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Speaker's Abstract

National Transfer Accounts (NTA) to analyze the reallocation of resources across age

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The European population is ageing at a rapid rate. Within the next few decades in most countries, the changing ratio between workers and the retired will exert pressure on the funding of public transfers. While many of the European countries started reforming their welfare state systems in order to cope with the ageing of their populations, the high levels of public debts spur the need for further reforms. To derive adequate and evidence-based options for policy reforms of public finances, it requires a thorough understanding of the system of intergenerational support, including the link between the public and the private parts of the system.

In this talk we give an overview of the methodology of National Transfer Accounts (NTA) that measure the means by which children and the elderly population draw on resources from the working age population, considering both the public and private support. NTA measures how much income each age group generates through labour and through the ownership of capital, how income is redistributed across age groups through public and private transfers and how each age group uses its disposable resources for consumption and saving. Public intergenerational transfers consist mainly of pensions, health care, long-term-care and education, while private intergenerational transfers are mainly from parents to their children.

Since most of the intergenerational transfers are provided by the working age population, there is clearly a trade-off between transfers to children, transfers to the elderly population, own consumption of the working age population and saving for future consumption. The challenge for the public welfare systems is the adjustment to ageing populations that ensure a decent level of wellbeing for the elderly without overburdening the working age population. Therefore, data on the relation between age and economic activity and a thorough understating of the reallocation of resources across age groups is the key for guiding any welfare system reform in the face of population ageing.

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