

**CHILDREN COST PARENTS,
THE ELDERLY COST TAXPAYERS:
An application of National Transfer Accounts and
National Time Transfer Accounts**

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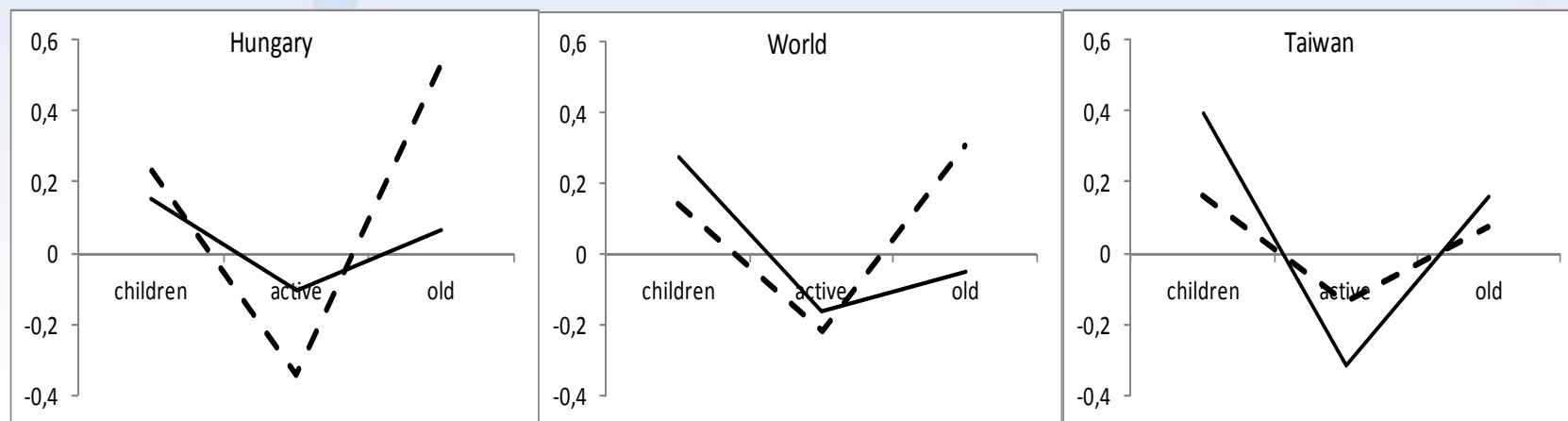
NINTH MEETING OF THE WORKING GROUP
ON MACROECONOMIC ASPECTS OF
INTERGENERATIONAL TRANSFERS

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Structure of presentation:

- A case for NTTA
- Two asymmetries motivate the extension of NTAs with NTTA: gender and the institutional composition of financing LCD in the dependent sections of life
- NTTA demonstrates that households provide the bulk of resources in childhood even in countries with active public participation in child raising
- NTTA could also be a useful infrastructure in redesigning research on fiscal externalities of child raising and on fertility effects of the research reallocation system

Institutional composition of LCD-finances in the dependent sections: the national economy

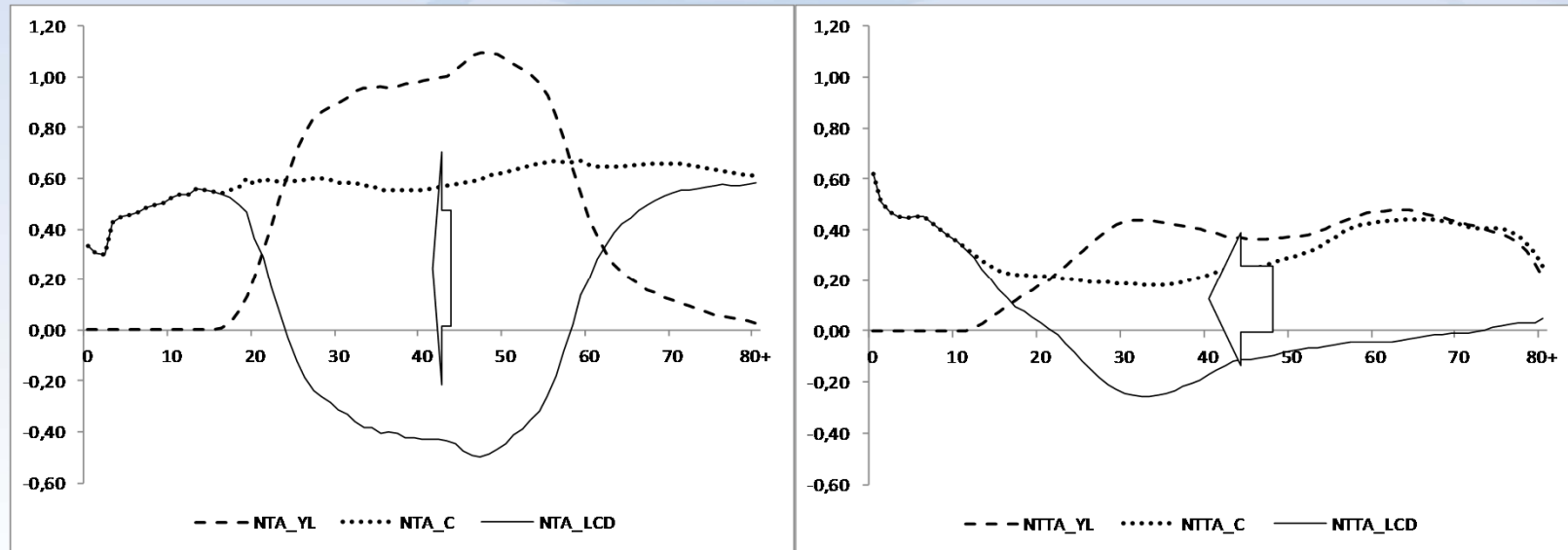


Age-distribution of net intra-household transfers (solid line) and net public transfers (dashed line) in the World, Hungary and Taiwan, around 2000

Source: Authors' calculation based on NTA data (www.ntaccounts.org).

Notes: Values are normalized on per capita labor income of the 30-49 age bracket of the respective country. "World" is unweighted average of 13 countries, which have provided the full set of data necessary for this analysis.

Net time transfers change the equation even in the most extreme case

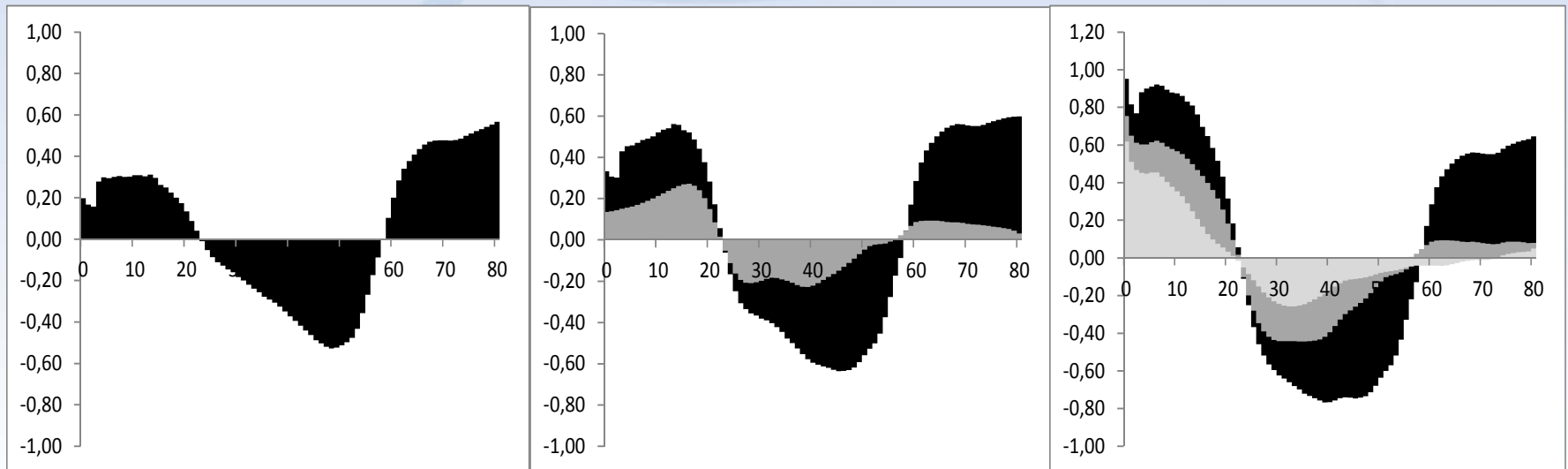


Lifecycle deficit in NTA (left hand panel) and NTTA (right hand panel) with lifecycle wealth arrows, Hungary, 2000

Source: Authors' calculation. NTA data are drawn from the www.ntaccounts.org databank.

Notes: Values are normalized on per capita labor income of the 30-49 age bracket. NTA_YL: labor income, NTTA_YL: value of household labor, NTA_C: consumption, NTTA_C: consumption of household labor, NTA_LCD: lifecycle deficit, NTTA_LCD: net time transfers. Lifecycle wealth arrows; foot of arrow: average age of workers; head of arrow: average age of consumer; height of arrow: per capita consumption or labor.

Institutional composition of LCD-finances in the dependent sections: the public sector, the national economy and the total economy



Cumulative effect of various channels of inter-age resource reallocations, Hungary, 2000

Source: Authors' calculation. NTA data are drawn from the www.ntaccounts.org databank.

Colour code: TG+TFB TFW TT

Notes: Values are normalized on per capita labor income of the 30-49 age bracket. TG: net public transfers; TFB: net inter-household transfers; TFW: net intra-household transfers; TT: net time transfers. Total economy: national economy + household economy.

Fiscal externalities on child raising

Lee and Miller (1990), Goldstein and Sánchez-Romero (2010), Wolff et al (2011): estimations on the size of fiscal externalities based on designs limited to public inflows and outflows

Wolff et al:

- the net present value (NPV) of taxes paid and benefits received is higher for non-parents than parents;
- however, the latter „pay” in kind in the form of their off-spring
- the combined NPV for parents and children exceeds that of non-parents

NTTA can contribute to

- a richer design including intrahousehold transfers and time transfers
- a unified design for estimating fiscal externalities and fertility effects of the resource reallocation system

A summary of existing and potential future designs for estimating fiscal externalities of child raising

	non-parents						
	TG		TFB		TFW		TT
	inflow	outflow	inflow	outflow	inflow	outflow	net
childhood	-	-	-	-	-	-	-
active age downward flow	-	+	-	+	-	-	-
active age upward flow	-	+	-	+	-	-	-
old age	+	+	+	+	-	-	-
	parents						
	TG		TFB		TFW		TT
	inflow	outflow	inflow	outflow	inflow	outflow	net
childhood	-	-	-	-	-	-	-
active age downward flow	child-related	+	child-related	+	+	+	+
active age upward flow	child-related	+	child-related	+	-	-	-
old age	+	+	+	+	-/+	-/+	-/+
	children						
	TG		TFB		TFW		TT
	inflow	outflow	inflow	outflow	inflow	outflow	net
childhood	-/+	-/+	-/+	-/+	-	-	-
active age downward flow	-/+	-/+	-/+	-/+	-	-	-
active age upward flow	-/+	-/+	-/+	-/+	-	-/+	-/+
old age	-/+	-/+	-/+	-/+	-	-	-