

Introducing age into household satellite accounts

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VIII National Transfers Accounts Workshop
Intergenerational Approaches to Social and Economic
Policy

Belo Horizonte, Minas Gerais, Brazil
December 2011

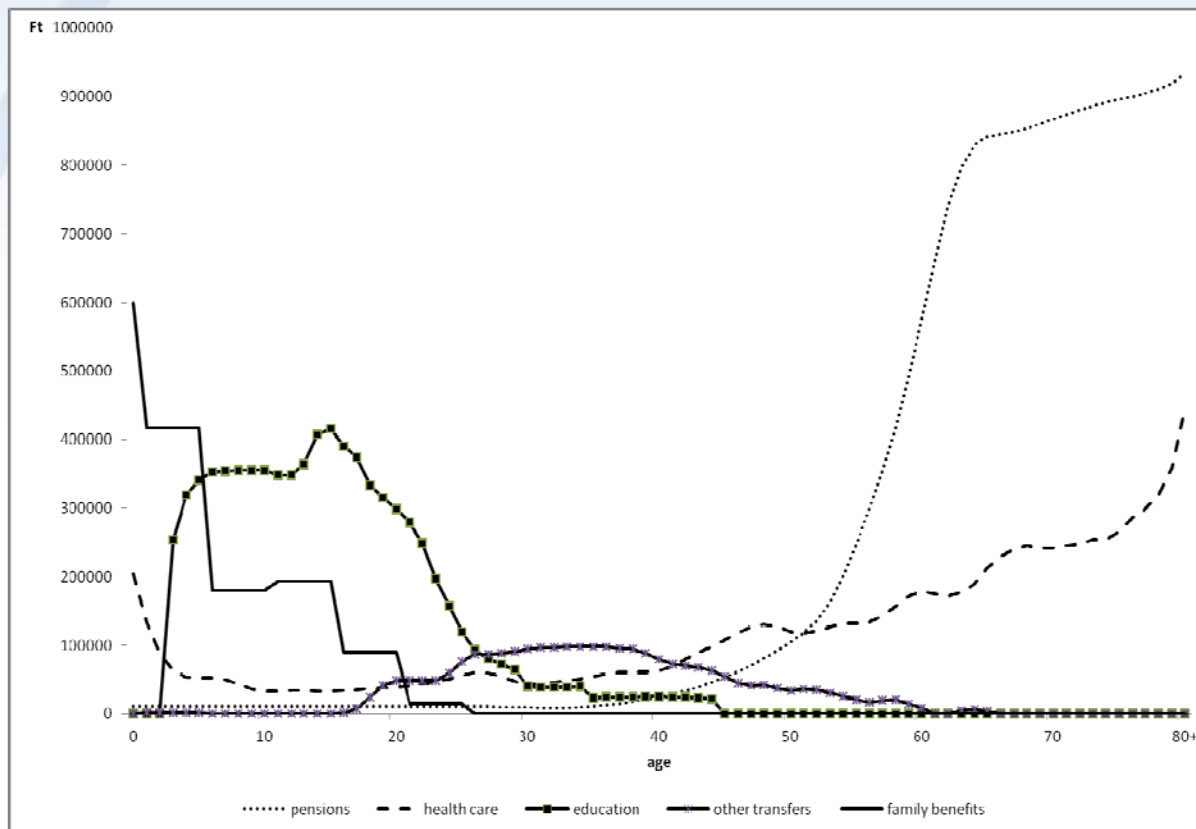
Structure of presentation:

- Beyond national income (NNI)
- An NTA exercise on unpaid household labour (S_NNI_YL)
 - age profile of S_NNI_YL
 - consumption of S_NNI_YL
- - life-cycle deficit on S_NNI_YL
- Aggregate SNNI and NNI profiles and full system of LCD financing
- Policy relevance

Motivation: Beyond national income (NNI)

Instead of handling poverty risks the welfare state helps financing the inactive periods of the life-cycle through interage reallocations.

Age-profiles of public expenditures by type of transfer, Hungary, 2005 (excluding pure public goods)



Motivation, contd.

Historically, the emergence of the welfare state is an intervention to an interage reallocation system that had been there before for centuries.

It takes over some of the interage reallocations but far from all.

LCD-financing in Sweden, 1825-2000, simulation results

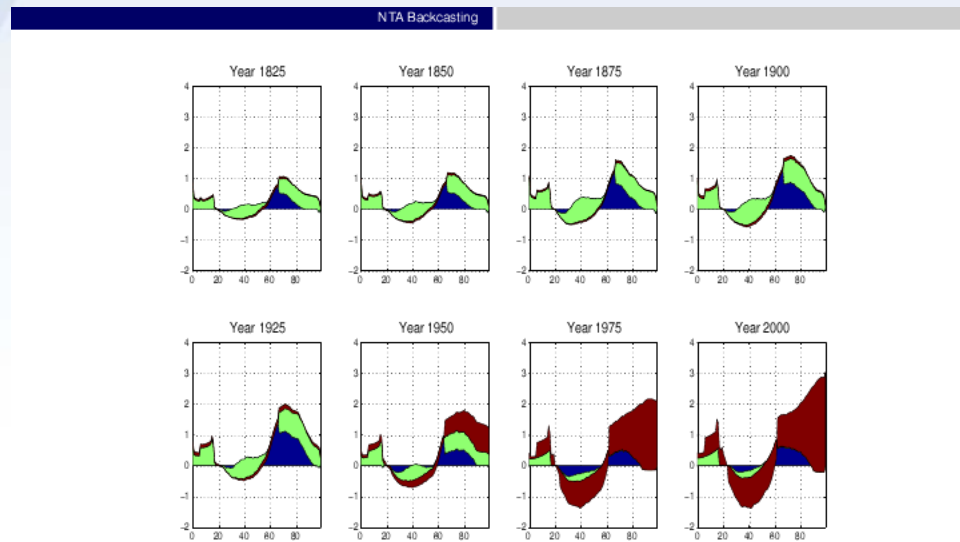


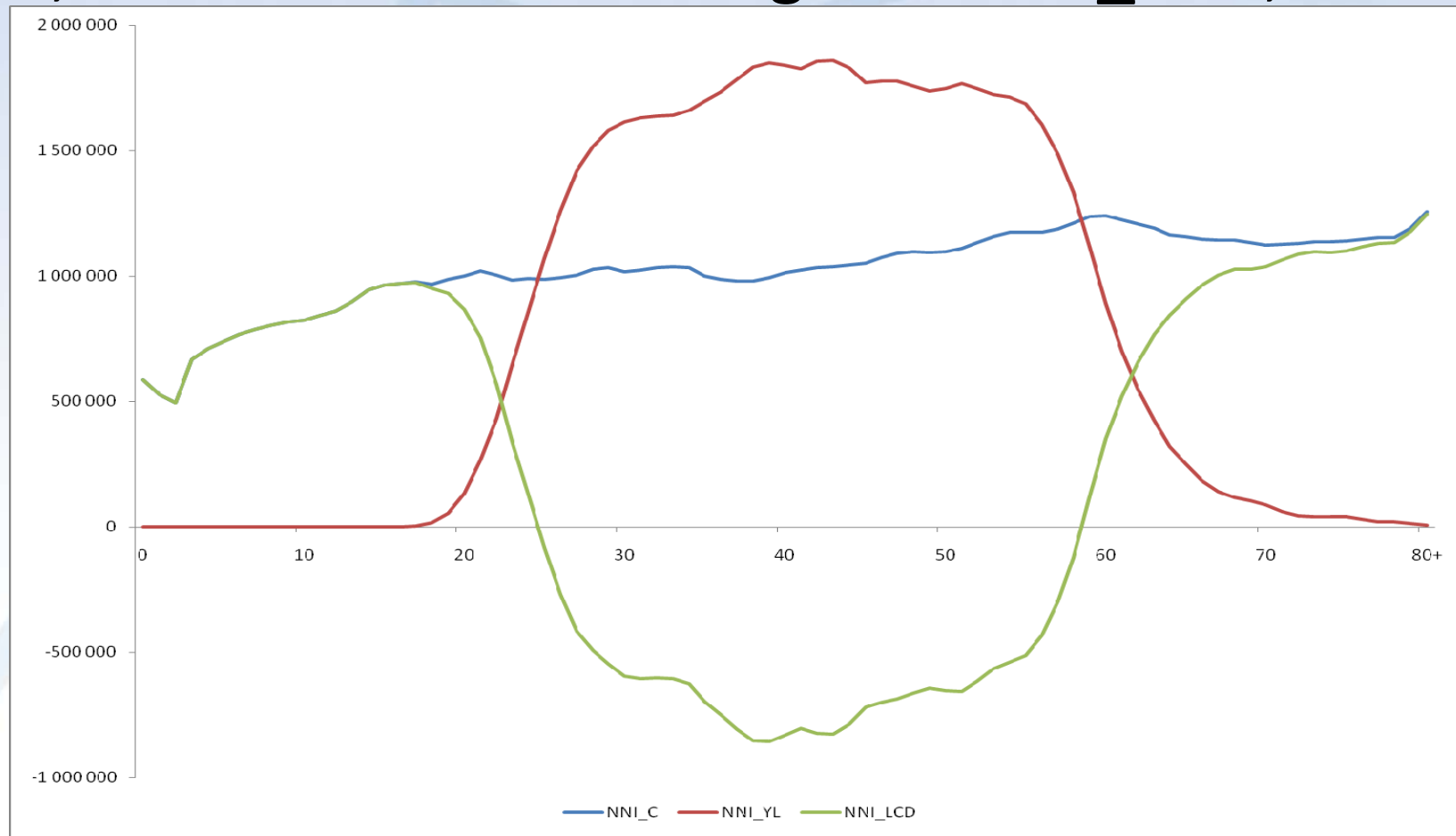
Figure: Life Cycle Deficit Reallocation (per capita), Sweden 1825-2000.

Motivation, contd.

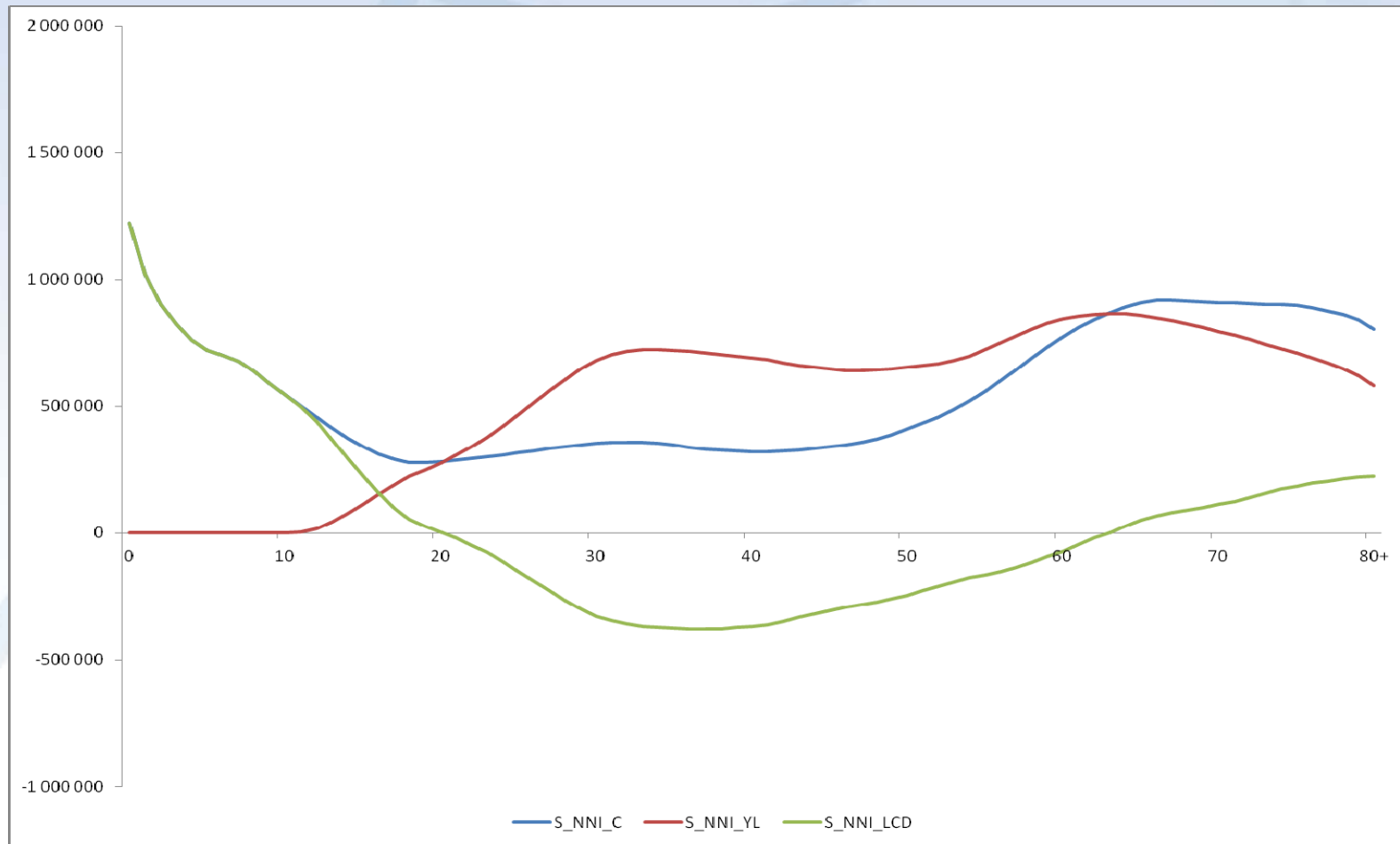
NTA , based on the national income, covers all reallocations beyond the household and some but not all within (no intrahh and interhh time transfers and no familial interhh transfers).

We believe that interage reallocations within and beyond the household are different. Reallocations towards children are more difficult to drag out of the family. We believe that this explains some of the flaws of the welfare state. We believe that this is policy relevant.

C, YL and LCD in the Hungarian NNI_NTA, 2005



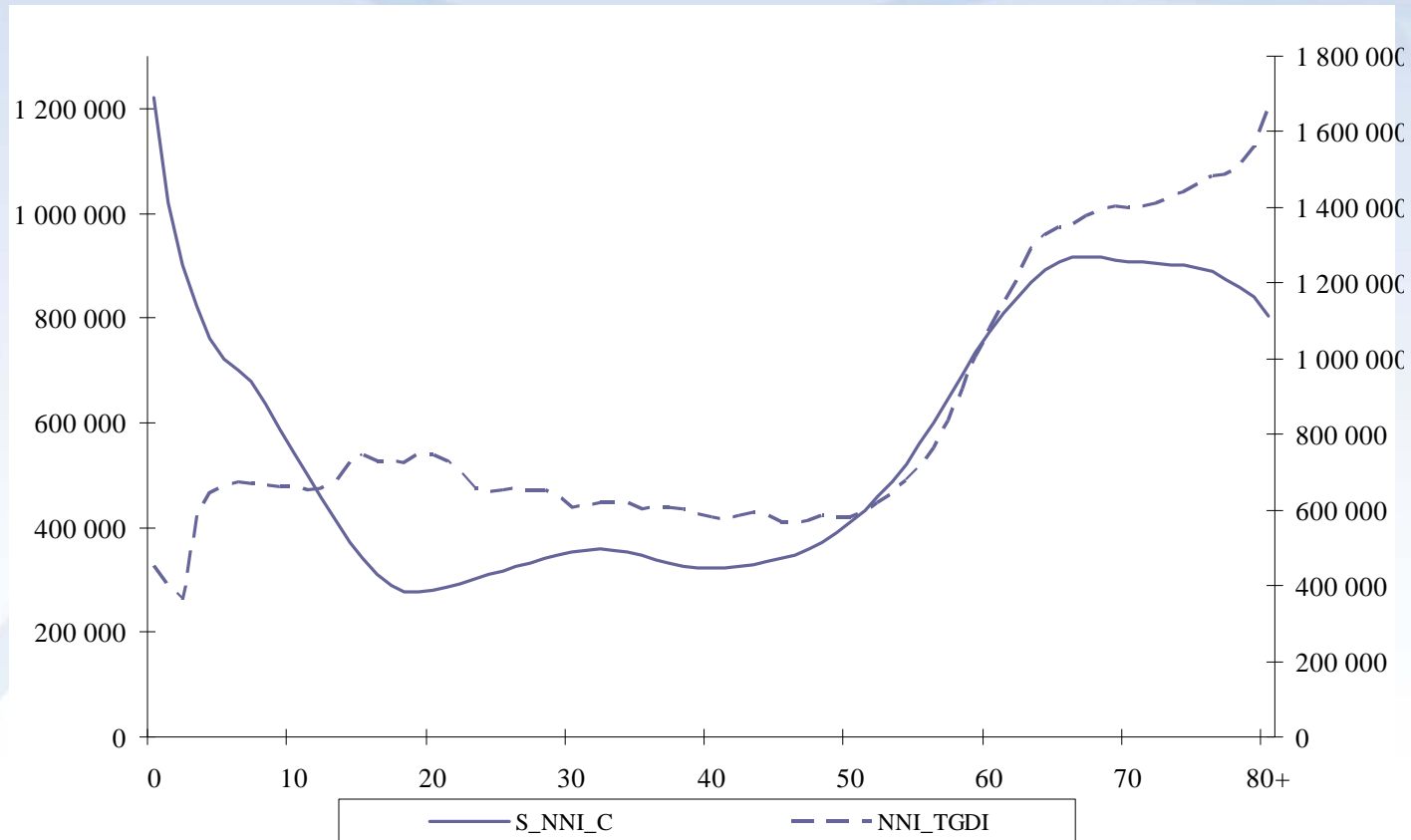
C, YL and LCD in the Hungarian S_NNI_NTA



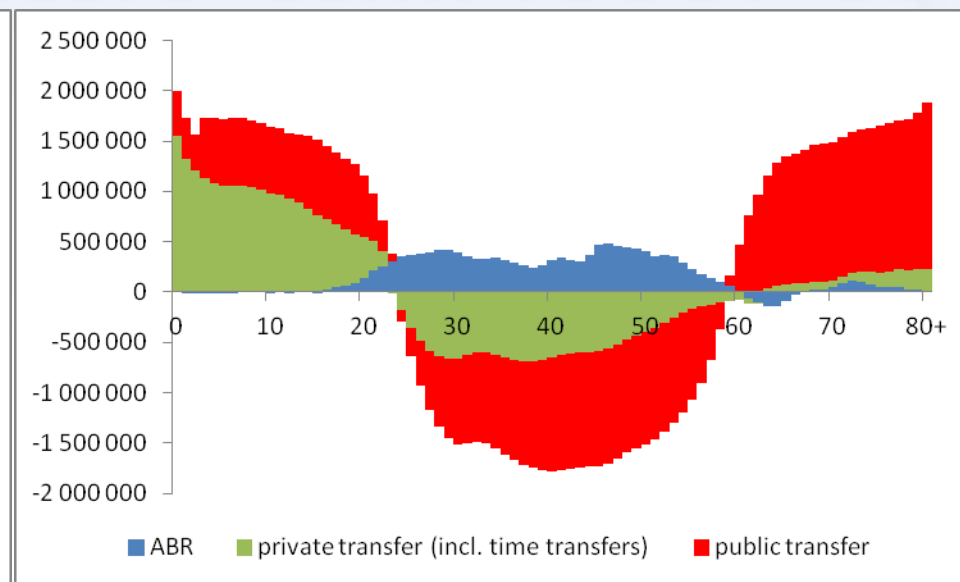
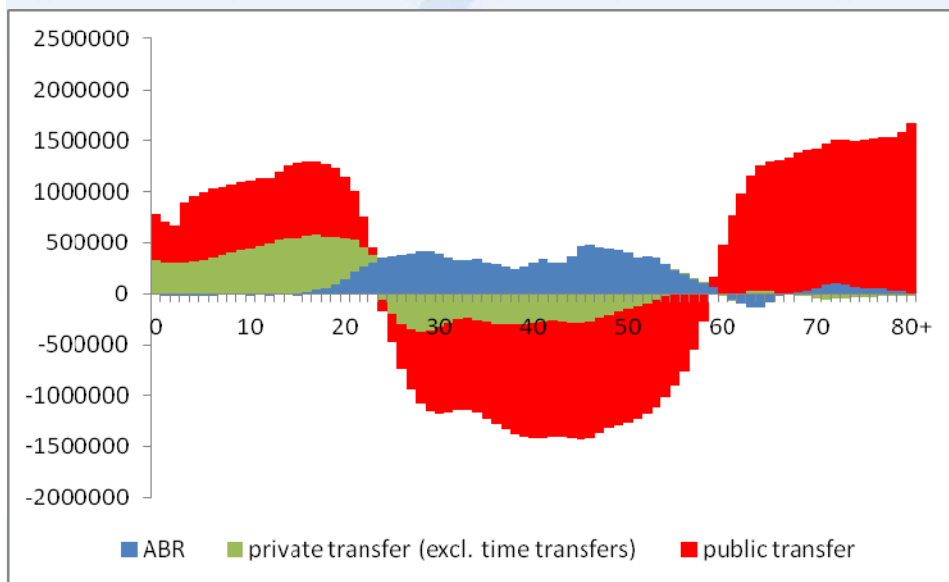
S_NNI_NTA: comments

1. People work longer: they practically work as long as they live (although the value of labor is somewhat overestimated and bias is stronger in old age).
2. Shifts over the life-cycle from one section to the other are not so explicit.
3. The value of HH labor increases by retirement.
4. Consumers of time transfers have an age-profile comparable to that of the welfare state with bias toward small kids.
5. Significant asymmetry between the youth LCD and the elderly LCD comparable to the reallocation of intrahh transfers in the NNI_NTA. Retired households consume the services they provide for themselves.
6. Overlap between NNI_NTA and S_NNI_NTA. NNI_NTA has to be revised.

C in S_NNI_NTA and TGDI in NNI_NTA



Financing the LCD, total economic value, Hungary, 2005 (TEV = NNI + S_NNI)



Policy relevance

The household is an important provider of life-cycle finances.

The welfare state largely neglects the household as provider, which leads to distortive effects such as negative fertility incentives.

Policies that

- tie the opposite flows of resource reallocations
 - combine the achievements of alternative providers
- can reduce these distortive effects.