

National Transfer Accounts Project

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NTA Course

OUTLINE (First draft)

I. Overview

1. Intergenerational transfers, aging, and the economy

Changes in population structure, particularly the aging process of the population, may bring enormous impacts to the economy because many economic variables are age dependents. The primary change is change in economic lifecycle: a notion where the elderly and children consume more than they produce through their labor. The National Transfer Accounts Project aims to measure these changes at the aggregate level in a manner consistent with the System of National Accounts.

Presentation: [C_01_AM\[info\]](#)

2. Overview of National Transfer Accounts

Goals of the National Transfers Accounts project are (1) to develop a system of economic accounts that quantifies intergenerational flows in a comprehensive fashion. (2) To estimate the accounts with historical depth for economies with different cultures, level of developments, economic systems and policies. (3) To analyze and explain variation in the economic life-cycle and the intergenerational economic systems, and macroeconomic effects of population aging. (4) To improve policies related to pension, health care, education, and fertility.

Presentation: [C_02_AM\[info\]](#)

II. National Transfer Accounts

3. Data and estimation issues

Constructing NTA requires individual or household micro survey datasets. A good data set has the following properties: extent (it has all variables of interest in certain detail), reliability (measured without error), and validity (the data is representative). Issues in estimation process include data cleaning, weighting, and

smoothing.

Presentation: [C_03_SHL](#)^[info]

4. Economic life-cycle

Estimation of economic lifecycle includes estimations of consumptions and labor income. Consumption consists of public and private consumption. Public consumption data comes from macroeconomic or government data, while private consumption comes from micro survey data. In general, consumptions are divided into education, health, and other consumptions. Labor income comes from survey data.

Presentation: [C_04_SHL1](#)^[info] and [C_04_SHL2](#)^[info]

5. Public transfers

Public sector in NTA includes the activities of all units of government (federal, state, local), social insurance funds, and all non-market, non-profit institutions that are controlled and mainly financed by government unit. It does not include, however, the public enterprises or profit-making activities.

Presentation: [C_05_AT](#)^[info]

6. Private transfers

Private sector in NTA includes households, public and private enterprises, and non-profit institutions serving household sector.

Reading: [list](#)

Presentation: [C_06_MP](#)^[info]

7. Public asset-based reallocations

Assets are entities functioning as store of value and over which ownership rights are enforced by institutional units. The owner of the asset may derive economic benefits by holding or using them over the period of time. Components of asset reallocations include asset income and saving. Public assets include public capital stock and public credit, debt, and property. The NTA uses macro control and age profile from general tax to estimate public assets.

Presentation: [C_07_AC](#)^[info]

8. Private asset-based reallocations

Private assets are generated from two sources: income and saving. Inflows and outflows of private asset income and saving are to and from a household head. In NTA calculation, we assume children and other non-head members do not earn asset income or save.

Presentation: [C_08_AM](#)[\[info\]](#)

III. Demographic dividends

9. Population structure, demographic dividends and economic growth

There are two demographic dividends: the first and second dividends. The first demographic dividends come from the changes in support ratio which provide more effective workers than effective consumers. The second demographic dividends come from the increase of saving as workers anticipate their retirement period. Analysis of demographic dividends are done through macro-simulations using population projections.

Presentation: [C09_AM](#)[\[info\]](#)

10. Empirical models

Empirical studies look at the effect of fertility and longevity on demographic dividends. Decline in fertility leads to a significant increase in female labor force participation, which compounds the positive long term growth effects induced by the demographic transition. Longevity, on the other hand, increases aggregate savings; the saving of the young and middle aged, in preparation for retirement, increases.

Presentation: [C10_DC](#)[\[info\]](#)

11. Human capital

Demographic dividends may affect human capital through the investment coming from changes in saving rates. The NTA project allows a new measure of human capital that includes public and private expenditures for health and education at each age.

Presentation: [C11_RL](#)[\[info\]](#)

12. Gender and the demographic dividend

Gender inequality may affect human capital as it reduces the positive effects of a favorable age structure on economic growth. At the end, it may affect the economic growth itself.

Presentation: [C12_KOM](#)[\[info\]](#)

Reading List

Reading: [list](#)

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