

Population and Social Policy: Introduction to National Transfer Accounts (NTA)

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National Transfer Accounts (NTA)

- Integrating population into economy (Constructed using population estimates, surveys, administrative records, macroeconomic data).
- Quantifies how each age groups acquires and uses economic resources (comprehensive output)
- Consistent with UN System of National Accounts (implication on macro-economy)

NTA is comparative: Regional Structure

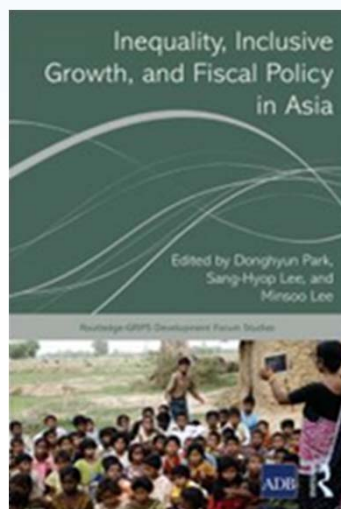
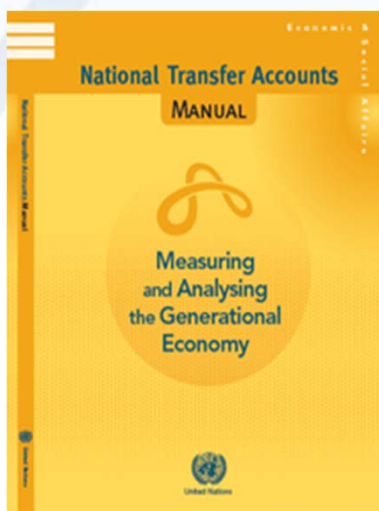
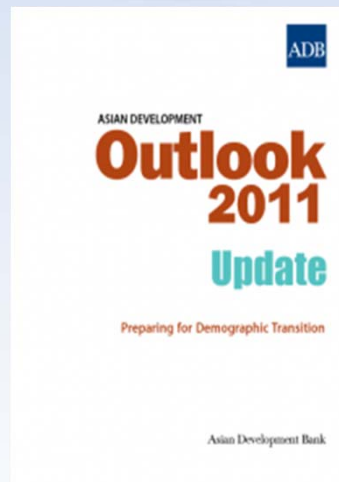
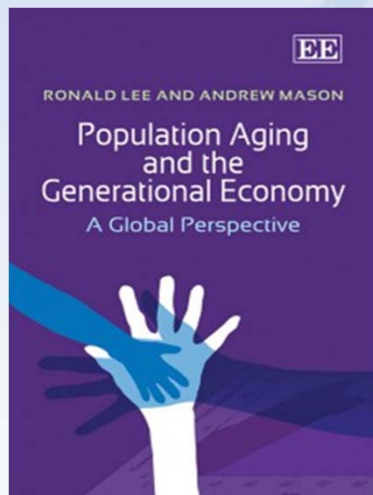
NTA Members			
Asia-Pacific	Americas	Europe	Africa
Australia	Argentina	Austria	Benin
Bangladesh	Brazil	Finland	Ghana
Cambodia	Canada	France	Kenya
China	Chile	Germany	Mozambique
India	Colombia	Hungary	Nigeria
Indonesia	Costa Rica	Italy	Senegal
Iran	El Salvador	Luxembourg	South Africa
Japan	Jamaica	Netherlands	
Malaysia	Mexico	Poland	
Philippines	Peru	Russia	
South Korea	United States	Slovenia	
Taiwan	Uruguay	Spain	
Thailand		Sweden	
Vietnam		Turkey	
(Laos, Singapore, Nepal, Pakistan, Mongolia, Maldives, Timor-Leste,		United Kingdom	



NTA project is

- Data improvement and research
- Capacity building
- Policy simulation and policy advocacy

Recent publications, free downloads (see ntaccounts.org)



ECONOMIC DEMOGRAPHY

Is low fertility really a problem? Population aging, dependency, and consumption

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Longer lives and fertility far below the replacement level of 2.1 births per woman are leading to rapid population aging in many countries. Many observers are concerned that aging will adversely affect public finances and standards of living. Analysis of newly available National Transfer Accounts data for 40 countries shows that fertility well above replacement would typically be most beneficial for government budgets. However, fertility near replacement would be most beneficial for standards of living when the analysis includes the effects of age structure on families as well as governments. And fertility below replacement would maximize per capita consumption when the cost of providing capital for a growing labor force is taken into account. Although low fertility will indeed challenge government programs and very low fertility undermines living standards, we find that moderately low fertility and population decline favor the broader material standard of living.

Economic behavior, abilities, and needs vary strongly over the human life cycle. During childhood and old age, we consume more than we produce through our labor. The gap is made up in part by relying on accumulated assets. It is also made up through intergenerational transfers, both public and private, that shift resources from some generations to others with no expectation of direct repayment. Private transfers occur when parents rear their children and when older people assist their adult children or receive assistance from them. Public transfers include public education, publicly funded health care, public pensions, and the taxes to pay for these programs. Because of these economic interdependencies across age, fertility rates that are falling or already low will drive rapid population aging in economies around the world. Forty-eight percent of the world's people live in countries where the total fertility rate (TFR) was below replacement, about 2.1 births per woman for 2005 to 2010. The TFR is 1.5 births per woman in Europe and 1.4 births per woman in Japan (1). With fertility this low, population growth will give way to population decline, and population aging will be rapid. The median age of the Southern European population, for example, is projected to reach 50 years of age by 2040 as compared to 41 in 2010 and 27 in 1950 (1). In 2013, governments in 102 countries reported that population aging was a "major concern," and 54 countries had enacted policies intended to raise fertility (2).

This is a remarkable reversal from decades of concern about the economic and environmental consequences of high fertility and rapid population growth (3). Should we now be alarmed about low fertility, population decline, and population aging? Should governments encourage their citizens to bear more children to balance the dramatic future increase in the number and proportion of elderly?

Identifying an optimal population policy is likely to be impossible for several reasons. First, children yield direct satisfaction and impose

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