In recent years, an increase in household income in the region has resulted in a striking rise in consumption, which has in turn improved well-being in sectors traditionally deprived of access to some goods and services. However, the consumption pattern is strongly procyclical and volatile, with a bias towards private consumption based on income brackets.

Consumption growth: Cumulative annual rate
- 2.4% for LAC
- 1.7% for OECD

Food still represents the largest proportion of household consumption in LAC.

The region’s highest income quintile spends between 4 and 12 times more than the lowest income quintile.

Per capita spending on food (of the total)
- 50% for the lowest income decile
- 22% for the highest income decile

Effects of the rise in consumption
- Positive
  - Access to goods and services that provide a better standard of living.
  - Better use of time and greater development of capacities.
  - Engine of growth for the region.

Negative
- Consumption is procyclical and exposes economies to greater vulnerability.
- Widens gap between consumers of private and public services.
- Greater pollution from energy use and waste production.

To guide consumption patterns towards greater equality and sustainability, ECLAC suggests compacts on:
- Tax reforms to fund the provision of quality public goods and services.
- Balance between rising consumption and greater investment in production.
- Taxing pollution and excessive energy consumption.

Source: Compacts for Equality: Towards a Sustainable Future, ECLAC - www.eclac.org