**Meeting Minutes**

**NTA Longitudinal analysis project**

**06/15/2017**

First meeting about the NTA Longitudinal analysis project launched by the Canadian team, the US team, the French team and the Taiwanese team.

# **Attendees[[1]](#footnote-1)**

* Hippolyte d’Albis (France)
* Gretchen Donehower (US)
* Patrick Georges (Canada)
* Ronald Lee (US)
* Sang-Hyop Lee (US)
* Andrew Mason (US)
* Marcel Mérette (Canada)
* Julien Navaux (Canada, France)
* An-Chi Tung (Taiwan)

# **Research interests**

* **Ronald Lee (Email sent June 15, 2017)**

1) Over the span of years covered there have been a number of global or national recessions. One very interesting question is how the different ages have fared during these recessions, and how both public and private reallocation systems have worked to protect those most hurt by them. Andy presented a paper on this topic at the Morocco IUSSP some years ago, but we are now in a position to do much more. Some recessions hit employment and wages hardest (working ages), some hit asset value and asset income (elderly), and some hit both. Do public and private transfers respond appropriately? There are also many important descriptive details. For example, in the US during the recent “Great Recession” all ages experienced declines in labor income except for 65+ who actually had rising labor income. There were also interesting age patterns to saving behavior and consumption (consumption of the elderly continued to rise).

2) When we compare the NTA and standard National Accounts aggregates at two dates, we see changes in quantities like the aggregate saving rates, the labor income and asset income shares of National Income, the cost of public pensions or health care relative to National Income, and so on. Notice that all the items I list above are expressed as shares of NI rather than as absolute amounts. Now as the population age distribution changes between these two dates, based on NTA and some modeling assumptions and parameter values (needed for some topics but not all) we can generate some predictions about how these shares should change. For example, in the US the Baby Boom quite suddenly began to move into older ages around 2010, and correspondingly the rate of growth of the labor force slowed down substantially as the large cohorts began to move out of working ages. These changes, together with NTA profiles, might lead us to expect a decline in the share of labor income in NI and a rise in the share of asset income. And in fact there was just such a change. But if we look at this sort of outcome systematically and quantitatively, over the course of many years, do we find any predictive power here? Or do changes in the NTA age profiles dominate changes driven by population age composition? I worked on this question a while ago, and gave a talk at the Beijing NTA10 meeting about this, but did not reach any definite conclusions. For the public sector, it would be interesting to see how transfer balance is maintained as population age distribution changes – by raising taxes, cutting benefits, or some combination.

3) Changes in the shapes of age profiles over time are also of interest. For the US, the chart I use most often shows how the age profile of consumption (and its components) have changed from 1960 to 2011. That chart shows that in 1960 consumption by the elderly was lower than for younger adults, while by 2011 it was very much higher. The ratio of c(80) to c(20) doubled over that period. There have also been interesting changes in labor income by age. There is room for a simple descriptive analysis here.

* **Andrew Mason**

Asset income and private transfers maintained the disposable income in Japan during the great recession. In US, old people decided to remain on the labor market: we could analyse the role of labour income/reallocations/transfers for other countries. Extrapolations of NTA accounts by using the basic model of Mason, Lee, Stojanovic and Abrigo is another option for this project (2015)[[2]](#footnote-2). Moreover, it could be interesting to compare the interpolation method used in France with the approach of Mason *et al.*.

* **Hippolyte d’Albis (comments + email sent June 19, 2017)**

Extrapolations of NTA could be an interesting next step. Moreover, decomposing the effect of age and cohort could be a nice output (see d’Albis and Badji, 2017[[3]](#footnote-3)). We could also think about the way NTA profiles are disseminated to the general public (Web interface etc.).

* **Marcel Mérette**

Retrospective analysis are an interesting first step for the longitudinal project. We could think about extrapolations later, once the retrospective analysis is already published. The Canadian team will change its agenda in order to fit with the longitudinal project: they will create the accounts for the country first and then at the regional level, rather than do both simultaneously.

* **An-Chi Tung**

We can start by comparing across years or cohorts to identify interesting issues for each country, and some may be common to all economies. For example, the age profile of different cohorts looks quite different for Taiwan. We need to explore whether it comes from income effect or something else.

**We could**

# **Available data**

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| --- | --- | --- |
| Country | Available right now | Available later |
| Canada | / | Late September 2017 : Labor income (1981 and 2014) and total consumption (1981[[4]](#footnote-4) and 2014) for the entire country (not by province) |
| US | Full set of NTA accounts year by year (except for 2004 and 2005) from 1981 to 2009. | Update of the full set to 2015 + LCD from 1960 to 1980. |
| France | Full set of NTA accounts for 1979, 1984, 1989, 1995, 2000, 2005 and 2011, with interpolations between survey waves. | Update of the full set to 2017 (not available before September 2018). |
| Taiwan | LCD year by year from 1981 to 2014 （by July/August）. | Full set of NTA accounts between 1981 and 2014 (problems with TG) available in October/November 2017. |

# **Next steps / resolutions**

* Two main research projects are highlighted: we could focus on retrospective analysis, by using the NTA accounts, or we could focus on extrapolations.
* Andrew created a private webpage on the NTA wiki. Each country can use this webpage to upload the age profiles in Julien’s spreadsheet.
* Canada wanted to create NTA by province directly. The Team decide to postpone this project in order to focus on the entire country for the NTA Longitudinal analysis project (regional analysis is very time-consuming).
* The next meeting will take place at the end of September. Julien will organize this meeting by sending a new doodle to the project members.
1. In alphabetical order. [↑](#footnote-ref-1)
2. <http://ntaccounts.org/web/nta/repository/WP16-04> [↑](#footnote-ref-2)
3. <https://www.insee.fr/en/statistiques/2647430?sommaire=2647465> [↑](#footnote-ref-3)
4. Or at least 1997-2014: lack of data for the FAMEX survey used before 1997. [↑](#footnote-ref-4)