Intergenerational Indicators Working Group

EWC Summer Seminar on Population

Population Aging and the Generational Economy

Honolulu, June 6-19, 2010

The presentation

1. The mission

2. Two tracks
   - policy oriented
   - research oriented

3. What next?

The mission

To give an effective and efficient description of a society in which age (birth year of a cohort, age composition of the society) matters.

The history of poverty/inequality measurement

The policy-oriented track

1. Proposed sets of indicators: wallcharts

   - LAC wallchart: proportions of age groups; intergenerational (tax) reallocation rate; duration of the demographic bond; support ratio; intergenerational reallocation rate; LCD

   - Global wallchart: the economic lifecycle; LCD; cut-off ages; support ratio; human capital spending; sources of support; human capital spending and fertility; funding of old-age deficit

The policy-oriented track (contd.)

2. How to choose among them:

    - principles of indicator selection: substantive, simple, available, universal, consistent, have a broad appeal

    - criteria for age structure measures: intuitive, conceptually sound, relevant; be an established convention; should fully incorporate relevant information; should isolate feature of interest

The research-oriented track

1. Proposals for new indicators:
   - the benefit generosity ratio and the intergenerational (tax) reallocation rate
   - life-cycle adjusted dependency ratios

2. Taxonomy of indicators

3. Special issues of methodology
   - Construction of pseudo longitudinal age profiles from cross-sectional NTA estimates
   - Stocks from flows: implicit pension debt