Development of NTA (National Transfer Accounts)

Sang-Hyop Lee University of Hawaii at Manoa East-West Center November 13, 2014 NTA 10, Beijing, PRC











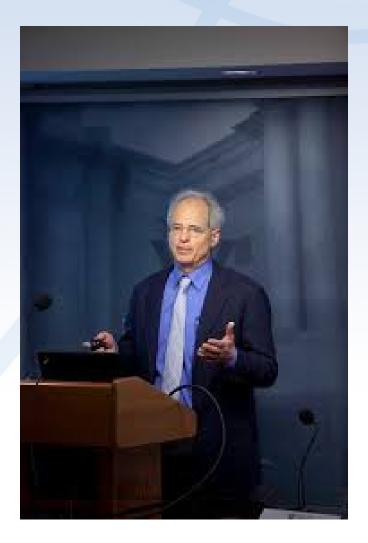








Two Directors







Key Issues

 How population change influences the economy and society (current and future)

• What policies can be pursued to influence the outcome—research provides policy tools!



National Transfer Accounts

- The goal is to improve our understanding of the generational economy
- Describes the age patterns of economic activity and the economic relations between the generations
- Quantifies how each age group acquires and uses economic resources
- Constructed using existing data (population estimates, surveys, administrative records, macroeconomic data)
- Consistent with UN System of National Accounts.

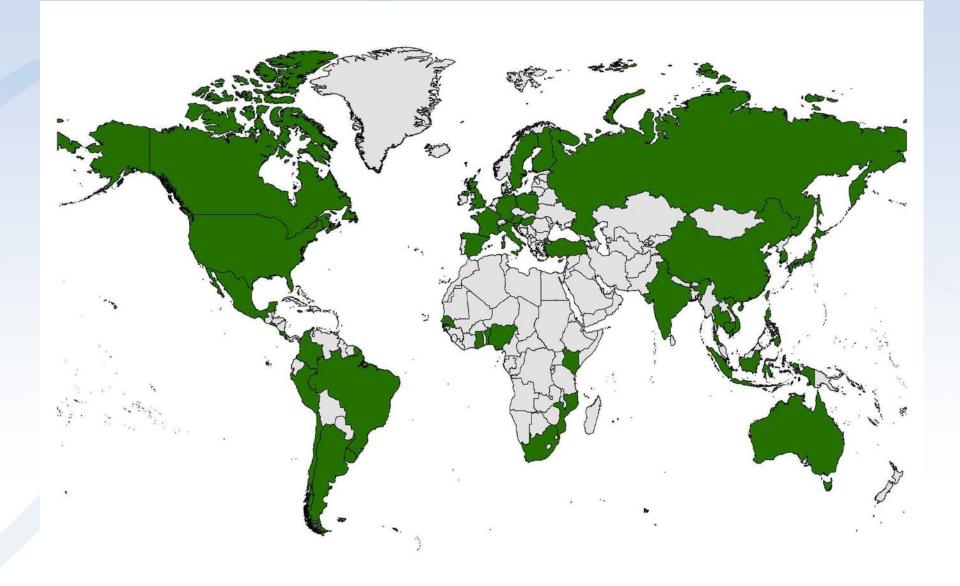




Many Offspring (TFR=over 100)









NTA is comparative: Regional structure

NTA Members			
Asia-Pacific	Americas	Europe	Africa
Australia	Argentina	Austria	Benin
Bangladesh	Brazil	Finland	Ghana
Cambodia	Canada	France	Kenya
China	Chile	Germany	Mozambique
India	Colombia	Hungary	Nigeria
Indonesia	Costa Rica	Italy	Senegal
Japan	El Salvador	Luxembourg	South Africa
Philippines	Jamaica	Netherlands	
South Korea	Mexico	Poland	
Taiwan	Peru	Russia	
Thailand	United States	Slovenia	
Vietnam	Uruguay	Spain	
		Sweden	
		Turkey	
		United Kingdom	



The continuing effort has been supported by many funders

- National Institute on Aging (NIA)
- Bill and Melinda Gates Foundation
- International Development Research Center (IDRC), Canada
- UN Fund for Population Activities (UNFPA)
- UN Population Division
- East-West Center, Hawaii
- Center for the Economics and Demography of Aging, UC Berkeley
- Asian Development Bank
- Japan: MEXT.ACADEMIC FRONTIER
- MacArthur Foundation
- European Union
- In-country support from governments and other funders in many countries



Global Meetings

- 10th Beijing, China, Nov 10-14, 2014
- 9th Barcelona, June 2013
- 8th Rio, Brazil, December 2011
- 7th Honolulu, June 11-12, 2010
- 6th Berkeley, January 9-10, 2009
- 5th Seoul, Korea, November 5-6, 2007
- 4th Berkeley, January 19-20, 2007
- 3rd Honolulu, January 20-22, 2006
- 2nd Berkeley, January 2005
- 1st Berkeley, January 2004



After more than a hundred articles by project members, the first book from the project is out

EE

RONALD LEE AND ANDREW MASON

Population Aging and the Generational Economy A Global Perspective





JANUARY 2011

NTA Coordinators Itenald D. Lee and Andrew Mason Series Editor: Schooy B. Watley NTA Balletin Adeisory Committee

Alexia Farskrans-Peskawitz, Bonald D. Lee, Sang (Byop Lee, Thomas Limb, Andrew Masco, Tim Miller, Garmano Weaba, Nachtro Ogawa, and Adadoyin Soyibo

The load institutions for the NTA, project are the Cantor for the Economics and Duno(quely of Ada), Contourly of California at Heckley and the Population and Hashih Stadles Program, East New Conter, Rogenad conten are based at Milon Elowenty Population Research Internet for Commission for Latin. America and the Commission for Latin. America and the Caribbase in Reating, the Alvian Economics are the Alviant for Intertion and Content Consortions in National A. Statistics for Intertinden in Elowheads.

Support has been provided by the US National Instance on Aging, the Joint D and Catherine T. MacArthar Foundation, the International Development Research Canter (DDBC) the United Nations Population Fund (CMPFR), the European Riesson Poundation, and a great by the Neben Domenty Population Research Institute From the Academic Postlers

National Transfer Accounts Population and Huakh Ruskies Hant Wort Conter 1600 Rant West Read Homolulo, Haward 94644-3400 Telephone. +1.808.944 7096 Page +1.808.944 7090 Zimali contactiontaccounts.org Website. www.tracsounts.org

National Transfer Accounts: A new way to look at population change and economic growth

In all modern societies, there are extended periods of dependency at the beginting and the end of like—whither and the dedry consume more resources than they produce through their own labor, while working age adults produce more than decy consume. What makes this consense likes/size possible is the flow of resources over the end across generations through a complex of working, economie, and political lestitutions. This universal pattern rates a sumber of important questions for counting planes and policymakees.

"Who in the population series income from labor, and how much do they earn? How much do people at every age consume? And how do young and oild people. Who consume more than they produce, support themselves...do they rely on their families, on targueses through government pergrams, or in the case of the elderly, on their own avaiting and investment?"

Because of this economic lifecycle, changes in population age structure pose special challenges for policysmakers. Are public pension and beathcare programs sustainable? Witt use payros he abie-and willing--in-provide financial support for growing numbers of old poople? Witt the expansion of diderty populations alone cosming numbers of add poople? Witt the expansion of diderty populations alone of and economic inequality? The National Transfer Accounts (TAA) network in bringing uppther data and developing analytical toris to help answer these impotant questions.

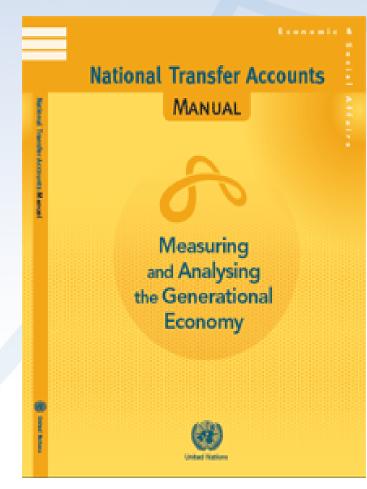
Researchers and policymakers use measures such as the Groun Domestic Froduet (IGDP) and other components of the Sprittern of National Accounts its names the performance of national economies. By providing estimates of income and consumption by agi, NTA adds an important dimension to measures of GDP and other widdp used economic inductors.

NTA also: estimates economic flows across age groups, showing how each age group relies on shartag and saving to support usmumption at all stages of life. All economic flows are considered, distinguished into two antigeters—transfers between age groups and the use of anexis accumulated at one time of life to fand communition at a stocher. Transifier flow itrough grouperments programs, such as oducation, healthcare, and pensions, and through families. Anext-based flows can involve governments, but hey occur primarily through primate institutions such as businesses; manual darissing and anti-transfer and the stochesses of manual through primate institutions such as businesses; manual darissing and markets.

The NTA approach, which looks at economic indicators through the lens of age, is particularly critical today bocases the age structures of populations are uhanging more quickly than in the part. In requiply half the construction of the world—concentrated in Africa, Latin America, and South Asia—the working-



Manuals, more articles, etc.



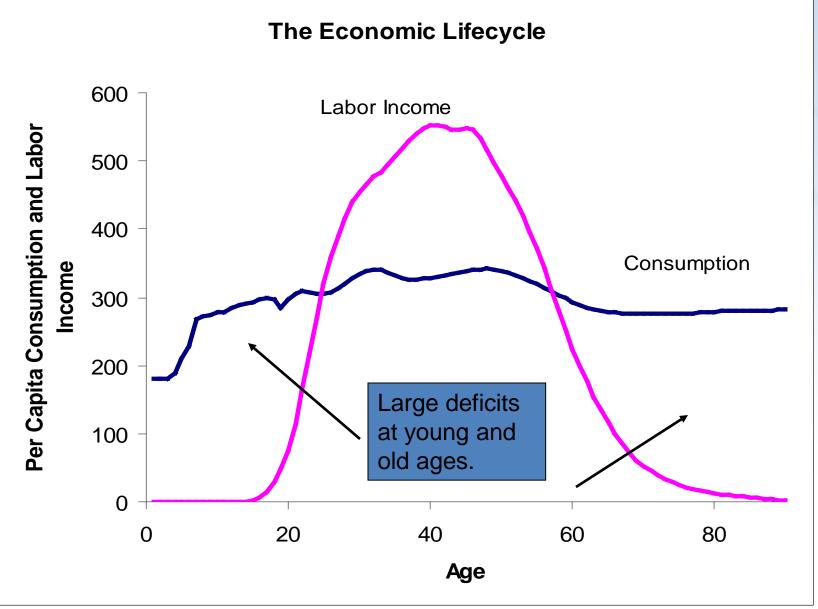




Outcomes from NTA

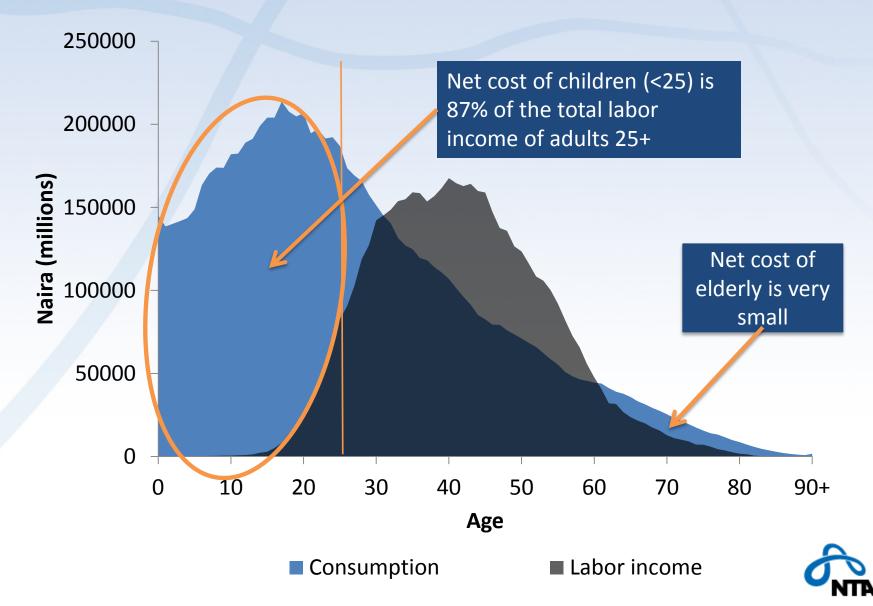
- Data improvement
- Research and policy awareness
 - Comparative or country specific
- Capacity building
 - Global meetings
 - Regional meetings
 - Technical/training workshops



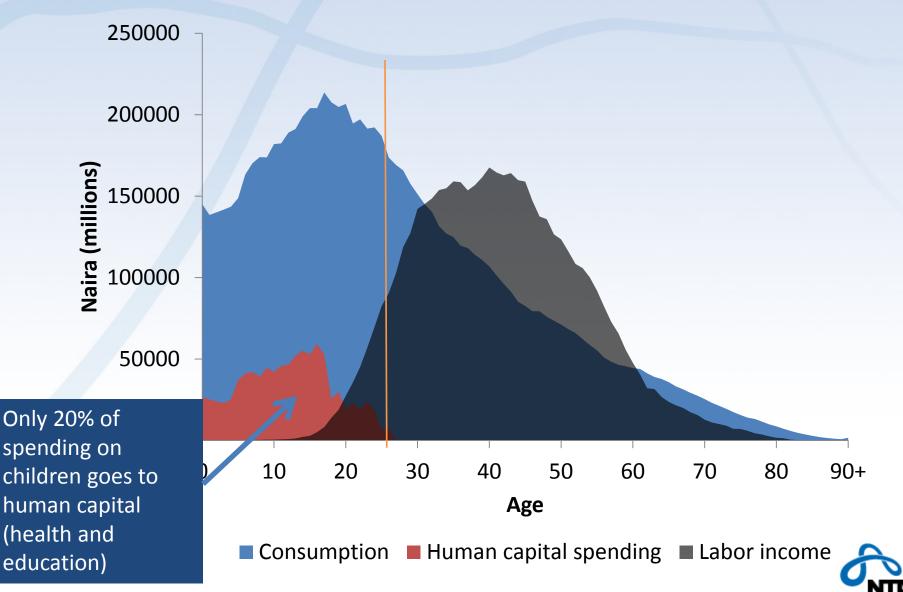




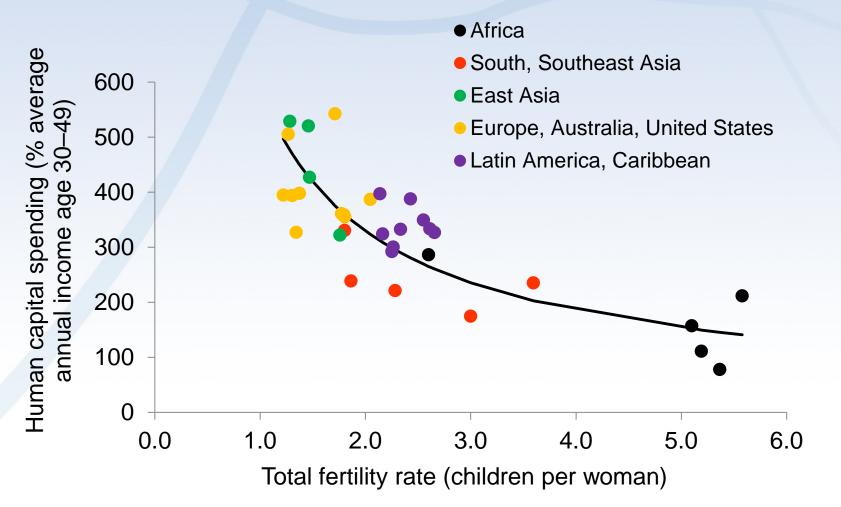
Aggregate flows, Nigeria



Human capital spending, Nigeria

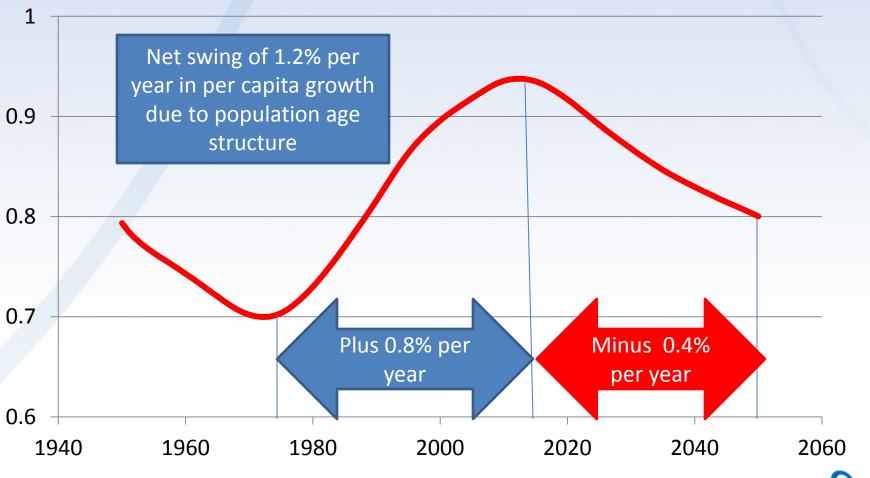


Fertility/human capital tradeoff



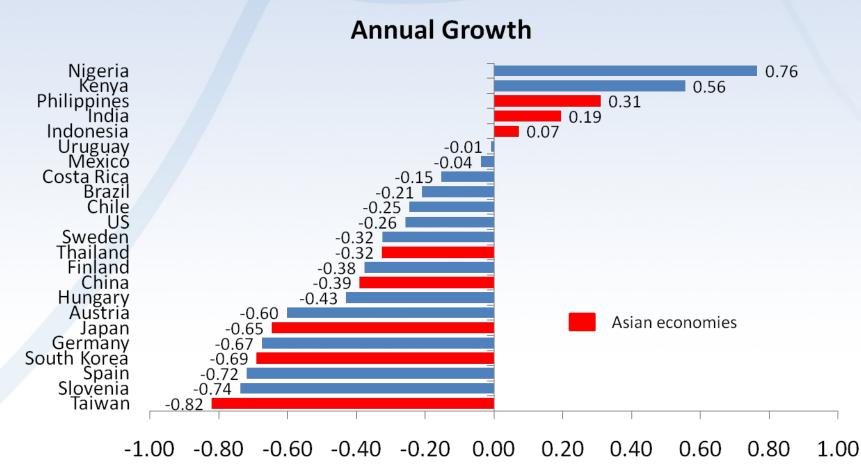


Support ratio, China



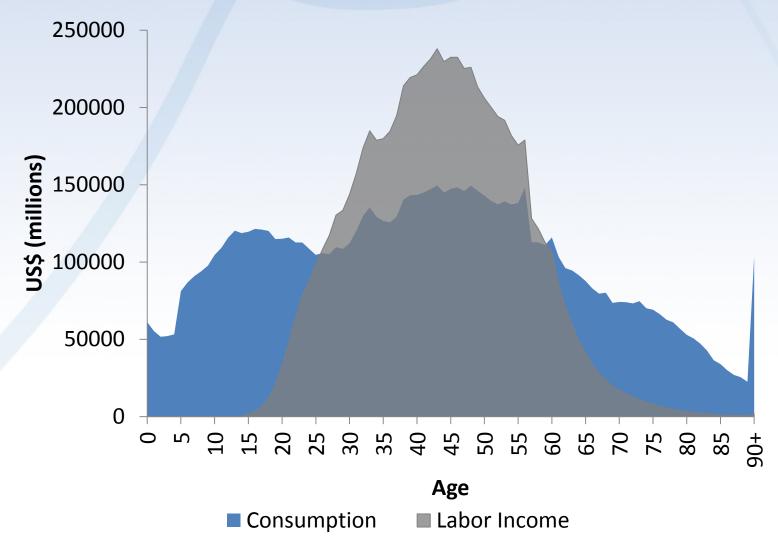


Annual growth of support ratio, NTA economies, 2010–2050





The economic lifecycle, aggregate flows (United States)

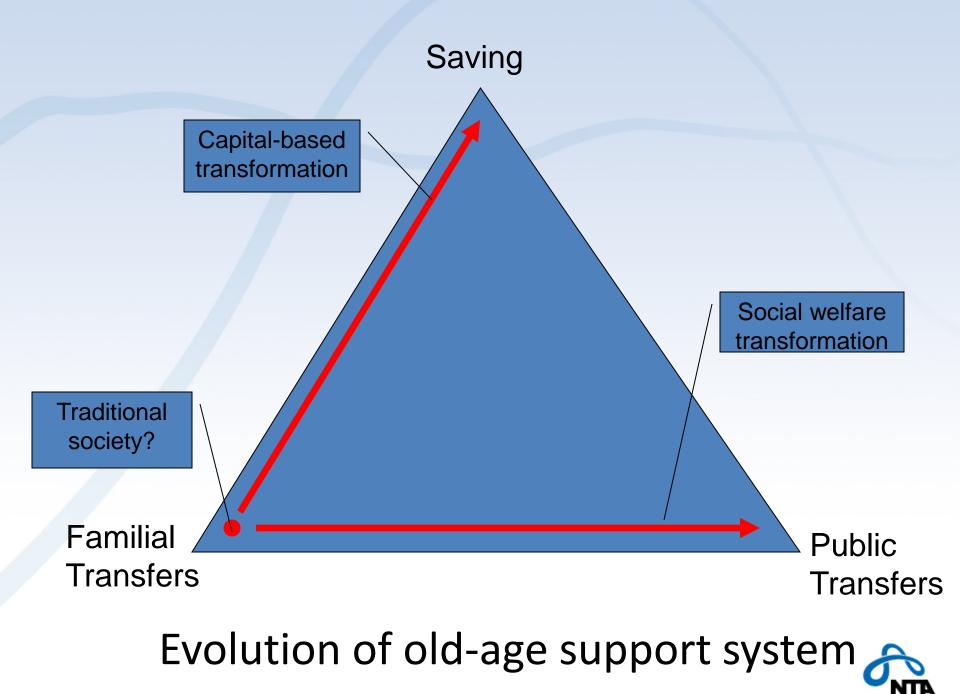


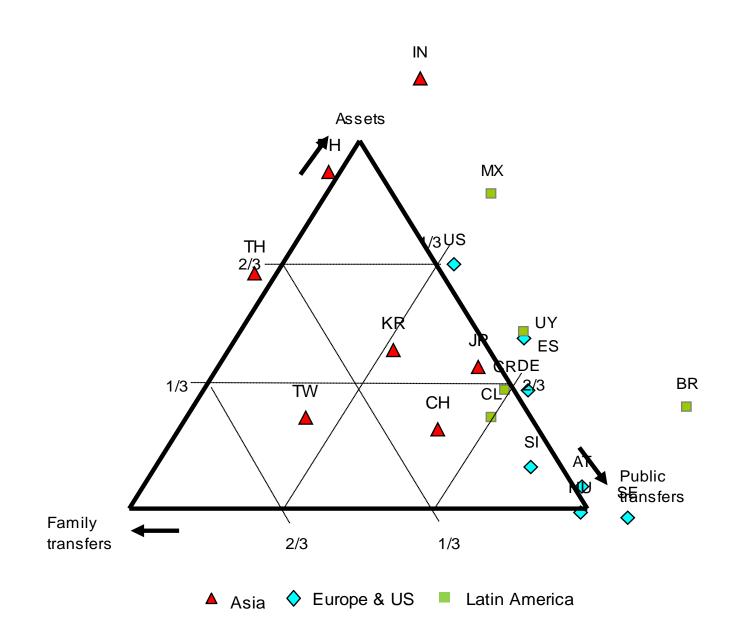


Sources of funding consumption (support system)

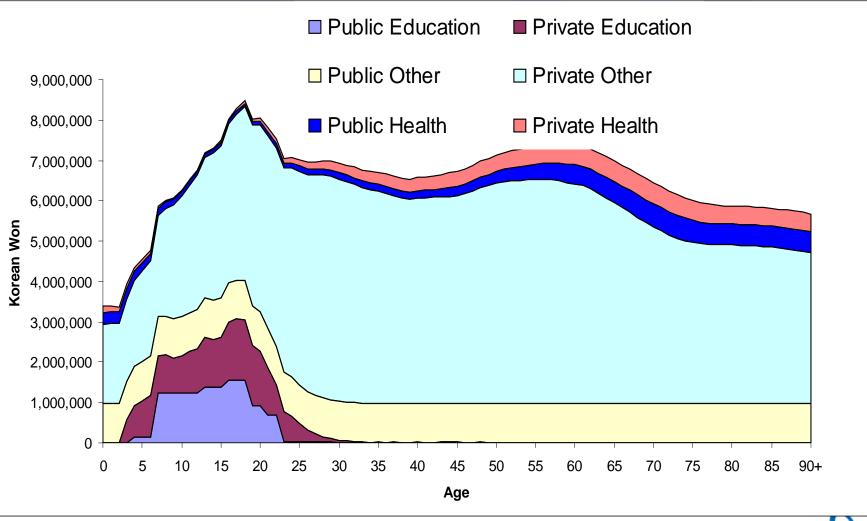
- Labor income
- Transfers
 - Familial transfers
 - Public transfers
 - Social security system
- Asset-based reallocations
 - Interest, dividends, rent from personal assets
 - Home
 - Dis-saving





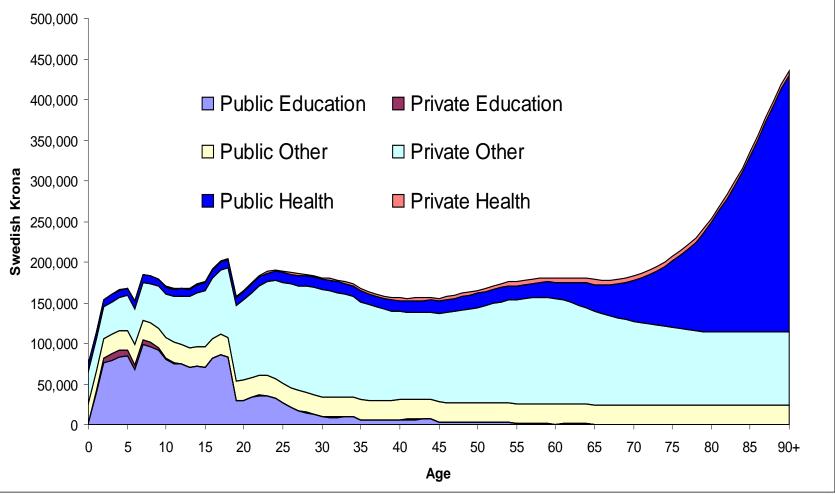


Consumption by Sector (Korea)



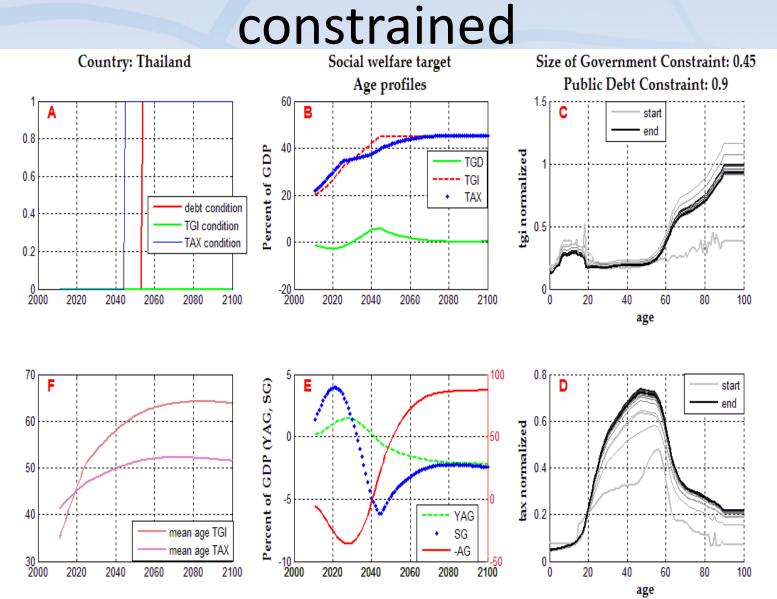


Consumption by Sector (Sweden)





Social welfare target (Thailand),



Summary: NTA research areas

- Demographic dividend
- Economic growth and saving
- Fiscal sustainability
- Intergenerational equity
- Implications for gender issues and inequality
- Human resources (healthcare and education)
- Responsibilities of private vs. public sector
- Retirement and pension issues



Concluding remarks

- Our economic systems are being tested by unprecedented changes in population age structure
- Stakes are very large: Economic growth, generational equity, economic security for children and elderly, and sustainability of support systems
- Complex systems are involved: Governments, labor markets, families, financial markets, and health-care systems
- It is essential that policy be informed by the best possible data linking population and the macroeconomy



Thank you

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