Consumption and Labor Income Profiles: Results

Sang-Hyop Lee
University of Hawaii at Manoa
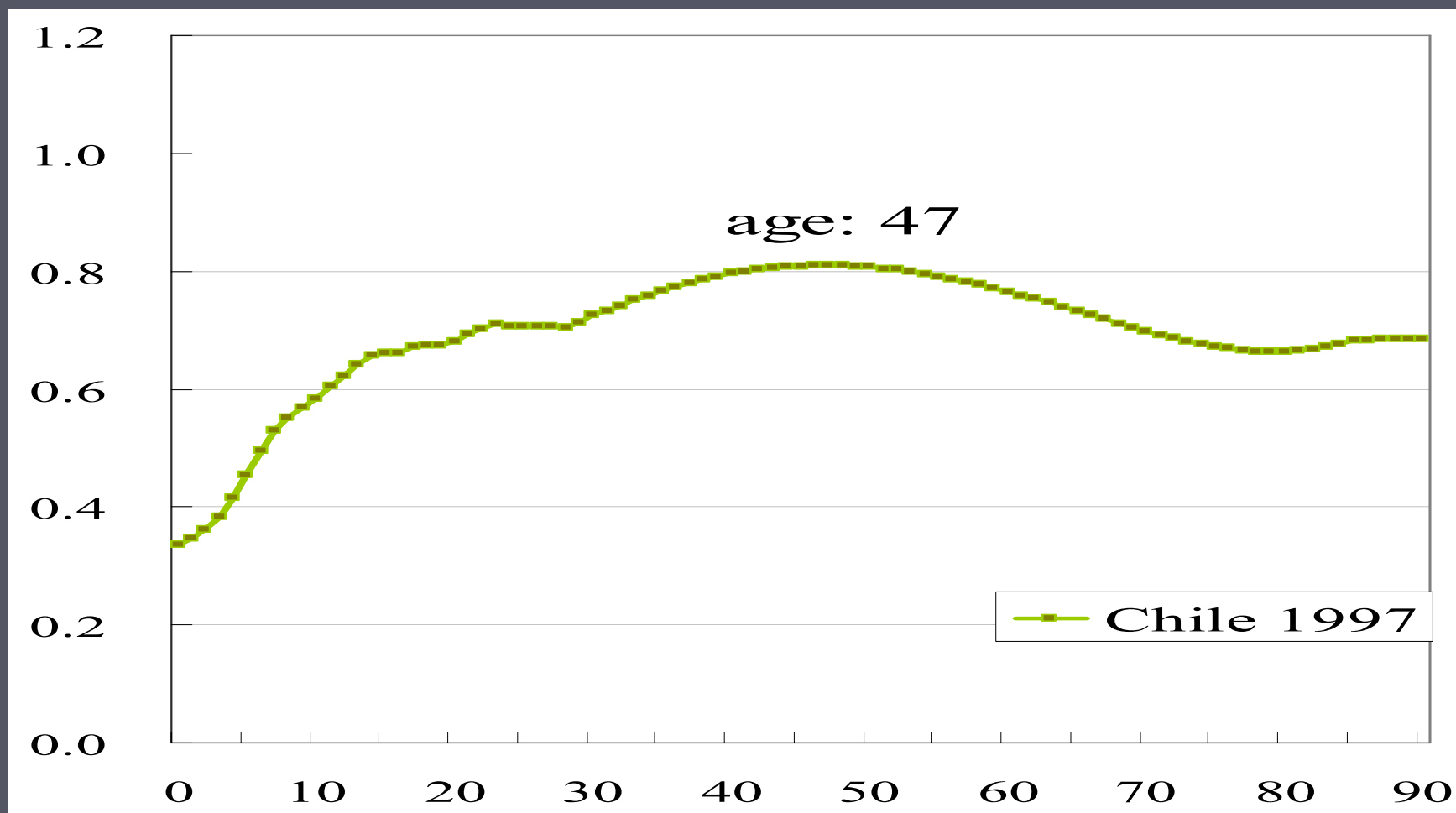
Outline

► Results for Consumption (from An-Chi)

► Results for Labor Income

► Why do they differ across countries?
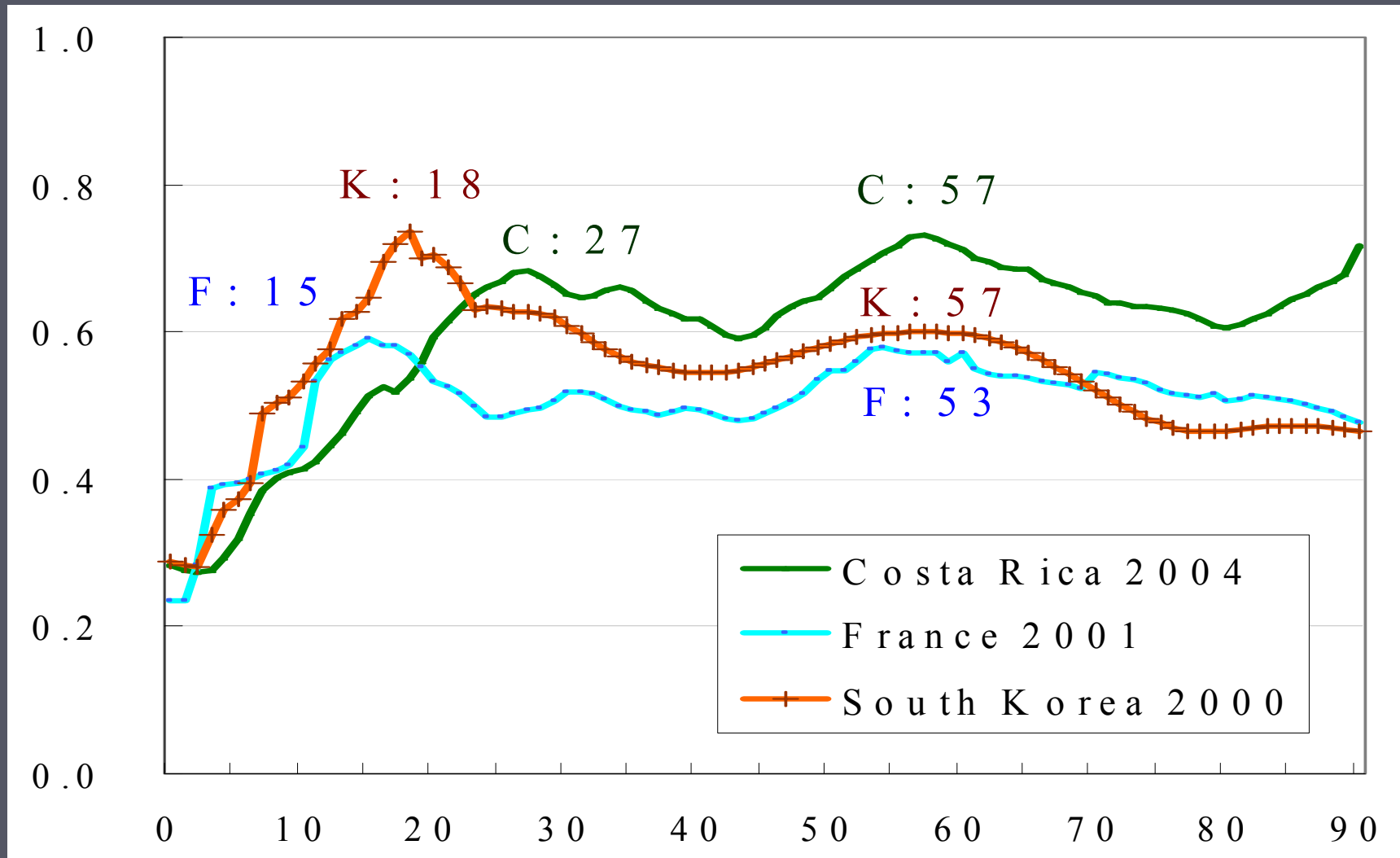
► Time-series Results

National Transfer Accounts

Attention

► All results are preliminary

► Sources of estimation are suppressed

► Not for citation

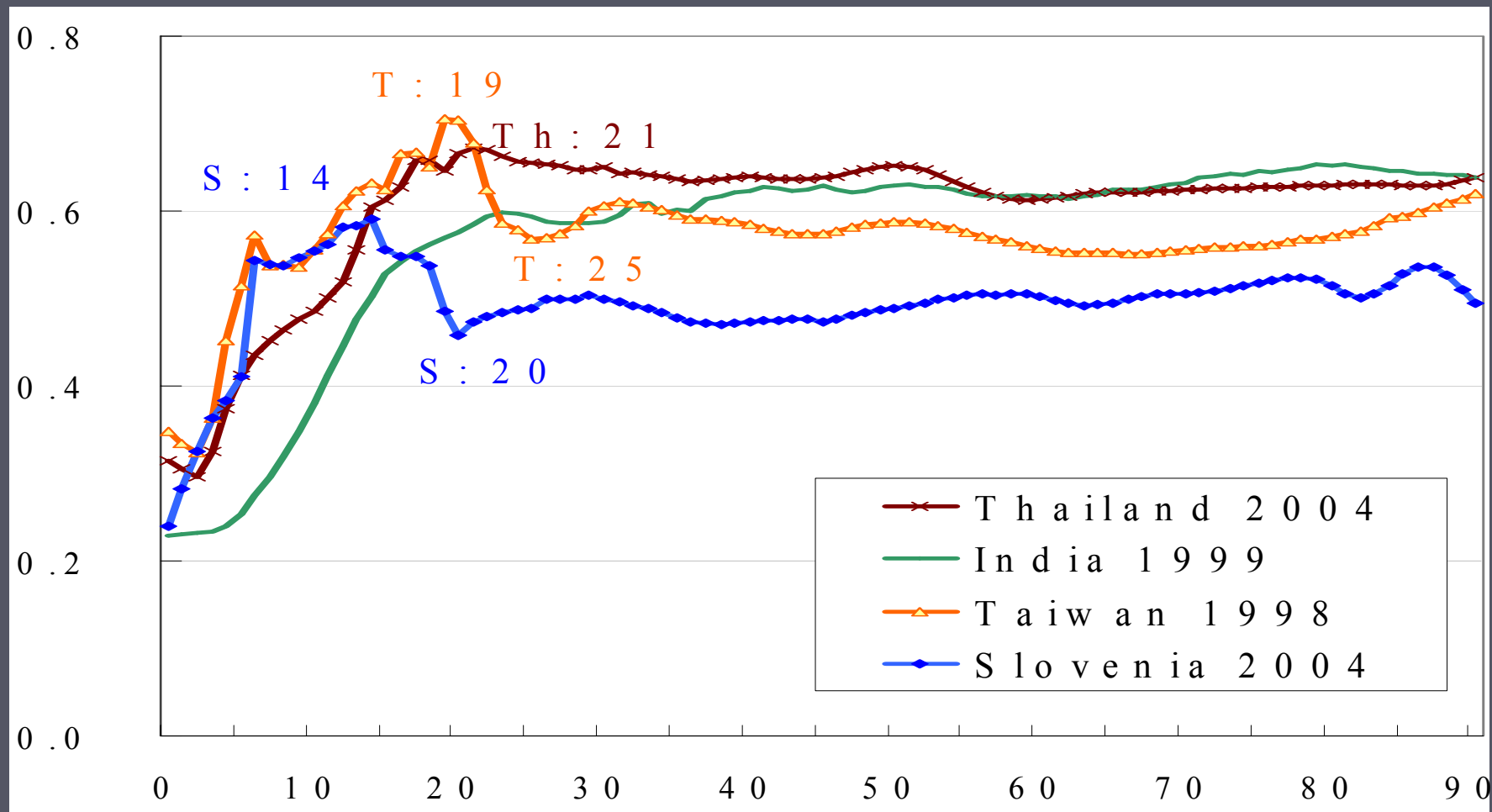► Per capita values are divided by average per capita earnings of people ages 30-49 for comparison (normalized)

National Transfer Accounts
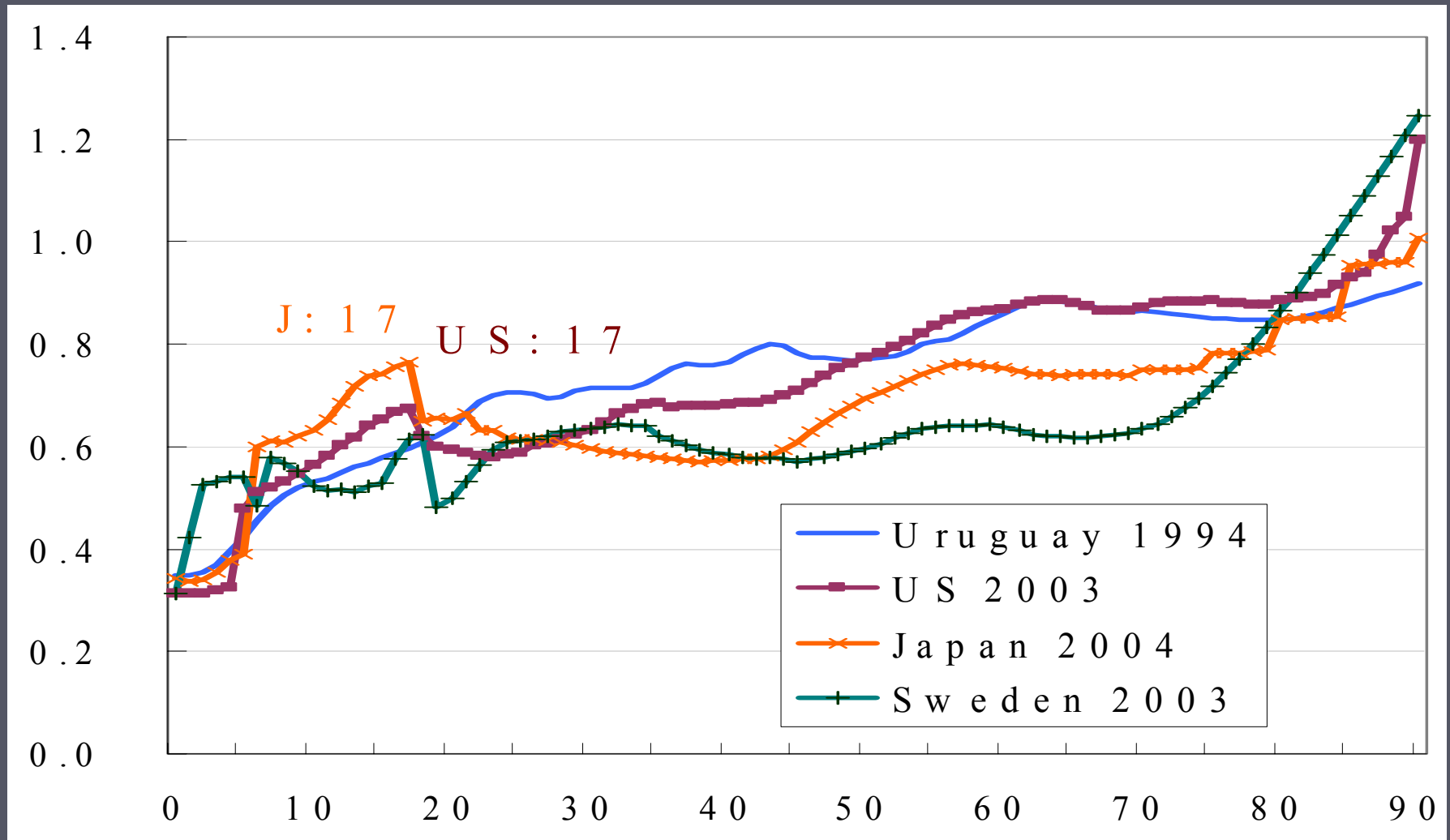
Consumption: Single Hump

age: 47

Chile 1997

National Transfer Accounts

Double Hump

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Flat for Adults and Old Ages

National Transfer Accounts

Rising at Old Age

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Labor Income: Thick Flat Tails

Steep at Old Ages

Age Profile of Labor Income (Finland, 2004)
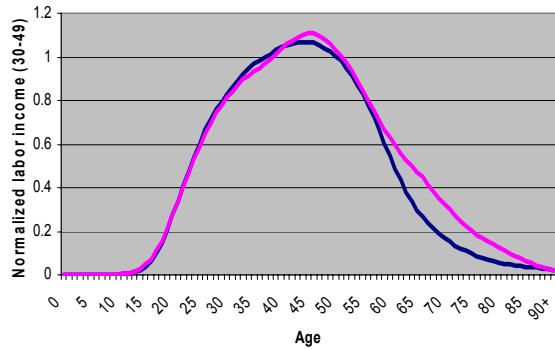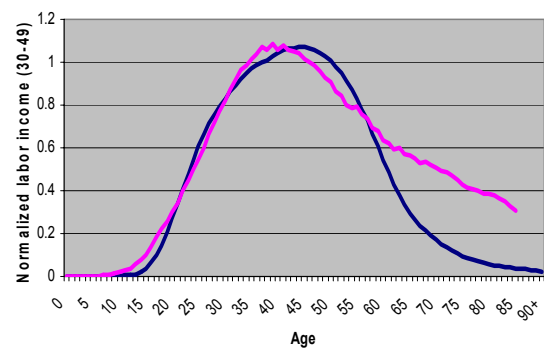
Age Profile of Labor Income (France, 2001)
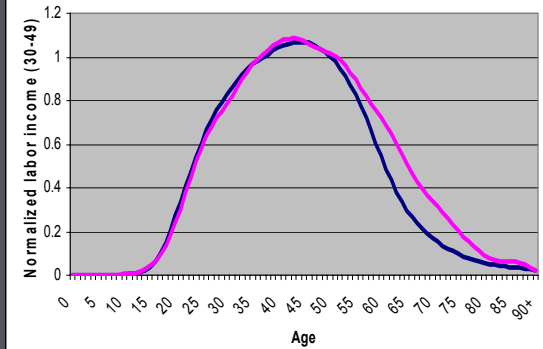
Age Profile of Labor Income: Sweden (2003)
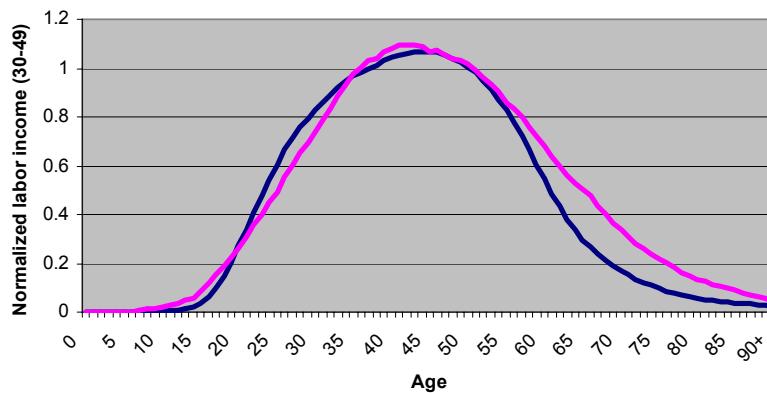
Age Profile of Labor Income (Japan, 2004)
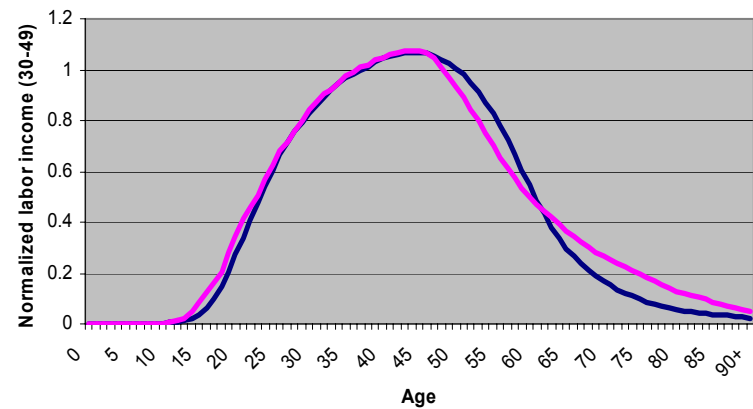
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Steep at Early Ages

Start late, exit late

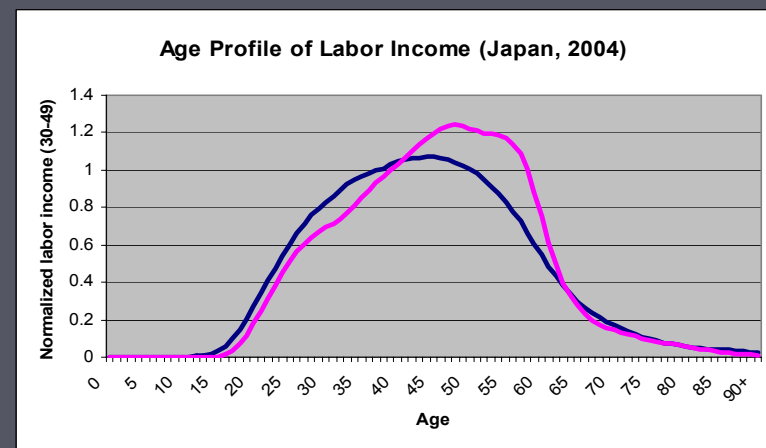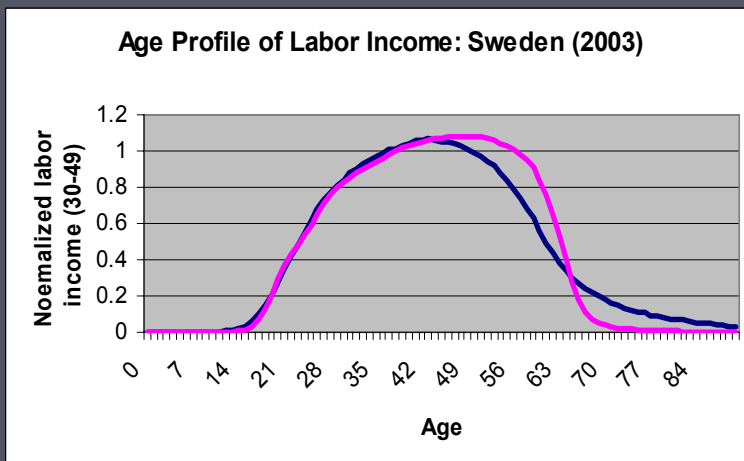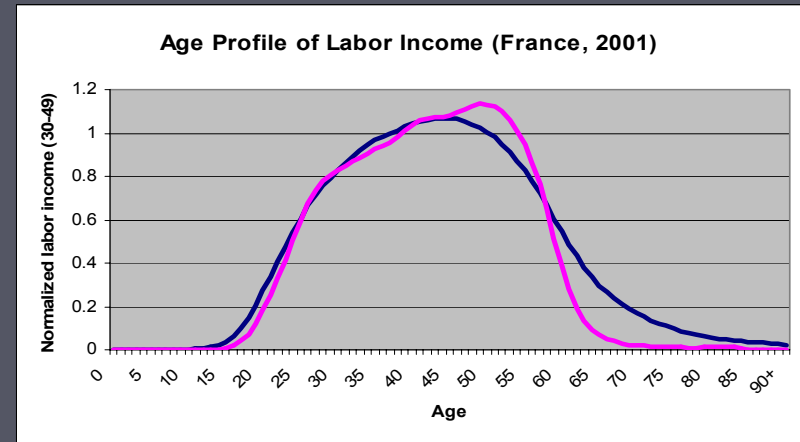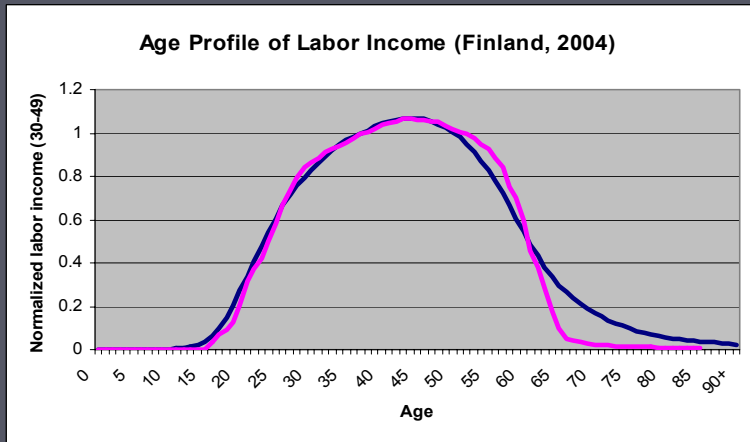Age Profile of Labor Income (US, 2003)

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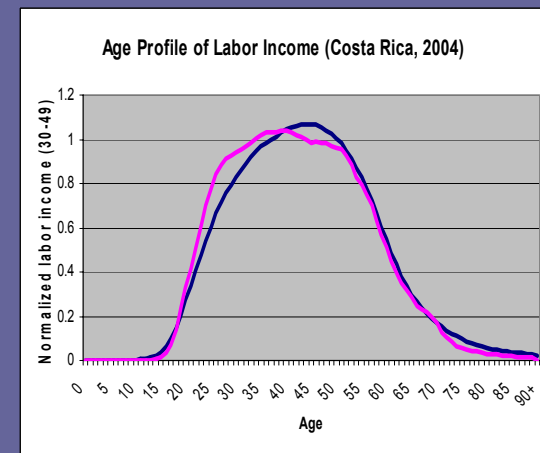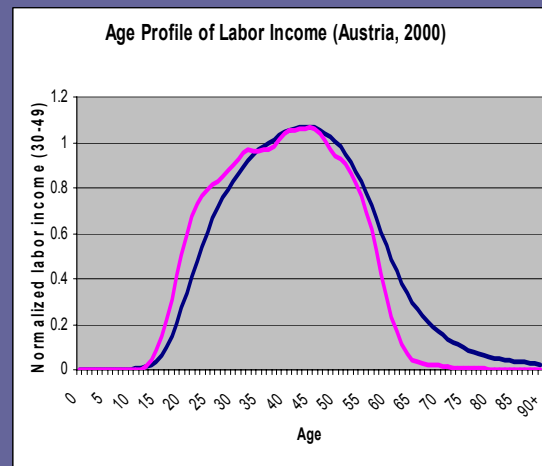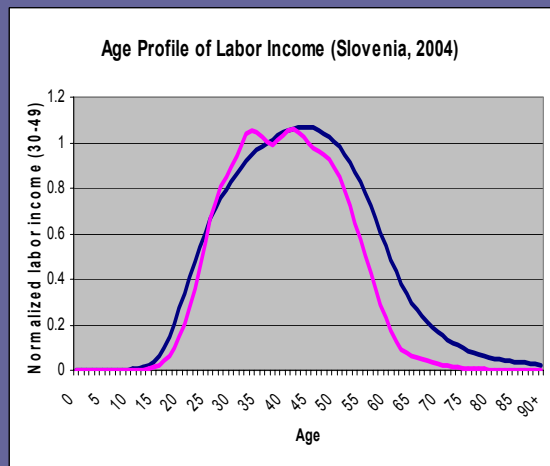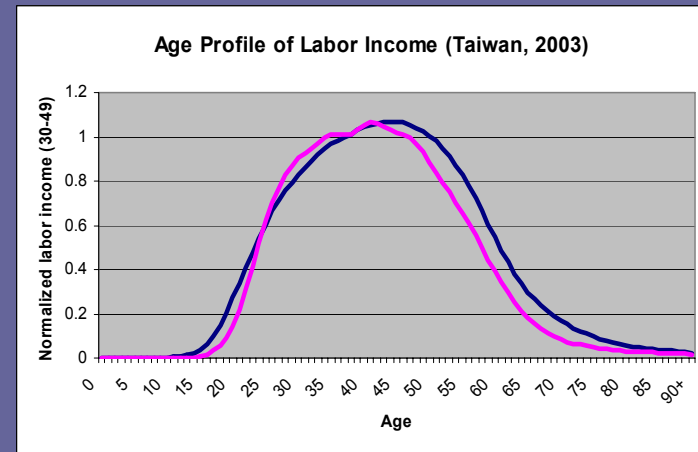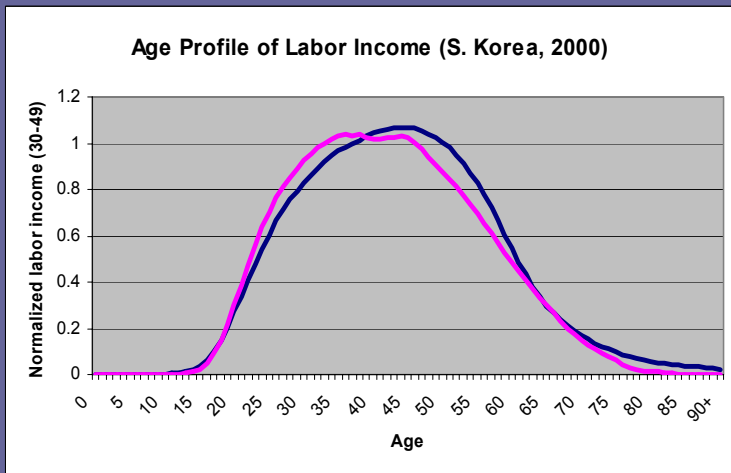
Why Differ across Countries?
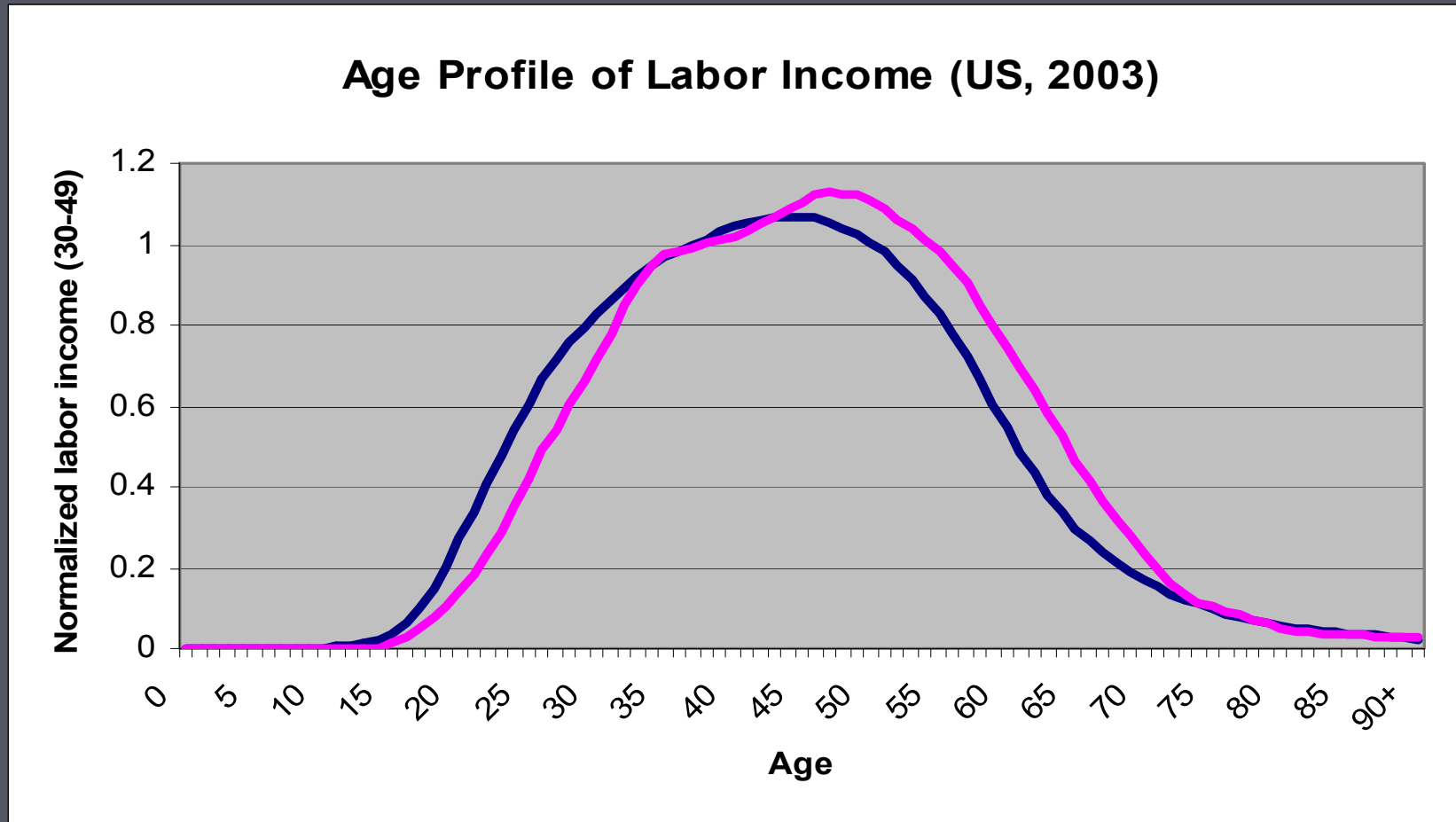
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Consumption

► Income level matters
- C on elderly is high in rich countries, and is mostly due to medical expenditures
- C on children is low in low-income countries

► Public vs. Private C
- Richer countries have larger public consumption expenditures, on both health and education.

► Data problems
- CFD (durable) and CFR (housing) are not calculated in all economies

► NTA methods to allocate to individuals

National Transfer Accounts

Labor Income

$$\left(\frac{Y}{N}\right)_a = \left(\frac{L}{N}\right)_a * \left(\frac{Y}{L}\right)_a \quad \text{o r}$$

$$y_a = l_a * \overline{y}_a$$
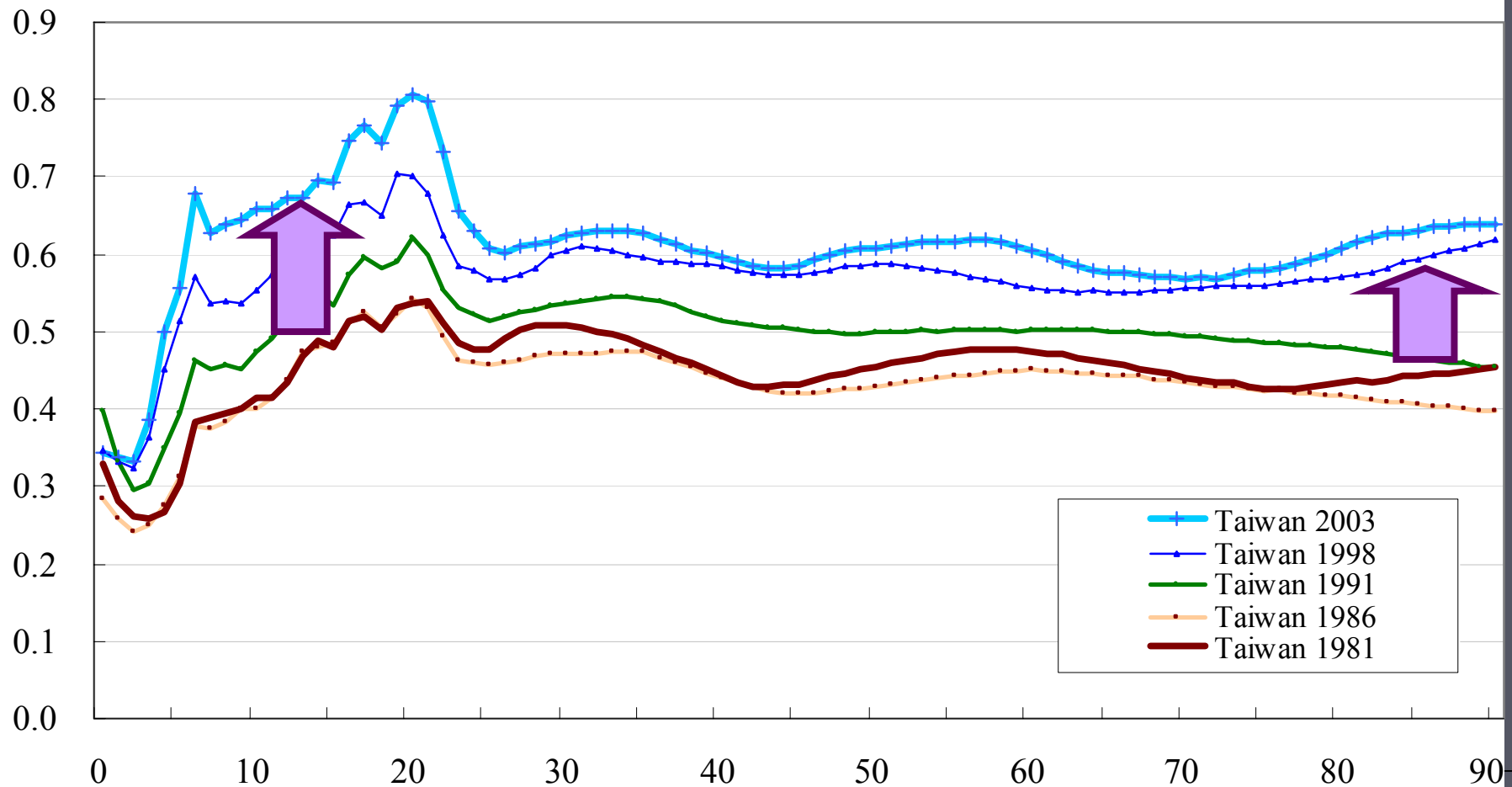
► Per capita labor income profile depends on several things.
  - Richer countries have low LFPRs for children and elderly
  - Richer countries have low share of self-employment income.
  - Old age productivity varies across countries.
  - Institution (legal age of work, mandatory schooling, minimum wage, seniority-based wage system) matters.
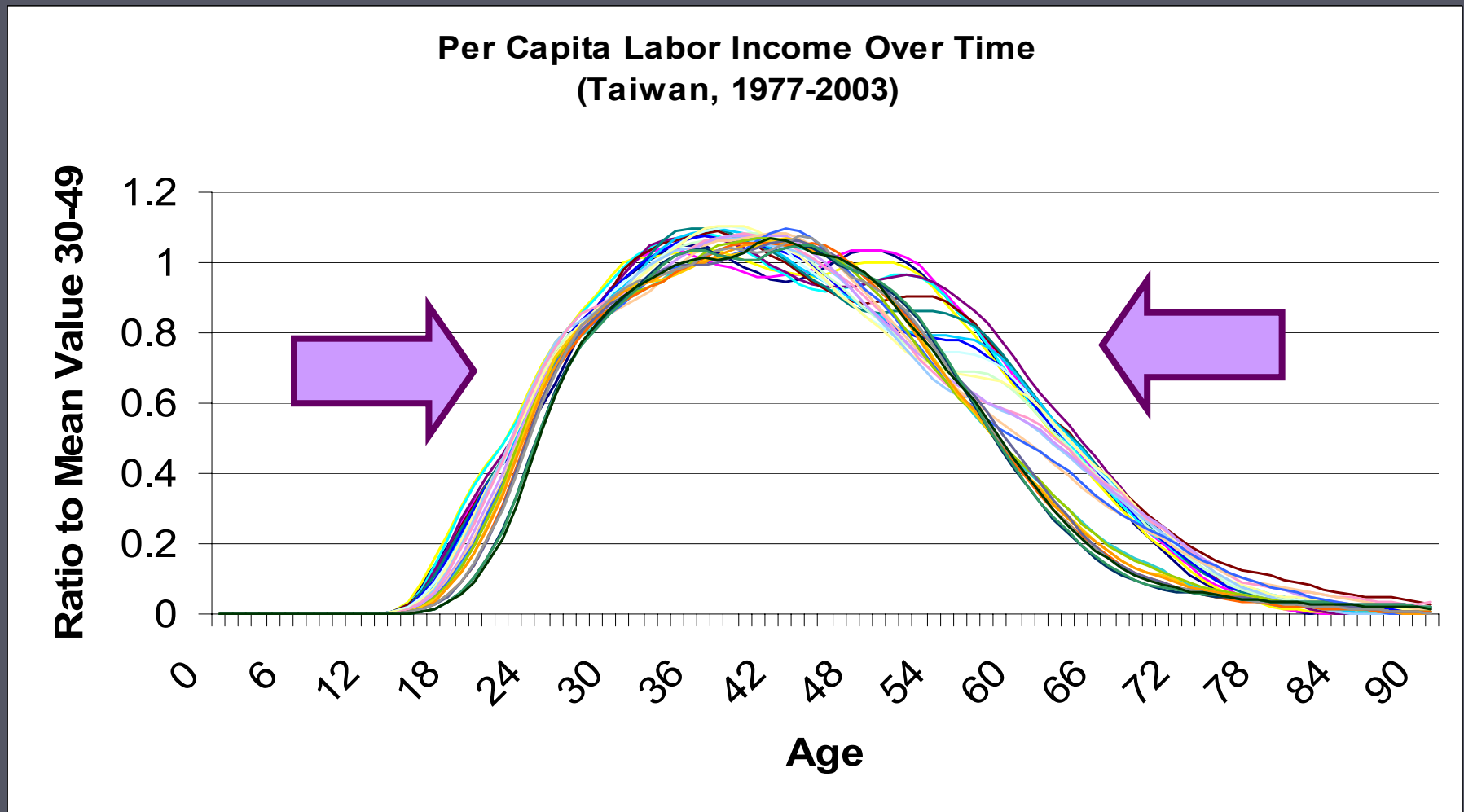
► Data problems
  - Measurement of self-employment income

National Transfer Accounts

Time-series and Cohort

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Consumption, Taiwan, 1981-2003

(normalized by average YL pc, age 30-49)

Legend:
- Taiwan 2003
- Taiwan 1998
- Taiwan 1991
- Taiwan 1986
- Taiwan 1981

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Labor Income, Taiwan 1977-2003

Per Capita Labor Income Over Time
(Taiwan, 1977-2003)

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Labor Income, 5 year birth cohorts, Taiwan

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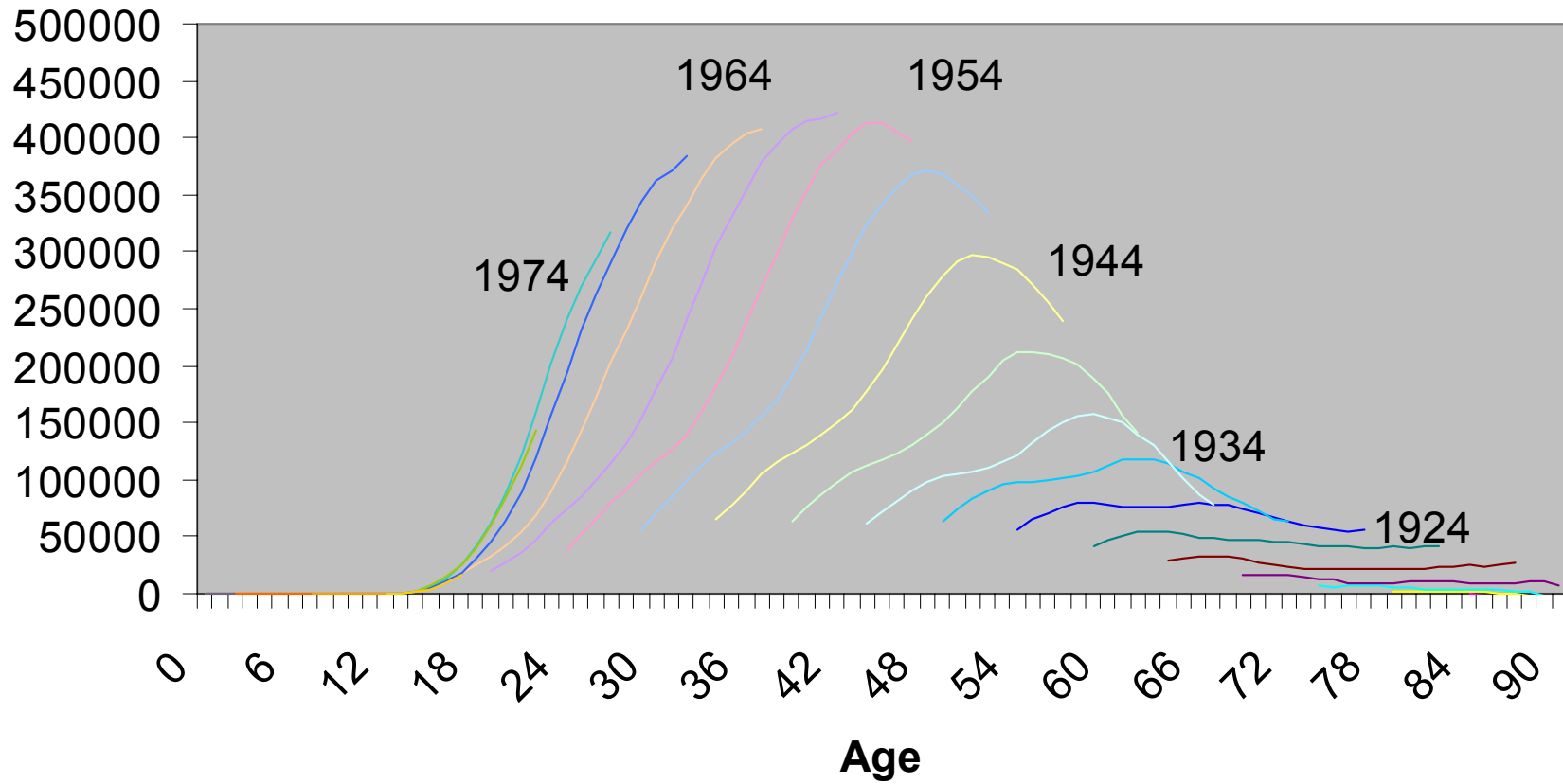
Private Consumption, Centered 5-year cohort average, Taiwan

The End

National Transfer Accounts