

# Motivation: Why study inequality?

- 1) Inequality is a defining feature of Chile and all of Latin America.
- 2) Reducing inequality is a major development goal in the region.
- 3) You can't assess the likely impacts of population aging without understanding inequality.

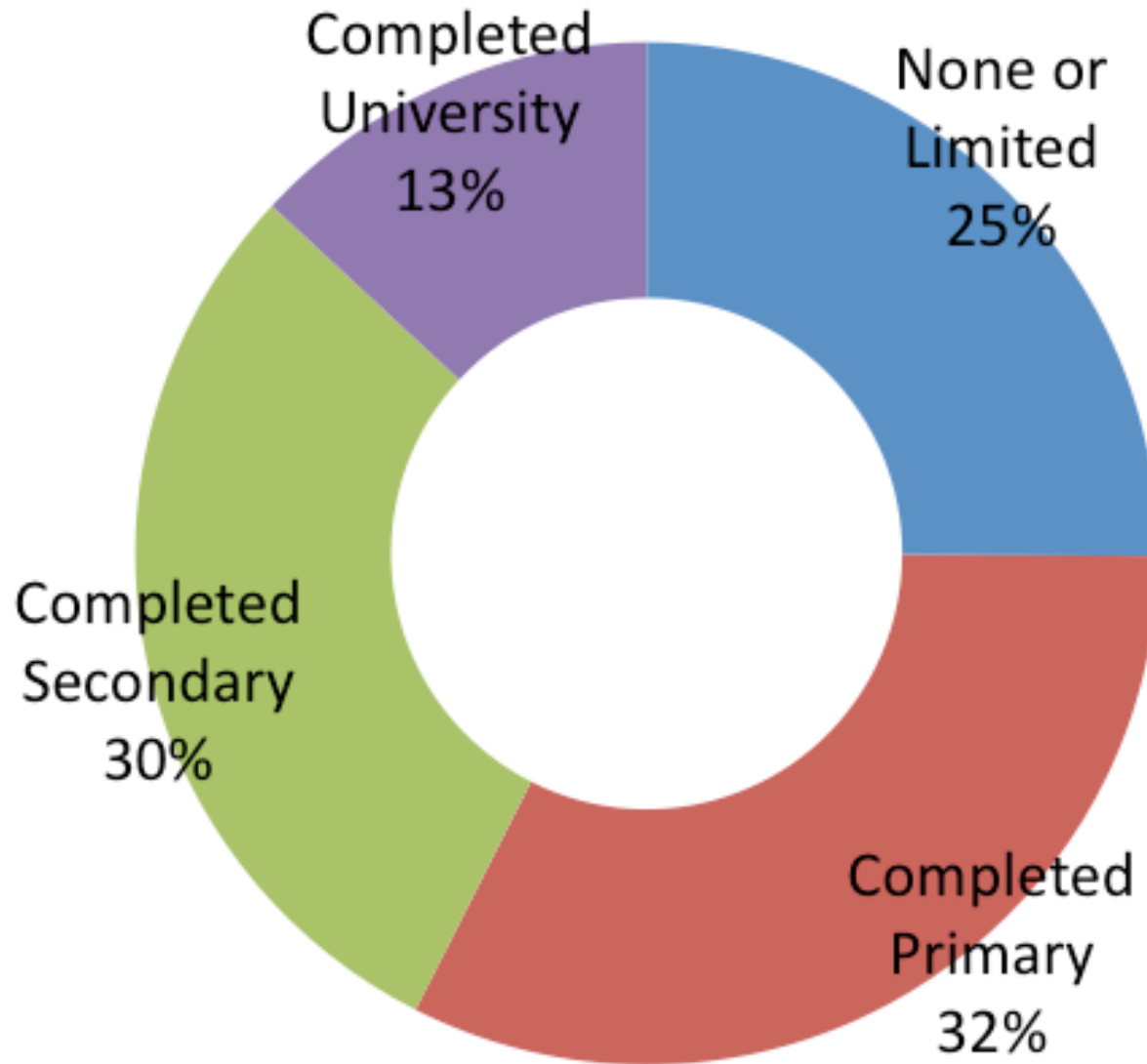
# Motivation: Why study inequality... ...using NTA?

- 1) NTA focuses on **consumption inequality** rather than on income inequality.
- 2) NTA provides a complete picture of the role of **all economic institutions**: labor markets, financial markets, governments, and families.
- 3) NTA **promotes dialogue** between economists and demographers.
- 4) NTA provides a unified framework to look at **both inequality and population aging**.

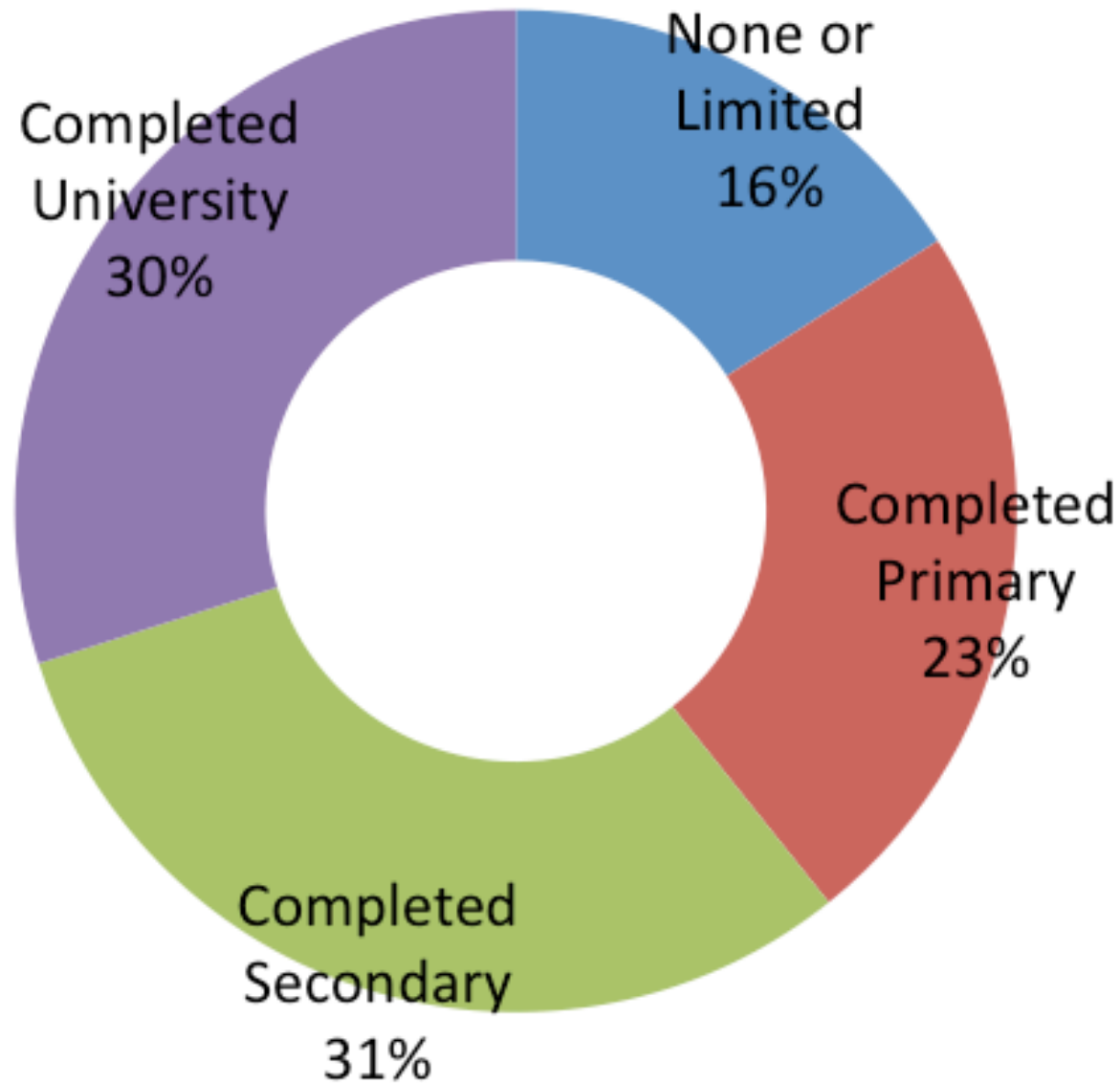
# Methods

- Divide up population based on education of household head and age of individual.
- Why use education of household head and not education of individual?
- We use 5 years age groups rather than single year.

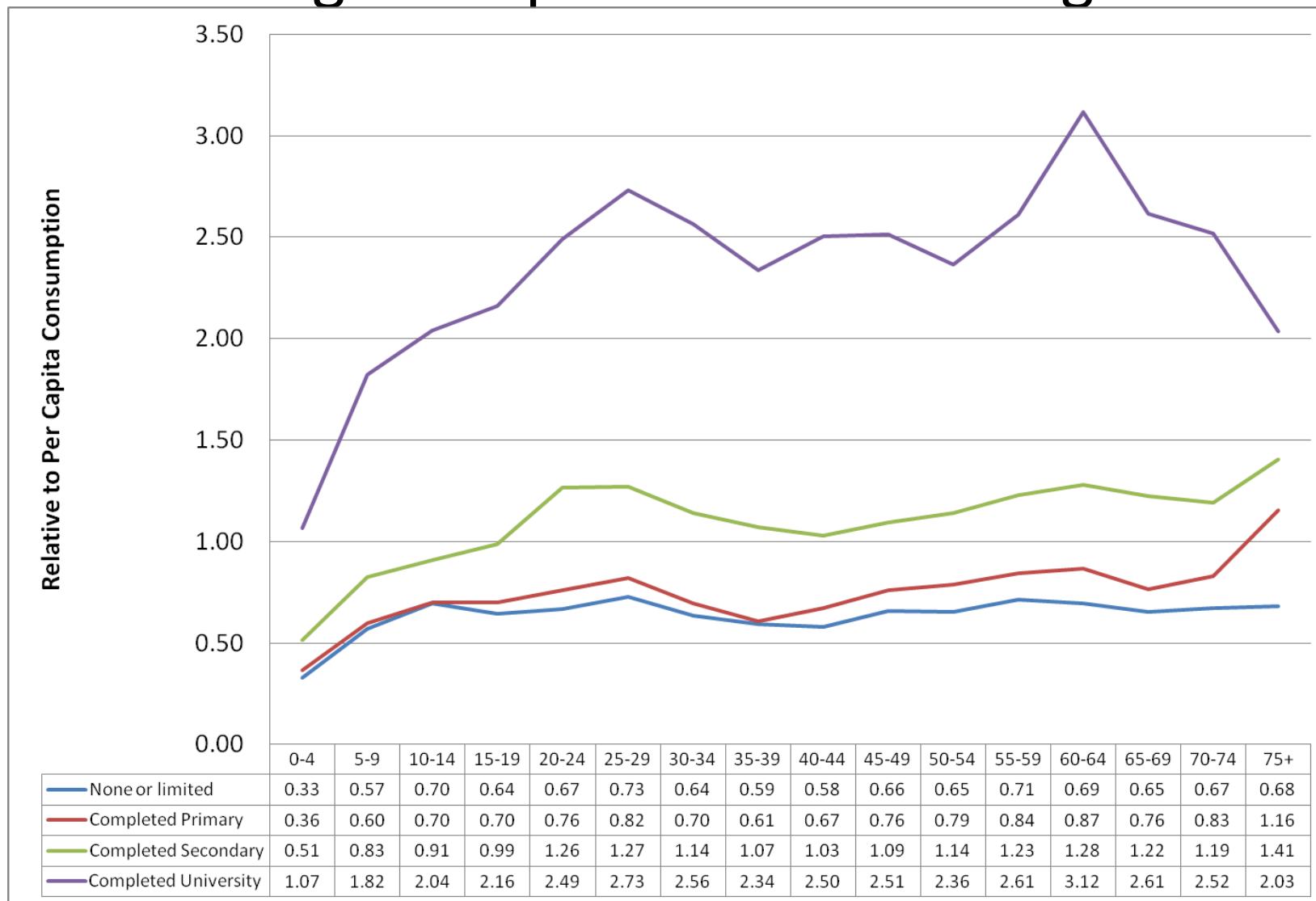
# Chilean Population Donut



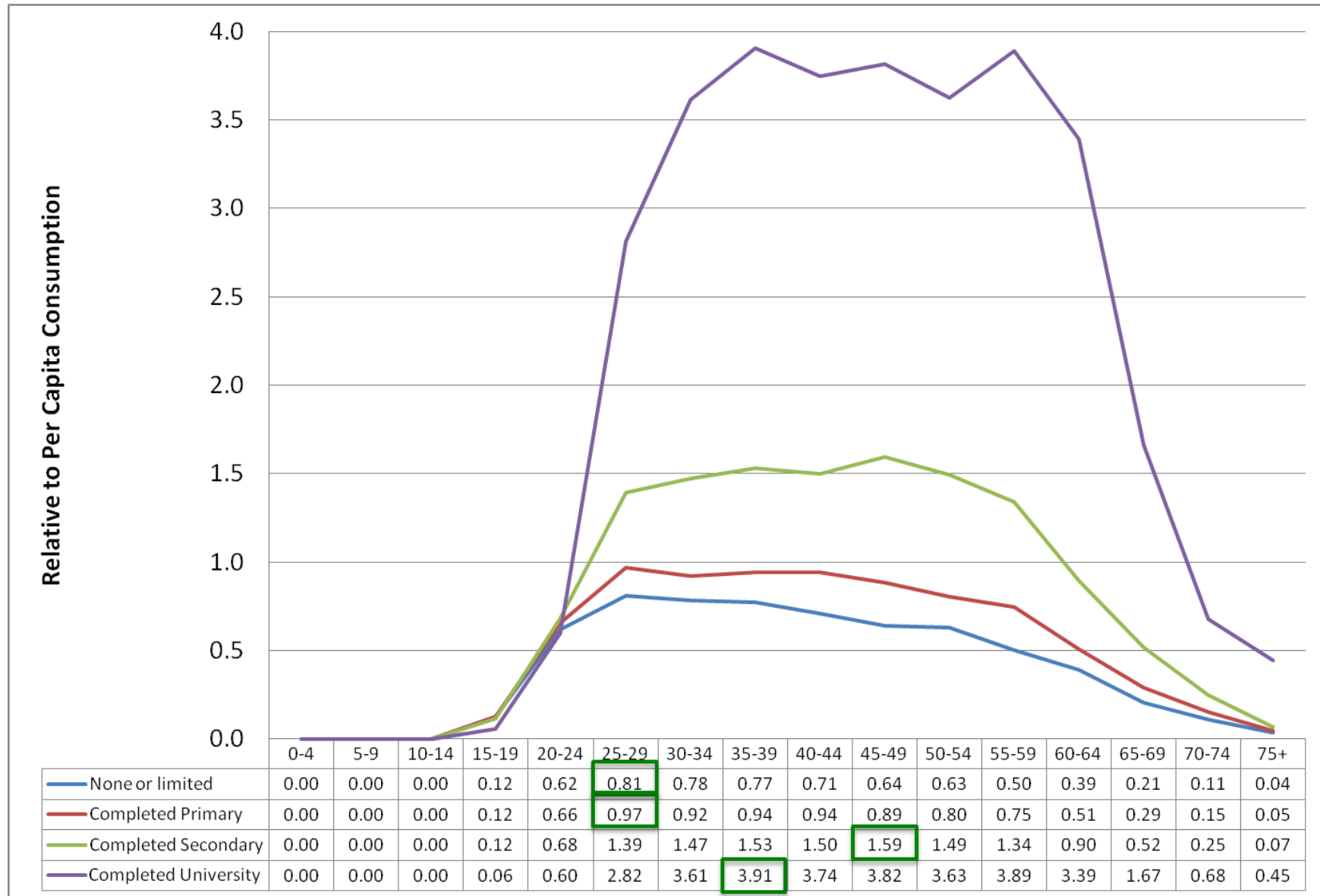
# Chilean Consumption Donut



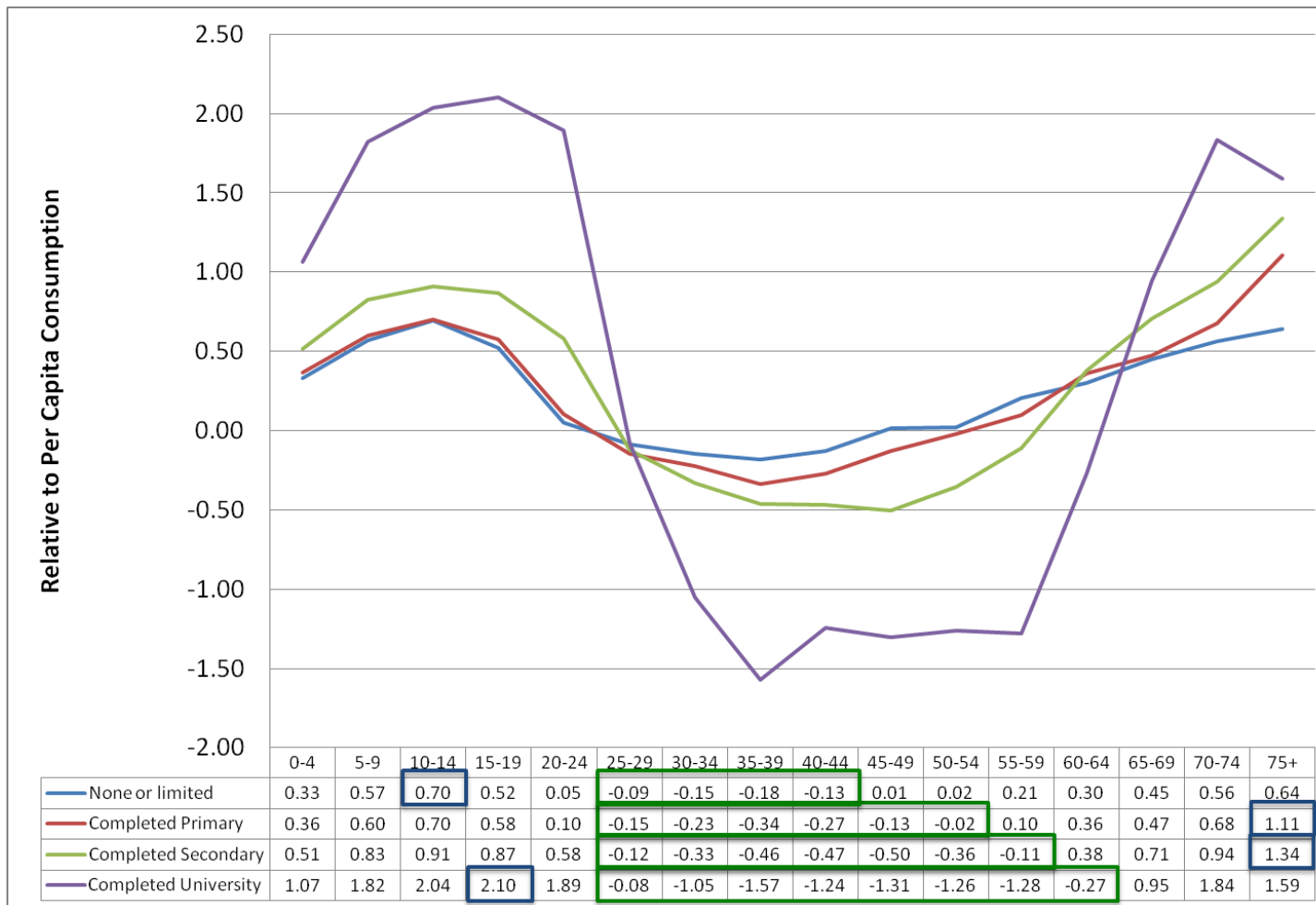
# Consumption inequality: High and persistent across age



# Labor earnings

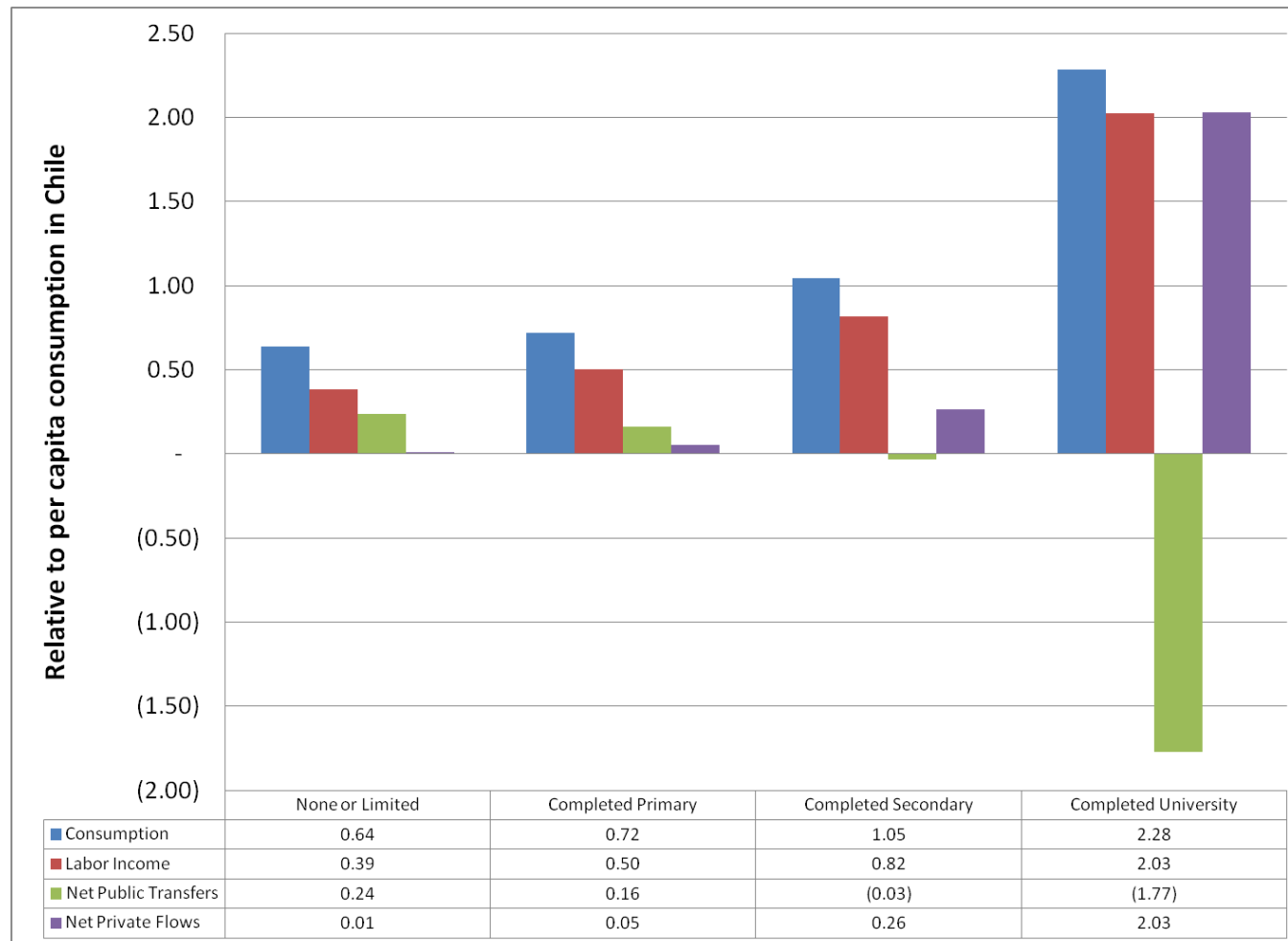


# Life Cycle Deficit: Large variation across groups

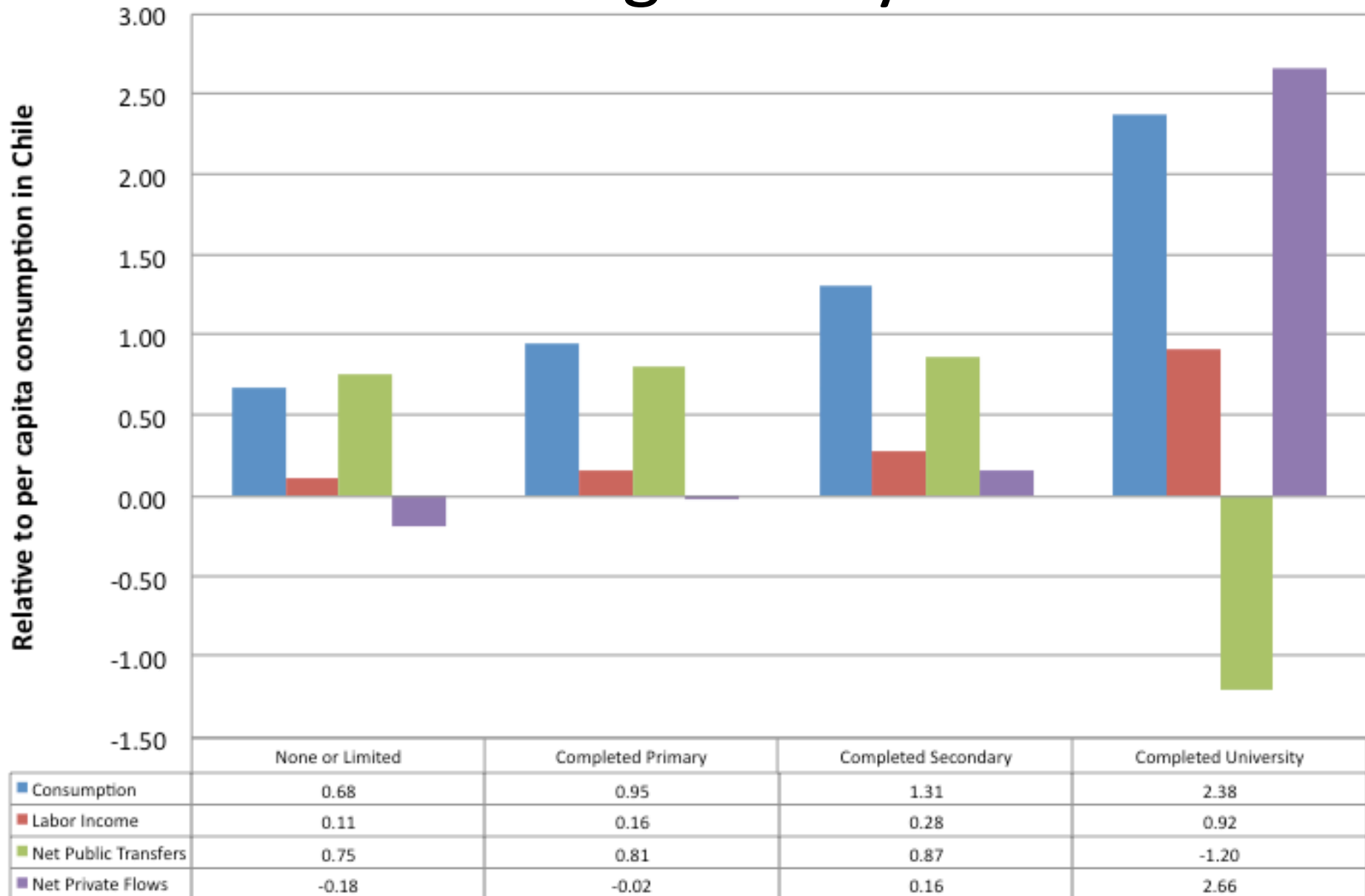




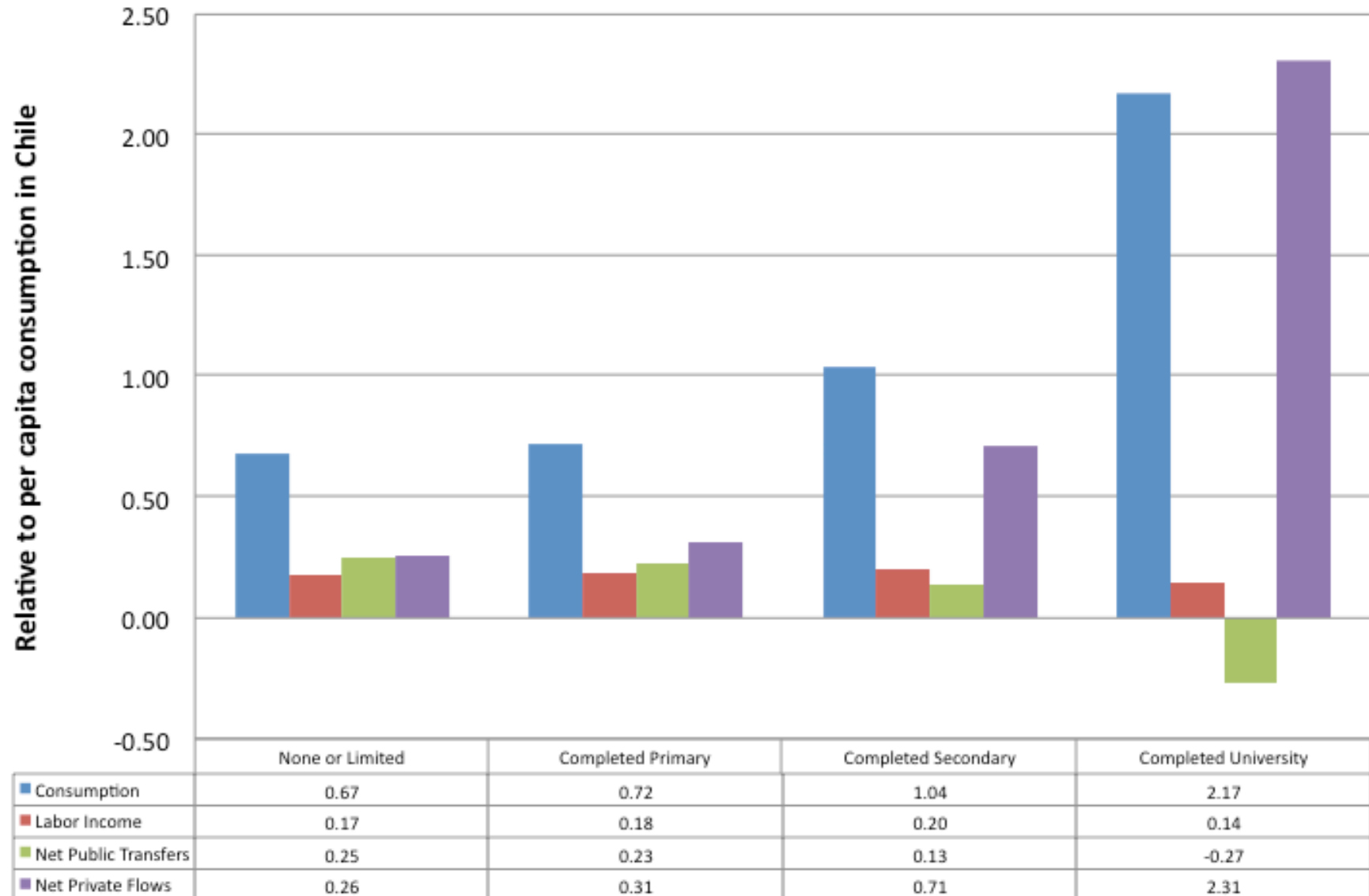
# Consumption Financed Very Differently Among SES Groups



# How is consumption financed among elderly?

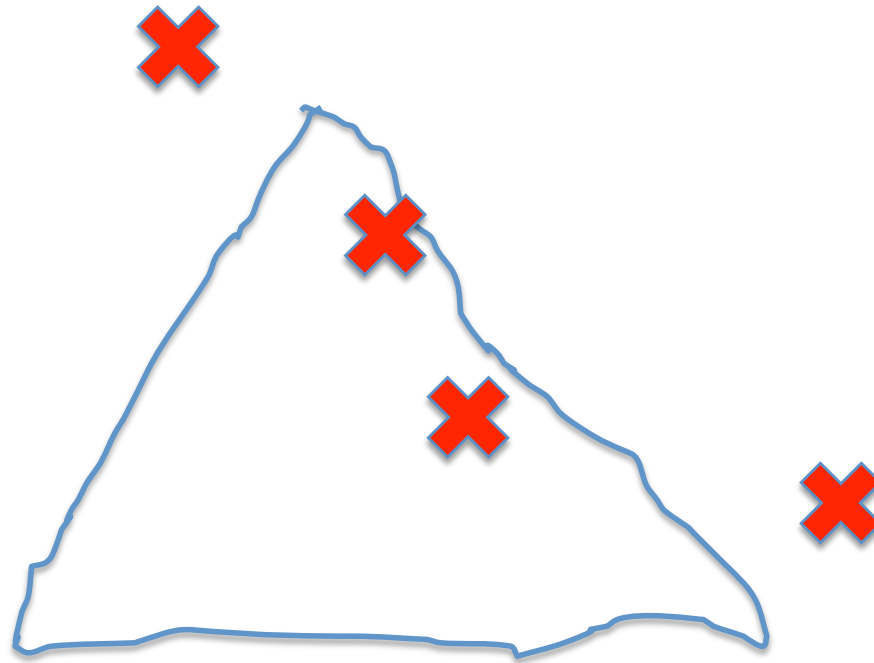


# How is consumption financed among children?



# Why study inequality in the context of aging?

Diversity within countries is as great as  
the diversity between countries.





## Robin Hood Index.

The proportion of aggregate income which must be transferred from rich to poor to reach perfect equality.

## Robin Hood Index for Groups.

The proportion of aggregate income which must be transferred from rich groups to poor groups to reach perfect equality between groups.

“An ounce of prevention is worth a pound of cure.” -- Benjamin Franklin

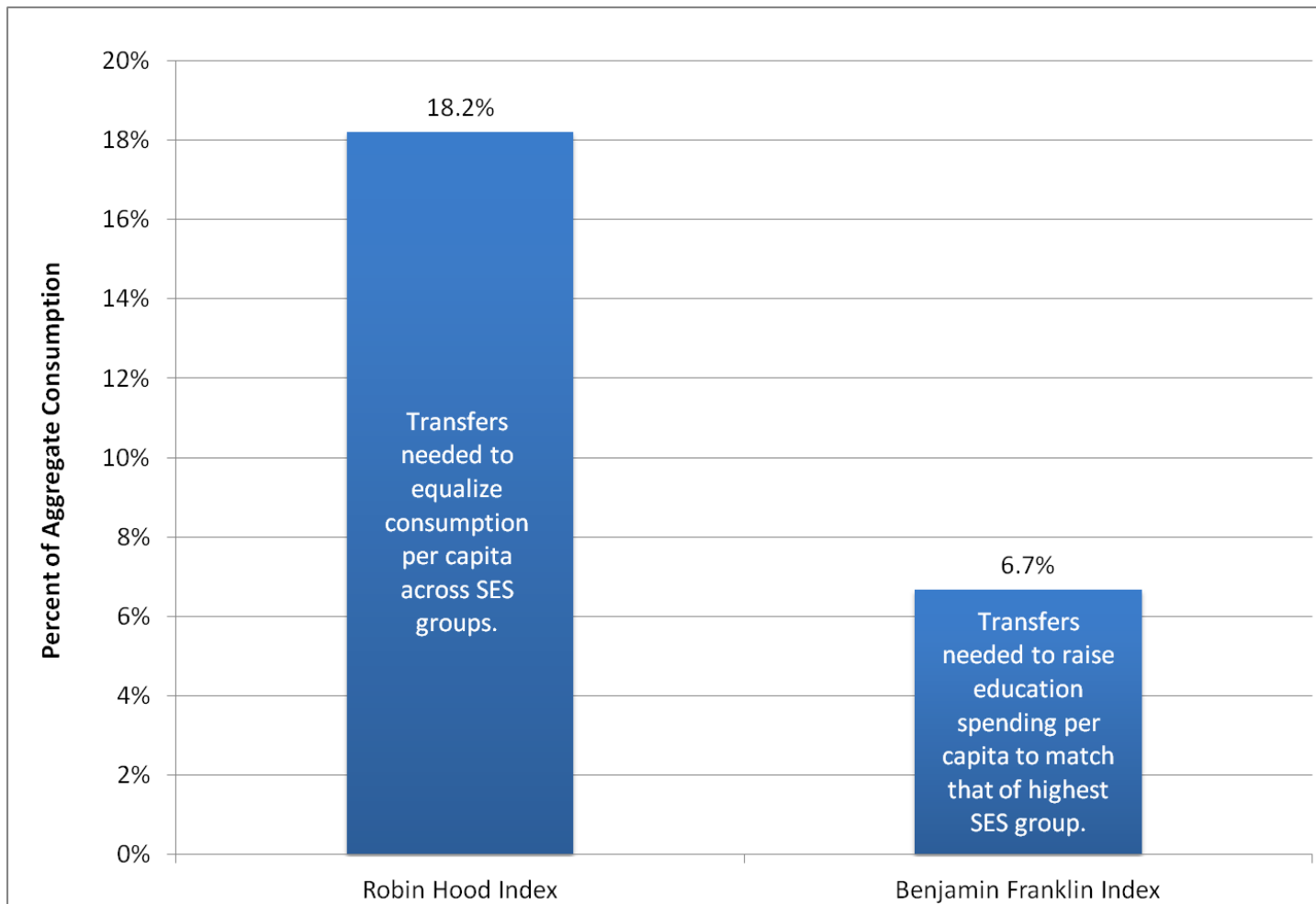
**Robin Hood Index** for Groups.

The proportion of aggregate income which must be transferred from rich groups to poor groups to reach perfect equality between groups.

**Ben Franklin Index** for Groups.

The proportion of aggregate income which must be invested in lower education groups to reach the educational investment of the highest education group.

# 6 ounces of prevention are worth a pound of cure.





# ¡Gràcies!

## Future Work

1. Finish the paper.
2. Think about a micro-level NTA which would preserve individual level data and relationships between individuals.
3. We need a country or countries which shows us what equality looks like.