HUNGARIAN **DEMOGRAPHIC**
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The age-profile of invisible transfers: The true size of asymmetry in inter-age reallocations

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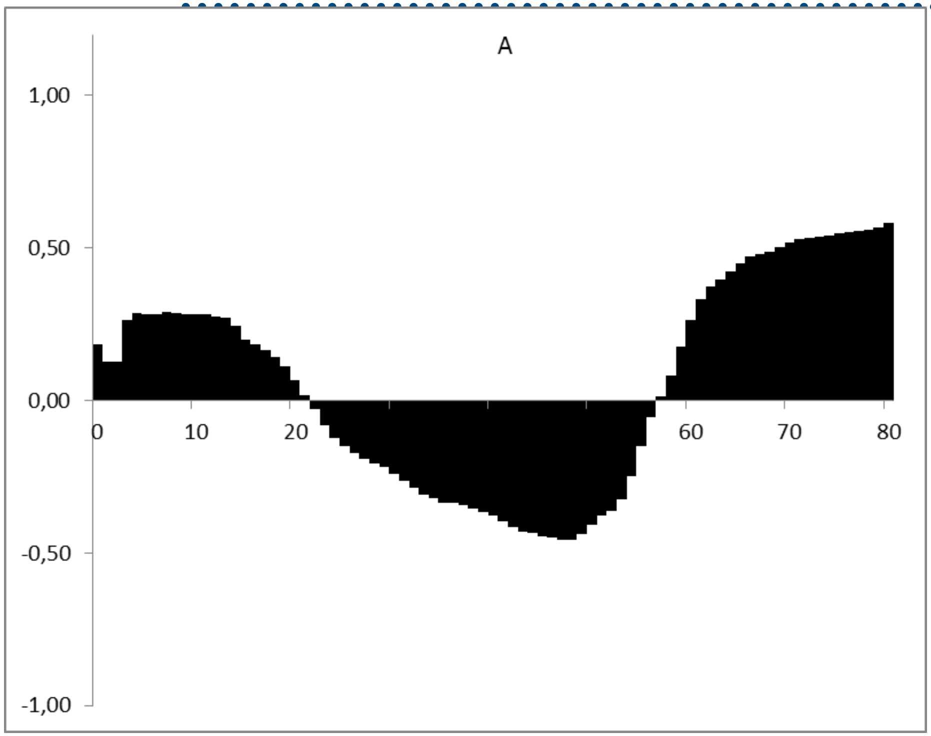
To start with: The per capita age-profile of net public transfers, Hungary, 2000



- People in the inactive period of their life are net beneficiaries, people in their active period of their life are net contributors to the public transfer system
- The elderly receive significantly more per capita than the children.

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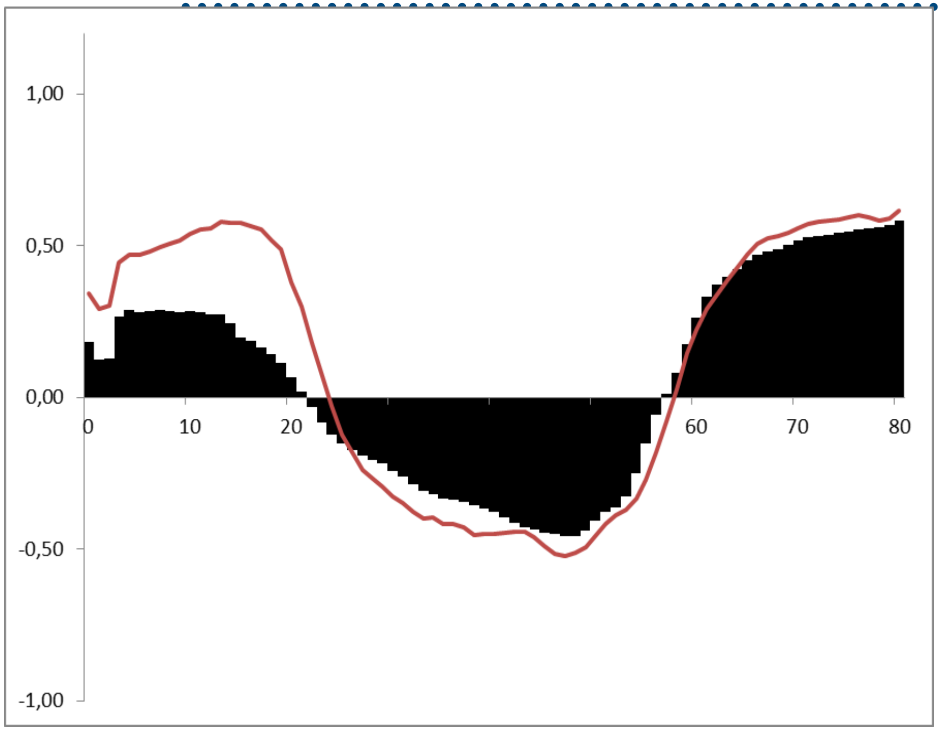
However: public transfers are far from enough to finance the lifecycle deficit



- Lifecycle deficit (LCD) is the difference between consumption and labor income.

- It is financed through public or private transfers or asset-based revenues.

- Much of these reallocations, especially in childhood, are invisible in the current version of National Accounts.

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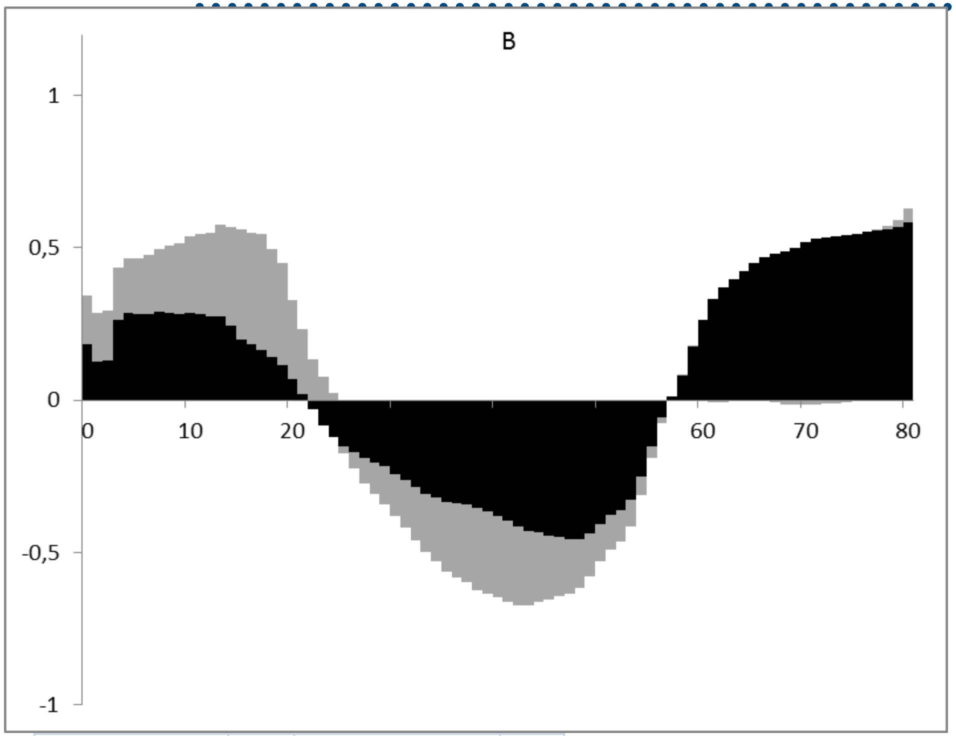
A recent development in National Accounting: The National Transfer Accounts (NTA)



color code:			
public transfer		private transfer	

- NTA (Lee and Mason 2011) describes national income as flows among people in different age.

- NTA extends national accounting with the individual level. It captures intra-household and inter-household transfers, invisible in standard National Accounts, within and between households.

- Elderly/child proportions change significantly. There is an asymmetry in the way childhood and old age are financed.

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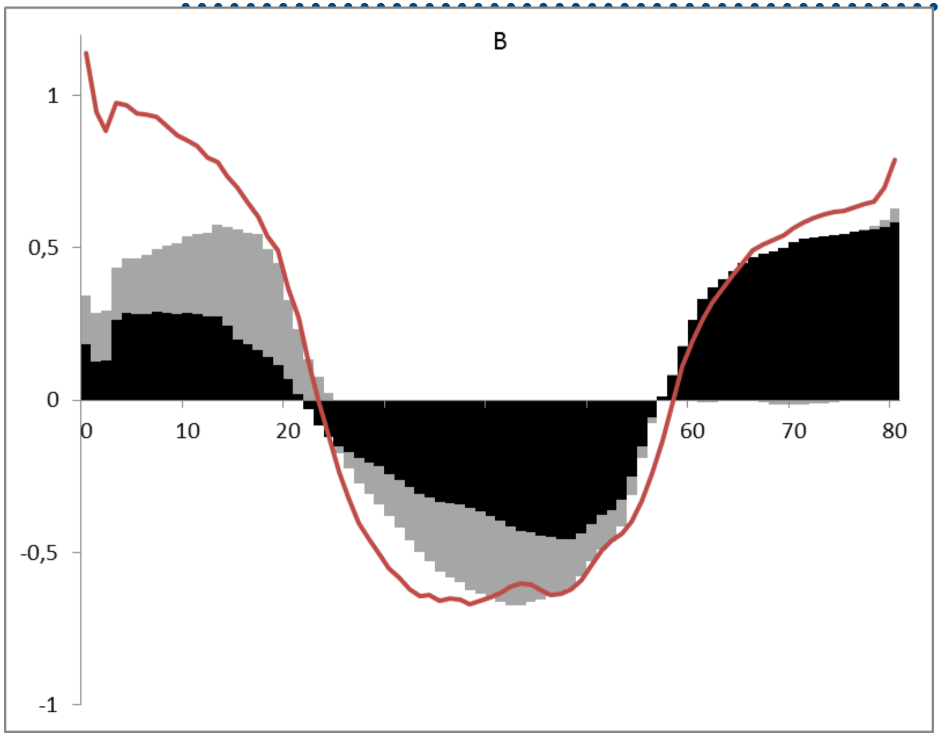
However: Economic activity and the resulting consumption are not fully captured by NTA



• NTA does not go beyond the frontiers of National Accounts. It does not include unpaid household labor.

• The lifecycle deficit that includes the production and consumption of unpaid household labor leaves a new area unaccounted for by public and private transfers.

• Again, these reallocations, invisible in the current version of NTA, are particularly important in childhood.

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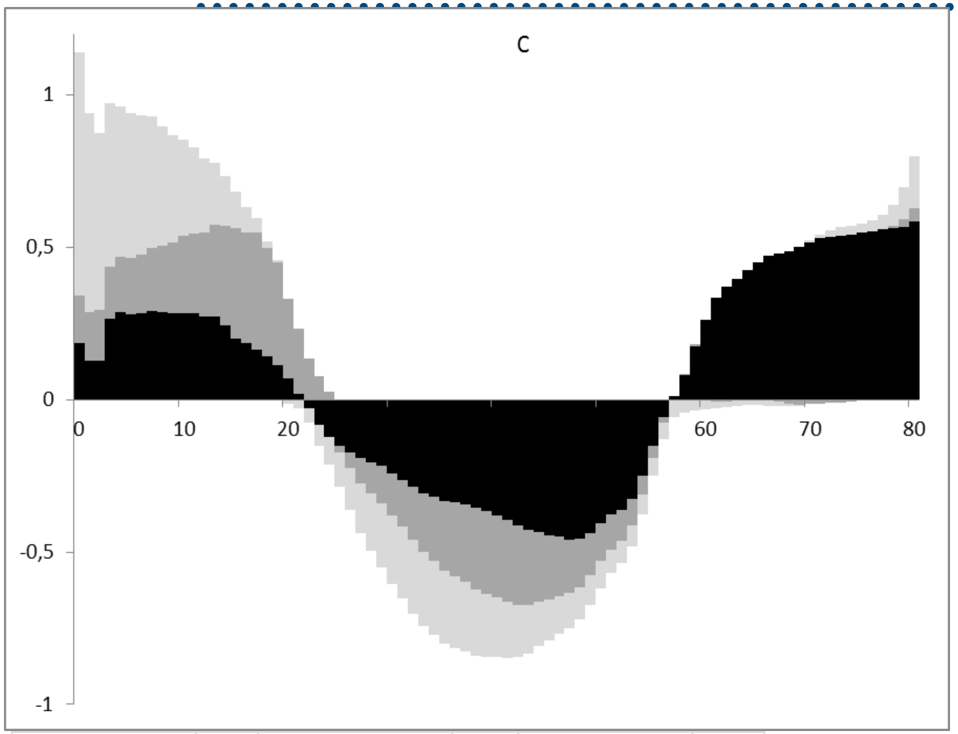
A recent development in NTA: The National Time Transfer Accounts (NTTA)



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public transfer		private transfer		time transfers	

- NTA is extended with the National Time Transfer Account (NTTA; Donehower, 2012), which quantifies time transfers (value of household labor flowing from a cohort to another within the family).

- Elderly/child proportions change once again. The asymmetry is further aggravated.

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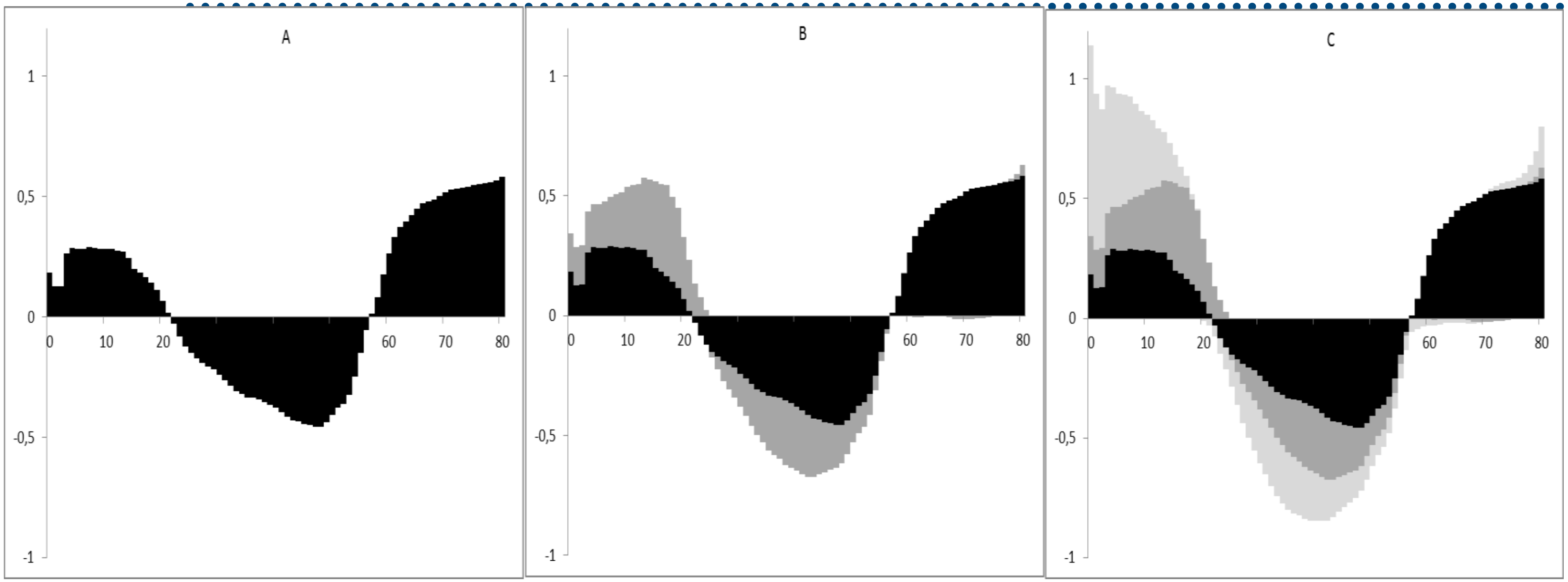
The full picture: The complete transfer package



- If all forms of net transfers are taken into account society spends more resources on children than on the elderly.
- However, the old cost society, whereas children cost parents.
- Old age is financed through a single channel, visible to government, childhood is funded mostly by parents through unobserved channels.

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Thank you!

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