

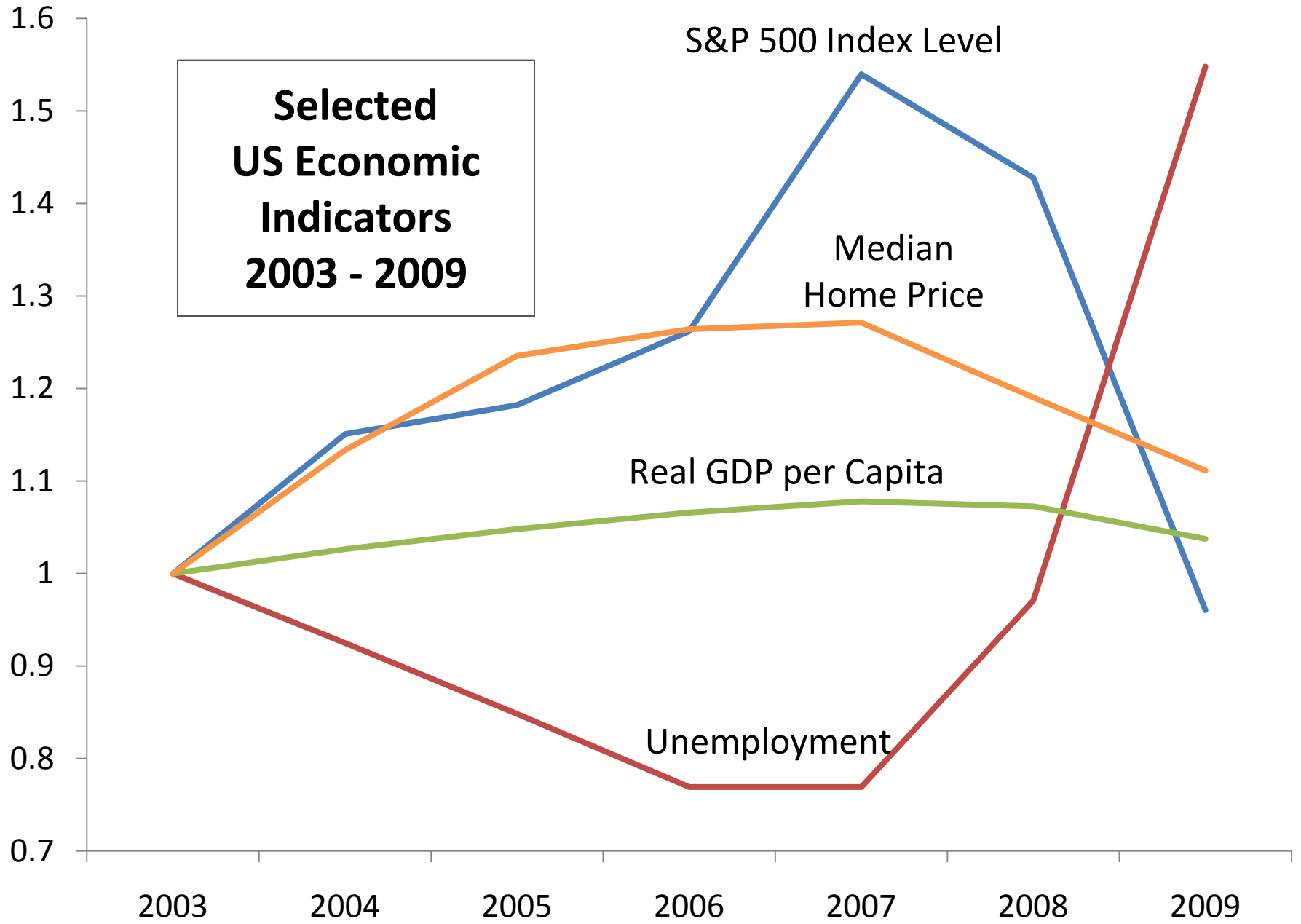
US Accounts From Bubble to Bust: 2003 to 2009

Gretchen Donehower

EWC Conference on Population and the
Generational Economy, Honolulu

June 12, 2010

**Selected
US Economic
Indicators
2003 - 2009**

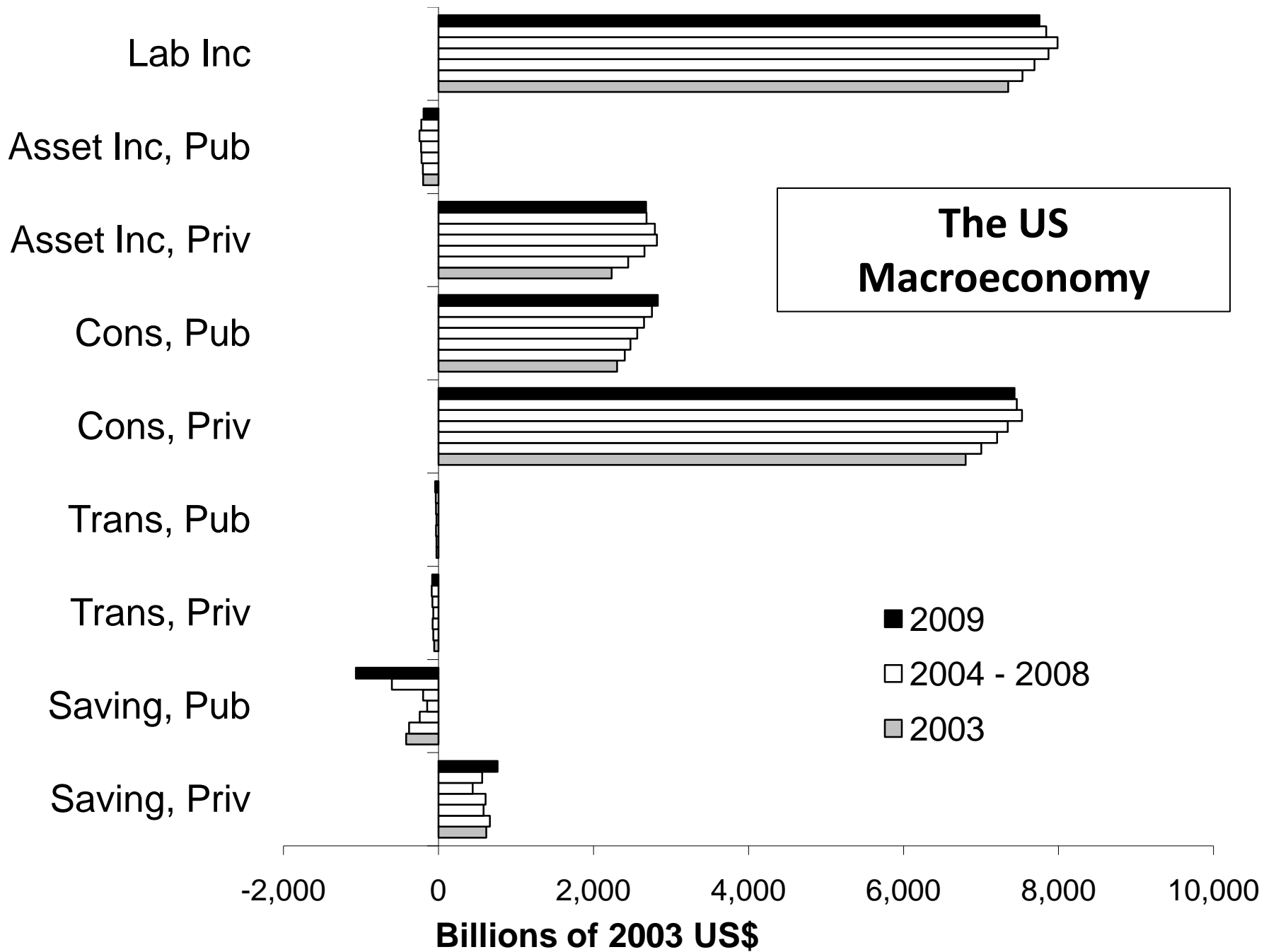


How can NTA illuminate this picture?

- Flow equation provides framework to examine aggregate impacts
 - Produce, Consume, Share, Save
- Age profiles show how the generational economy absorbs the crisis

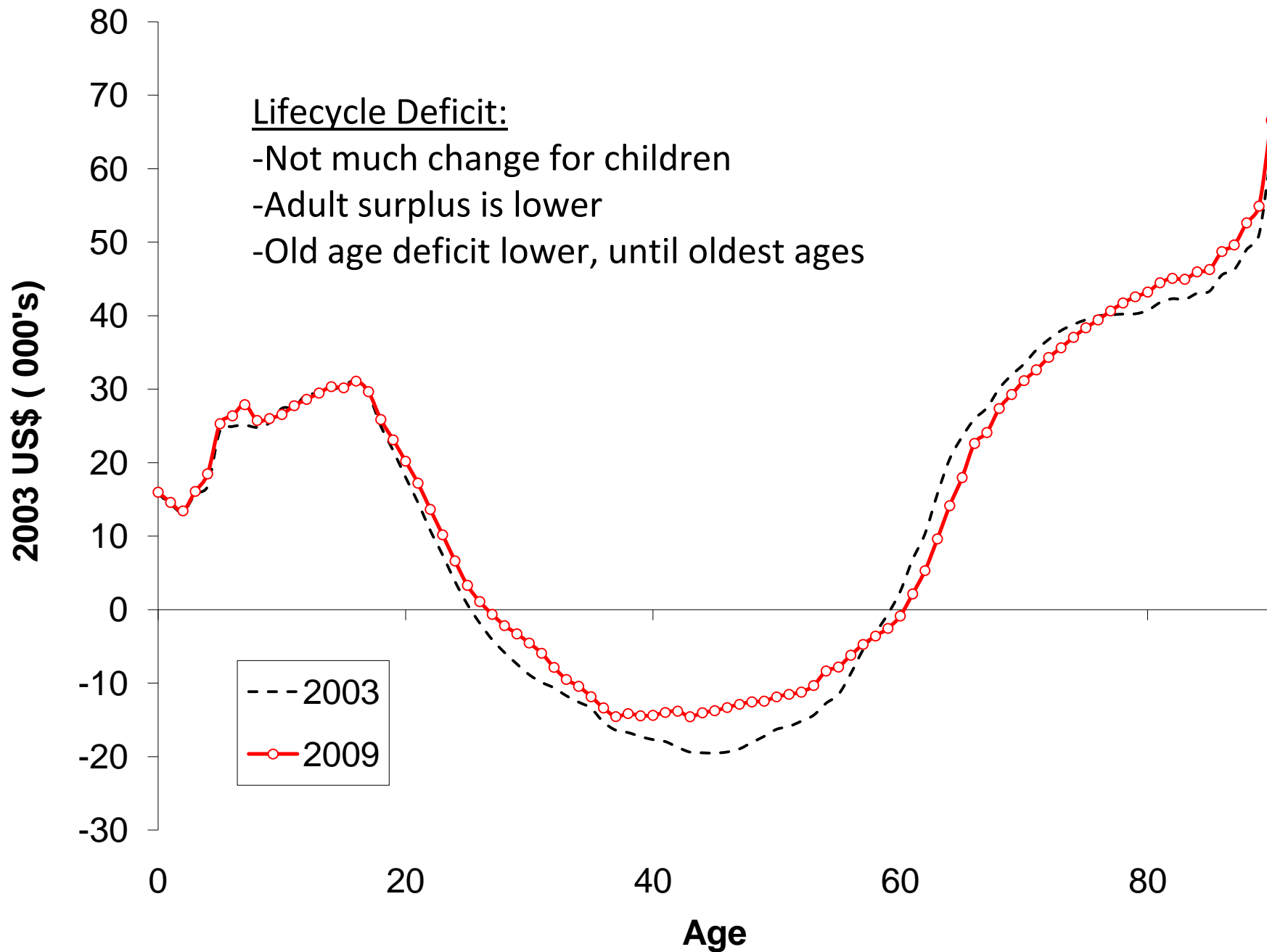
But first... disclaimers!

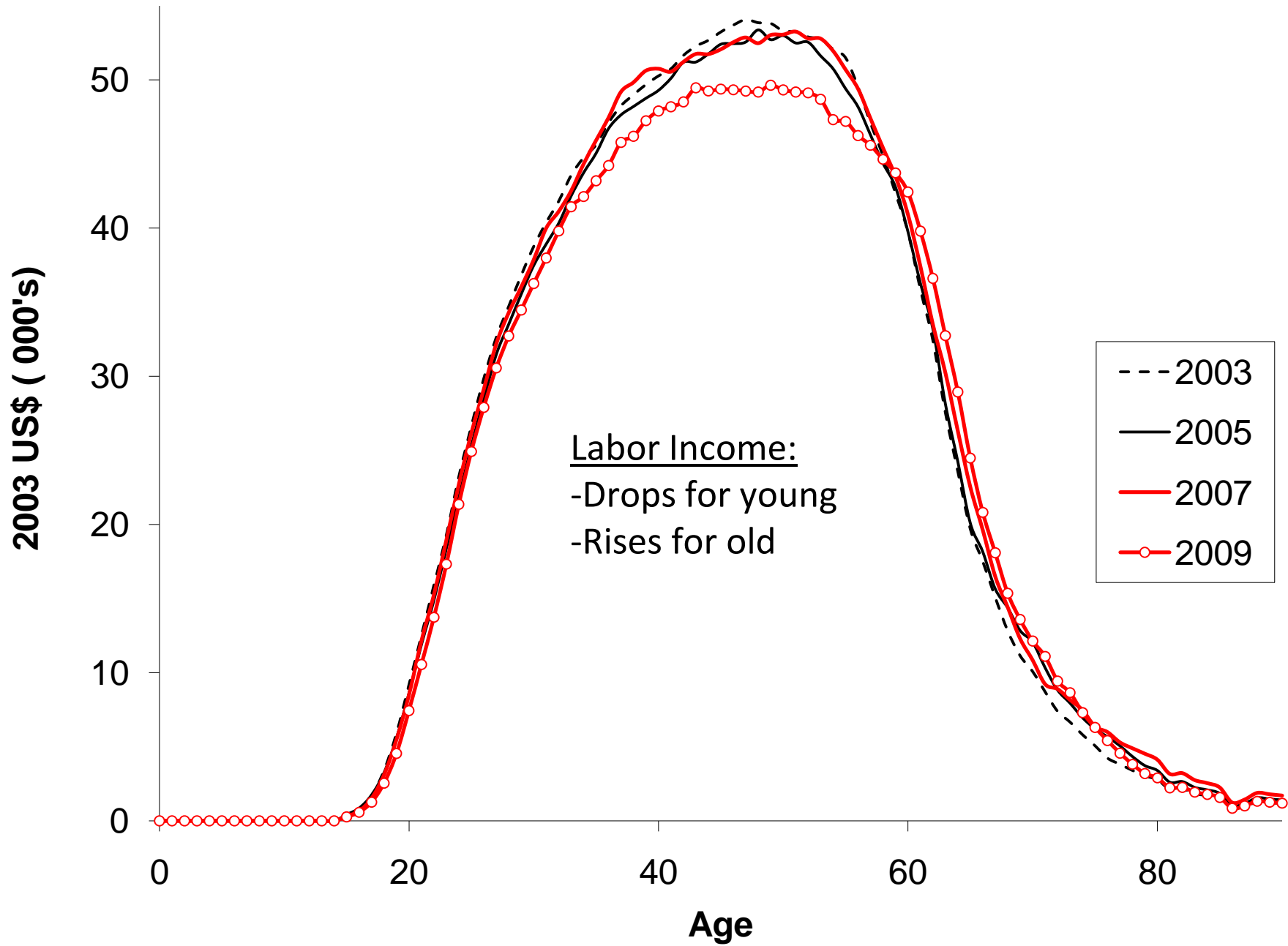
- The more recent the year, the more preliminary the macro estimates.
- Some 2009 variables are imputed because the consumption survey microdata is not available yet



Macroeconomy “Bust”

- Production falls
- Consumption flat
 - private share decreases while public increases
- Sharing (with Rest of World) flat
 - not significant amounts and no change
- Saving falls
 - private share increases while public decreases

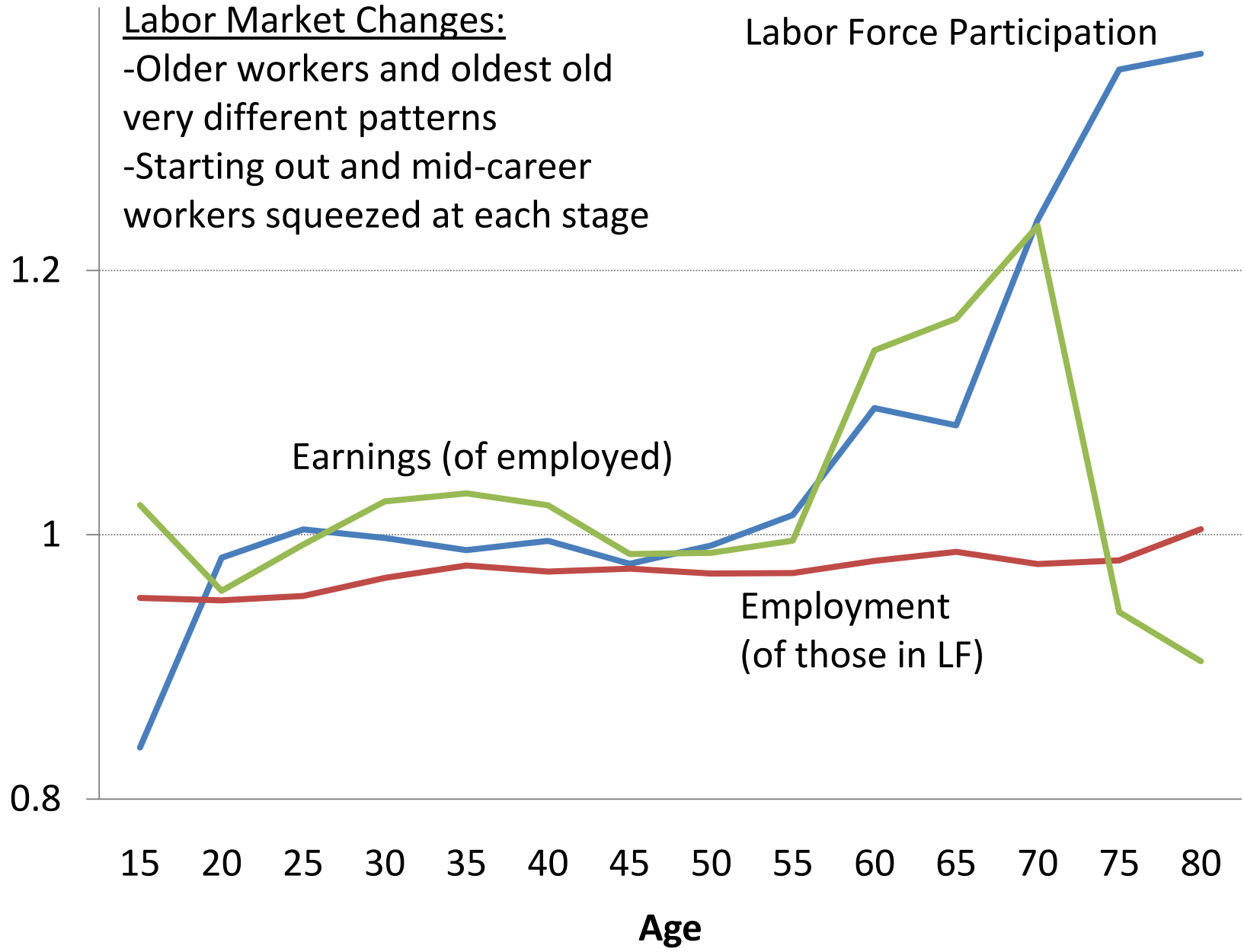




Labor Market Changes:

- Older workers and oldest old very different patterns
- Starting out and mid-career workers squeezed at each stage

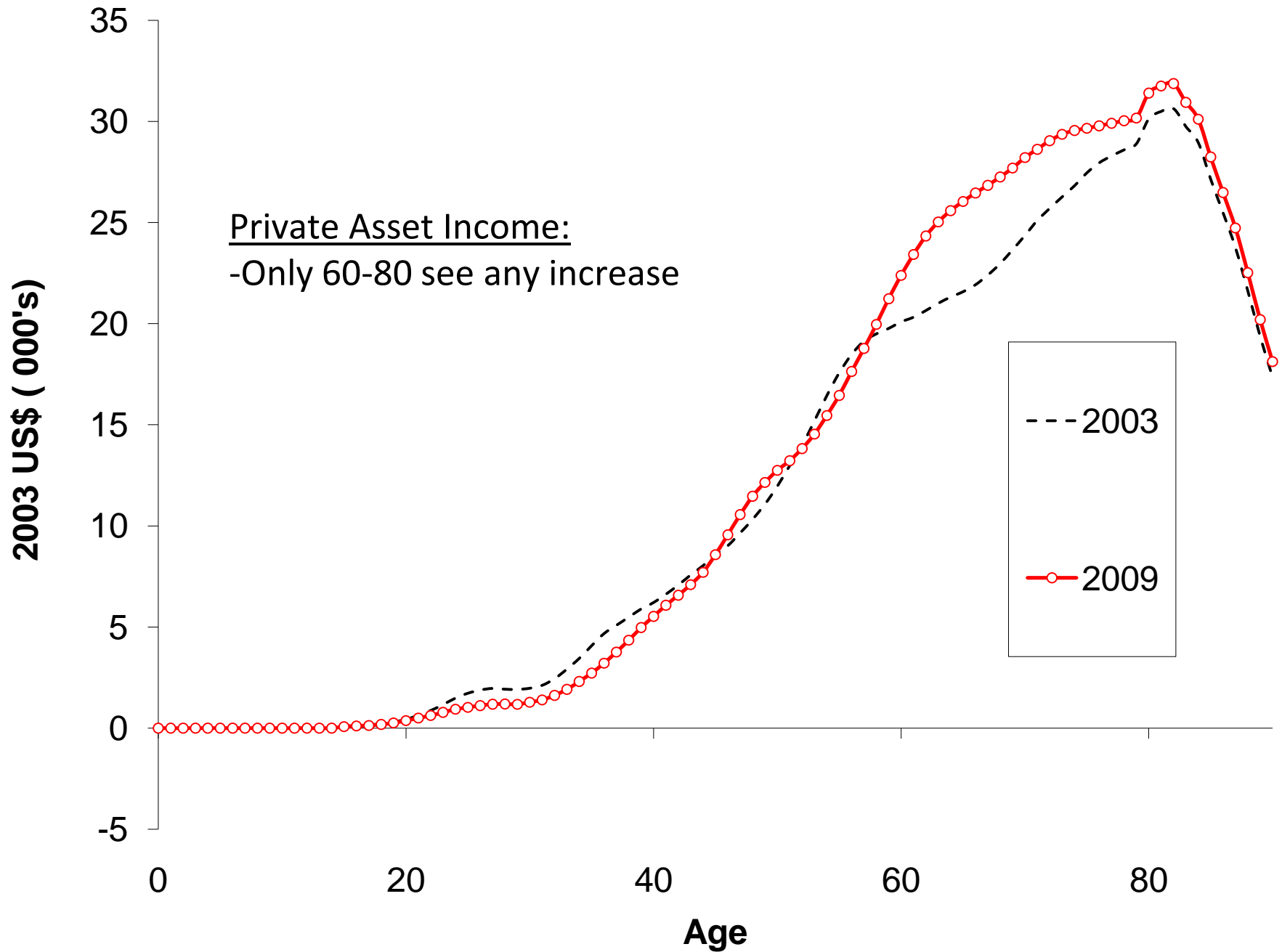
2009 Level / 2003 Level

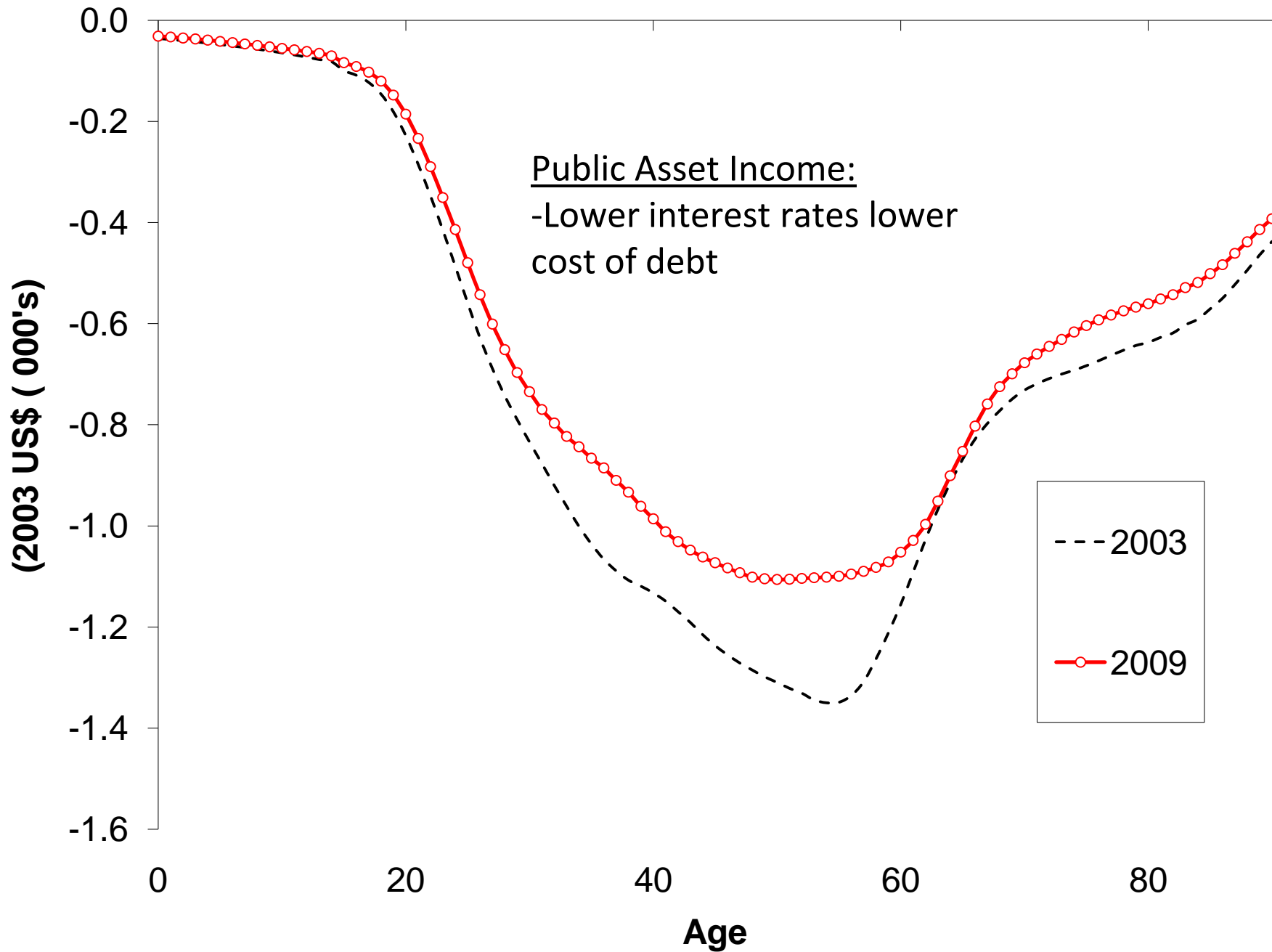


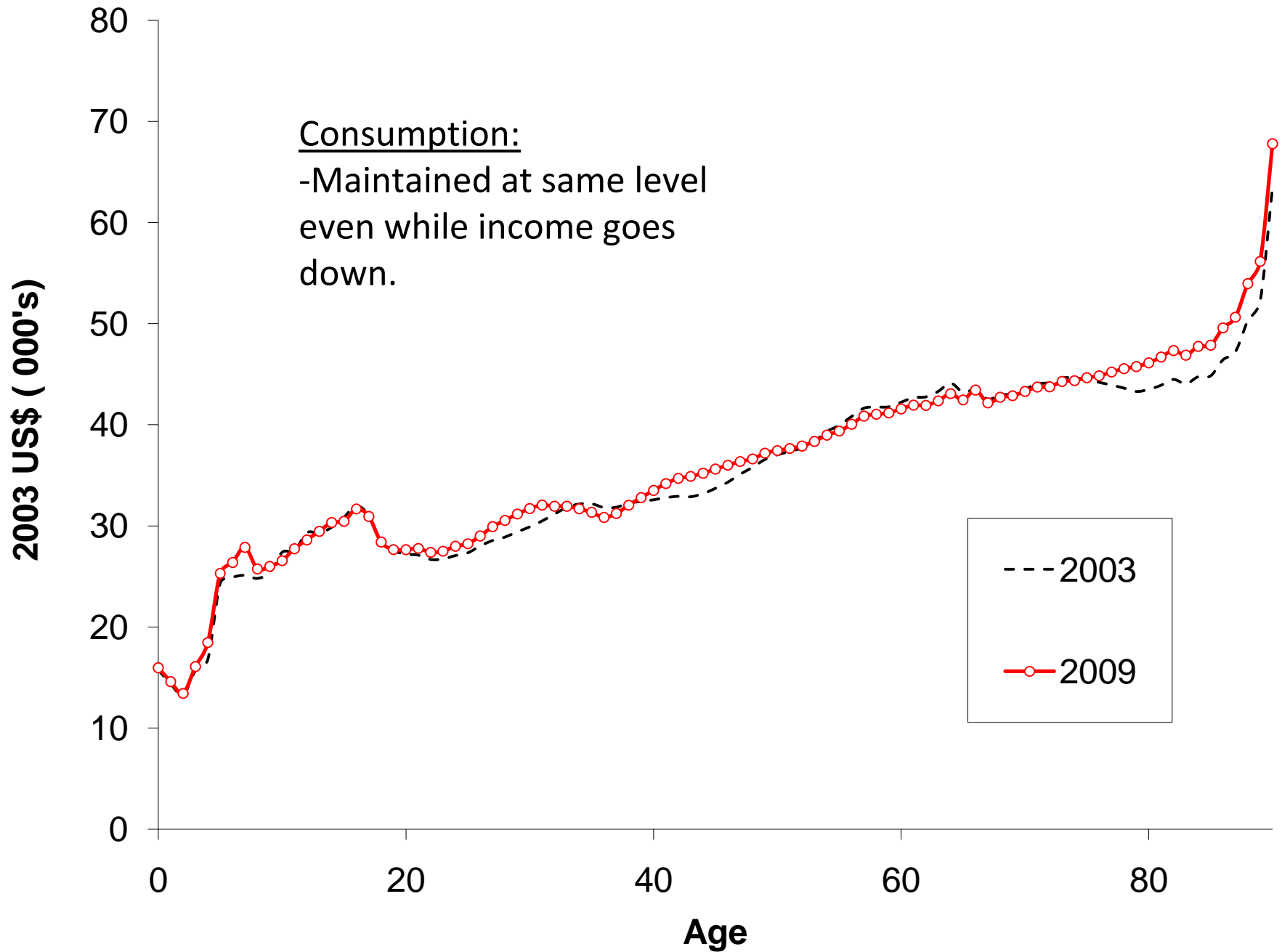
Labor Force Participation

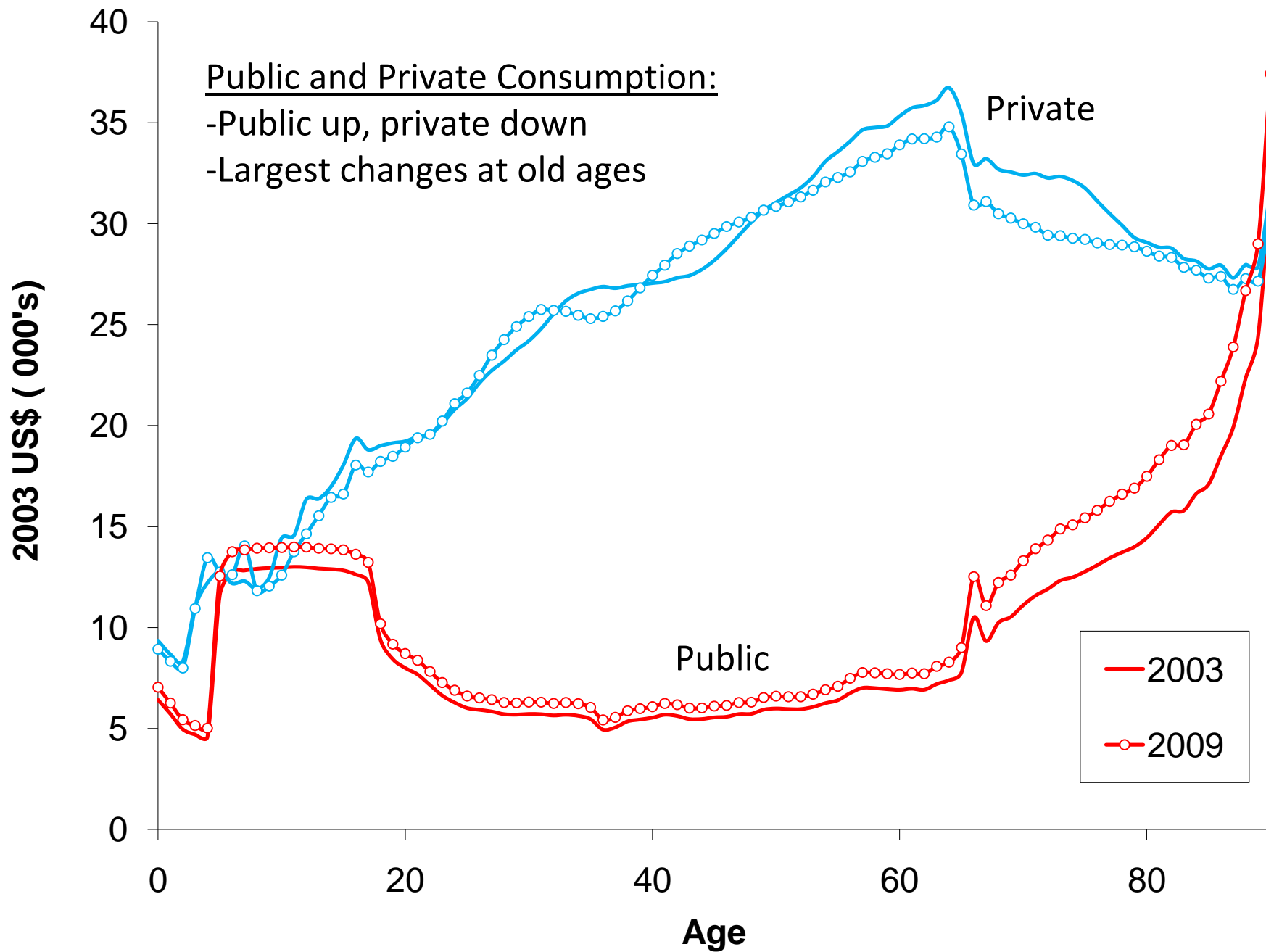
Earnings (of employed)

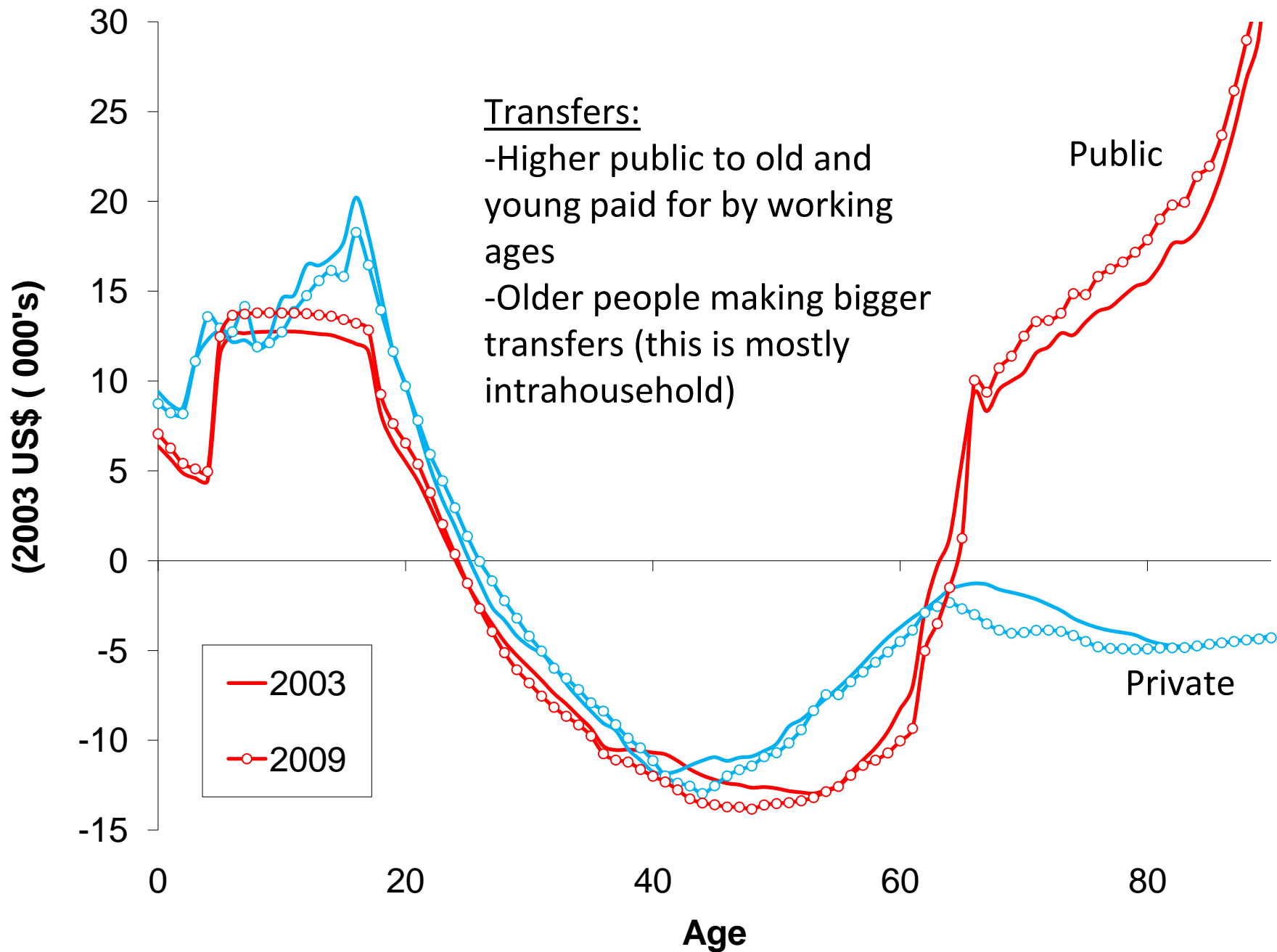
Employment (of those in LF)

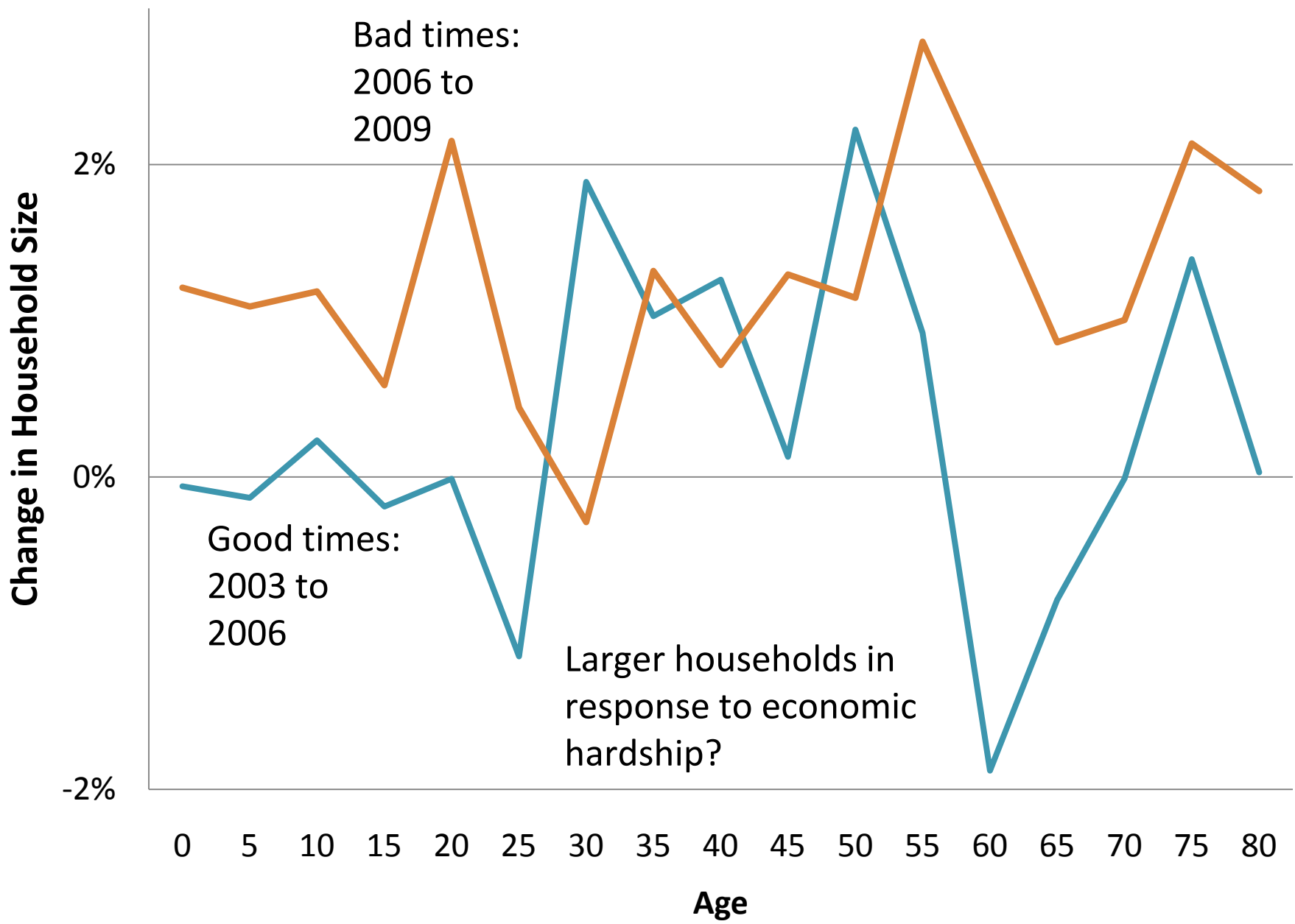


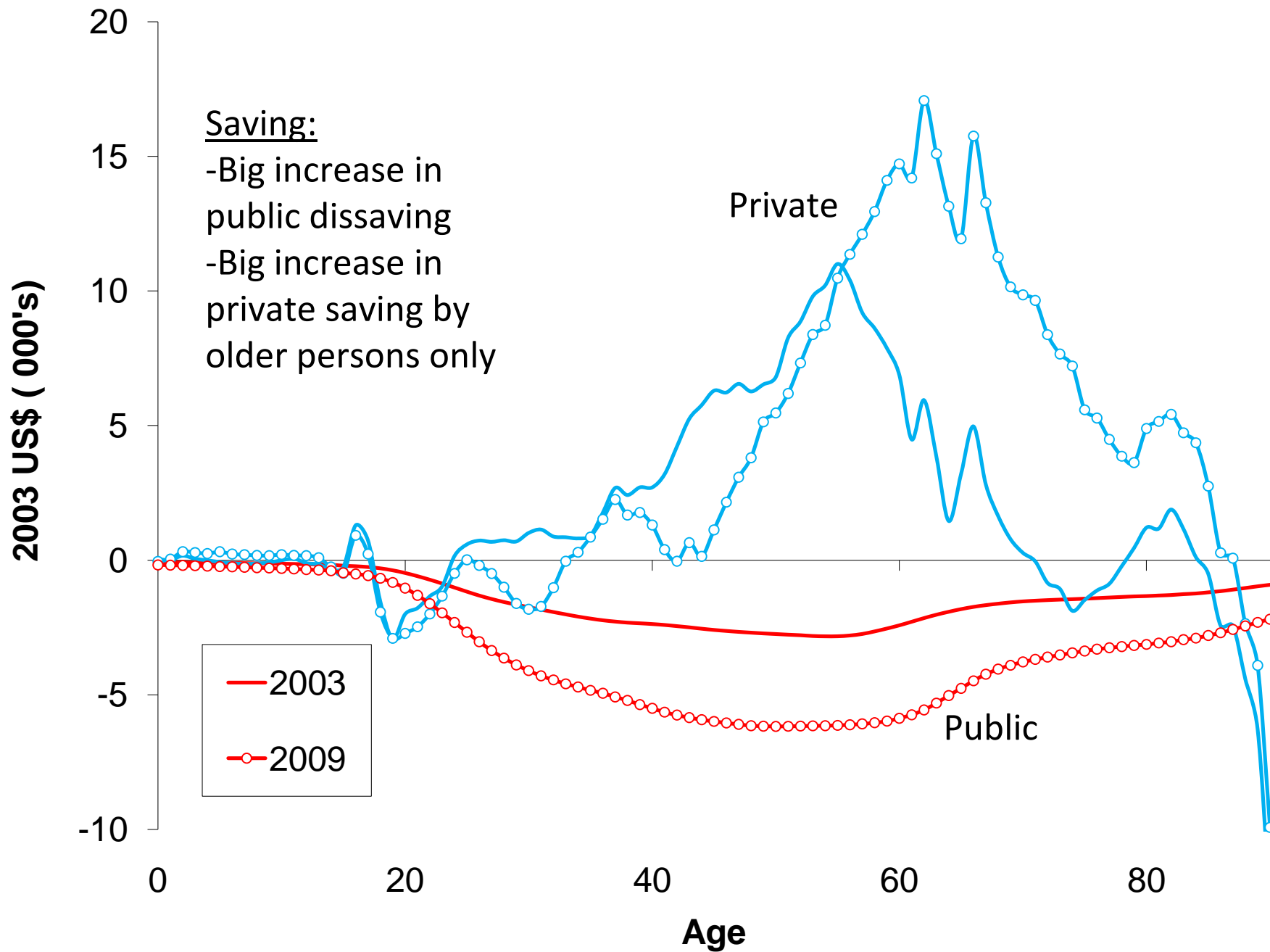












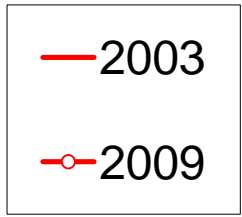
Saving:

-Big increase in public dissaving

-Big increase in private saving by older persons only

Private

Public



What have we learned?

- Recession squeezing incomes of younger workers; they save even less (but don't consume less?)
- Government providing higher public transfers and consumption to dependent ages, financed through debt
- Some indication that older people are working more and using the additional income to save and share with co-resident family