

# Trends and risks of the consumption

## in Latin America and the Caribbean

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.

**1**  
Between 1990 and 2010, consumption growth in Latin America and the Caribbean (LAC) was greater than in member countries of the Organisation for Economic Co-operation and Development (OECD), due to the region's positive performance during the 2008 crisis.

### Consumption growth

Cumulative annual rate

2,4 %  
LAC

1,7 %  
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)

Decile:	Lowest income	Highest income
	50 %	22 %

## 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.

## 3 Compacts

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.