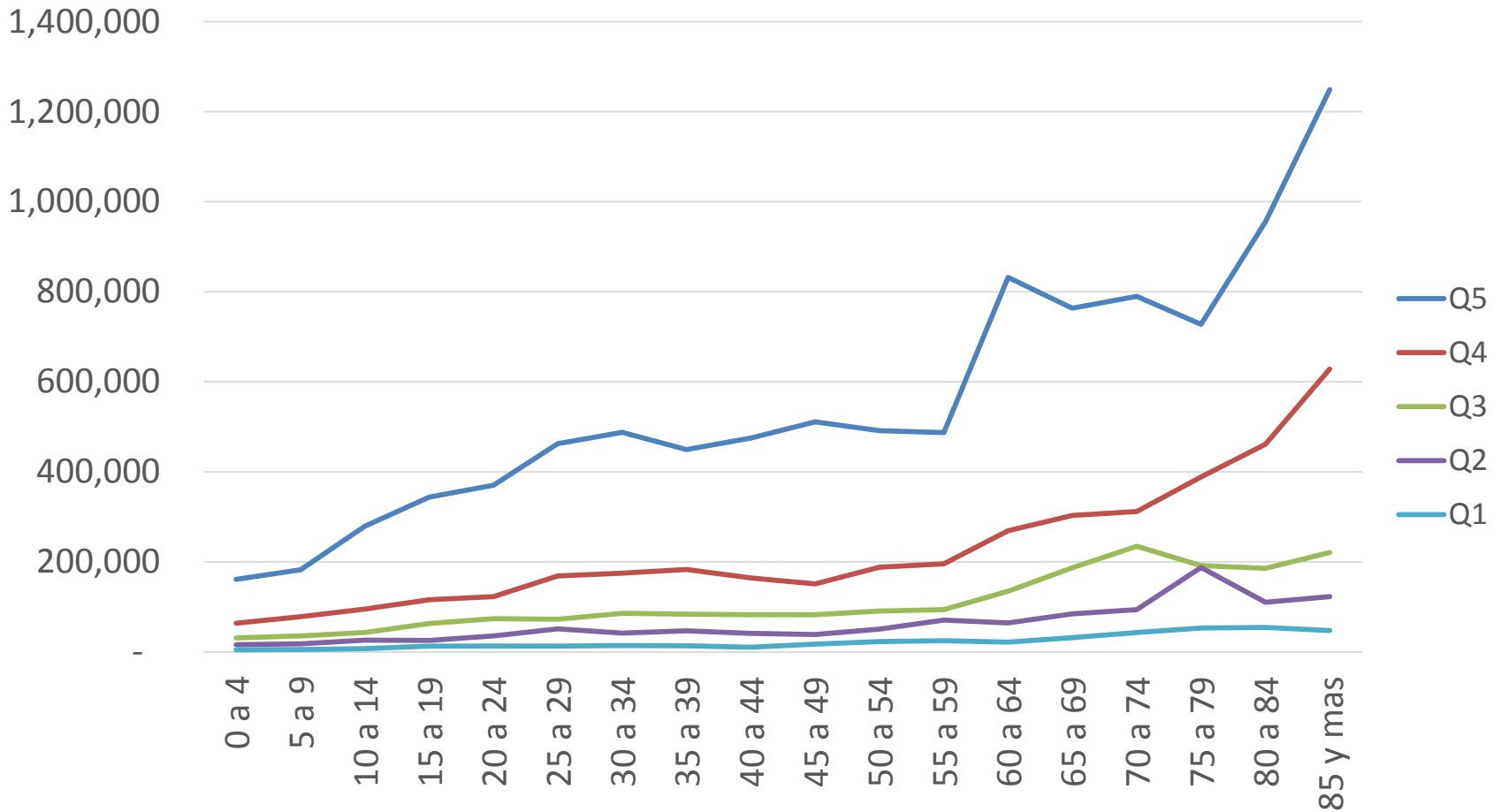


CONSUMPTION BY AGE:

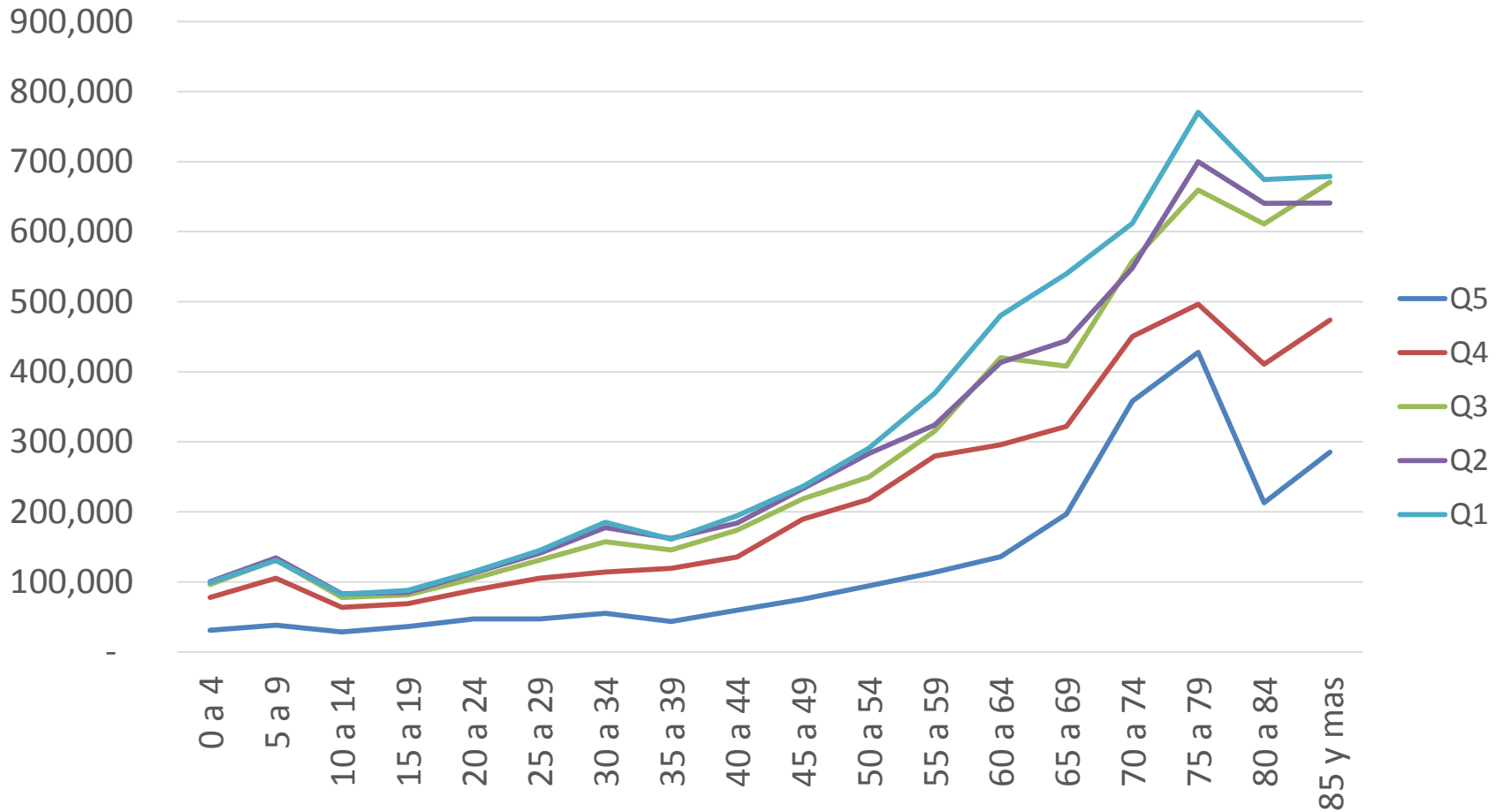
Health

Chile 2012

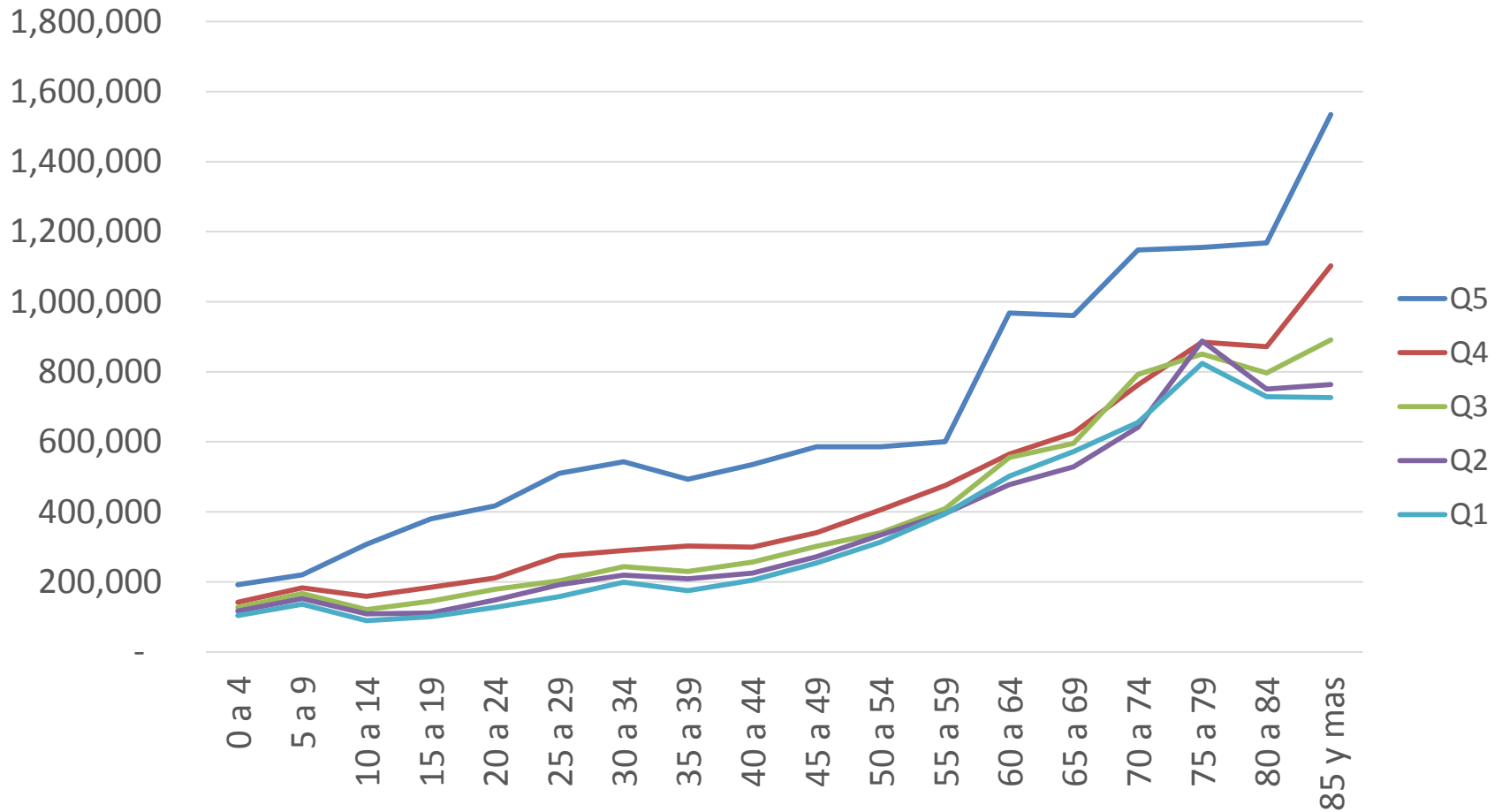
Private Health Consumption



Public Health Consumption



Total Health Consumption



Public health policy decreases
inequalities in private health spending.

Although there is public health
spending in the fifth quintile, this is
much lower and decreases even
further in the last stage of life.

Consumption of health at the age of 80 (Chilean pesos 2012)

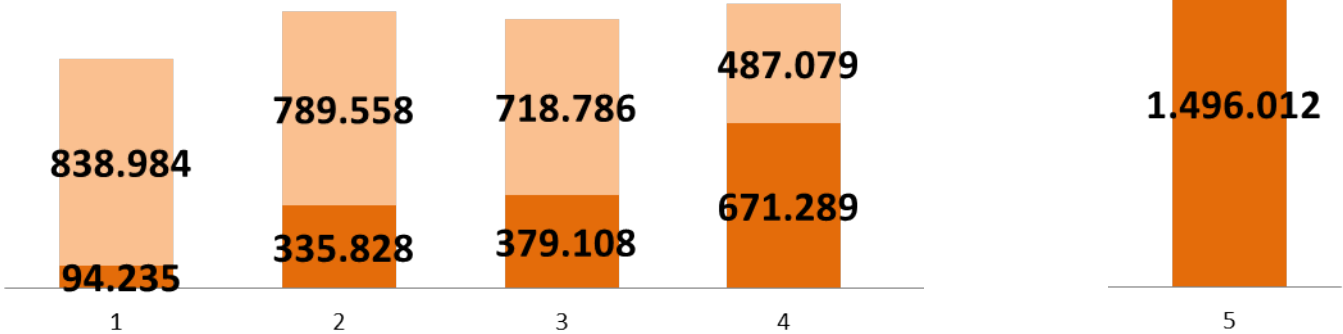
■ Private Consumption
 ■ Public Consumption



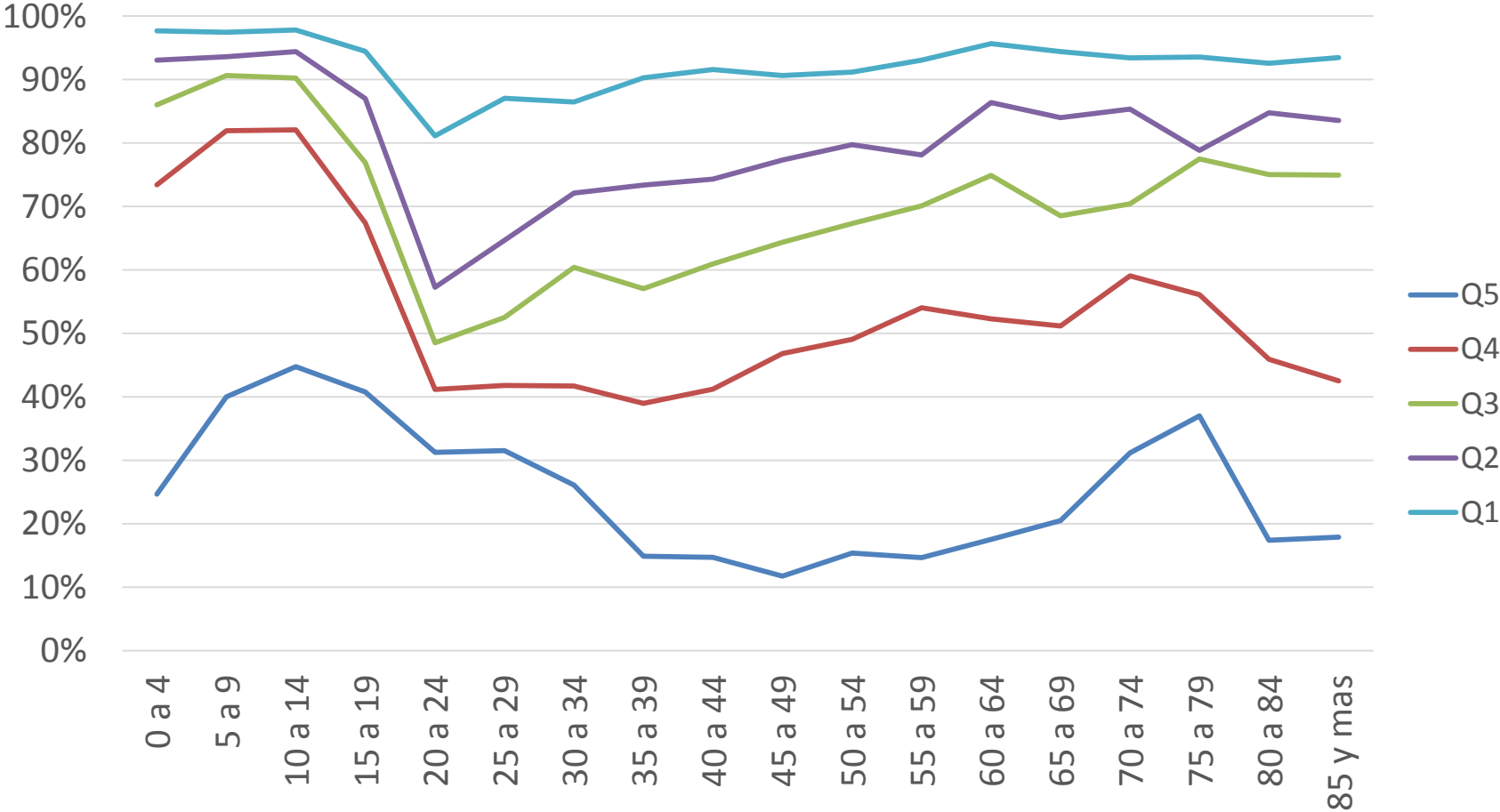
1 2 3 4



5



Human Capital and Public Policies



Conclusion

Public policy decreases inequalities at each age.

Private consumption for the richest 20% is 6 to 11 times as much as for the poorest 20%.

Total consumption for the richest 20% is 3 to 7 times as much as for the poorest 20%.

Conclusion

The only exception is
public consumption of education
at the university and technical
education level.

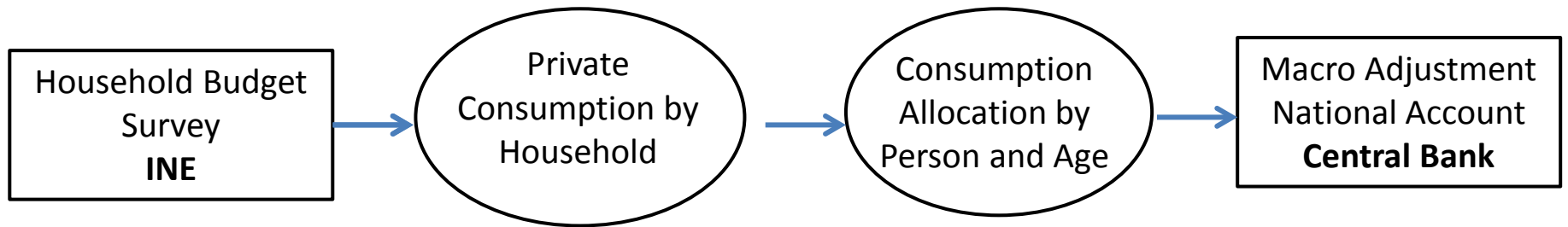


Conclusion

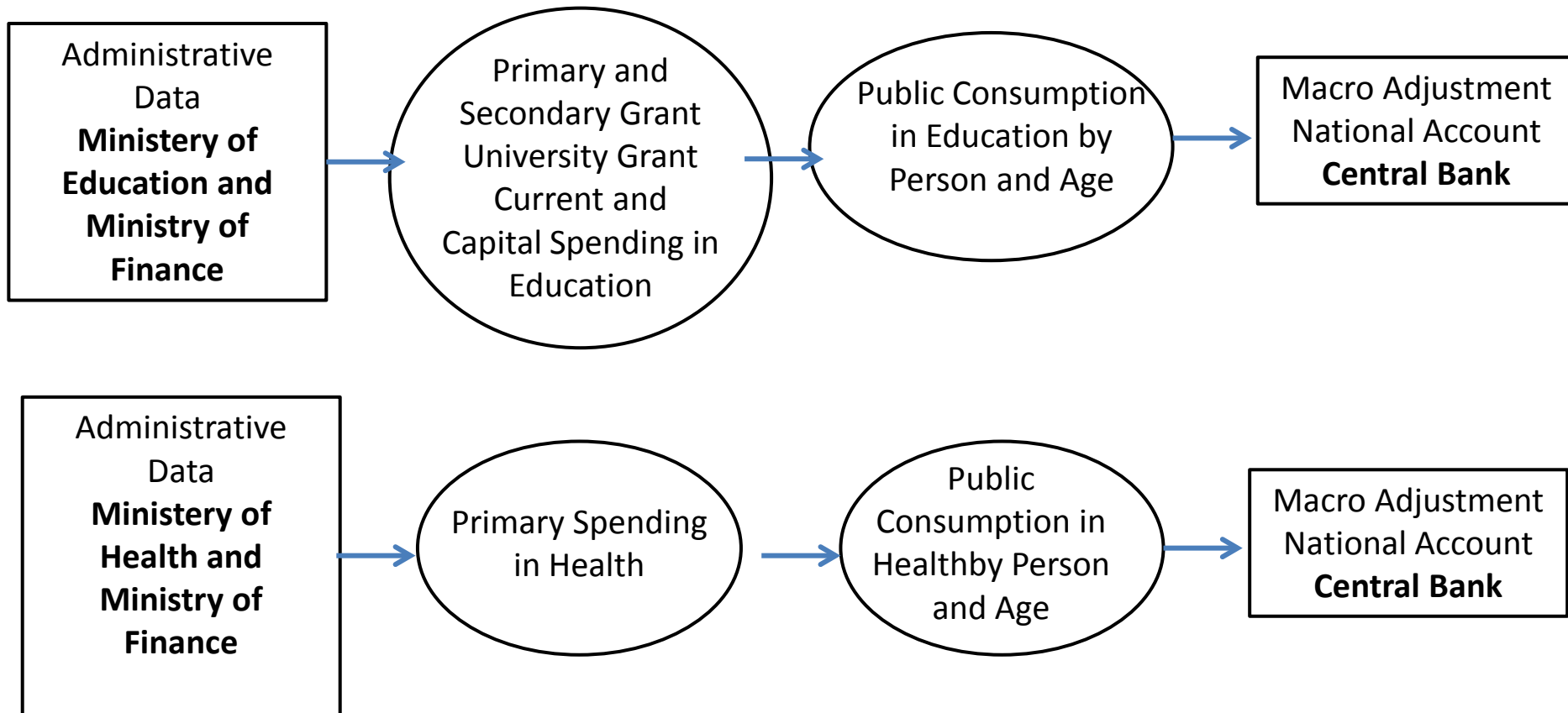
Analysis by quintile and age shows that the average does not represent the population in Chile. Most of the population has a different economic life cycle. The average is strongly influenced by the pattern of consumption by the fifth (richest) quintile.

Thanks

Sources and Methods of Information: Private Consumption



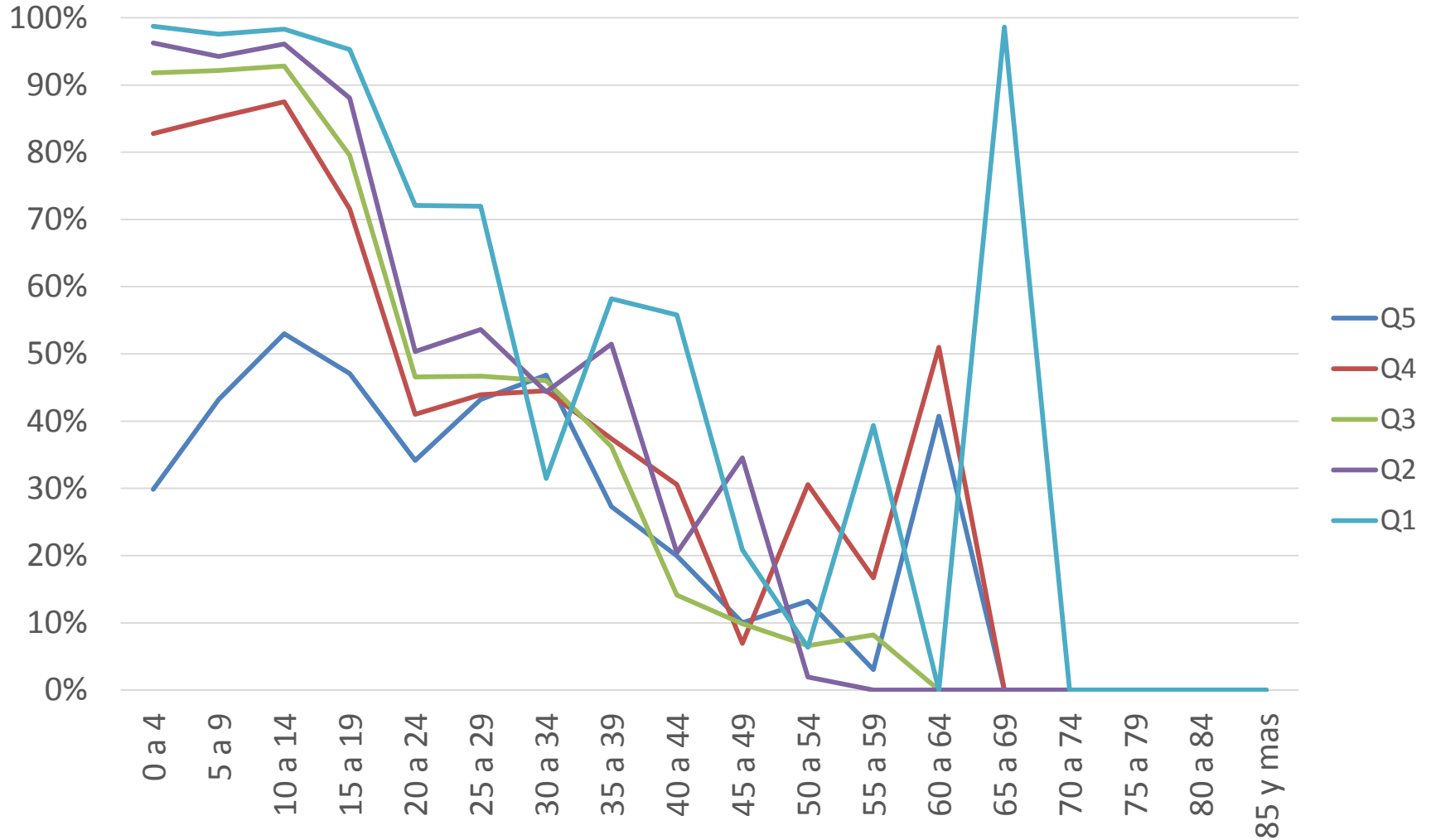
Sources and Methods of Information: Public Consumption



Measurement Problems

- By using national averages rather than local averages, we are likely to be overstating public education spending for the poor.
- The household survey covers only regional capital cities.

Public Education: Percent



Public Health: Percent

