

# Comparing generations using NTA: Insights from French age profiles 1979-2011

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# Motivation

Debate about intergenerational equity in France:

- Chauvel (1998), Chauvel et Schröder (2014): A clash between generations, benefiting to baby-boomer
  - Baby Boomers:
    - Good economic position
    - Accumulate a lot of wealth
    - Monopolize public transfers
  - Young generations:
    - Debt of previous generations
    - Difficulties for the integration on the labor market
    - Insufficient access to housing

# Motivation

Debate about intergenerational equity in France:

- Chauvel (1998), Chauvel et Schröder (2014): A clash between generations, benefiting to baby-boomer

VS

- Piketty *et al.* (2011), Allègre (2011): No clash between generations
  - Inequalities are more important within generations rather than between generations
  - Growth benefits to every generation

# Motivation

- Issue: Do Baby-boomers benefit from intergenerational inequities in France ?
- Inputs:
  - NTA in France : 1979-2011
  - LCD, transfers & reallocations completed

# Outline

- Intergenerational equity indicators
- Results:
  1. Lifecycle Deficit
  2. Asset Based Reallocations
  3. Public Transfers

# Intergenerational equity indicators

3 most common indicators (Blanchet, 1998, 2010 ; Bonnet, 2014)

- Indicator 1: Compare age groups
- Indicator 2: Compare the standard of living of several generations at the same age
- Indicator 3: Compare the balance sheet of several generations over the entire life cycle

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# Intergenerational equity indicators

Choose a criterion for each indicator

- Indicator 1: Compare age groups
  - **Criterion: Stability of the relative situation of each age group**
- Indicator 2: Compare the standard of living of several generations at the same age
  - **Criterion: Each generation improves its position with respect to the previous generation at the same age**

# Intergenerational equity indicators

Choose a criterion for each indicator

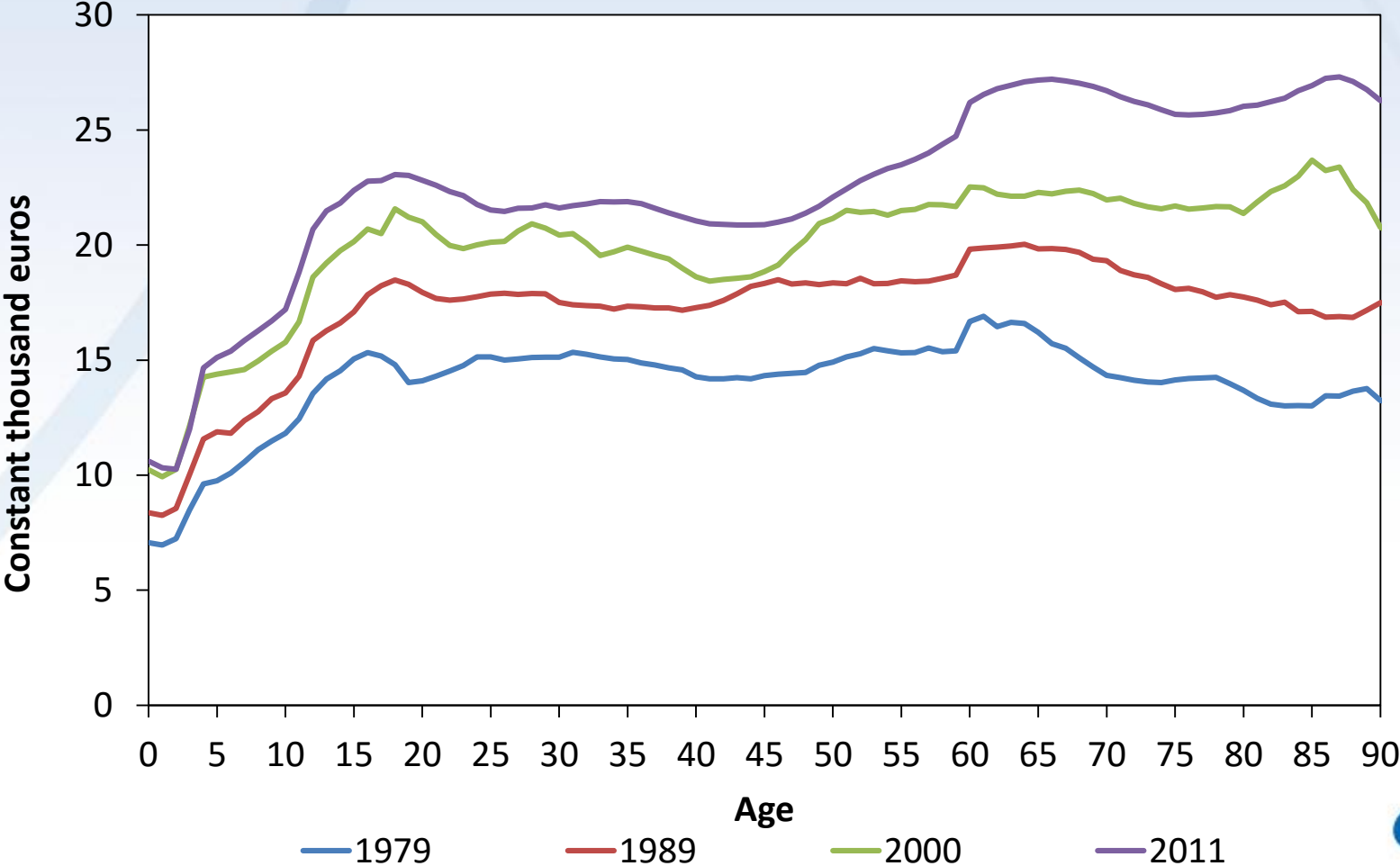
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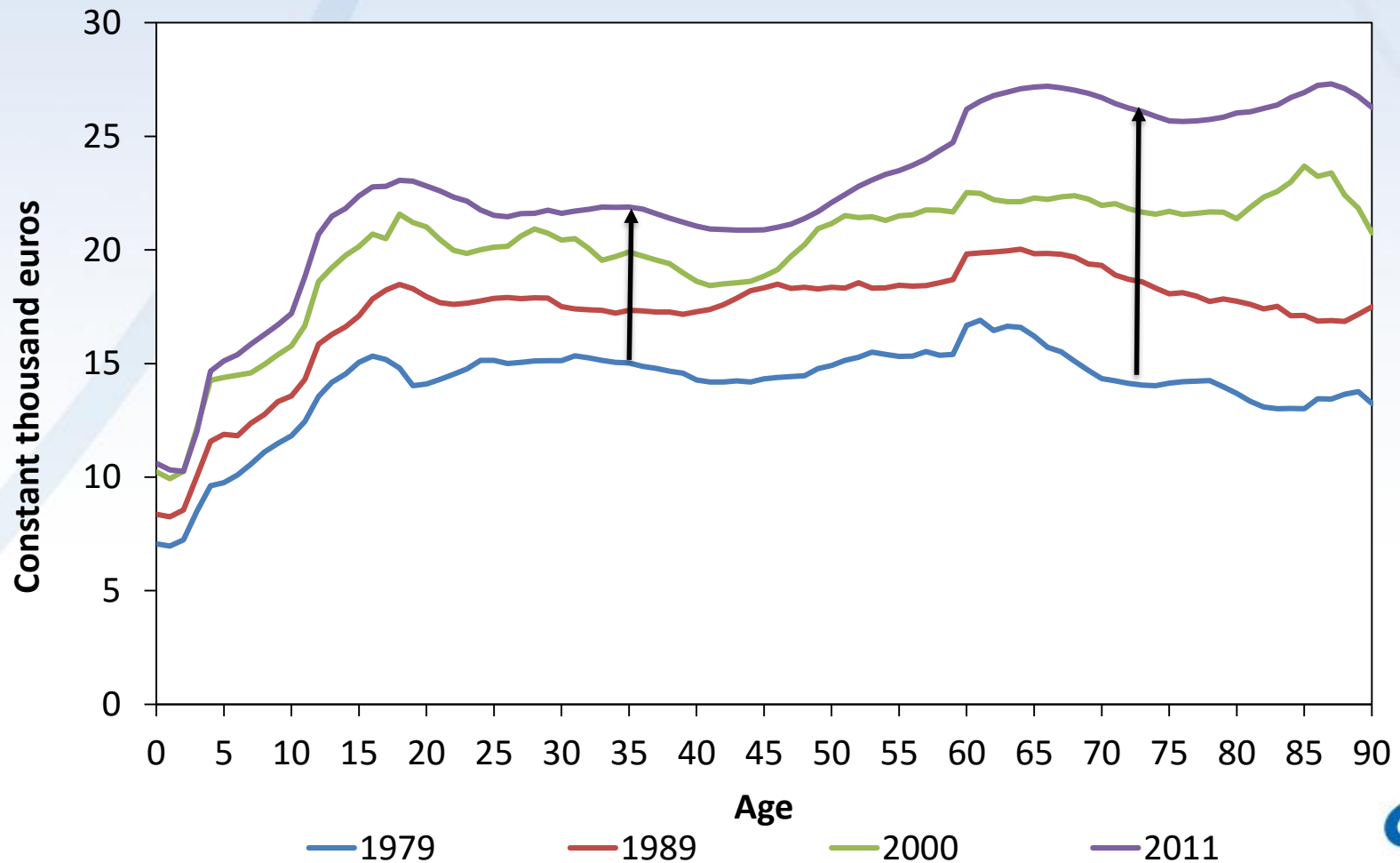
# Lifecycle Deficit: Consumption

Per capita age profiles - France 1979-2011



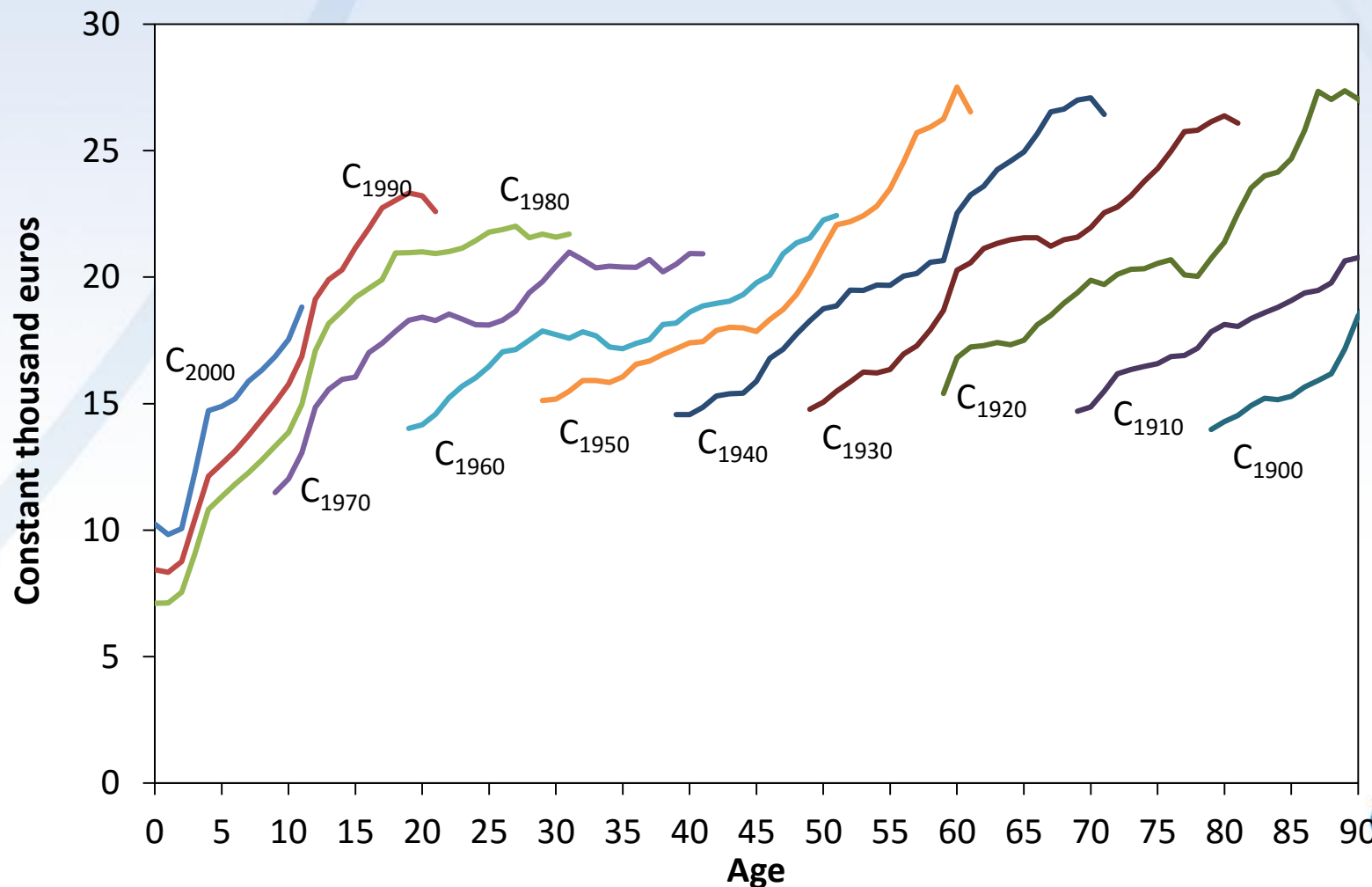
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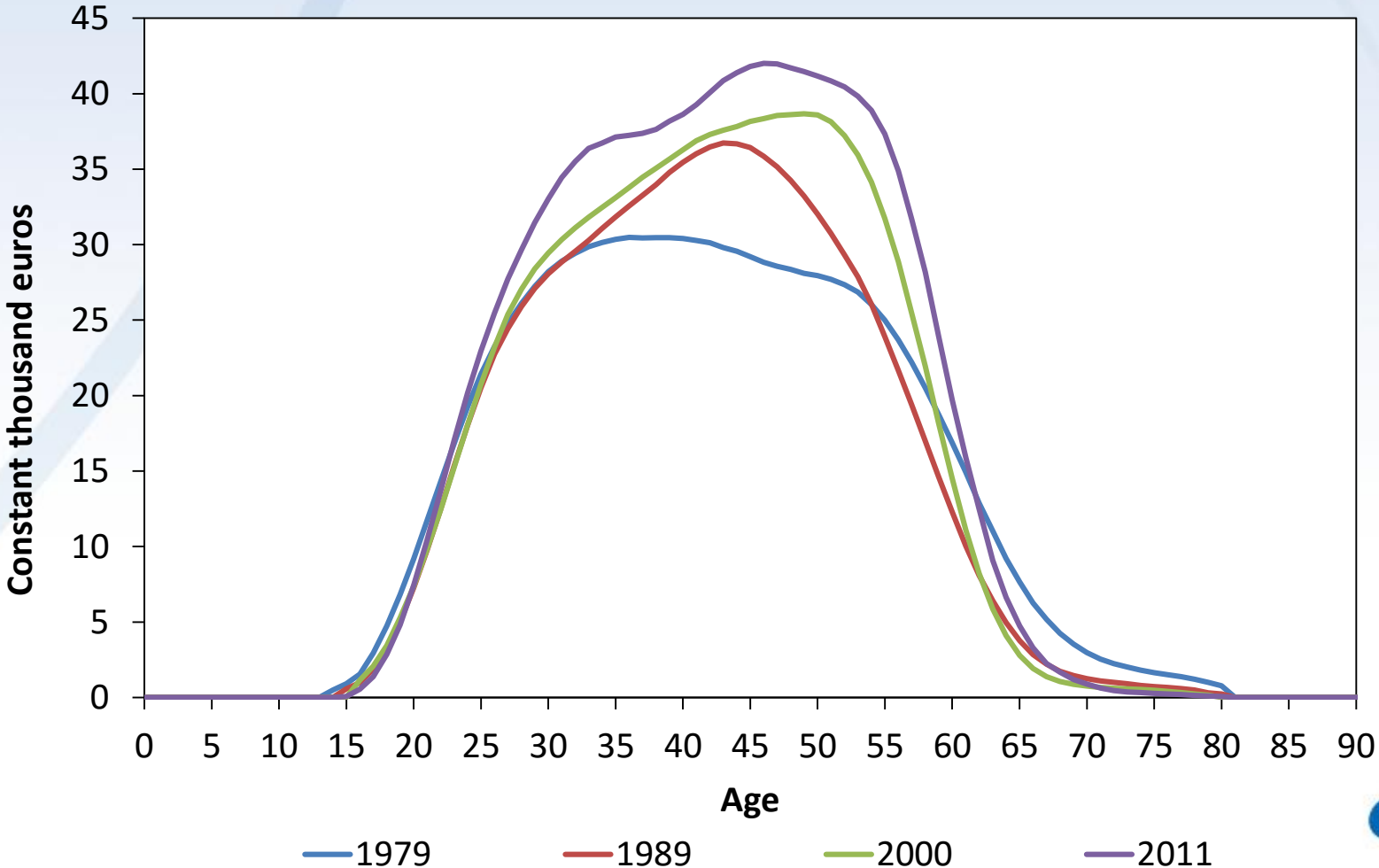
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Per capita cohorts - France 1979-2011



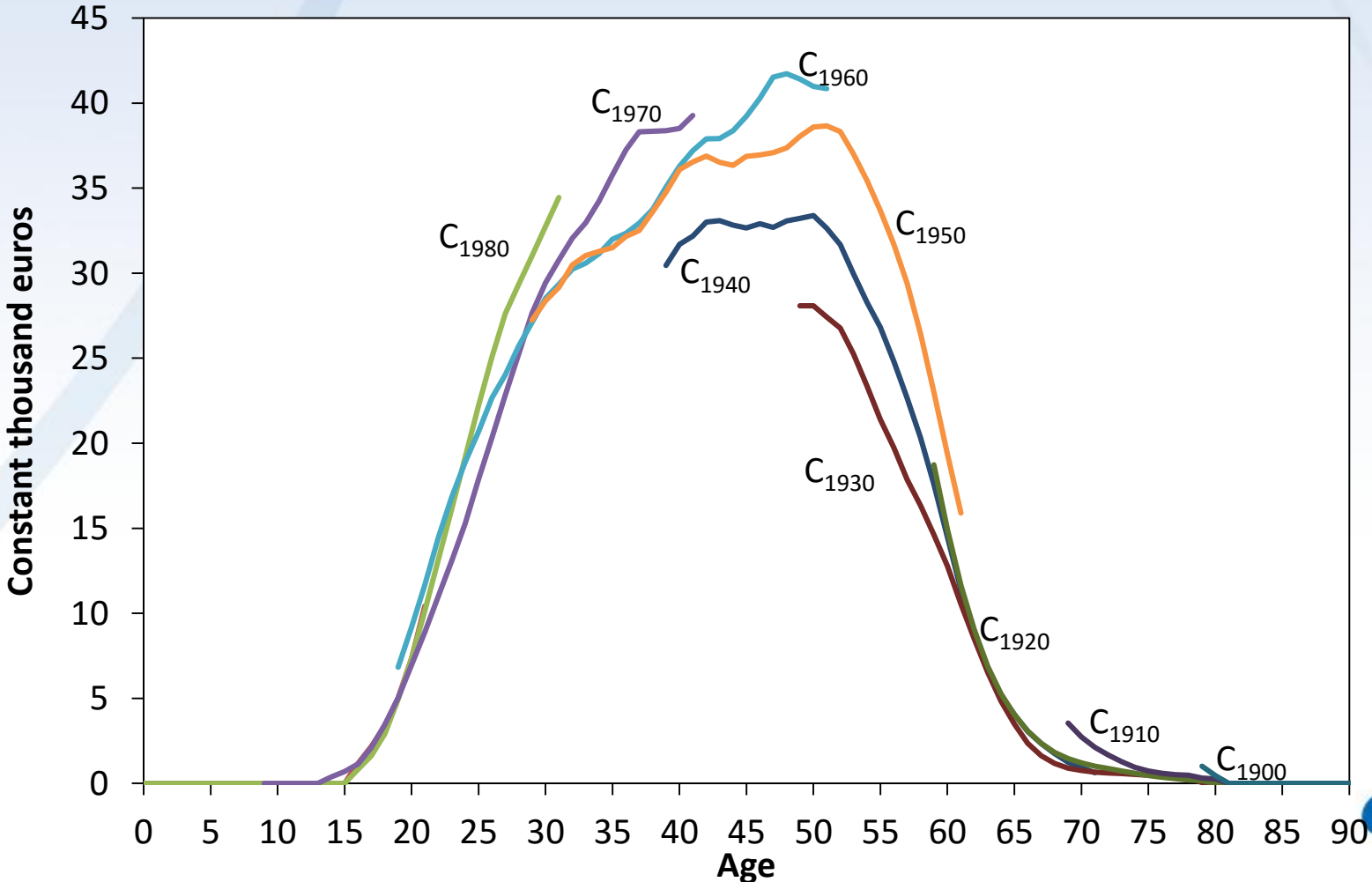
# Lifecycle Deficit: Labor income

Per capita age profiles - France 1979-2011



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Per capita cohorts - France 1979-2011





# Outline

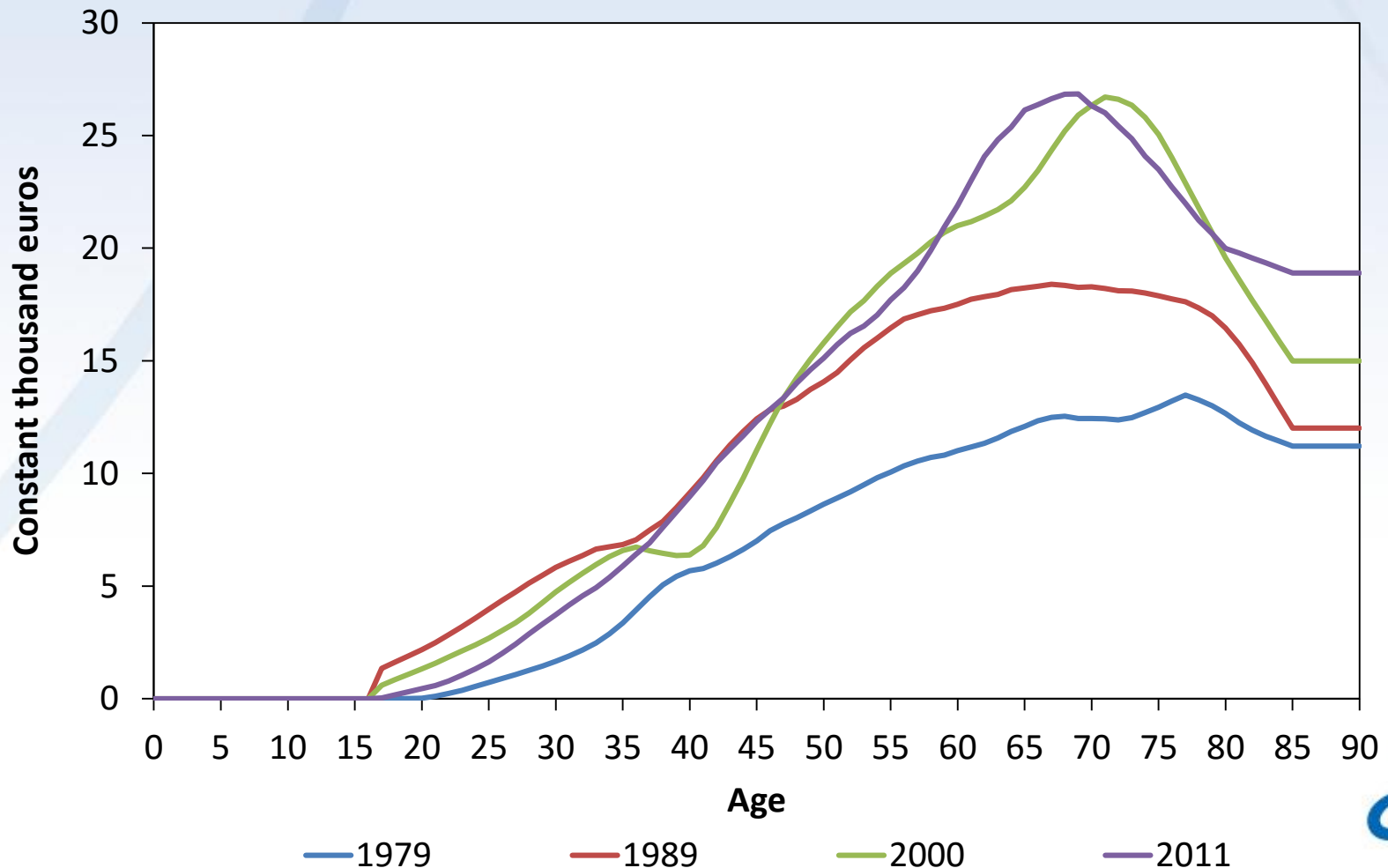
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# Asset Based Reallocations

- Focus on households
- Focus on inflows:
  - Private property income: financial assets + real assets
  - Private capital income: owner occupied housing

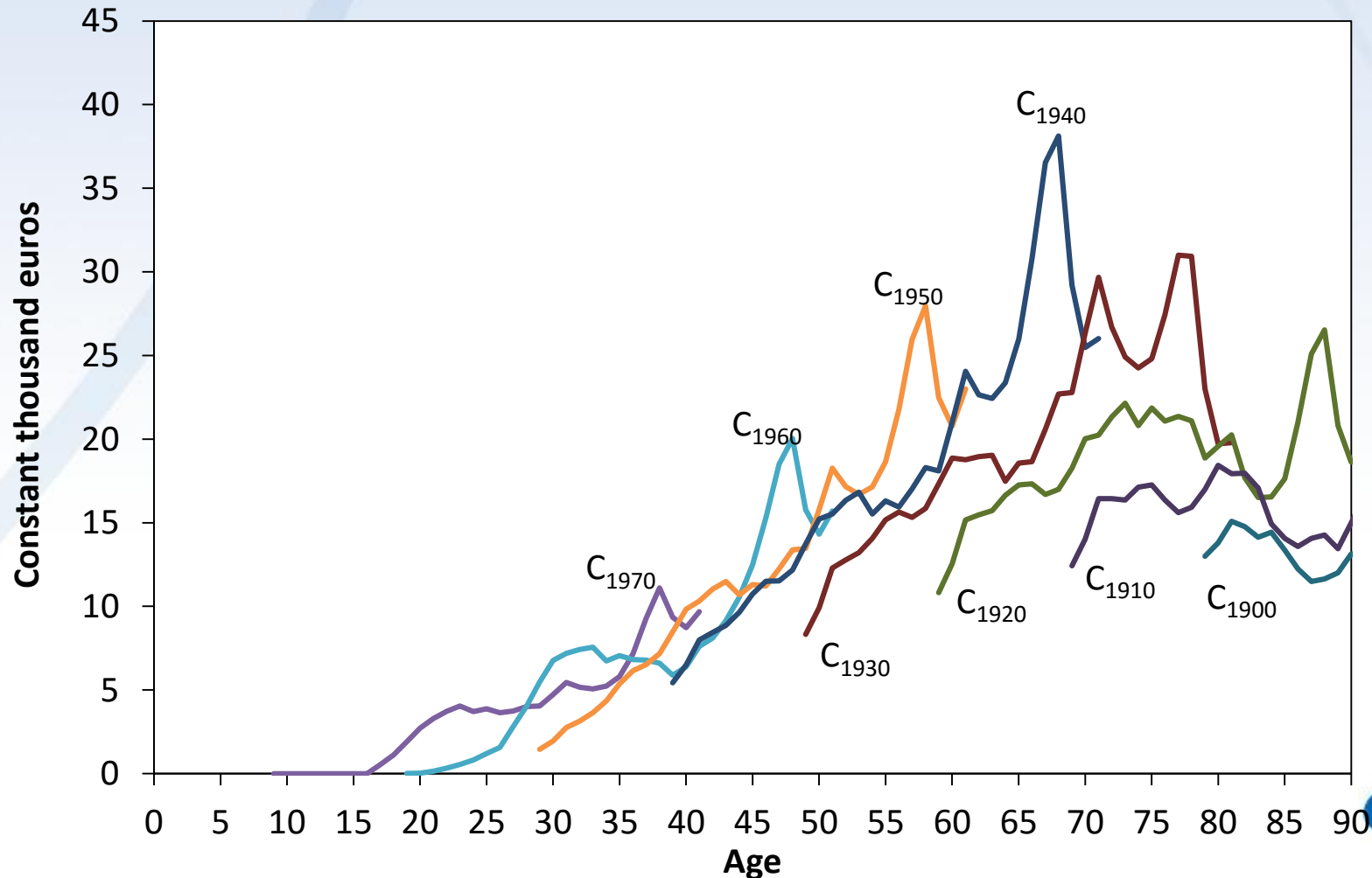
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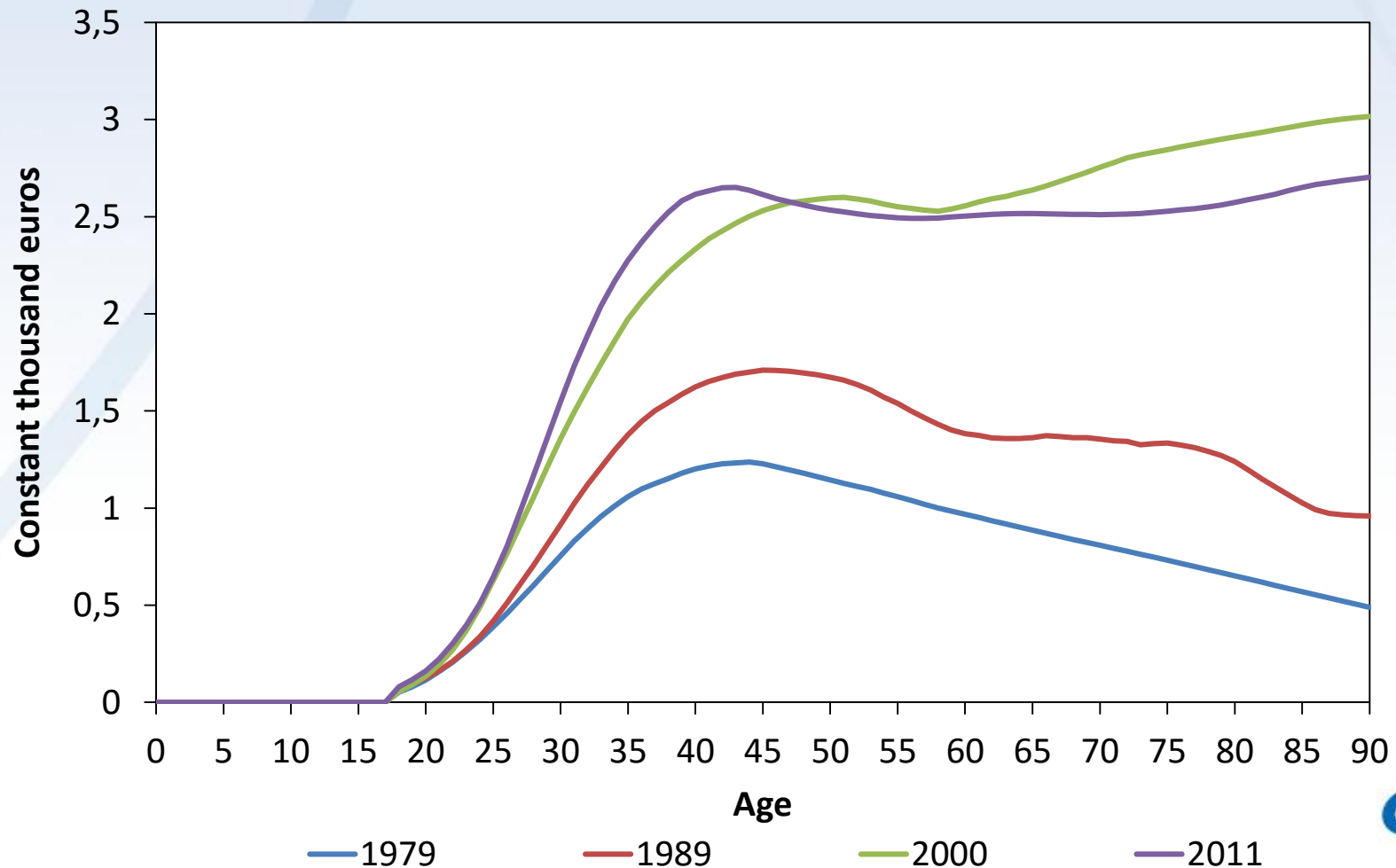
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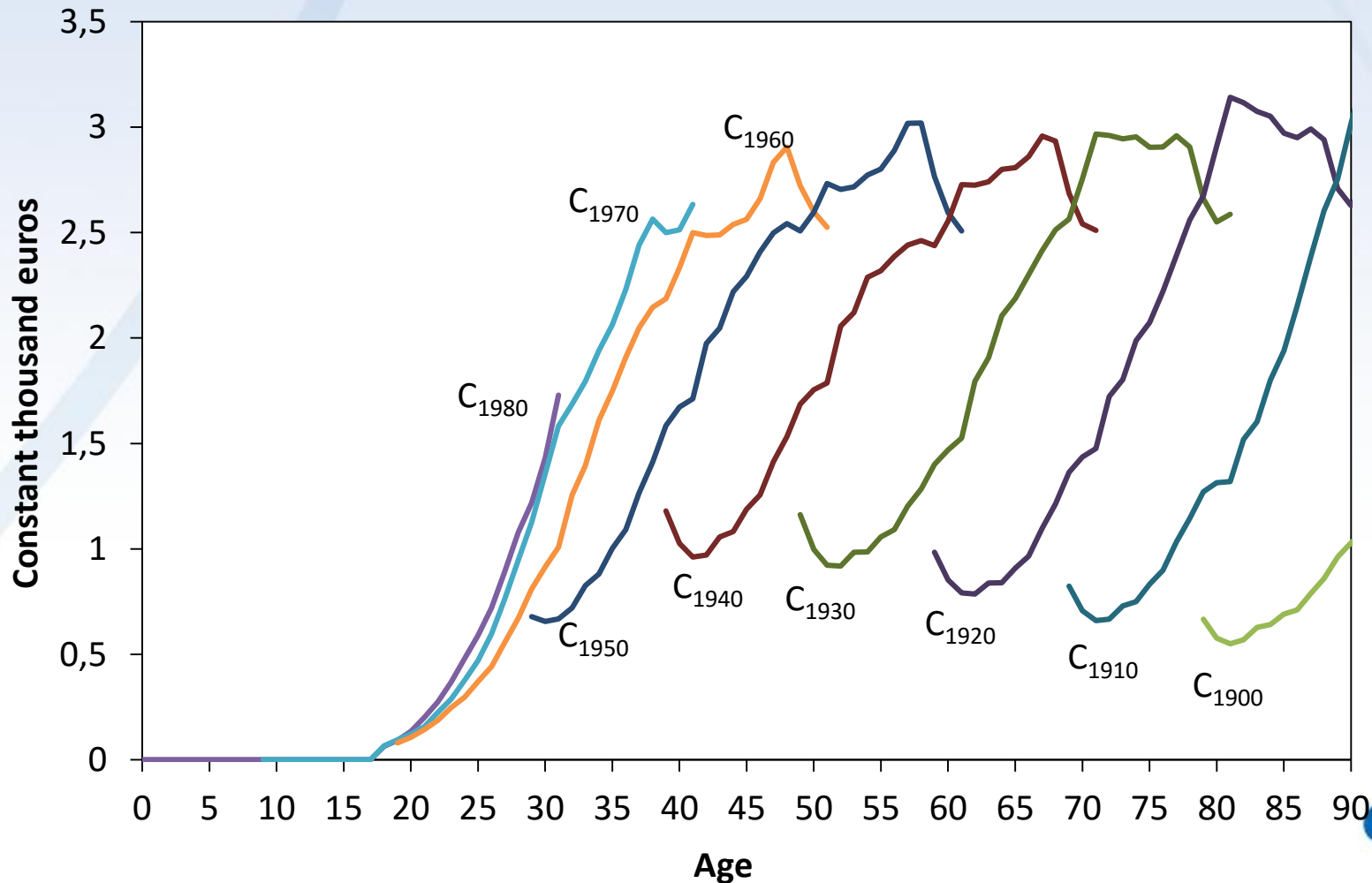
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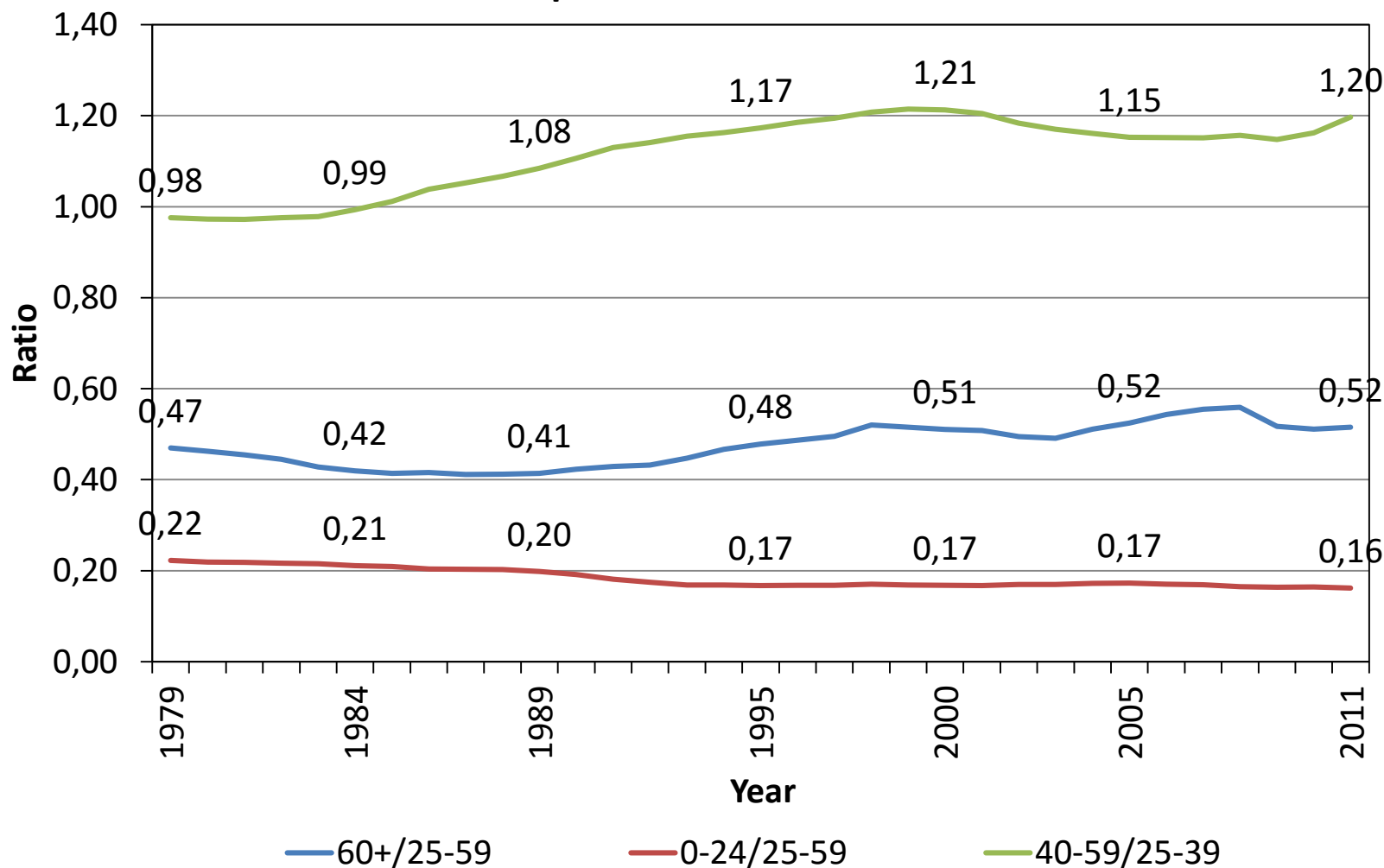


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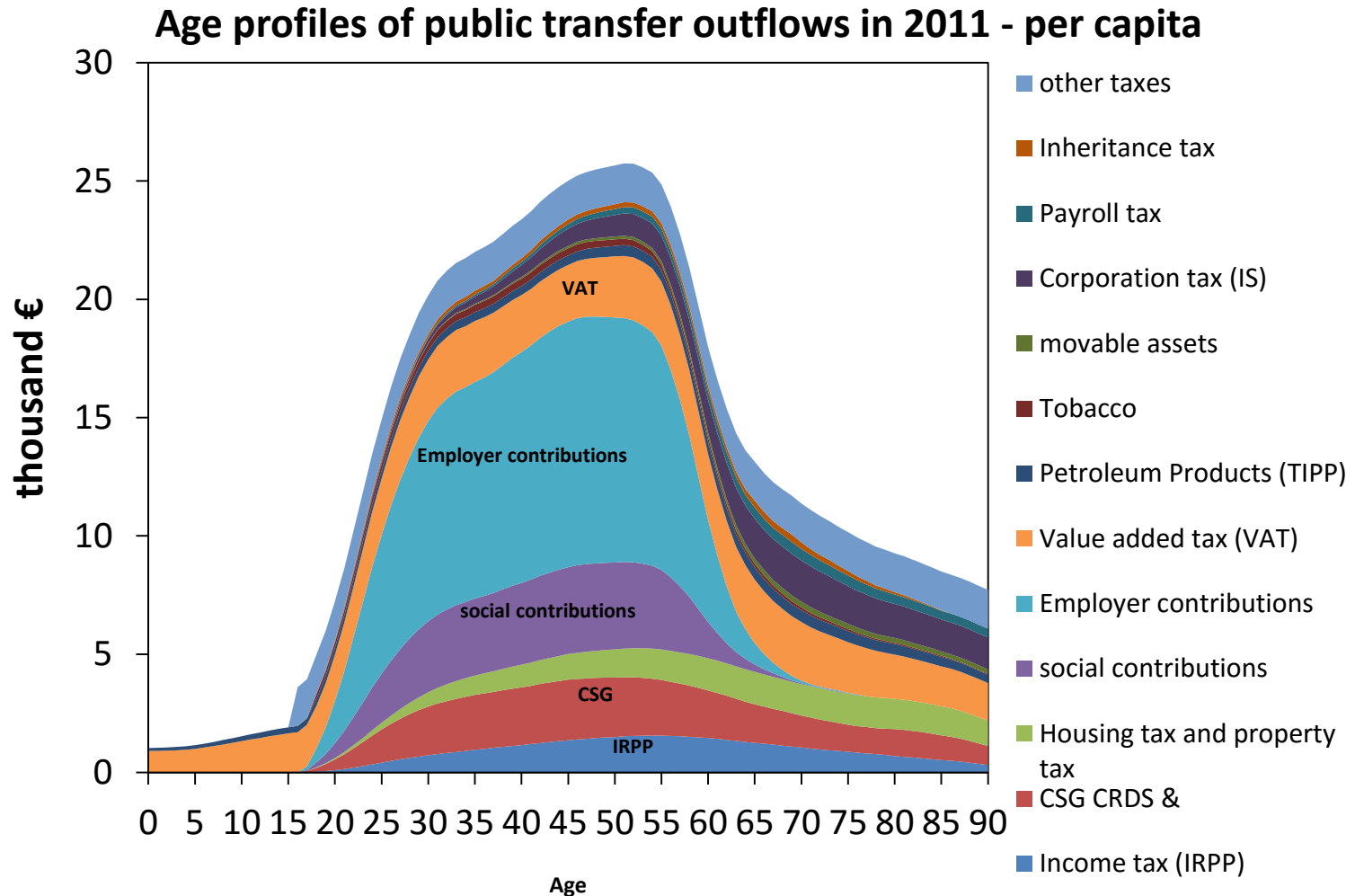
# Public transfer outflows

Ratios of public transfers outflows 60+/25-59, 0-24/25-59 and 40-59/25-39  
Per capita - France 1979-2011



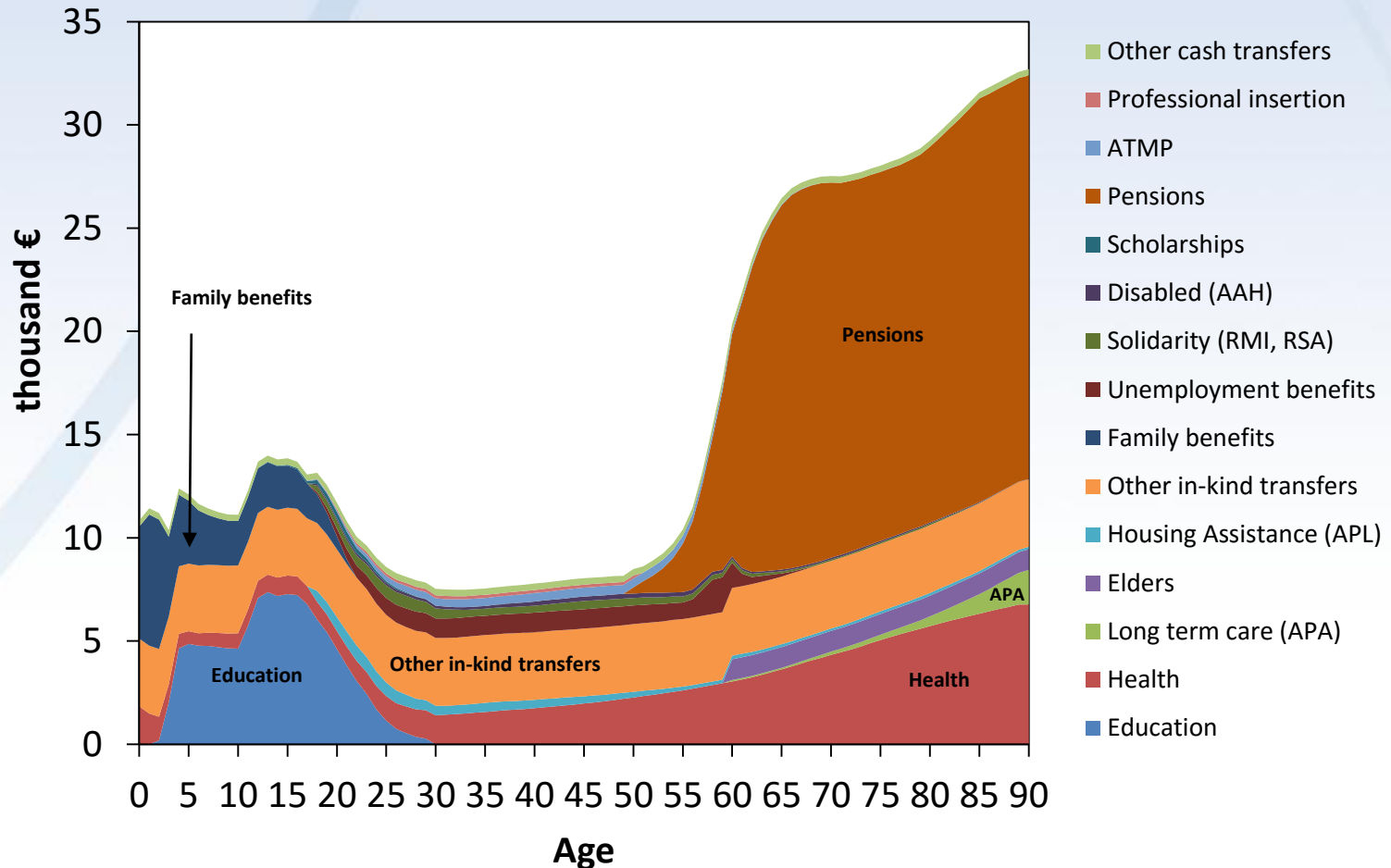


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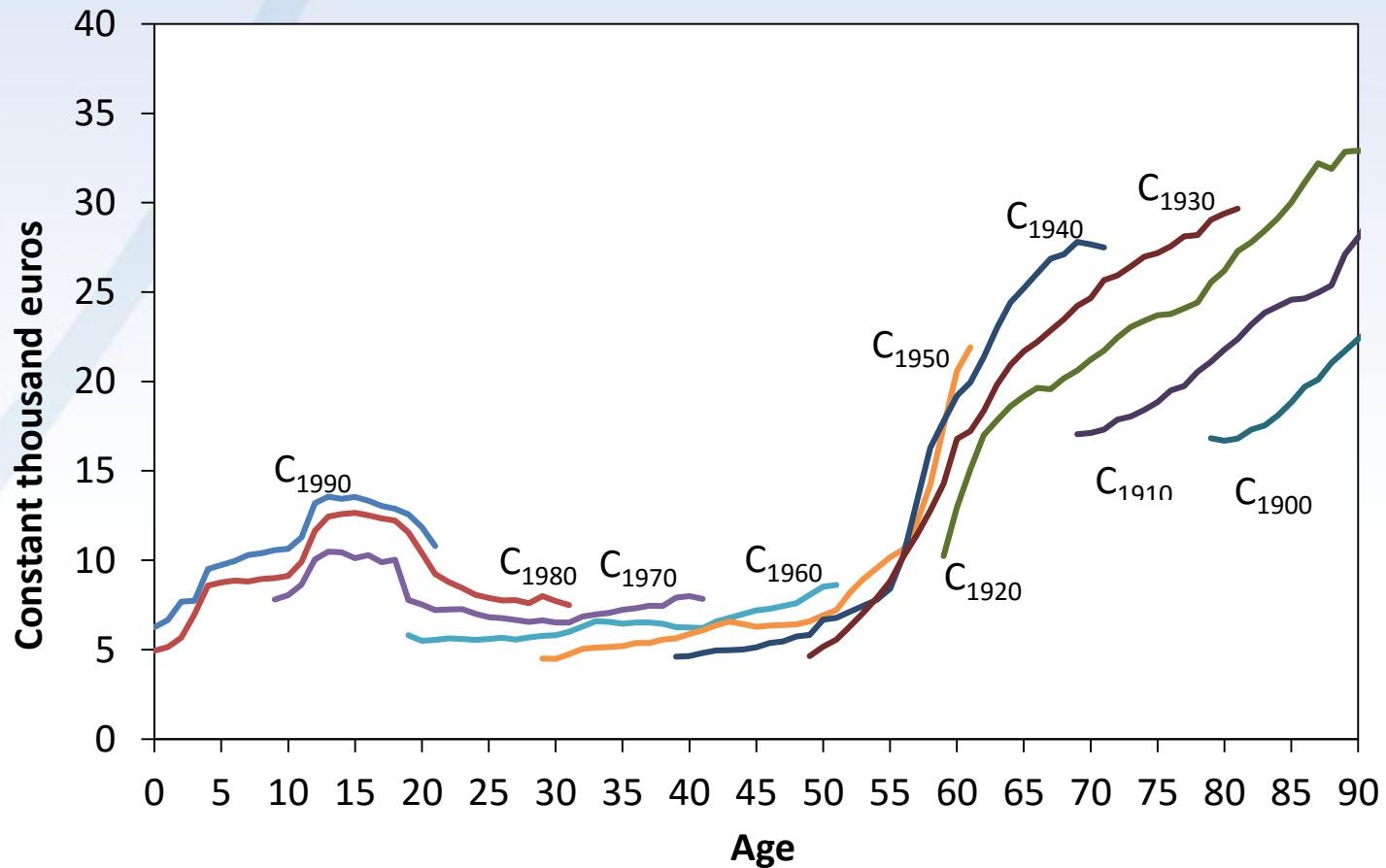
# Public transfer inflows

Age profiles of public transfer inflows in 2011 - per capita



# Public transfer inflows

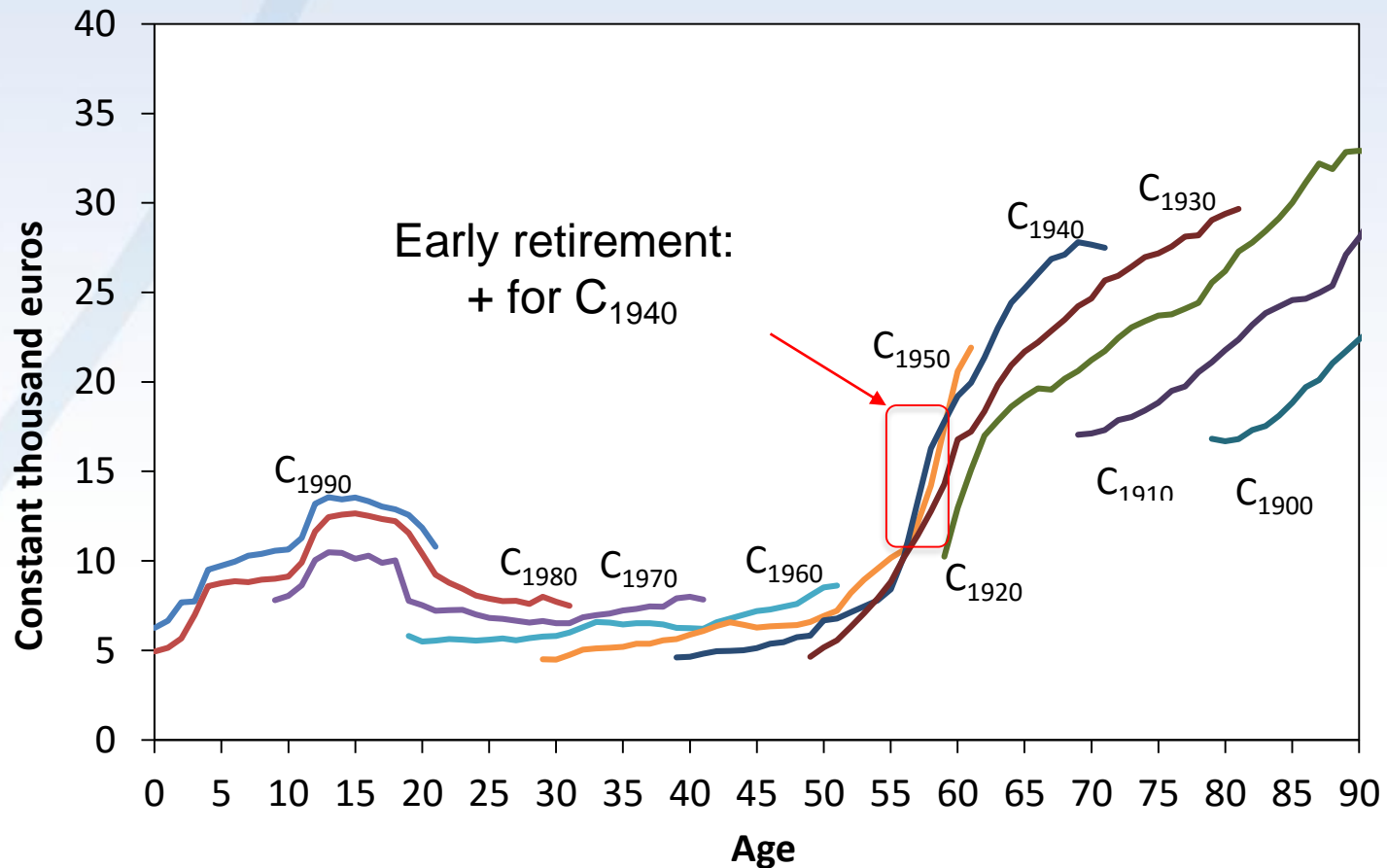
Per capita cohorts - France 1979-2011



Source: d'Albis & Navaux, 2016

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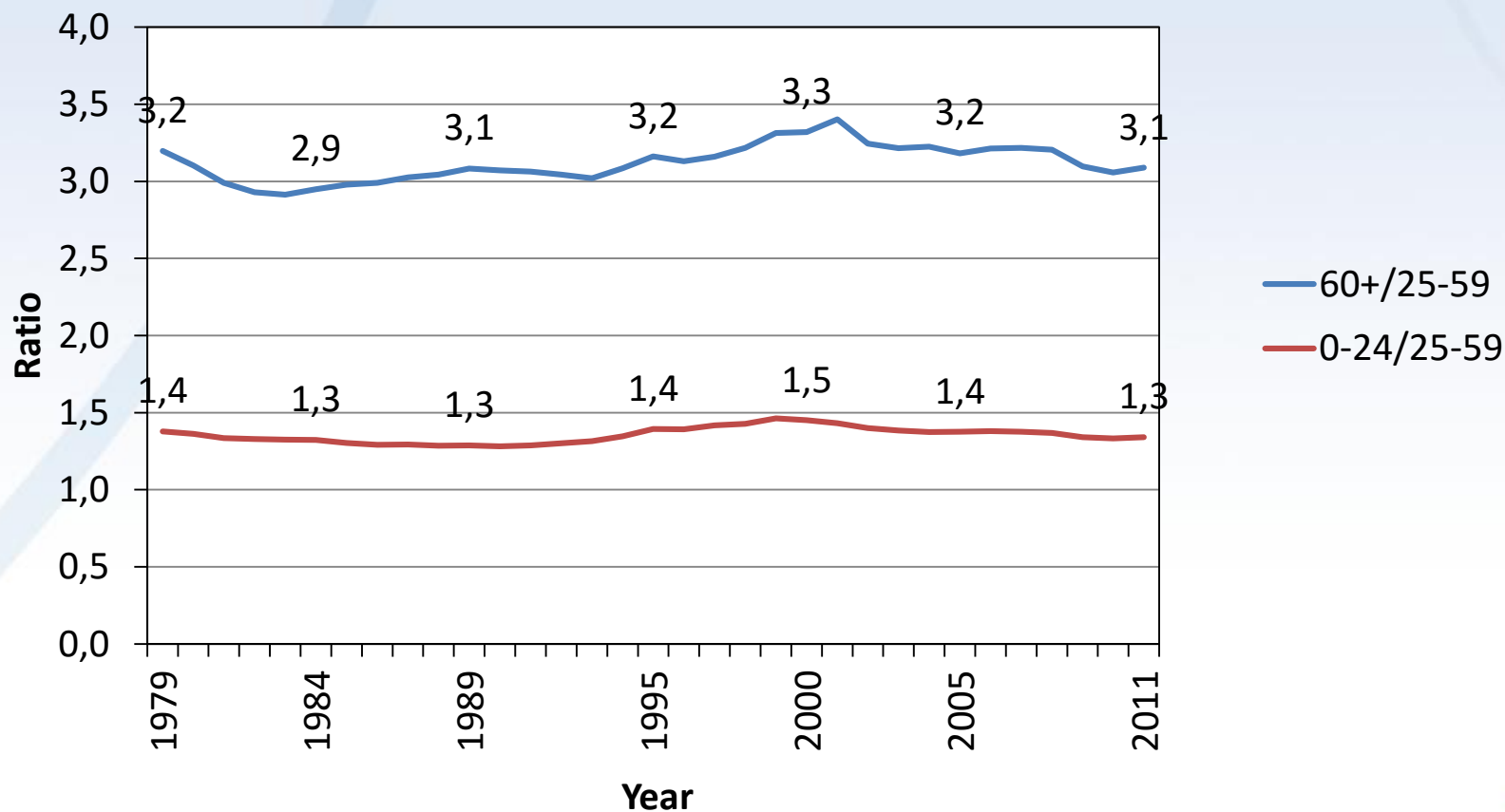
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Source: d'Albis & Navaux, 2016

# Public transfer inflows

Ratios of public transfers inflows 60+/25-59 and 0-24/25-59  
Per capita - France 1979-2011



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# Public transfer inflows

“Since 1940 in the United States, the ratio of expenditures per child under age 22 to expenditures per adult age 65 or over has hardly changed.”

“By contrast, the popular view of generation fighting-that public expenditures on the elderly grew rapidly because the old became politically powerful as they became more numerous-cannot explain why expenditures on children grew just as rapidly.”

Gary Becker (1988)