Regional Disparities in Consumption Behaviour: Italian Households in the Crisis

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OUTLINE

- Motivations and literature insights
- Aims
- Data and Models
- Preliminary results
MOTIVATIONS and LITERATURE INSIGHTS

- The relevant facts of the severe downturn due to the Great Recession are: i) drop in consumer spending, 2) households differently react to the crisis (Bernini, Cracolici and Cuffaro, 2016).

- The extent of the cutbacks in consumption expenditures differs among regions as well as the distribution pattern across households differs (Đokić, Fröhlich, and Bakarić, 2015)
AIMS

To investigate whether the Great Recession has differently affected the households expenditure distributions across the Italian territory:

- To analyse the shape of the household distribution of consumption over time, comparing the distribution between the control period (before the crisis) and the treatment period (during the Great Recession)

- To investigate whether consumption distributions differ between macro-areas
DATA

The empirical analysis has been performed on the data from the Households Budget Survey for the year 2005 - 2013, carried out by the Italian Office of Statistics.

Three different years are observed: 2005, 2008, 2013

Three different macro areas are analyzed: North, Centre, South
SOME EVIDENCE

Total expenditure (ln), pre- during- and post-crisis
SOME EVIDENCE

North

Centre

South
Evidence of regional differences in the pattern of consumption behaviour in different macro-areas in Italy due to the Great Recession

Within macro-areas differences in consumption behaviour and in its determinants among the groups reflect differences in consumption reaction across regions and households.

Mixture of regression models enabled us to identify the presence of multiple components/groups of expenditure distribution, which mirror different patterns of consumption behavior in the pre- and post- crisis periods.

Economic and demographic factors affect expenditure but their effect is different in each areas
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